

## Consolidated Financial Results for the Fiscal Year Ended 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 of ordinary general meeting of shareholders: June 29, 2023  
 Scheduled date to commence dividend payments: June 30, 2023  
 Scheduled date to file Annual Securities Report: June 29, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

### 1. Consolidated performance for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year 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	%
March 31, 2023	1,600,587	(1.2)	44,066	(32.9)	50,065	(32.5)	31,825	(37.0)
March 31, 2022	1,619,379	(7.6)	65,704	(28.6)	74,137	(25.0)	50,556	(2.4)

Note: Comprehensive income

Fiscal year ended March 31, 2023: 30,355 million yen ((40.6%)  
 Fiscal year ended March 31, 2022: 51,087 million yen ((4.4%)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
March 31, 2023	40.25	40.02	5.0	3.9	2.8
March 31, 2022	60.96	60.67	7.9	5.9	4.1

Reference: Equity in earnings (losses) of affiliated companies

Fiscal year ended March 31, 2023: 77 million yen  
 Fiscal year ended March 31, 2022: 109 million yen

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	1,271,181	611,776	47.6	853.67
March 31, 2022	1,271,668	676,278	51.6	785.50

Reference: Equity

As of March 31, 2023: 604,621 million yen

As of March 31, 2022: 656,703 million yen

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	43,741	(25,209)	(29,454)	46,487
March 31, 2022	21,085	(22,266)	(16,647)	56,470

## 2. Cash dividends

	Annual cash dividends					Total cash dividends (Total)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	–	0.00	–	18.00	18.00	15,049	29.5	2.3
March 31, 2023	–	0.00	–	12.00	12.00	8,499	29.8	1.5
Fiscal year ending March 31, 2024 (Forecasts)	–	0.00	–	–	–		–	

Note: 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2023	814,700	5.2	23,900	20.9	26,500	13.3	15,600	(11.5)	22.41
Fiscal year ending March 31, 2024	1,686,000	5.3	50,500	14.6	55,100	10.1	31,900	0.2	45.86

\* **Notes**

- (1) Changes in significant subsidiaries during the year (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- |   |      |
|---|------|
| a. Changes in accounting policies due to revisions of accounting standards, etc.: | Yes  |
| b. Changes in accounting policies due to other reasons:                           | None |
| c. Changes in accounting estimates:   | None |
| d. Restatement of prior period financial statements:                              | None |
- (3) Number of issued shares (common stock)
- |  |                    |
|--|--------------------|
| a. Total number of issued shares at the end of the year (including treasury stock) |                    |
| As of March 31, 2023   | 966,748,539 shares |
| As of March 31, 2022   | 966,647,930 shares |
| b. Number of treasury stock at the end of the year                                 |                    |
| As of March 31, 2023   | 258,493,806 shares |
| As of March 31, 2022   | 130,619,777 shares |
| c. Average number of shares during the year  |                    |
| Fiscal year ended March 31, 2023   | 790,660,222 shares |
| Fiscal year ended March 31, 2022   | 829,192,352 shares |

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

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

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

\* Proper use of earnings forecasts, and other special matters

The 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 “(5) Future outlook” under “1. Overview of operating results and others” on page 5 of the attached materials to the financial results report.

**Attached Materials**

**Index**

- 1. Overview of operating results and others ..... 2
  - (1) Overview of operating results for the fiscal year ..... 2
  - (2) Operating results by segment ..... 3
  - (3) Overview of financial position for the fiscal year ..... 4
  - (4) Overview of cash flows for the fiscal year ..... 4
  - (5) Future outlook ..... 5
- 2. Basic rationale for selection of accounting standards ..... 6
- 3. Consolidated financial statements and significant notes thereto ..... 7
  - (1) Consolidated balance sheets ..... 7
  - (2) Consolidated statements of income and consolidated statements of comprehensive income ..... 9
    - (Consolidated statements of income) ..... 9
    - (Consolidated statements of comprehensive income) ..... 10
  - (3) Consolidated statements of changes in net assets ..... 11
  - (4) Consolidated statements of cash flows ..... 13
- 4. Segment information ..... 15
- 5. Per share information ..... 18
- 6. Significant subsequent events ..... 19

## 1. Overview of operating results and others

### (1) Overview of operating results for the fiscal year

[On background of economies at home and abroad]

During the fiscal year under review, amid the continued impact of the novel coronavirus disease (COVID-19), while socioeconomic activities moved toward normalization as a result of eased restrictions on activities, etc., the outlook for the Japanese economy remains uncertain mainly due to factors such as financial instability in Europe and the US, 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, and increasing geopolitical risks.

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, loss of sales opportunities in association with a decrease in work hours as a result of infection of employees, a changing 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, at the same time, sales of air conditioners and refrigerators with high unit prices and high energy-saving performance were strong. Large-capacity, high-performance 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, in the year that "YAMADA HLDGS 2025 Mid-term business plan" begun, the Group has worked to 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 29 LIFE SELECT stores (stores offering the widest range of everyday goods in the region, such as home electrical appliances, furniture and home interiors, household goods, renovation services, toys, and electric bicycles), 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, 23 Tecc LIFE SELECT stores, of which 6 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 discounted and previously owned home appliances and luxury furniture outlet stores that specialize in furniture and home interiors (first store opened in Maebashi City), etc., and by expanding sales of home-related products that are highly compatible with home electric 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 on TV. 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 electric lounge chair with in-built Bluetooth and Bodysonic speakers, etc.

Consolidated net sales for the fiscal year under review decreased 1.2% year on year to ¥1,600,587 million, operating profit decreased 32.9% year on year to ¥44,066 million, ordinary profit decreased 32.5% year on year to ¥50,065 million, and profit attributable to owners of parent decreased 37.0% year on year to ¥31,825 million. Major factors for the decrease in revenues and profits are the decrease in non-operating income resulting from a decrease in subsidy income associated with the COVID-19 infection in the previous fiscal year, 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) loss of sales opportunities in association with a decrease in work hours as a result of COVID-19 infection of employees, (3) a fall in the gross profit margin as the Company goes through reforms to optimize sales and profit by DX linked to the market, and (4) 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.

## **(2) Operating results by segment**

### **1) Electrical Business**

In the Electrical Business, net sales decreased 2.1% year on year to ¥1,310,895 million, and operating profit decreased 42.3% year on year to ¥31,817 million.

Net sales and operating profit in the Electrical Business decreased due to the previously mentioned factors (1) through (4), despite sales steadily increasing for renovation services, furniture and home interiors, the e-commerce business, and new lifestyle related demand.

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, revenues and profits both increased, with net sales increasing 1.5% year on year to ¥272,361 million, and operating profit increasing 16.5% year on year to ¥8,576 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 ¥78,361 million (down 12.5% year on year) and an operating profit of ¥351 million (down 54.8% 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 ¥134,719 million (up 10.0% year on year) and operating profit of ¥7,288 million (up 16.4% year on year), which is its highest ever profit yet recorded. (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 ¥60,436 million (up 4.3% year on year) and operating profit of ¥2,297 million (up 12.7% 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 efforts with Nice Corporation.

In addition, on October 1, 2022, YAMADA HOMES CO., LTD. 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 1.3% year on year to ¥2,479 million, and operating profit decreased 33.9% year on year to ¥283 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 January 18, 2023, the Company made House Depot Partners Co., Ltd. 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 efforts for environmental resource development undertaken by the Group, with net

sales increasing 11.6% to ¥31,804 million, and operating profit increasing 21.2% to ¥1,490 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.

Furthermore, the Company concluded a green loan agreement with Mizuho Bank, Ltd., on January 31, 2023, becoming the first in the household electrical appliance retail sector to do so, and it made Aizu Dust Center corporation a consolidated subsidiary on February 1, 2023. This is part of the Company's aim to construct a self-contained, resource recycling system that realizes a seamless chain for household electrical appliances from their sale to their re-use, recycling and final disposal.

#### 5) Other businesses

In other businesses, net sales decreased 8.9% year on year to ¥32,527 million, and operating profit decreased 18.6% year on year to ¥1,065 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 fiscal year under review encompassing 24 new store openings and 11 store closures, was 1,028 directly-managed stores (comprising 997 stores directly managed by YAMADA DENKI and 31 stores operated by other consolidated subsidiaries). The total number of stores of the Group, including FC, was 11,621.

#### [On performance summary]

As a result of the above, consolidated net sales for the fiscal year under review amounted to ¥1,600,587 million, down 1.2% year on year, operating profit totaled ¥44,066 million, down 32.9% year on year, ordinary profit was ¥50,065 million, down 32.5% year on year, and profit attributable to owners of parent was ¥31,825 million, down 37.0% year on year.

### (3) Overview of financial position for the fiscal year

Total assets at the end of the fiscal year under review amounted to ¥1,271,181 million, down ¥487 million (0.0%) compared to the end of the previous fiscal year. This was mainly due to a decrease in merchandise and finished goods affected by the restraining of purchases as a policy effort for reforming the balance sheet despite an increase in "real estate for sale" as a result of the purchase of land for subdivision. The aforementioned efforts have brought about improvement in cash flows from operating activities.

Total liabilities amounted to ¥659,405 million, up ¥64,015 million (10.8%) compared to the end of the previous fiscal year. This was mainly due to borrowings for working capital.

Net assets amounted to ¥611,776 million, down ¥64,502 million (9.5%) 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 47.6% (down 4.0 point from the end of the previous fiscal year).

### (4) Overview of cash flows for the fiscal year

As of the end of the fiscal year under review, cash and cash equivalents on a consolidated basis stood at ¥46,487 million, down ¥9,983 million (17.7%) compared with the end of the previous fiscal year.

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

#### *Cash flows from operating activities*

Net cash provided by operating activities amounted to ¥43,741 million (¥21,085 million provided in the previous fiscal year).

This was mainly due to a decrease in income taxes paid, and the suppression of the increase in

inventories due to the effect of the restraining of purchases as a policy effort for reforming the balance sheet.

#### ***Cash flows from investing activities***

Net cash used in investing activities amounted to ¥25,209 million (¥22,266 million used in the previous fiscal year).

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

#### ***Cash flows from financing activities***

Net cash used in financing activities amounted to ¥29,454 million (¥16,647 million used in the previous fiscal year).

This was mainly due to an increase in short-term loans payable and purchase of treasury stock

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

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	49.7	54.6	51.8	51.6	47.6
Market value-based equity ratio (%)	37.5	32.6	39.1	25.0	25.4
Interest-bearing debt to cash flows (year)	6.0	4.0	1.9	11.3	7.3
Interest coverage ratio (factor)	28.8	44.2	89.5	14.8	29.8

Equity ratio: equity / total assets

Market value-based equity ratio: market capitalization / total assets

Interest-bearing debt to cash flows: interest-bearing debt / operating cash flows

Interest coverage ratio: operating cash flows / paid interest

\* All indicators are calculated using consolidated-based financial figures.

\* Market capitalization is calculated based on the number of issued shares as of the end of the year (excluding treasury stock).

\* The figure used for operating cash flows is “net cash provided by (used in) operating activities” on the consolidated statements of cash flows.

\* Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets on which we paid interest.

## **(5) Future outlook**

As for the fiscal year ending March 31, 2024, with the end of COVID-19 is in sight, despite a recovery in socioeconomic activity, a slowdown in price increases, and firm capital investment by companies, the economic outlook is expected to continue to be unclear due to remaining concerns about economic slowdown in not only Japan but also globally, due to factors such as international financial instability, geopolitical risks, and soaring energy prices.

In the retail industry in Japan as a whole, an increase in net sales due to improved consumer sentiment is expected due to factors such as expectation of recovery in inbound demand with an increase in the number of visitors to Japan, and normalization of socioeconomic activities and stabilization of household finances due to wage increases, etc.

Despite such a market environment, the Company continues to build a structure for sustainable sales and profits through implementation of the following key measures in each segment in the second year of the “YAMADA HLDGS 2025 Mid-term business plan.”

### Electrical Business

(1) Aggressively develop stores with an annual increase of at least 5% in total sales floor area, (2) develop store formats with distinctive features with LIFE SELECT stores at the core, (3) expand the e-commerce business by utilizing the most of our group infrastructure, (4) increase the product profit



ratio through enhancement of SPA products, (5) expand the growth businesses of renovation and furniture and home interiors businesses, and (6) balance sheet reforms centered on product-turnover improvement.

The business infrastructure to support the realization of these key measures include (1) completion of the installation of electronic shelf labels at all stores and digital marketing utilizing extensive customer data, (2) logistics reforms using stores nationwide, (3) IT sales system able to conduct onsite investigations and quotes for renovations using smartphones, (4) enhance sales engineers (SE) who are close to customers, and (5) improvement in productivity by utilizing DX.

Utilize these infrastructures, which belong to the Company, to improve productivity and achieve greater operating efficiency.

#### Housing Business

(1) Strengthen the system for receiving orders through expansion of sales offices, (2) reform costs and cash flows through substantial reduction of the number of construction days, (3) expand the sale of used products business, (4) enhance comprehensive efforts with Nice Corporation, (5) reap group synergies such as with development and procurement at the Hinokiya Group and YAMADA HOMES, (6) measures to attract visitors to Yamada Stores including selling benefits of home electrical appliances and furniture to owners, (7) improvement in productivity by concentrating management resources.

#### Financial Business

Product development that is well-versed in NEOBANK services and Total-Living (Kurashi-Marugoto) strategy

#### Environment Business

(1) Increase the number of reuse products produced by strengthening the purchase of home appliances and increase the number of productions by building a new reuse factory, (2) start the construction of a new advanced recycling plant for home electric appliance, and (3) complete the development of self-circulating environmental resources through the start of construction of an incineration power generation system.

Under these circumstances and measures, for the fiscal year ending March 31, 2024, the Company forecasts net sales of ¥1,686,000 million, up 5.3% year on year, operating profit of ¥50,500 million, up 14.6% year on year, ordinary profit of ¥55,100 million, up 10.1% year on year, and profit attributable to owners of parent of ¥31,900 million, up 0.2% year on year.

## **2. Basic rationale for selection of accounting standards**

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

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

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated balance sheets

(Millions of yen)

	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and time deposits	57,184	47,237
Notes receivable - trade	4,647	4,832
Accounts receivable - trade	68,753	68,821
Accounts receivable from completed construction contracts	2,379	3,135
Operating loans	6,322	14,448
Merchandise and finished goods	356,044	338,383
Real estate for sale	35,542	48,760
Costs on construction contracts in progress	8,172	7,601
Work in process	1,235	1,418
Raw materials and supplies	3,798	6,361
Other current assets	78,825	74,668
Allowance for doubtful accounts	(1,622)	(1,890)
Total current assets	621,279	613,774
Non-current assets		
Property and equipment		
Buildings and structures, net	201,122	201,943
Land	203,087	204,727
Lease assets, net	13,510	14,333
Construction in progress	4,840	6,023
Other, net	14,932	12,543
Total property and equipment, net	437,491	439,569
Intangible assets	40,956	42,096
Investments and other assets		
Investment securities	10,385	14,362
Long-term loans receivable	3,019	2,578
Net defined benefit asset	1,789	1,553
Deferred tax assets	54,102	57,588
Guarantee deposits	77,424	76,611
Other assets	28,081	25,946
Allowance for doubtful accounts	(2,858)	(2,896)
Total investments and other assets	171,942	175,742
Total non-current assets	650,389	657,407
Total assets	1,271,668	1,271,181

(Millions of yen)

	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	94,564	90,633
Accounts payable for construction contracts	15,037	14,156
Short-term loans payable	60,755	122,725
Current portion of long-term loans payable	50,301	55,201
Lease obligations	4,871	6,283
Income taxes payable	4,677	1,553
Contract liabilities	58,530	50,344
Advances received on construction contracts in progress	23,371	20,194
Provision for bonuses	12,063	12,778
Other provisions	4,178	4,279
Other current liabilities	63,341	60,787
<b>Total current liabilities</b>	<b>391,688</b>	<b>438,933</b>
<b>Long-term liabilities</b>		
Long-term loans payable	111,112	124,739
Lease obligations	11,102	10,593
Provision for directors' retirement benefits	796	316
Provision for product warranties	1,675	1,407
Other provisions	218	146
Net defined benefit liability	31,523	34,312
Asset retirement obligations	35,787	36,748
Other long-term liabilities	11,489	12,211
<b>Total long-term liabilities</b>	<b>203,702</b>	<b>220,472</b>
<b>Total liabilities</b>	<b>595,390</b>	<b>659,405</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	71,101	71,125
Capital surplus	80,989	74,654
Retained earnings	564,883	581,541
Treasury stock, at cost	(61,252)	(121,785)
<b>Total shareholders' equity</b>	<b>655,721</b>	<b>605,535</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities, net of taxes	(25)	(1,139)
Foreign currency translation adjustments	1,404	1,944
Remeasurements of defined benefit plans	(397)	(1,719)
<b>Total accumulated other comprehensive income</b>	<b>982</b>	<b>(914)</b>
Subscription rights to shares	1,726	1,963
Non-controlling interests	17,849	5,192
<b>Total net assets</b>	<b>676,278</b>	<b>611,776</b>
<b>Total liabilities and net assets</b>	<b>1,271,668</b>	<b>1,271,181</b>

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

(Millions of yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Net sales	1,619,379	1,600,587
Cost of sales	1,154,418	1,151,815
Gross profit	464,961	448,772
Selling, general and administrative expenses	399,257	404,706
Operating profit	65,704	44,066
Non-operating income		
Interest income	589	731
Purchase discounts	2,453	2,308
Sales of electric power	1,905	1,909
Other	6,700	5,238
Total non-operating income	11,647	10,186
Non-operating expenses		
Interest expenses	1,422	1,472
Cost of sales of electric power	776	773
Other	1,016	1,942
Total non-operating expenses	3,214	4,187
Ordinary profit	74,137	50,065
Extraordinary income		
Gain on sales of non-current assets	30	71
Gain on sales of investment securities	216	243
Gain on sale of shares of subsidiaries and associates	191	—
Gain on revision of retirement benefit plan	3,061	893
Other	90	81
Total extraordinary income	3,588	1,288
Extraordinary loss		
Loss on disposal of non-current assets	617	269
Impairment loss	3,962	6,446
Loss on disaster	1,345	321
Retirement benefits for directors (and other officers)	1,010	—
Other	1,259	732
Total extraordinary losses	8,193	7,768
Profit before income taxes	69,532	43,585
Income taxes-current	15,960	14,173
Income taxes-deferred	1,290	(2,831)
Total income taxes	17,250	11,342
Profit	52,282	32,243
Profit attributable to non-controlling interests	1,726	418
Profit attributable to owners of parent	50,556	31,825

**(Consolidated statements of comprehensive income)**

(Millions of yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Profit	52,282	32,243
Other comprehensive income, net of taxes		
Valuation difference on available-for-sale securities	128	(1,104)
Foreign currency translation adjustments	764	540
Remeasurements of defined benefit plans, net of tax	(2,083)	(1,322)
Share of other comprehensive income of associates accounted for using equity method	(4)	(2)
Total other comprehensive income	(1,195)	(1,888)
Comprehensive income	51,087	30,355
Comprehensive income attributable to:		
Owners of parent	49,512	29,929
Non-controlling interests	1,575	426

### (3) Consolidated statements of changes in net assets

Previous fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2021	71,078	84,236	560,958	(68,883)	647,389
Cumulative effects of changes in accounting policies			(31,956)		(31,956)
Restated balance	71,078	84,236	529,002	(68,883)	615,433
Changes of items during the period					
Issuance of new shares	23	23			46
Cash dividends			(14,754)		(14,754)
Profit attributable to owners of parent			50,556		50,556
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		(6)		51	45
Change in scope of consolidation			17		17
Increase by merger			62		62
Purchase of shares of consolidated subsidiaries		(3,264)		7,586	4,322
Other changes in the period, net					-
Total changes of items during the period	23	(3,247)	35,881	7,631	40,288
Balance at March 31, 2022	71,101	80,989	564,883	(61,252)	655,721

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2021	(269)	609	1,685	2,025	1,579	21,552	672,545
Cumulative effects of changes in accounting policies							(31,956)
Restated balance	(269)	609	1,685	2,025	1,579	21,552	640,589
Changes of items during the period							
Issuance of new shares							46
Cash dividends							(14,754)
Profit attributable to owners of parent							50,556
Purchase of treasury stock							(6)
Disposal of treasury stock							45
Change in scope of consolidation							17
Increase by merger							62
Purchase of shares of consolidated subsidiaries							4,322
Other changes in the period, net	244	795	(2,082)	(1,043)	147	(3,703)	(4,599)
Total changes of items during the period	244	795	(2,082)	(1,043)	147	(3,703)	35,689
Balance at March 31, 2022	(25)	1,404	(397)	982	1,726	17,849	676,278

Current fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2022	71,101	80,989	564,883	(61,252)	655,721
Changes of items during the period					
Issuance of new shares	24	24			48
Cash dividends			(15,049)		(15,049)
Profit attributable to owners of parent			31,825		31,825
Purchase of treasury stock				(78,925)	(78,925)
Disposal of treasury stock		(2)		8	6
Increase by merger			(118)		(118)
Purchase of shares of consolidated subsidiaries		(6,010)		18,384	12,374
Purchase of treasury shares of consolidated subsidiaries		(347)			(347)
Other changes in the period, net					
Total changes of items during the period	24	(6,335)	16,658	(60,533)	(50,186)
Balance at March 31, 2023	71,125	74,654	581,541	(121,785)	605,535

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2022	(25)	1,404	(397)	982	1,726	17,849	676,278
Changes of items during the period							
Issuance of new shares							48
Cash dividends							(15,049)
Profit attributable to owners of parent							31,825
Purchase of treasury stock							(78,925)
Disposal of treasury stock							6
Increase by merger							(118)
Purchase of shares of consolidated subsidiaries							12,374
Purchase of treasury shares of consolidated subsidiaries							(347)
Other changes in the period, net	(1,114)	540	(1,322)	(1,896)	237	(12,657)	(14,316)
Total changes of items during the period	(1,114)	540	(1,322)	(1,896)	237	(12,657)	(64,502)
Balance at March 31, 2023	(1,139)	1,944	(1,719)	(914)	1,963	5,192	611,776

#### (4) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	69,532	43,585
Depreciation	23,686	24,621
Impairment loss	3,962	6,446
Amortization of goodwill	742	504
Increase (decrease) in allowance for doubtful accounts	(219)	235
Increase (decrease) in net defined benefit liability	(954)	1,528
Interest and dividend income	(827)	(1,046)
Interest expenses	1,422	1,472
Foreign exchange losses	(360)	(102)
Gain on sale of investment securities	(216)	(211)
Loss on sale and disposal of property and equipment, net	587	198
Increase in notes and accounts receivable	(66)	(831)
Decrease (increase) in accounts receivable	1,050	(4,537)
Increase in operating loans receivable	(2,068)	(821)
Decrease in inventories	3,041	1,431
Decrease in notes and accounts payable	(11,443)	(5,621)
Increase (decrease) in advances received on construction contracts in progress	5,911	(4,124)
Decrease in contract liabilities	(6,788)	(8,187)
Other, net	(10,421)	3,144
Sub-total	76,571	57,684
Interest and dividend income received	334	572
Interest expenses paid	(1,422)	(1,468)
Income taxes paid	(54,398)	(13,047)
Net cash provided by operating activities	21,085	43,741



(Millions of yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Payments into time deposits	(672)	(672)
Proceeds from withdrawal of time deposits	636	636
Purchases of property and equipment	(28,798)	(20,363)
Proceeds from sale of property and equipment	141	428
Purchases of intangible assets	(757)	(1,173)
Purchase of investment securities	(3,925)	(1,106)
Proceeds from sales and redemption of investment securities	425	680
Purchase of investments in subsidiaries and affiliated companies	(2)	(4,842)
Payments for guarantee deposits	(2,265)	(3,170)
Proceeds from collection of guarantee deposits	10,287	5,292
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(1,618)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	25	540
Proceeds from sale of shares in subsidiary resulting in change in scope of consolidation	1,068	–
Payment of loans receivable	(266)	(221)
Collection of loans receivable	683	520
Other, net	1,154	(140)
Net cash used in investing activities	(22,266)	(25,209)
Cash flows from financing activities		
Net increase in short-term loans payable	16,470	53,939
Proceeds from long-term loans payable	41,000	75,336
Repayments of long-term loans payable	(53,731)	(59,205)
Purchase of treasury stock	(6)	(78,925)
Repayments of lease obligations	(4,573)	(5,266)
Cash dividends paid	(14,744)	(15,041)
Other, net	(1,063)	(292)
Net cash used in financing activities	(16,647)	(29,454)
Effect of exchange rate change on cash and cash equivalents	485	811
Net decrease in cash and cash equivalents	(17,343)	(10,111)
Cash and cash equivalents at beginning of year	73,760	56,470
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	53	128
Cash and cash equivalents at end of year	56,470	46,487

#### 4. Segment information

##### 1. Overview of reportable segments

The reportable segments of the Group are constituent units of the Group for which separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating operating results. The Group's business segments, based on its business domains, comprise its four reportable segments: "Electrical Business," "Housing Business," "Financial Business" and "Environment Business."

In the "Electrical Business," the Group carries out the sale of home electrical appliances such as TVs, refrigerators and washing machines, and home information appliances such as computers and mobile phones, as well as the provision of renovation services and the sale of housing-related products such as furniture and home interiors. In the "Housing Business," the Group is engaged in the sale of houses, mainly detached houses, as well as the manufacturing and sale of housing equipment such as bathroom equipment and kitchen equipment. In the "Financial Business," the Group provides various financial products in the five areas of new construction, renovation, fund settlement, insurance products, and life planning as part of the services to "Total-Living (Kurashi-Marugoto)." In the "Environment Business," the Group provides reuse, recycling, and recovery of resource services mainly for home electrical appliances and computers.

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

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

3. Information about amounts of net sales, profit or loss by reportable segment  
Previous fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments				
	Electrical Business	Housing Business	Financial Business	Environment Business	Total
Net sales					
Sales to external customers	1,312,930	263,084	2,154	14,615	1,592,783
Intersegment sales or transfers	25,860	5,147	293	13,878	45,178
Total	1,338,790	268,231	2,447	28,493	1,637,961
Segment profit	55,152	7,362	429	1,229	64,172
Segment assets	1,023,464	146,878	38,474	15,107	1,223,923
Other items					
Depreciation	19,608	3,226	37	122	22,993
Increase in property and equipment and intangible assets	27,664	4,867	4	1,694	34,229

	Others (Note 1)	Total	Adjusted amounts (Note 2, 3)	Amount recorded in consolidated financial statements (Note 4)
Net sales				
Sales to external customers	26,596	1,619,379	–	1,619,379
Intersegment sales or transfers	9,094	54,272	(54,272)	–
Total	35,690	1,673,651	(54,272)	1,619,379
Segment profit	1,308	65,480	224	65,704
Segment assets	11,400	1,235,323	36,345	1,271,668
Other items				
Depreciation	52	23,045	641	23,686
Increase in property and equipment and intangible assets	35	34,264	–	34,264

- Notes:
1. The “others” category includes other businesses segment not included in reportable segments.
  2. The ¥36,345 million for adjusted amounts of segment assets resulted from corporate assets that have not been allocated to segments of ¥47,093 million and elimination of intersegment transactions of ¥(10,748) million.
  3. The ¥224 million for adjusted amounts of segment profit resulted from elimination of intersegment transactions.
  4. Segment profit is adjusted with operating profit in the consolidated statement of income.

Current fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments				
	Electrical Business	Housing Business	Financial Business	Environment Business	Total
Net sales					
Sales to external customers	1,293,678	266,922	1,954	17,369	1,579,923
Intersegment sales or transfers	17,217	5,439	525	14,435	37,616
Total	1,310,895	272,361	2,479	31,804	1,617,539
Segment profit	31,817	8,576	283	1,490	42,166
Segment assets	986,280	167,313	51,723	20,468	1,225,784
Other items					
Depreciation	20,472	3,107	26	287	23,892
Increase in property and equipment and intangible assets	24,517	3,711	13	791	29,032

	Others (Note 1)	Total	Adjusted amounts (Note 2, 3)	Amount recorded in consolidated financial statements (Note 4)
Net sales				
Sales to external customers	20,664	1,600,587	–	1,600,587
Intersegment sales or transfers	11,863	49,479	(49,479)	–
Total	32,527	1,650,066	(49,479)	1,600,587
Segment profit	1,065	43,231	835	44,066
Segment assets	10,321	1,236,105	35,076	1,271,181
Other items				
Depreciation	41	23,933	688	24,621
Increase in property and equipment and intangible assets	9	29,041	–	29,041

- Notes:
1. The “others” category includes other businesses segment not included in reportable segments.
  2. The ¥35,076 million for adjusted amounts of segment assets resulted from corporate assets that have not been allocated to segments of ¥47,543 million and elimination of intersegment transactions of ¥(12,467) million.
  3. The ¥835 million for adjusted amounts of segment profit resulted from elimination of intersegment transactions.
  4. Segment profit is adjusted with operating profit in the consolidated statement of income.

## 5. Per share information

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Net assets per share	785.50 yen	853.67 yen
Basic earnings per share	60.96 yen	40.25 yen
Diluted earnings per share	60.67 yen	40.02 yen

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

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	50,556	31,825
Amount not attributable to shareholder (millions of yen)	–	–
Profit attributable to owners of parent attributable to common stock (millions of yen)	50,556	31,825
Average number of common stock outstanding during the year (thousands of shares)	829,192	790,660
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (millions of yen)	–	–
(Including interest expenses (net of corresponding tax amount) (millions of yen))	(–)	(–)
Number of common stock increased (thousands of shares)	3,994	4,484
(Including subscription rights to shares (thousands of shares))	(3,994)	(4,484)
Potentially issuable shares not included in the calculation of diluted earnings per share because no diluting effect arises	(The Company) Subscription rights to shares by resolution at the meeting of the Board of Directors held on June 9, 2021 The 2nd subscription rights to shares Number of subscription rights to shares: 18,000 units (Common stock: 1,098,000 shares)	

## 6. Significant subsequent events

(Merger between subsidiaries)

Hinokiya Group Co., Ltd. (the “Hinokiya Group”), a consolidated subsidiary of the Company, and Hinokiya Juutaku Co., Ltd., PaPamaru House Co., Ltd., Hinokiya Resco Co., Ltd., Japan Housing Solution Co., Ltd., Maisumai Co., Ltd., and Hinokiya Reforming Co., Ltd. (the “Six Subsidiaries”) resolved at the General Meeting of Shareholders for Approval of Merger held on March 16, 2023 by each company to conduct an absorption-type merger with an effective date of July 1, 2023, whereby the Hinokiya Group will be the surviving company and the Six Subsidiaries will be the disappearing companies.

### (1) Overview of business combination

#### a. Name and description of business of companies involved in business combination

Name of surviving company: Hinokiya Group Co., Ltd.

Description of business: Holding company

Name of dissolving companies:

Hinokiya Juutaku Co., Ltd.

PaPamaru House Co., Ltd.

Hinokiya Resco Co., Ltd.

Japan Housing Solution Co., Ltd.

Maisumai Co., Ltd.

Hinokiya Reforming Co., Ltd.

Description of business:

Contracted services for custom-built houses and detached house sales business (Hinokiya Juutaku Co., Ltd., PaPamaru House Co., Ltd., and Hinokiya Resco Co., Ltd.)

“Z Air Conditioning” system sales, residential franchise business, etc. (Japan Housing Solution Co., Ltd.)

Real estate brokerage, etc. (Maisumai Co., Ltd.)

Residential remodeling and contracted external work (Hinokiya Reforming Co., Ltd.)

#### b. Purpose of business combination

The Hinokiya Group and the Six Subsidiaries will concentrate management resources and streamline operations in the entire Group, aiming to achieve stable revenue and enhance corporate value.

#### c. Date of business combination

July 1, 2023 (scheduled)

#### d. Legal form of business combination

An absorption-type merger, whereby the Hinokiya Group is the surviving company and the Six Subsidiaries are the disappearing companies

#### e. Name of the company after business combination

Hinokiya Group Co., Ltd.

### (2) Summary of accounting to be applied

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