

Consolidated Financial Results
for the Nine 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
 URL: <https://www.yamada-holdings.jp/>
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Scheduled date to file Quarterly Report: February 10, 2023
 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, 2023 (from April 1, 2022 to December 31, 2022)

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

Nine 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	%
December 31, 2022	1,177,344	(1.3)	39,328	(32.2)	44,079	(31.6)	30,583	(35.6)
December 31, 2021	1,192,797	(7.0)	58,000	(22.0)	64,409	(18.6)	47,493	11.2

Note: Comprehensive income
 Nine months ended December 31, 2022: 30,221 million yen ((34.9)%)
 Nine months ended December 31, 2021: 46,457 million yen (12.8%)

Nine months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	37.65	37.45
December 31, 2021	57.43	57.16

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2022	1,336,655	629,017	46.5
March 31, 2022	1,271,668	676,278	51.6

Reference: Equity

As of December 31, 2022: 621,519 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)	55.01

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

The forecast of basic earnings per share has been changed after reviewing the average number of common stock outstanding during the year to reflect the purchase of treasury stock conducted in the third quarter of the fiscal year ending March 31, 2023.

* **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, 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 December 31, 2022 223,476,837 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)
 - Nine months ended December 31, 2022 812,266,202 shares
 - Nine months ended December 31, 2021 826,954,735 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 6 of the attached materials to the quarterly financial results report.

Attached Materials

Index

- 1. Qualitative information regarding settlement of accounts for the nine months 2
 - (1) Information regarding operating results 2
 - (2) Information regarding financial position 5
 - (3) Information regarding consolidated earnings forecasts and other forward-looking statements 6
- 2. ESG and sustainability 7
- 3. Quarterly consolidated financial statements and significant notes thereto..... 13
 - (1) Consolidated balance sheets 13
 - (2) Consolidated statements of income and consolidated statements of comprehensive income 15
 - (Consolidated statements of income - cumulative)..... 15
 - (Consolidated statements of comprehensive income - cumulative) 16
 - (3) Notes to quarterly consolidated financial statements 17
 - (Notes on premise of going concern)..... 17
 - (Notes on significant changes in the amount of shareholders' equity) 17
 - (Additional information)..... 17
 - (Segment information)..... 18
 - (Significant subsequent events) 21

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, 2023 (from April 1, 2022 to December 31, 2022), amid the continued impact of the novel coronavirus disease (COVID-19), while economic activities moved toward normalization as a result of eased restrictions on activities, etc., the outlook for the Japanese economy remains uncertain mainly due to concerns about effects of the high prices of commodities on personal consumption, primarily caused by a sharp rise in energy and raw material prices stemming from the prolongation of the situation between Russia and Ukraine.

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, an intensifying competitive environment resulting from a frugal mindset among consumers, the supply shortage of some products and an increase in product costs and other various costs due to a sharp rise in energy and raw material prices, sales of air conditioners and refrigerators with high unit prices and high energy-saving performance were strong. Large-capacity washing machines, which reduce the burden of housework, and cooking appliances designed with time efficiency in mind also performed well.

[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 28 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, 22 TECC LIFE SELECT stores, of which 5 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 various products that directly utilize customers' opinions, ranging from home electrical appliances such as air conditioners with ventilation functions and microwave ovens with absolute humidity sensors to electric elevating TV stands and reclining sofas with three motors, etc.

Consolidated net sales for the nine months under review (from April 1, 2022 to December 31, 2022) decreased 1.3% year on year to ¥1,177,344 million, operating profit decreased 32.2% to ¥39,328 million, ordinary profit decreased 31.6% to ¥44,079 million, and profit attributable to owners of parent decreased 35.6% to ¥30,583 million. Major factors for the decrease in net sales and profits are the decrease in non-operating income and expenses resulting from a decrease in subsidy income associated with the COVID-19 infection in the previous fiscal year and temporary foreign exchange losses due to the sharp appreciation of the yen at the end of 2022, in addition to effects relating to the Electrical Business comprising (1) a reactionary drop in temporary demand for stay-at-home products that continued from the previous fiscal year, (2) a reactionary drop in corporate demand associated

with the Green Housing Point Program in the previous fiscal year (3) a slowdown in demand for durable consumer goods due to increasingly defensive spending patterns of consumers in the face of high prices and declining real wages, (4) store closures and reduced business hours in relation to the impact of large typhoons and heavy rain, (5) loss of sales opportunities in association with a decrease in work hours as a result of COVID-19 infection of employees, (6) lower gross profit margin due to ongoing reforms to optimize sales and profits through market-linked DX, and (7) a decrease in gross profit affected by the restraining of purchases as a policy effort for reforming the balance sheet.

Selling and administrative expenses remained almost at the same level as the previous fiscal year due to meticulous cost control, despite factors such as an increase in personnel recruitment for the expansion of sales floor space by 5%, up-front investment cost for DX promotion, and higher energy prices.

[Operating results by segment]

(1) Electrical Business

In the Electrical Business, net sales for the first nine months of the fiscal year ending March 31, 2023 (from April 1, 2022 to December 31, 2022) decreased 2.2% year on year to ¥977,912 million, and operating profit decreased 34.5% year on year to ¥35,059 million.

Net sales and operating profit in the Electrical Business decreased due to the previously mentioned factors (1) through (7), despite sales steadily increasing for renovation and furniture and home interiors and for the e-commerce business.

In the third quarter of the fiscal year ending March 31, 2023 (from October 1, 2022 to December 31, 2022), amid an intensifying competitive environment and rising product costs, the Company took on the challenge of supporting consumers' household budgets, especially with the keyword "challenging high prices," the main measure of the aforementioned item (6), resulting in net sales (increased 2.3% year on year) that exceeded industry levels. In addition, the decrease in operating profit remained minor compared to the first six months of the current fiscal year.

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 next fiscal year.

(2) Housing Business

In the Housing Business, net sales increased 2.8% year on year to ¥186,672 million, and operating profit increased 11.2% year on year to ¥1,956 million.

The performance of the Housing Business by company (before offsetting internal transactions) was as follows. (1) YAMADA HOMES reported a decrease in revenues and profits, with net sales of ¥54,653 million (down 12.6% year on year) and an operating loss of ¥1,361 million (down 166.8% year on year) due to a decrease of the number of orders resulting from a change in the type of contract from work contracts to design contracts and a subsequent increase in transient cancellations in the midst of customer enclosures and rising material prices. Note, however, that the type of contract has now been changed back to work contracts. (2) Hinokiya Group reported an increase in revenues and profits, with net sales of ¥87,625 million (up 12.0% year on year) and operating profit of ¥2,772 million (up 22.8% year on year). (3) Housetec 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 ¥44,471 million (up 5.3% year on year) and operating profit of ¥1,483 million (up 18.5% year on year) mainly due to synergy effects of the Group and an increase in renovation services.

The cost impact of the depreciation of the yen and soaring construction material prices for newly constructed custom-built houses in the Housing Business in the first half of the fiscal year has improved 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.

In addition, on October 1, 2022, the Company made HOKUSHINHOUSE CO., LTD. a subsidiary to strengthen its sales force in the Nagano Prefecture area.

(3) Financial Business

In the Financial Business, net sales increased 2.3% year on year to ¥1,848 million, and operating profit decreased 16.4% year on year to ¥234 million. As a result, revenues increased due to the strong performance of housing loans, which are deeply linked to the Housing Business, however, profits decreased due to an increase in selling and administrative expenses associated with the strengthening of the Yamada NEOBANK business and the credit business.

On December 26, 2022, the Company entered into a share transfer agreement to acquire all shares of House Depot Partners Co., Ltd. and make it a subsidiary, thereby strengthening the housing loan business.

The Financial Business 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 16.8% to ¥23,599million, and operating profit increasing 27.1% to ¥1,082 million.

The Company expanded the YAMADA East Japan Reuse Center Gunma Plant on May 20, 2022, and is building a structure to increase 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 6.7% year on year to ¥24,844 million, and operating profit decreased 12.1% year on year to ¥897 million.

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

(Reference information)

Segment information for the third quarter of the fiscal year ending March 31, 2023 (from October 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segments					Others
	Electrical Business	Housing Business	Financial Business	Environment Business	Total	
Total net sales						
Fiscal year ended March 31, 2022	325,057	63,997	621	7,084	396,759	8,462
Fiscal year ending March 31, 2023	332,637	66,410	602	7,508	407,157	8,590
(Rate of change year on year)	2.3%	3.8%	(3.1)%	6.0%	2.6%	1.5%
(Change in amount year on year)	7,580	2,413	(19)	424	10,398	128
Segment profit						
Fiscal year ended March 31, 2022	20,745	1,393	103	298	22,539	372
Fiscal year ending March 31, 2023	16,191	2,637	15	360	19,203	309
(Rate of change year on year)	(22.0)%	89.2%	(84.9)%	20.9%	(14.8)%	(17.0)%
(Change in amount year on year)	(4,554)	1,244	(88)	62	(3,336)	(63)

* For segment information for the nine months under review, please refer to page 18 (Segment Information).

[On number of stores]

The number of consolidated retail stores, including those overseas at the end of the third quarter under review was 1,025 directly-managed stores (comprising 995 stores directly managed by YAMADA DENKI and 30 stores operated by other consolidated subsidiaries) as a result of 18 new store openings and 8 store closures. The total number of stores of the Group, including the stores managed by franchise stores, was 11,922.

[On performance summary]

As a result of the above, consolidated net sales for the nine months under review amounted to ¥1,177,344 million, down 1.3% year on year, operating profit totaled ¥39,328 million, down 32.2% year on year, ordinary profit was ¥44,079 million, down 31.6% year on year, and profit attributable to owners of parent was ¥30,583 million, down 35.6% year on year.

(2) Information regarding financial position

[Financial position]

Total assets at the end of the third quarter under review amounted to ¥1,336,655 million, up ¥64,987 million (5.1%) compared to the end of the previous fiscal year. This was mainly due to an increase in merchandise and finished goods associated with the purchase of strategic seasonal products.

Total liabilities amounted to ¥707,638 million, up ¥112,248 million (18.9%) compared to the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable, and 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 ¥629,017 million, down ¥47,261 million (7.0%) from the end of the previous fiscal year. This was mainly due to the purchase of treasury stock. As a result, the equity ratio was 46.5% (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	

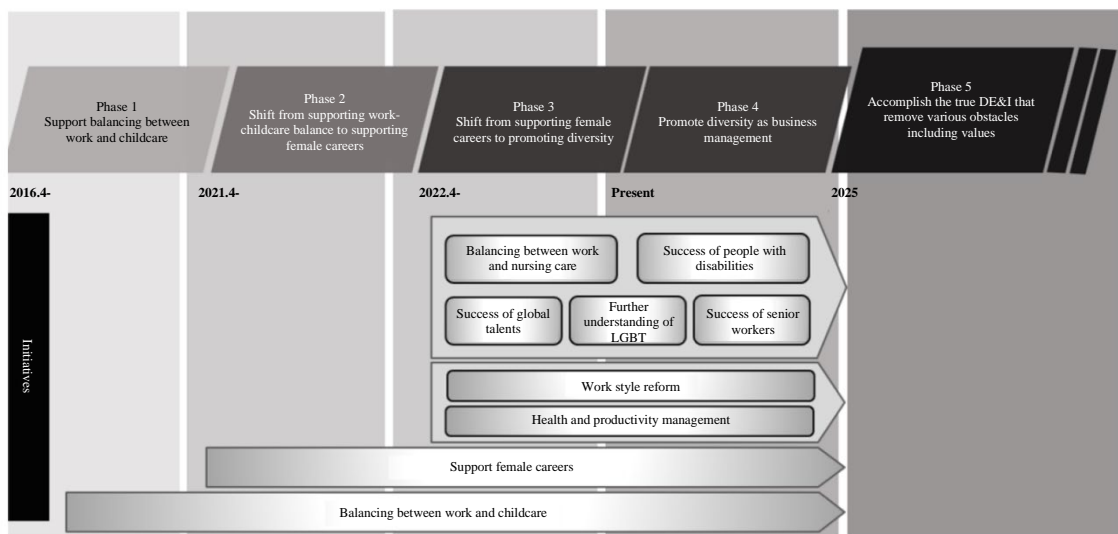
[Promotion and initiatives of diversity, equity, and inclusion (DE&I)]

1) Policy

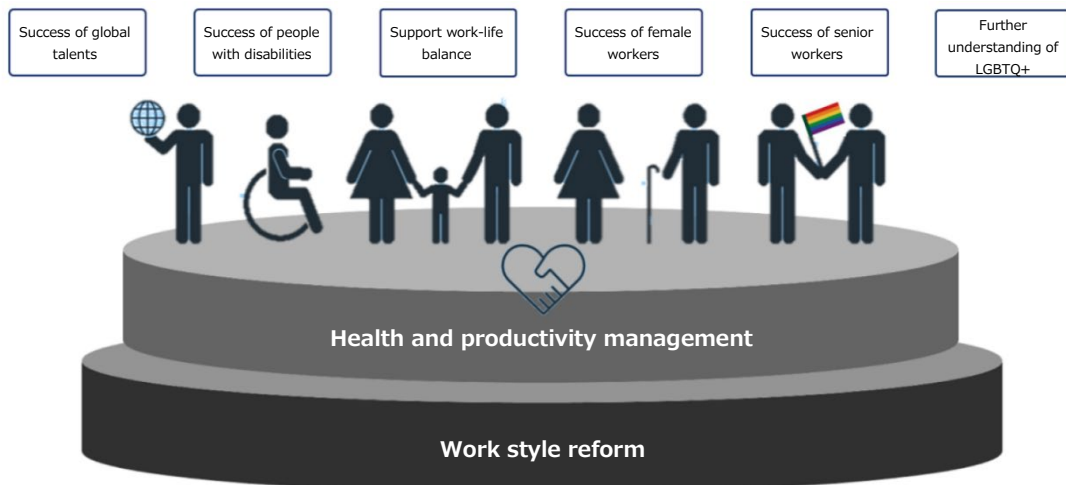
Talents are the most important management resources for the YAMADA HOLDINGS Group. Regardless of race, nationality, age, gender, sexual orientation/gender identity, religion, credo, culture, disabilities, career, and lifestyle, corporate growth derives from the environment where employees of various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

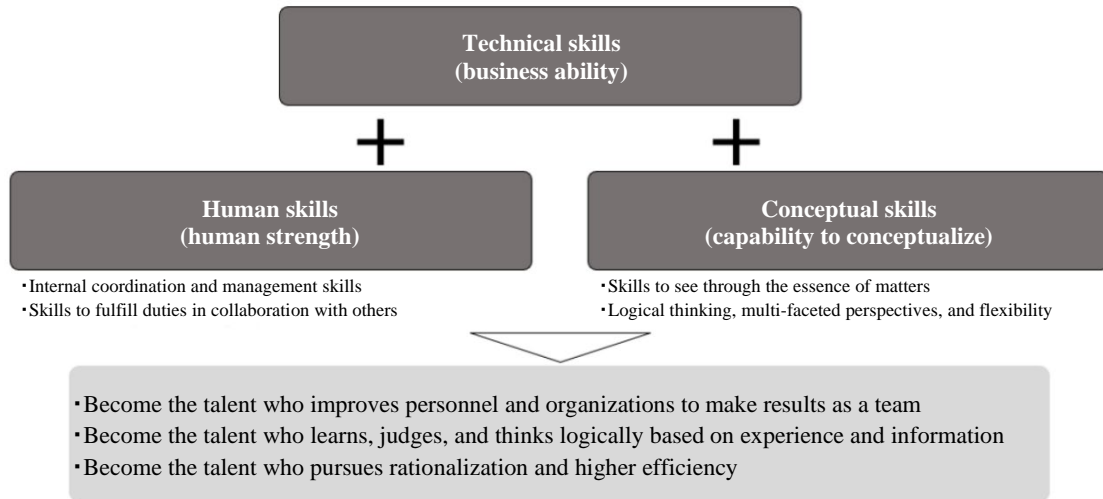


3) Specific initiatives and policy



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 December 31, 2022
Assets		
Current assets		
Cash and time deposits	57,184	59,353
Notes and accounts receivable	73,400	92,431
Accounts receivable from completed construction contracts	2,379	3,116
Operating loans	6,322	7,059
Merchandise and finished goods	356,044	381,552
Real estate for sale	35,542	46,718
Costs on construction contracts in progress	8,172	13,641
Work in process	1,235	1,561
Raw materials and supplies	3,798	8,004
Other current assets	78,825	75,709
Allowance for doubtful accounts	(1,622)	(1,864)
Total current assets	621,279	687,280
Non-current assets		
Property and equipment		
Buildings and structures, net	201,122	202,092
Land	203,087	204,624
Other, net	33,282	32,927
Total property and equipment, net	437,491	439,643
Intangible assets	40,956	39,508
Investments and other assets		
Guarantee deposits	77,424	77,219
Net defined benefit asset	1,789	1,817
Other assets	95,587	94,147
Allowance for doubtful accounts	(2,858)	(2,959)
Total investments and other assets	171,942	170,224
Total non-current assets	650,389	649,375
Total assets	1,271,668	1,336,655

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable	94,564	133,090
Accounts payable for construction contracts	15,037	12,478
Short-term loans payable	60,755	111,396
Current portion of long-term loans payable	50,301	58,263
Income taxes payable	4,677	801
Advances received on construction contracts in progress	23,371	31,999
Provision for bonuses	12,063	8,594
Other provisions	4,178	4,014
Other current liabilities	126,742	115,337
Total current liabilities	391,688	475,972
Long-term liabilities		
Long-term loans payable	111,112	137,756
Other provisions	2,689	1,940
Net defined benefit liability	31,523	32,771
Asset retirement obligations	35,787	36,645
Other long-term liabilities	22,591	22,554
Total long-term liabilities	203,702	231,666
Total liabilities	595,390	707,638
Net assets		
Shareholders' equity		
Common stock	71,101	71,125
Capital surplus	80,989	75,001
Retained earnings	564,883	580,301
Treasury stock, at cost	(61,252)	(105,291)
Total shareholders' equity	655,721	621,136
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of taxes	(25)	(1,229)
Foreign currency translation adjustments	1,404	2,219
Remeasurements of defined benefit plans	(397)	(607)
Total accumulated other comprehensive income	982	383
Subscription rights to shares	1,726	1,900
Non-controlling interests	17,849	5,598
Total net assets	676,278	629,017
Total liabilities and net assets	1,271,668	1,336,655

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	1,192,797	1,177,344
Cost of sales	836,891	836,889
Gross profit	355,906	340,455
Selling, general and administrative expenses	297,906	301,127
Operating profit	58,000	39,328
Non-operating income		
Purchase discounts	1,811	1,773
Other	6,994	5,934
Total non-operating income	8,805	7,707
Non-operating expenses		
Interest expenses	1,066	1,028
Other	1,330	1,928
Total non-operating expenses	2,396	2,956
Ordinary profit	64,409	44,079
Extraordinary income		
Gain on revision of retirement benefit plan	3,062	894
Gain on sales of investment securities	–	243
Other	66	78
Total extraordinary income	3,128	1,215
Extraordinary loss		
Loss on disposal of non-current assets	465	180
Impairment loss	899	2,654
Retirement benefits for directors (and other officers)	1,010	–
Other	996	805
Total extraordinary losses	3,370	3,639
Profit before income taxes	64,167	41,655
Income taxes-current	15,099	11,125
Income taxes-deferred	1,170	(282)
Total income taxes	16,269	10,843
Profit	47,898	30,812
Profit attributable to non-controlling interests	405	229
Profit attributable to owners of parent	47,493	30,583

(Consolidated statements of comprehensive income - cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	47,898	30,812
Other comprehensive income, net of taxes		
Valuation difference on available-for-sale securities	(269)	(1,192)
Foreign currency translation adjustments	558	815
Remeasurements of defined benefit plans, net of tax	(1,727)	(210)
Share of other comprehensive income of associates accounted for using equity method	(3)	(4)
Total other comprehensive income	(1,441)	(591)
Comprehensive income	46,457	30,221
Comprehensive income attributable to:		
Owners of parent	46,204	29,984
Non-controlling interests	253	237

(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 132,064,800 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 decreased ¥6,010 million and treasury stock increased ¥44,042 million, during the nine months ended December 31, 2022, and capital surplus and treasury stock amounted to ¥75,001 million and ¥105,291 million, respectively, as of December 31, 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 Nine months ended December 31, 2021

1. Information about amounts of net sales, 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	983,077	177,799	1,587	10,119	1,172,582
Intersegment sales or transfers	17,035	3,859	220	10,090	31,204
Total	1,000,112	181,658	1,807	20,209	1,203,786
Segment profit	53,525	1,758	280	852	56,415

	Others (Note 1)	Total	Adjusted amounts (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Net sales				
Sales to external customers	20,215	1,192,797	–	1,192,797
Intersegment sales or transfers	6,398	37,602	(37,602)	–
Total	26,613	1,230,399	(37,602)	1,192,797
Segment profit	1,021	57,436	564	58,000

- 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 Nine months ended December 31, 2022

1. Information about amounts of net sales, 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	964,191	182,586	1,551	12,856	1,161,184
Intersegment sales or transfers	13,721	4,086	297	10,743	28,847
Total	977,912	186,672	1,848	23,599	1,190,031
Segment profit	35,059	1,956	234	1,082	38,331

	Others (Note 1)	Total	Adjusted amounts (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Net sales				
Sales to external customers	16,160	1,177,344	–	1,177,344
Intersegment sales or transfers	8,684	37,531	(37,531)	–
Total	24,844	1,214,875	(37,531)	1,177,344
Segment profit	897	39,228	100	39,328

- 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.

(Reference information)

Year on year comparison by reportable segment for the first nine months of the fiscal year ending March 31, 2023 (from April 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segments					Others
	Electrical Business	Housing Business	Financial Business	Environment Business	Total	
Total net sales (Rate of change year on year)	(2.2)%	2.8%	2.3%	16.8%	(1.1)%	(6.7)%
Total net sales (Change in amount year on year)	(22,200)	5,014	41	3,390	(13,755)	(1,770)
Segment profit (Rate of change year on year)	(34.5)%	11.2%	16.4%	27.1%	(32.1)%	(12.1)%
Segment profit (Change in amount year on year)	(18,466)	198	(46)	230	(18,084)	(124)

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

(Significant subsequent events)

(Business combination by acquisition)

YAMADA FINANCE SERVICE Co., Ltd. a consolidated subsidiary of the Company, based on a resolution of the Board of Directors meeting held on December 19, 2022 and pursuant to the share transfer agreement dated December 26, 2022 concerning the acquisition of all shares of House Depot Partners Co., Ltd. held by MITSUI & CO., LTD. and JK Holdings Co., Ltd. acquired all shares of House Depot Partners Co., Ltd. as of January 18, 2023 and made it a subsidiary.

1. Overview of business combination

(1) Name and description of business of the acquired company

Name of the acquired company House Depot Partners Co., Ltd.

Description of business: Housing loan financing business

(2) Main reasons for the business combination

Expanding our share in the housing loan market is extremely effective in promoting our “Total-Living (Kurashi-Marugoto)” strategy. Whereas House Depot Partners Co., Ltd. is a mortgage bank that provides more than 2,300 “Flat 35” loans to customers annually, utilizing a nationwide sales network and a high level of service through real sales, we expect, by making this company a subsidiary, to create a wide range of business opportunities such as “Basket purchase of home electrical appliances and furniture,” “Offering a variety of financial products,” and “Proposals for future renovation” as well as to improve business efficiency and expand business domain by leveraging the strengths of our core financial segment company, YAMADA FINANCE SERVICE Co., Ltd. and House Depot Partners Co., Ltd.

(3) Date of business combination

January 18, 2023

(4) Legal form of business combination

Acquisition of shares

(5) Name of the company after business combination

The name will not be changed.

(6) Percentage of voting rights acquired

100%

(7) Main basis for determining the company to be acquired

YAMADA FINANCE SERVICE Co., Ltd. a consolidated subsidiary of the Company, acquired 100% of the voting rights, making it a wholly owned subsidiary.