

Consolidated Financial Results
for the Six 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: November 11, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 six months of the fiscal year ending March 31, 2023
(from April 1, 2022 to September 30, 2022)

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

Six 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	%
September 30, 2022	774,634	(3.2)	19,776	(43.6)	23,385	(40.5)	17,634	(41.2)
September 30, 2021	800,399	(7.0)	35,084	(23.7)	39,276	(20.0)	29,968	43.4

Note: Comprehensive income
 Six months ended September 30, 2022: 17,177 million yen ((42.9)%)
 Six months ended September 30, 2021: 30,094 million yen (51.0%)

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2022	21.11	21.00
September 30, 2021	36.43	36.26

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	1,258,166	638,467	50.2
March 31, 2022	1,271,668	676,278	51.6

Reference: Equity

As of September 30, 2022: 631,256 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	–	0.00			
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
Fiscal year ending March 31, 2023	1,647,000	1.7	61,100	(7.0)	67,500	(9.0)	43,600	(13.8)	54.06

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

* **Notes**

- (1) Changes in significant subsidiaries during the six 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 September 30, 2022 966,748,539 shares
 - As of March 31, 2022 966,647,930 shares
 - b. Number of treasury stock at the end of the period
 - As of September 30, 2022 175,813,729 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)
 - Six months ended September 30, 2022 835,157,235 shares
 - Six months ended September 30, 2021 822,388,898 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 six 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 six months

(1) Information regarding operating results

[On background of economies at home and abroad]

In the first six months of the fiscal year ending March 31, 2023, amid the continued impact of the novel coronavirus disease (COVID-19), while economic and social activities moved toward normalization as a result of eased restrictions on activities, etc., the outlook for the Japanese economy remains uncertain mainly due to soaring prices of energy and raw materials stemming from the prolongation of the situation between Russia and Ukraine, and concerns about effects of the rise of commodity prices associated with the rapid depreciation of the yen on personal consumption and consumption activities.

In the consumer electrical appliance retail industry, although there were a reactionary drop from the demand for stay-at-home products due to the impact of COVID-19, loss of sales opportunities in association with a decrease in work hours as a result of infection of employees, a change in the competitive environment resulting from a frugal mindset among consumers, the supply shortage of some products and an increase of various costs due to soaring prices of energy and raw materials, seasonal products, primarily air conditioners, were strong due to intense heat and extremely hot days in the summer selling season. In addition, highly eco-friendly refrigerators that have a high per-unit price showed strong performance.

[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 27 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” (6 LABI LIFE SELECT stores, 21 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.

Consolidated net sales for the six months under review decreased 3.2% year on year to ¥774,634 million, operating profit decreased 43.6% to ¥19,776 million, ordinary profit decreased 40.5% to ¥23,385 million, and profit attributable to owners of parent decreased 41.2% to ¥17,634 million. Major factors for the decrease in net sales and profits are the decrease of gross profit affected by the restraining of purchases as a policy effort for reform of the balance sheet, an increase in personnel recruitment for the expansion of sales floor space by 5%, up-front investment cost for DX promotion, and the increase of selling and administrative expenses largely due to rising energy prices, in addition to effects relating to the Electrical Business comprising (1) the temporary reactionary drop from the demand for stay-at-home products that continued from the previous fiscal year, (2) a slowdown in demand stemming from the rise of selling prices principally for durable consumer goods, (3) store

closures and reduced business hours in relation to the impact of large typhoon and heavy rain, (4) loss of sales opportunities in association with a decrease in work hours as a result of COVID-19 infection of employees, and (5) an increase in undelivered goods resulting from a delay in arrival of goods stemming from semiconductor shortages and the supply chain disruption, among others. Furthermore, a rise in costs due to the depreciation of the yen and soaring prices of building materials for newly constructed custom-built houses to be delivered in the Housing Business also had an impact on profit.

[Operating results by segment]

(1) Electrical Business

In the Electrical Business, net sales decreased 4.4% year on year to ¥645,275 million, and operating profit decreased 42.4% year on year to ¥18,868 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 and for the e-commerce business.

We are making steady progress in active store development, strengthening our e-commerce, and active development of SPA products, and the results of this will appear strong from the third quarter.

(2) Housing Business

In the Housing Business, net sales increased 2.2% year on year to ¥120,263 million, while operating loss was ¥682 million (operating profit of ¥365 million in the previous fiscal year), which is a deterioration of ¥1,047 million from the previous fiscal year.

As for the housing industry, although 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 and the depreciation of the yen.

The performance of the Housing Business by company (before offsetting internal transactions) was as follows. (1) YAMADA HOMES reported a decrease in net sales and profits, with net sales of ¥35,388 million (down 10.1% year on year) and an operating loss of ¥1,811 million (operating loss of ¥880 million in the previous fiscal year). (2) Hinokiya Group reported an increase in revenues and a decrease in profits, with net sales of ¥56,461 million (up 9.8% year on year) and operating profit of ¥1,092 million (down 21.3% year on 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 ¥28,503 million (up 3.8% year on year) and operating profit of ¥744 million (up 6.4% 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 and the depreciation of the yen 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 5.1% year on year to ¥1,246 million, and operating profit increased 23.5% year on year to ¥219 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 22.6% to ¥16,090 million, and operating profit increasing 30.4% to ¥723 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 10.5% year on year to ¥16,253 million, and operating profit decreased 9.4% year on year to ¥588 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 second quarter under review encompassing 11 new store openings, was 1,026 directly-managed stores (comprising 998 stores directly managed by YAMADA DENKI and 28 stores operated by other consolidated subsidiaries). The total number of stores of the Group, including the stores managed by franchise stores, was 12,010.

[On performance summary]

As a result of the above, consolidated net sales for the six months under review amounted to ¥774,634 million, down 3.2% year on year, operating profit totaled ¥19,776 million, down 43.6% year on year, ordinary profit was ¥23,385 million, down 40.5% year on year, and profit attributable to owners of parent was ¥17,634 million, down 41.2% year on year.

(2) Information regarding financial position

[Financial position]

Total assets at the end of the second quarter under review amounted to ¥1,258,166 million, down ¥13,502 million (1.1%) compared to the end of the previous fiscal year.

Total liabilities amounted to ¥619,699 million, up ¥24,309million (4.1%) 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 repurchase of treasury stock, etc.

Net assets amounted to ¥638,467 million, down ¥37,811 million (5.6%) from the end of the previous fiscal year. This was mainly due to an increase in treasury stock. As a result, the equity ratio was 50.2% (51.6% at the end of the previous fiscal year).

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

The Group has left the consolidated earnings forecasts for the fiscal year ending March 31, 2023 unchanged from the figures announced on October 28, 2022.











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	

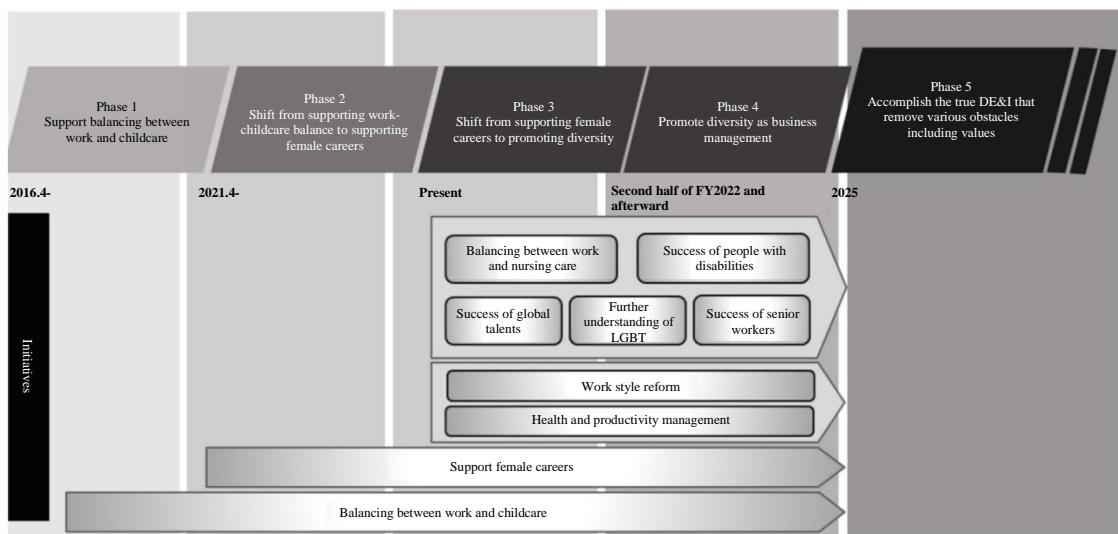
[Promotion and initiatives of diversity, equity, and inclusion (DE&I)]

1) Policy

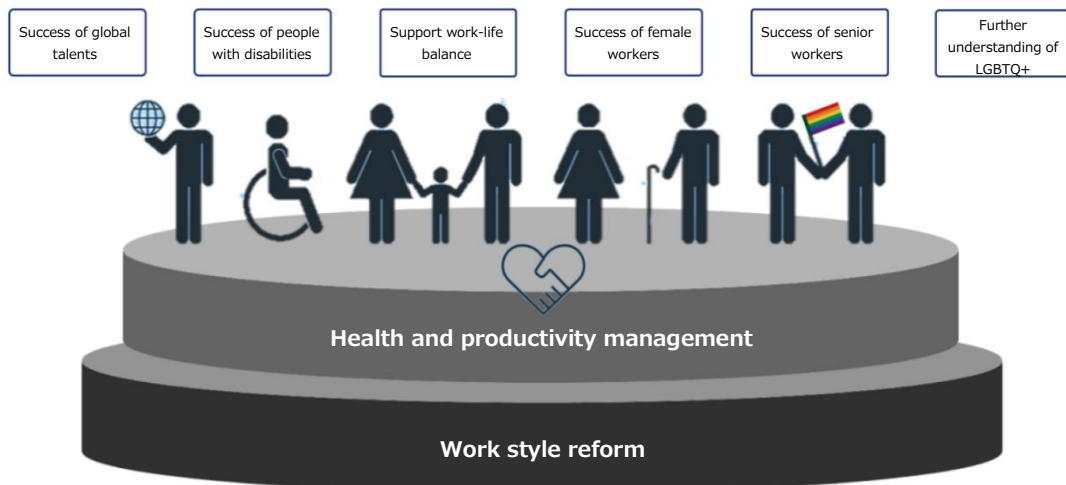
Talents are the most important management resources for the YAMADA HOLDINGS Group. Regardless of race, nationality, age, gender, sexual orientation/gender identity, religion, credo, culture, disabilities, career, and lifestyle, corporate growth derives from the environment where employees of various 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

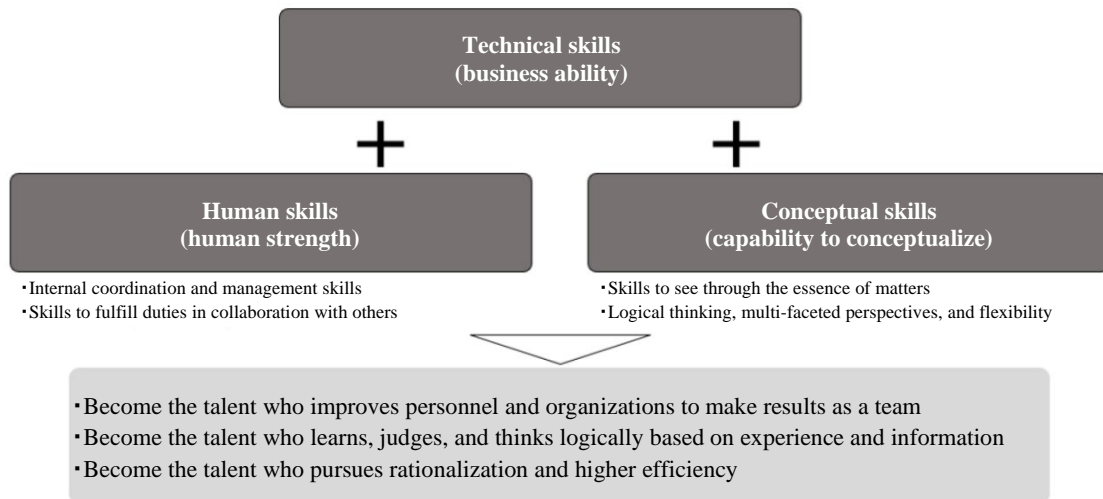


3) Specific initiatives and policy



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 September 30, 2022
Assets		
Current assets		
Cash and time deposits	57,184	55,058
Notes and accounts receivable	73,400	62,839
Accounts receivable from completed construction contracts	2,379	2,684
Operating loans	6,322	6,736
Merchandise and finished goods	356,044	359,188
Real estate for sale	35,542	38,711
Costs on construction contracts in progress	8,172	11,981
Work in process	1,235	1,249
Raw materials and supplies	3,798	6,378
Other current assets	78,825	63,758
Allowance for doubtful accounts	(1,622)	(1,886)
Total current assets	621,279	606,696
Non-current assets		
Property and equipment		
Buildings and structures, net	201,122	199,142
Land	203,087	204,183
Other, net	33,282	34,239
Total property and equipment, net	437,491	437,564
Intangible assets	40,956	39,446
Investments and other assets		
Guarantee deposits	77,424	77,063
Net defined benefit asset	1,789	1,808
Other assets	95,587	98,547
Allowance for doubtful accounts	(2,858)	(2,958)
Total investments and other assets	171,942	174,460
Total non-current assets	650,389	651,470
Total assets	1,271,668	1,258,166

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable	94,564	71,182
Accounts payable for construction contracts	15,037	11,586
Short-term loans payable	60,755	123,109
Current portion of long-term loans payable	50,301	50,538
Income taxes payable	4,677	3,980
Advances received on construction contracts in progress	23,371	28,900
Provision for bonuses	12,063	12,888
Other provisions	4,178	4,054
Other current liabilities	126,742	113,023
Total current liabilities	391,688	419,260
Long-term liabilities		
Long-term loans payable	111,112	106,897
Other provisions	2,689	1,896
Net defined benefit liability	31,523	32,173
Asset retirement obligations	35,787	36,505
Other long-term liabilities	22,591	22,968
Total long-term liabilities	203,702	200,439
Total liabilities	595,390	619,699
Net assets		
Shareholders' equity		
Common stock	71,101	71,125
Capital surplus	80,989	75,002
Retained earnings	564,883	567,352
Treasury stock, at cost	(61,252)	(82,719)
Total shareholders' equity	655,721	630,760
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of taxes	(25)	(955)
Foreign currency translation adjustments	1,404	2,041
Remeasurements of defined benefit plans	(397)	(590)
Total accumulated other comprehensive income	982	496
Subscription rights to shares	1,726	1,837
Non-controlling interests	17,849	5,374
Total net assets	676,278	638,467
Total liabilities and net assets	1,271,668	1,258,166

(2) Consolidated statements of income and consolidated statements of comprehensive income**(Consolidated statements of income - cumulative)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	800,399	774,634
Cost of sales	565,624	552,277
Gross profit	234,775	222,357
Selling, general and administrative expenses	199,691	202,581
Operating profit	35,084	19,776
Non-operating income		
Purchase discounts	1,346	1,129
Sales of electric power	1,126	1,156
Other	3,455	3,286
Total non-operating income	5,927	5,571
Non-operating expenses		
Interest expenses	739	654
Cost of sales of electric power	390	393
Other	606	915
Total non-operating expenses	1,735	1,962
Ordinary profit	39,276	23,385
Extraordinary income		
Gain on revision of retirement benefit plan	–	893
Gain on sales of investment securities	–	214
Other	63	–
Total extraordinary income	63	1,107
Extraordinary loss		
Loss on disposal of non-current assets	386	133
Impairment loss	899	2,654
Retirement benefits for directors (and other officers)	1,010	–
Other	868	621
Total extraordinary losses	3,163	3,408
Profit before income taxes	36,176	21,084
Income taxes-current	9,275	7,734
Income taxes-deferred	(3,135)	(4,304)
Total income taxes	6,140	3,430
Profit	30,036	17,654
Profit attributable to non-controlling interests	68	20
Profit attributable to owners of parent	29,968	17,634

(Consolidated statements of comprehensive income - cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	30,036	17,654
Other comprehensive income, net of taxes		
Valuation difference on available-for-sale securities	103	(918)
Foreign currency translation adjustments	386	637
Remeasurements of defined benefit plans, net of tax	(428)	(193)
Share of other comprehensive income of associates accounted for using equity method	(3)	(3)
Total other comprehensive income	58	(477)
Comprehensive income	30,094	17,177
Comprehensive income attributable to:		
Owners of parent	30,176	17,148
Non-controlling interests	(82)	29

(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, and allotted and delivered 39,204,615 shares of treasury stock.

In addition, the Company purchased 84,405,400 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 decreased ¥6,010 million and treasury stock increased ¥21,471 million, during the six months ended September 30, 2022, and capital surplus and treasury stock amounted to ¥75,002 million and ¥82,719 million, respectively, as of September 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 Six months ended September 30, 2021

1. 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	663,743	115,138	1,039	6,701	786,621
Intersegment sales or transfers	11,311	2,523	147	6,424	20,405
Total	675,054	117,661	1,186	13,125	807,026
Segment profit	32,780	365	177	554	33,876

	Others (Note 1)	Total	Adjusted amounts (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Net sales				
Sales to external customers	13,778	800,399	–	800,399
Intersegment sales or transfers	4,374	24,779	(24,779)	–
Total	18,152	825,178	(24,779)	800,399
Segment profit	649	34,525	559	35,084

- 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 is adjusted with operating profit in the consolidated statement of income.

II Six months ended September 30, 2022

1. 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	636,084	117,530	1,045	8,833	763,492
Intersegment sales or transfers	9,191	2,733	201	7,257	19,382
Total	645,275	120,263	1,246	16,090	782,874
Segment profit (loss)	18,868	(682)	219	723	19,128

	Others (Note 1)	Total	Adjusted amounts (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Net sales				
Sales to external customers	11,142	774,634	–	774,634
Intersegment sales or transfers	5,111	24,493	(24,493)	–
Total	16,253	799,127	(24,493)	774,634
Segment profit (loss)	588	19,716	60	19,776

- 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)	(4.4)%	2.2%	5.1%	22.6%	(3.0)%	(10.5)%
Total net sales (Change in amount year on year)	(29,779)	2,602	60	2,965	(24,152)	(1,899)
Segment profit (loss) (Rate of change year on year)	(42.4)%	–	23.5%	30.4%	(43.5)%	(9.4)%
Segment profit (loss) (Change in amount year on year)	(13,912)	(1,047)	42	169	(14,748)	(61)

III Notes relating to changes in reportable segments, etc.

In the first quarter 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 six months for the previous fiscal year has been prepared based on the reportable segment classification for the six months under review.

(Significant subsequent events)

No items to report