

Consolidated Financial Results
for the Three Months of the Fiscal Year Ending March 31, 2023
<under Japanese GAAP>

Company name: **YAMADA HOLDINGS CO., LTD.**
 Listing: The Tokyo Stock Exchange
 Stock code: 9831
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Scheduled date to file Quarterly Report: August 12, 2022
 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 three months of the fiscal year ending March 31, 2023 (from April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

Three months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	375,859	(1.9)	12,263	(42.8)	14,441	(39.1)	14,680	(15.7)
June 30, 2021	382,987	(5.8)	21,426	(5.3)	23,728	(2.1)	17,414	9.6

Note: Comprehensive income
 Three months ended June 30, 2022: 14,588 million yen ((16.5)%)
 Three months ended June 30, 2021: 17,471 million yen (14.6%)

Three months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 30, 2022	17.21	17.12
June 30, 2021	21.24	21.14

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	1,318,133	659,206	49.5
March 31, 2022	1,271,668	676,278	51.6

Reference: Equity

As of June 30, 2022: 652,142 million yen

As of March 31, 2022: 656,703 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, 2022	–	0.00	–	18.00	18.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecasts)		–	–	–	–

Notes: 1. Revisions to the forecasts of cash dividends most recently announced: None

2. Future shareholder return measures will be determined in consideration of a progress in business performance.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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
Six months ending September 30, 2022	821,000	2.6	32,500	(7.4)	35,800	(8.9)	25,900	(13.6)	30.74
Fiscal year ending March 31, 2023	1,694,000	4.6	73,900	12.5	80,000	7.9	51,900	2.7	62.06

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* **Notes**

- (1) Changes in significant subsidiaries during the three 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 June 30, 2022 966,647,930 shares
 - As of March 31, 2022 966,647,930 shares
 - b. Number of treasury stock at the end of the period
 - As of June 30, 2022 126,747,430 shares
 - As of March 31, 2022 130,619,777 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - Three months ended June 30, 2022 852,906,192 shares
 - Three months ended June 30, 2021 819,696,935 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 three months” on page 4 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 three months

(1) Information regarding operating results

[On background of economies at home and abroad]

The outlook for the Japanese economy during the three months ended June 30, 2022 remained uncertain due to the outbreak of new variant strains of the novel coronavirus disease (COVID-19) in addition to factors such as the prolongation of the situation in Ukraine, soaring resource and energy prices, and proliferation of the depreciation of the yen.

In the consumer electrical appliance retail industry, although there was a reactionary drop from the demand for stay-at-home products due to the impact of COVID-19, an increase of a frugal mindset among consumers caused by increasingly defensive spending patterns, the supply shortage of some products and an increase of various costs due to soaring crude oil prices, etc., seasonal products, primarily air conditioners, as well as highly eco-friendly refrigerators that have a high per-unit price were strong due to the shortest ever end to the rainy season and intense heat in the latter half of June.

[On the Company's efforts]

Against the backdrop of this situation, the Group will, from the year that "YAMADA HLDGS 2025 Mid-term business plan" begins, build a structure that continuously increases revenues and profits with the following four key measures for the achievement of targets: (1) active store development, (2) strengthening our e-commerce, (3) active development of SPA products, and (4) achieving targets by setting goals for issues for each operating company.

As for active store development, which is one of our key measures, we are actively opening new stores, expanding and remodeling stores, and changing store formats, to strengthen our "Total-Living (Kurashi-Marugoto)" strategy, and we opened a total of 23 LIFE SELECT stores (stores offering the widest range of everyday goods in the region, such as home electrical appliances, furniture, and home interior products, household goods, renovation services, and toys), beginning with the opening of the Kumamoto Kasuga store on June 18, 2021, which are interactive stores with the store concept of "We support you living a delightful life. Entirely" (5 LABI LIFE SELECT stores, 18 TECC LIFE SELECT stores, of which 4 are new stores). In addition, the Company is steadily increasing sales floor space and its share of home electrical appliance retail sales through the development of various store formats including YAMADA Web.com stores, which integrate Internet sales and stores, as well as outlet stores offering a large selection of outlet and reuse products, and by expanding sales of home-related products centered on home electrical appliances in conjunction with existing specialist electric appliance stores. The Company is reinforcing e-commerce by reforming its own e-commerce website and expanding sales channels, such as shopping channel sales and live commerce sales. SPA products performed favorably after investing into and launching products that directly utilize customers' opinions, such as new foldable living room fans, air conditioners with ventilation functions, etc.

Net sales in the three months ended June 30, 2022 decreased 1.9% year on year to ¥375,859 million as a result of (1) the temporary reactionary drop from the demand for stay-at-home products that continued from the previous fiscal year, (2) the decline of consumer sentiment due to rising commodity prices and (3) supply shortages of some products. Furthermore, in the three months ended June 30, 2022, although investments into stores (proactive store development, such as store openings and renovations, strengthening of stores, such as earthquake resistance, and shift to LED for all stores) occurred in advance to enhance sales floor space and demonstrate the strength of the "Total-Living (Kurashi-Marugoto)" strategy, the effect of this is maximized together with the normalization of the supply chain.

As for profits, although the Company works to increase gross profit (rate) through "Management Reforms to Reinforce the Corporate Structure," which were promoted previously, operating profit decreased 42.8% year on year to ¥12,263 million and ordinary profit decreased 39.1% to ¥14,441 million due to the decrease of gross profit because of a significant decrease in goods purchased as a result of supply shortages of some products and the reaction to advance purchases from measures

caused by concerns regarding the semiconductor shortage in the last fiscal year in addition to the increase of selling and administrative expenses associated with the rise of commodity prices, and profit attributable to owners of parent decreased 15.7% to ¥14,680 million due to tax effects associated with the group tax sharing system that was applied from the current fiscal year and the group restructuring of subsidiaries.

[Operating results by segment]

(1) Electrical Business

In the Electrical Business, net sales decreased 2.8% year on year to ¥314,869 million, and operating profit decreased 41.1% year on year to ¥12,675 million.

Net sales and operating profit in the Electrical Business decreased due to the previously mentioned factors despite sales steadily increasing for renovation and furniture and home interiors.

The expansion of sales floor space is smooth, and the results of this will appear strong from the latter half onward.

(2) Housing Business

In the Housing Business, net sales increased 2.1% year on year to ¥56,441 million, while operating loss was ¥1,161 million (operating loss of ¥661 million in the previous fiscal year), which is a deterioration of ¥500 million from the previous fiscal year.

Although the difficult environment in the housing industry has continued due to the decrease of the number of newly constructed houses (privately owned houses) from December 2021, the number of orders and value of orders were in line with the previous fiscal year. Net sales were favorable with the portion of orders that increased in the previous fiscal year being delivered. Operating profit fell short of the previous fiscal year due to the impact of soaring housing material prices caused by soaring lumber prices.

The performance of the Housing Business by company was as follows. (1) YAMADA HOMES reported a decrease in net sales and profits, with net sales of ¥17,777 million (down 2.9% year on year) and an operating loss of ¥858 million (operating loss of ¥691 million in the previous fiscal year). (2) Hinokiya Group reported an increase in revenues and a decrease in profits, with net sales of ¥24,740 million (up 5.0% year on year) and operating loss of ¥298 million (operating profit of ¥164 million in the previous fiscal year). (3) Husetec Inc., a developer and manufacturer of housing equipment such as bathroom equipment and kitchen equipment, was impacted by housing material shortages due to soaring lumber prices and delivery delays associated with lockdowns in Shanghai but nevertheless reported an increase in revenues and profits, with net sales of ¥14,008 million (up 2.0% year on year) and operating profit of ¥309 million (up 4.6% year on year) mainly due to synergy effects of the Group and an increase in renovation services.

The recent soaring prices of housing materials caused by soaring lumber prices are on a trend of improvement due to management reforms, such as the increase of sales unit price with added value proposals and cost savings, and synergy effects of the Group due to comprehensive initiatives with Nice Corporation.

(3) Financial Business

In the Financial Business, net sales increased 11.3% year on year to ¥614 million, and operating profit increased 727.9% year on year to ¥102 million, and revenues and profits both increased due to the strong performance of housing loans, which are deeply linked to the Housing Business.

We will seek to further develop the “Total-Living (Kurashi-Marugoto)” strategy by providing new financial services through the improvement of convenience of the YAMADA NEOBANK service.

(4) Environment Business

In the Environment Business, revenues and profits both increased due to the outcomes of the self-contained initiatives for environmental resource development undertaken by the Group, with net sales increasing 18.9% to ¥7,790 million, and operating profit increasing 35.4% to ¥346 million.

The Company expanded the YAMADA East Japan Reuse Center Gunma Plant on May 20, 2022, and established a system that took the production volume of reuse products from 70,000 units annually to 300,000 units annually.

(5) Other businesses

In other businesses, net sales decreased 16.0% year on year to ¥7,942 million, and operating profit decreased 19.9% year on year to ¥286 million.

Net sales and operating profit for FC, primarily sales of home electrical appliances, decreased due to the same factors as the Electrical Business.

[On number of stores]

The number of consolidated retail stores, including those overseas at the end of the first quarter under review encompassing 5 new store openings, was 1,020 directly-managed stores (comprising 996 stores directly managed by YAMADA DENKI and 24 stores operated by other consolidated subsidiaries). The total number of stores of the Group, including the stores managed by franchise stores, was 12,121.

[On performance summary]

As a result of the above, consolidated net sales for the three months under review amounted to ¥375,859 million, down 1.9% year on year, operating profit totaled ¥12,263 million, down 42.8% year on year, ordinary profit was ¥14,441 million, down 39.1% year on year, and profit attributable to owners of parent was ¥14,680 million, down 15.7% year on year.

(2) Information regarding financial position

[Financial position]

Total assets at the end of the first quarter under review amounted to ¥1,318,133 million, up ¥46,465 million (3.7%) compared to the end of the previous fiscal year (March 31, 2022). This was mainly due to an increase in merchandise and finished goods largely as a result of the purchase of seasonal products, etc.

Total liabilities amounted to ¥658,927 million, up ¥63,537 million (10.7%) compared to the end of the previous fiscal year. This was mainly due to an increase in short-term loans payable due to borrowings for working capital to prepare for the purchase of seasonal products, etc.

Net assets amounted to ¥659,206 million, down ¥17,072 million (2.5%) from the end of the previous fiscal year. This was mainly due to an increase in treasury stock, at cost due to new acquisition based on a resolution at a meeting of the Board of Directors. As a result, the equity ratio was 49.5% (51.6% at the end of the previous fiscal year).

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











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.

2. ESG and sustainability

The YAMADA HOLDINGS Group aims to proactively contribute to solving social issues by accommodating the needs of various stakeholders including customers, as a retailing group that provides a wide variety of products and services including home electrical appliances in the fields of housing and lifestyles.

In December 2019, the Company announced its policy to focus on three themes in the key areas of sustainable development goals (SDGs): (1) Provide comfortable living space and establish a social system; (2) Develop employees and improve the work environment; and (3) Build a circular economy and protect the global environment.

Recently, sustainability initiatives have played a significant role when customers select brands. Setting “Total-Living (Kurashi-Marugoto)” as its concept ranging from home electrical appliances, furniture, home interior products, housing, renovation, finance to circulation of environmental resources, the Group has determined the following KPIs as primary indicators for solving these issues through its business activities. Moving forward, the Group will report the progress of these KPIs regularly.

Materiality	Impact	KPI items	Targets and policies	SDGs
Provide comfortable living spaces and establish social systems	Residence	Ratio of introducing ZEH	FY2030: 50%	 
		Number of introducing Z Air Conditioning	FY2022 targets	
		Shipment of solar panels	FY2030: 50,000	
Develop employees and improve the work environment (diversity, equity, and inclusion [DE&I])	Employee-friendly workplaces	Indicators used in an employee satisfaction survey	FY2022 targets	 
		Initiatives to curb long working hours	Every year: Engage in initiatives continuously	
		Increase the percentage of employees taking paid leave	Every year: Higher than the previous year	
	Inclusive and healthy economy	Ratio of female managers	FY2030: 10% or more	 
		Percentage of female and male employees taking childcare leave	FY2023: Female: 85% or more Male: 7% or more	
Build a circular economy and protect the global environment	<ul style="list-style-type: none"> Responses to climate changes Reduction in CO₂ emissions 	Reduction in electricity usage and CO ₂ emissions by users backed by the spread and promotion of energy-saving electronic appliances	FY2022 targets	   
		The ratio of renewable energies in the total electricity used (scope 2)	Every year: Higher than the previous year	
		CO ₂ emissions per floor space (scope 2)	Every year: 10.2% lower than the previous year	
	<ul style="list-style-type: none"> Volume reduction in waste Circular economy 	Reuse of four types of home electronic appliances (televisions, refrigerators, washing machines, and air conditioners)	FY2030: 300,000	
		Reuse of computers	FY2030: 400,000	

[Climate change initiatives and TCFD]

1) On responses toward climate change

Under the “Total-Living (Kurashi-Marugoto)” concept, the Group offers various home electronic appliances, household equipment, and furniture/home interiors that support the foundations of customers’ living infrastructure. These products are manufactured and processed in Japan and around the world, and use various resources in each region. Accordingly, the Group believes that responses to climate changes and conservation of the natural environment are key themes for its sustainable growth.

To disclose information based on the Task Force on Climate-Related Financial Disclosures (TCFD), the Group has taken measures to understand the current situations of the Group, build its governance system, engage in risk management, and consider its strategies/indicators and targets. Along with properly managing risks following climate changes, the Group will proactively engage in its climate change initiatives by considering various changes toward decarbonization as its business opportunities to grow sustainably.

(The Group will disclose the details of climate change-related information and relevant indicators and targets based on TCFD.)

Classification	Major initiatives
Reduction in greenhouse gases in the Group (Scopes 1 and 2)	<ul style="list-style-type: none"> ● Purchase the electricity generated by renewable energies ● PPA after selling internal existing solar power output ● Internal consumption of the electricity generated by the YAMADA Resource Energy Plant ● Introduction of EVs as commercial vehicles, etc.
Reduction in greenhouse gases emitted when customers use products, etc. (Scope 3)	<ul style="list-style-type: none"> ● Promote wider use of energy-saving home electrical appliances ● Introduction of ZEH for new custom-built houses ● Installation of solar panels for new custom-built houses

2) Governance

The YAMADA HOLDINGS Group has established the ESG & Sustainability Promotion Committee as an organ to deliberate policies and measures on environmental and social issues, monitor the progress of its targets, report to the Board of Directors, and engage in other activities. Chaired by the Representative Director of the YAMADA HOLDINGS, committee members consist of general managers and persons in charge of each division (Electrical Business, Housing Business, Finance Business, Environment Business, and other businesses) and the Head of Sustainability Promotion Office. These members make decisions on important matters. Four subcommittees are established under the ESG & Sustainability Promotion Committee: Group CSR Subcommittee, Work Environment Improvement Subcommittee, CS Improvement Subcommittee, and Environmental Measures Subcommittee. These four subcommittees discuss the details of individual activities and monitor their progress and targets. Envisioning more disclosure of climate change-related information, a project team has engaged in analyzing the current situations of CO2 emissions regarding scopes 1, 2, and 3 and managing the progress against the targets.

ESG & Sustainability Promotion System Chart



3) CO₂ emissions in scopes 1, 2, and 3 (FY2020)

Scope		Calculation method	Emission (t-CO ₂)	Ratio
Scope 1 Direct emissions from the combustion of fuels		Multiplying the quantity of fuels used by the emission factors	54,317	0.204%
Scope 2 Indirect emissions from consumption of electricity		Multiplying the quantity of electricity used by the emission factors	257,443	0.965%
Scope 3 Other indirect emissions		Refer to categories 1 to 15 below	26,370,549	98.832%
Total of scopes 1, 2, and 3			26,682,309	100.000%
1	Procurement of raw materials	Multiplying the total amount of procurement by material, by the emission factors	4,910,896	18.405%
2	Increase in capital goods and production facilities	Multiplying the total investment amount for facilities, etc. by the emission factors	20,809	0.078%
3	Fuel- and energy-related activities	Multiplying the consumption of fuels and electricity used that are not included in scopes 1 and 2, by the emission factors	45,561	0.171%
4	Procurement logistics and logistics outsourced by the Company as a consignor	Out of scope in this chart because it takes time to specify the scope of the obligations borne by a specified consignor	Out of scope	
5	Waste generated from operations	Multiplying the quantity of waste generated by the emission factors	206,099	0.772%
6	Business travel of employees	Multiplying the total amount of travel expenses by the emission factors	1,633	0.006%
7	Employee commuting	Multiplying the total amount paid by the emission factors	3,814	0.014%
8	Operations of the assets the Company leased from owners	Out of scope because this category is included in scopes 1 and 2	Out of scope	
9	Transportation in which the Company ships goods as a consignor	Out of scope in this chart because it takes time to specify the scope of the obligations borne by a specified consignor	Out of scope	
10	Processing of intermediate products	Out of scope because the Company does not sell intermediate products	Out of scope	
11	Use of products by users	Multiplying the annual energy consumption, useful life, and sales volume of products, by the emission factors	20,906,986	78.355%
12	Disposal of products by users	Multiplying the total weight of products by the emission factors	272,614	1.022%
13	Assets leased to other companies	Out of scope because the Company does not hold leased assets	Out of scope	
14	Emissions that fall under scopes 1 and 2 among franchised stores	Multiplying the total floor space of franchised stores, by the emissions of YAMADA DENKI stores per square meter	2,137	0.008%
15	Stock and bond investments	Out of scope because the Company does not hold stocks for the investment purpose to the degree that impacts the calculation of emissions	Out of scope	

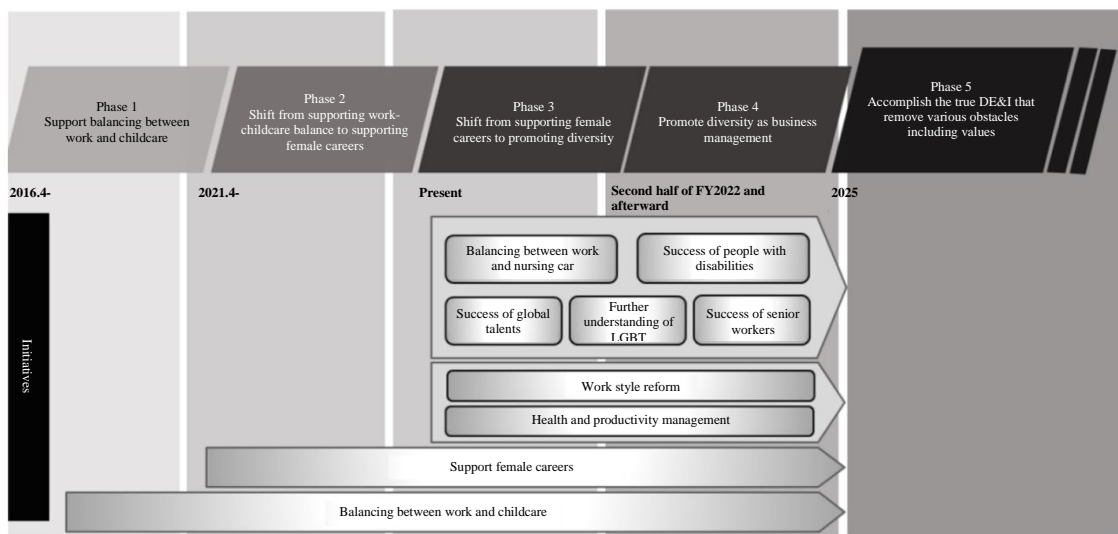
[Promotion and initiatives of diversity, equity, and inclusion (DE&I)]

1) Policy

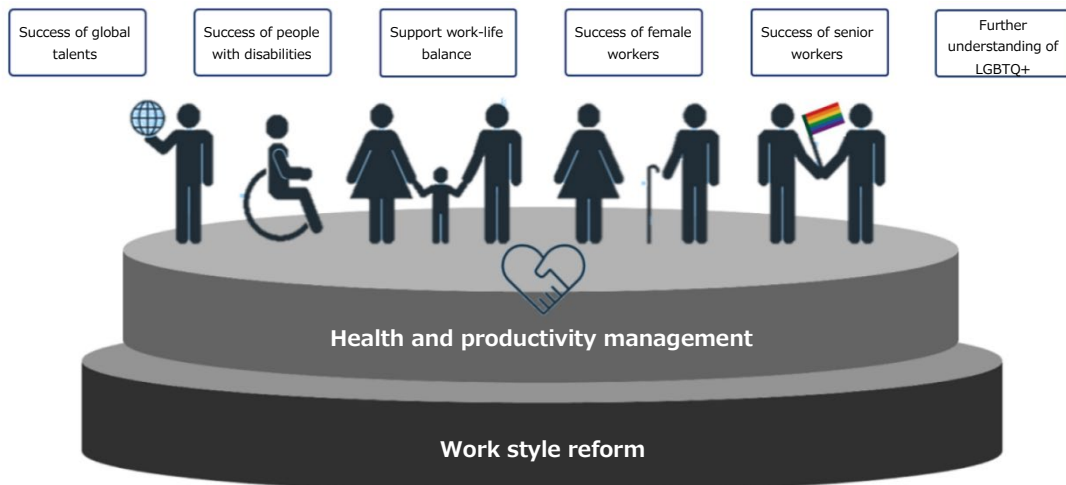
Talents are the most important management resources for the YAMADA HOLDINGS Group. Regardless of race, nationality, age, gender, sexual orientation/gender identity, religion, credo, culture, disabilities, career, and lifestyle, corporate growth derives from the environment where employees of various backgrounds respect each other, exert their capabilities and individuality, and feel their fulfillment and growth through work.

Casual conversations among employees can trigger innovations. Meanwhile, the organizational strength where diverse talents play a role by leveraging their backgrounds functions as the driver to accommodate various social needs. To grow sustainably with stakeholders through providing products and services that cater to the changes in the social environment, the YAMADA HOLDINGS Group will deem DE&I as its growth strategy itself and promote these initiatives across the Group.

2) Roadmap

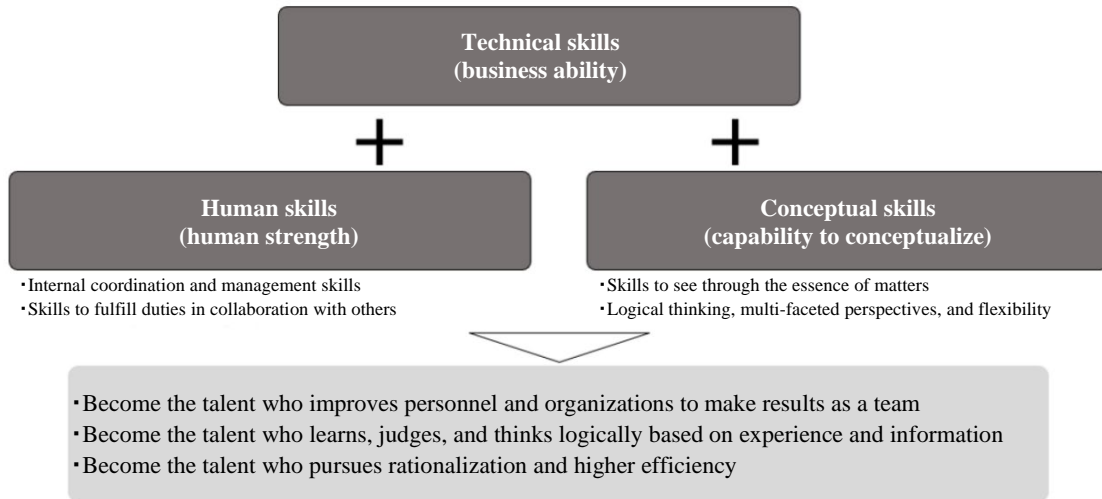


3) Specific initiatives and policy



Specific initiatives	Major initiatives
Support work-life balance	Establish a flexible working system corresponding to life stages and promote diverse work styles
Success of female workers	Build an environment to encourage female workers to play an active role by responding to changes in their life stages while supporting their work-life balance Eliminate the division of roles by gender based on the code of conduct that pursues gender equality Bolster recruitment activities, train next-generation executives, promote female workers to administrative positions, and support upgrading skills
Success of people with disabilities	Achieve an inclusive society through proactively employing people with disabilities
Success of senior workers	Extend the retirement age to 63 years old (this system was revised in April 2022) Support seniors to continue their work taking advantage of their careers
Success of global talents	Continue to employ people of foreign nationality proactively
Further understanding of LGBTQ+	Promote further understanding of LGBTQ+ and eliminate unconscious biases through training Build a workplace where psychological safety is secured for diverse individuality to shine based on respect for others

4) Concept of personnel training



5) Stratified skills and training themes

		Partner	Member	Lower management	Middle management	Top management
Human skills Conceptual skills	70%	<ul style="list-style-type: none"> Skills required for working adults Behavior as a working adult Basic conduct of working adults 	<ul style="list-style-type: none"> Basic conduct of working adults Behavior as a working adult Way of engaging in work Think of future Experience and growth after entering the Company 	<ul style="list-style-type: none"> Meet expectations Instruct younger colleagues Enhance problem-solving skills Team building Remove mental blocks For further growth 	<ul style="list-style-type: none"> Skills required for managers Operation management Personnel training management Envision the future 	<ul style="list-style-type: none"> Management of senior managers Formulate management philosophy and visions Account management Labor management Develop action plans Guide directions Thinking processes leading to decision-makings
		<ul style="list-style-type: none"> Common sense Basic skills as working adults Business communication Business manners in general 	<ul style="list-style-type: none"> Enhance own motivation Compliance knowledge Basic information security knowledge Way of engaging in team operations 	<ul style="list-style-type: none"> Motivation management as a leader Training method for younger colleagues and new employees Basic knowledge about harassment Assist the boss and help younger colleagues 	<ul style="list-style-type: none"> Ensure compliance in his/her work Training of team leaders Eliminate harassment in the workplace Leadership skills for managers 	<ul style="list-style-type: none"> Team motivation management Legal obligations borne by senior managers Training of managers Essence of strategic planning
Technical skills	Expertise 20%	<ul style="list-style-type: none"> Customer satisfaction Compliance Mental health Build favorable relationships with people around you 	<ul style="list-style-type: none"> Basic sales knowledge Understand the significance and operations of sales activities Basic onsite CS knowledge Hospitality 	<ul style="list-style-type: none"> Customer services in general Customer services in the service industry Psychological service skills for acquiring repeat customers Practical theory to increase per-customer spending 	<ul style="list-style-type: none"> Store manager training Marketing theory for increasing sales Profit management 	<ul style="list-style-type: none"> Manager training within the area Manager mindset within the area CS enhancement within the area Sales increase within the area ES enhancement within the area
	Corporate knowledge 10%	Basics of YAMADA DENKI, internal regulations and rules, internet literacy, and societal initiatives				

3. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and time deposits	57,184	67,656
Notes receivable - trade	4,647	4,289
Accounts receivable - trade	68,753	70,629
Accounts receivable from completed construction contracts	2,379	2,463
Operating loans	6,322	6,666
Merchandise and finished goods	356,044	377,320
Real estate for sale	35,542	36,515
Costs on construction contracts in progress	8,172	10,776
Work in process	1,235	1,169
Raw materials and supplies	3,798	4,325
Other current assets	78,825	81,956
Allowance for doubtful accounts	(1,622)	(1,751)
Total current assets	621,279	662,013
Non-current assets		
Property and equipment		
Buildings and structures, net	201,122	201,028
Land	203,087	203,236
Other, net	33,282	32,832
Total property and equipment, net	437,491	437,096
Intangible assets	40,956	40,726
Investments and other assets		
Guarantee deposits	77,424	77,635
Net defined benefit asset	1,789	1,694
Other assets	95,587	101,886
Allowance for doubtful accounts	(2,858)	(2,917)
Total investments and other assets	171,942	178,298
Total non-current assets	650,389	656,120
Total assets	1,271,668	1,318,133

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable	94,564	111,224
Accounts payable for construction contracts	15,037	11,687
Short-term loans payable	60,755	116,804
Current portion of long-term loans payable	50,301	49,253
Income taxes payable	4,677	2,712
Advances received on construction contracts in progress	23,371	27,645
Other provisions	16,241	11,976
Other current liabilities	126,742	133,814
Total current liabilities	391,688	465,115
Long-term liabilities		
Long-term loans payable	111,112	101,108
Other provisions	2,689	2,180
Net defined benefit liability	31,523	31,636
Asset retirement obligations	35,787	36,396
Other long-term liabilities	22,591	22,492
Total long-term liabilities	203,702	193,812
Total liabilities	595,390	658,927
Net assets		
Shareholders' equity		
Common stock	71,101	71,101
Capital surplus	80,989	74,977
Retained earnings	564,883	564,398
Treasury stock, at cost	(61,252)	(59,220)
Total shareholders' equity	655,721	651,256
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of taxes	(25)	(599)
Foreign currency translation adjustments	1,404	1,675
Remeasurements of defined benefit plans	(397)	(190)
Total accumulated other comprehensive income	982	886
Subscription rights to shares	1,726	1,774
Non-controlling interests	17,849	5,290
Total net assets	676,278	659,206
Total liabilities and net assets	1,271,668	1,318,133

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

(Consolidated statements of income - cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	382,987	375,859
Cost of sales	264,901	262,469
Gross profit	118,086	113,390
Selling, general and administrative expenses	96,660	101,127
Operating profit	21,426	12,263
Non-operating income		
Purchase discounts	779	642
Other	2,215	2,549
Total non-operating income	2,994	3,191
Non-operating expenses		
Interest expenses	337	298
Cost of sales of electric power	193	189
Other	162	526
Total non-operating expenses	692	1,013
Ordinary profit	23,728	14,441
Extraordinary income		
Gain on sales of investment securities	–	173
Total extraordinary income	–	173
Extraordinary loss		
Loss on disposal of non-current assets	301	75
Impairment loss	25	45
Retirement benefits for directors (and other officers)	1,000	–
Other	281	22
Total extraordinary losses	1,607	142
Profit before income taxes	22,121	14,472
Income taxes-current	6,409	6,620
Income taxes-deferred	(1,447)	(6,830)
Total income taxes	4,962	(210)
Profit	17,159	14,682
Profit (loss) attributable to non-controlling interests	(255)	2
Profit attributable to owners of parent	17,414	14,680

(Consolidated statements of comprehensive income - cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	17,159	14,682
Other comprehensive income, net of taxes		
Valuation difference on available-for-sale securities	(127)	(571)
Foreign currency translation adjustments	540	270
Remeasurements of defined benefit plans, net of tax	(101)	208
Share of other comprehensive income of associates accounted for using equity method	0	(1)
Total other comprehensive income	312	(94)
Comprehensive income	17,471	14,588
Comprehensive income attributable to:		
Owners of parent	17,724	14,584
Non-controlling interests	(253)	4

(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 executed a share exchange, whereby the Company becomes the wholly-owning parent company and Hinokiya Group Co., Ltd. becomes the wholly-owned subsidiary as of the effective date of April 27, 2022.

In addition, the Company purchased 35,342,800 shares of treasury stock based on a resolution at the meeting of the Board of Directors held on May 6, 2022. As a result, capital surplus and treasury stock decreased ¥6,010 million and ¥2,026 million, respectively, during the three months ended June 30, 2022, and capital surplus and treasury stock amounted to ¥74,977 million and ¥59,220 million, respectively, as of June 30, 2022.

(Additional information)

(Application of the group tax sharing system)

The Company and some of its domestic consolidated subsidiaries transitioned from the non-consolidated taxation system to the group tax sharing system from the first quarter of the fiscal year ending March 31, 2023. Accordingly, the handling of income taxes and local income taxes as well as tax effect accounting procedures and disclosure conforms with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021, Accounting Standards Board of Japan).

(Segment information)

I Three months ended June 30, 2021

Information about amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				
	Electrical Business	Housing Business	Financial Business	Environment Business	Total
Net sales					
Sales to external customers	318,173	53,965	478	3,674	376,290
Intersegment sales or transfers	5,770	1,301	74	2,875	10,020
Total	323,943	55,266	552	6,549	386,310
Segment profit (loss)	21,514	(661)	12	256	21,121

	Others (Note 1)	Total	Adjusted amounts (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Net sales				
Sales to external customers	6,697	382,987	–	382,987
Intersegment sales or transfers	2,761	12,781	(12,781)	–
Total	9,458	395,768	(12,781)	382,987
Segment profit (loss)	357	21,478	(52)	21,426

- Notes:
1. The “others” category includes other business segment not included in reportable segments.
 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.

II Three months ended June 30, 2022

Information about amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				
	Electrical Business	Housing Business	Financial Business	Environment Business	Total
Net sales					
Sales to external customers	310,545	54,947	527	4,180	370,199
Intersegment sales or transfers	4,324	1,494	87	3,610	9,515
Total	314,869	56,441	614	7,790	379,714
Segment profit (loss)	12,675	(1,161)	102	346	11,962

	Others (Note 1)	Total	Adjusted amounts (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Net sales				
Sales to external customers	5,660	375,859	–	375,859
Intersegment sales or transfers	2,282	11,797	(11,797)	–
Total	7,942	387,656	(11,797)	375,859
Segment profit (loss)	286	12,248	15	12,263

- Notes:
1. The “others” category includes other business segment not included in reportable segments.
 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.

(Reference information)

Year on year comparison by reportable segment

(Millions of yen)

	Reportable segments					Others
	Electrical Business	Housing Business	Financial Business	Environment Business	Total	
Total net sales (Rate of change year on year)	(2.8)%	2.1%	11.3%	18.9%	(1.7)%	(16.0)%
Total net sales (Change in amount year on year)	(9,074)	1,175	62	1,241	(6,596)	(1,516)
Segment profit (loss) (Rate of change year on year)	(41.1)%	–	727.9%	35.4%	(43.4)%	(19.9)%
Segment profit (loss) (Change in amount year on year)	(8,839)	(500)	90	90	(9,159)	(71)

III Notes relating to changes in reportable segments, etc.

In the three months ended June 30, 2022, the Furniture Sales Business, which was previously included in “Other,” was included in the “Electrical Business” due to the merging of subsidiaries. As a result of this change, segment information for the three months for the previous fiscal year has been prepared based on the reportable segment classification for the three months under review.

(Significant subsequent events)

No items to report