

Consolidated Financial Results
for the Three Months of the Fiscal Year Ending March 31, 2024
<under Japanese GAAP>

Company name: **YAMADA HOLDINGS CO., LTD.**
Listing: The Tokyo Stock Exchange
Stock code: 9831
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Scheduled date to file Quarterly Report: August 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 three months of the fiscal year ending March 31, 2024 (from April 1, 2023 to June 30, 2023)

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

Three months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2023	363,710	(3.2)	11,073	(9.7)	13,012	(9.9)	10,491	(28.5)
June 30, 2022	375,859	(1.9)	12,263	(42.8)	14,441	(39.1)	14,680	(15.7)

Note: Comprehensive income
Three months ended June 30, 2023: 11,566 million yen ((20.7)%
Three months ended June 30, 2022: 14,588 million yen ((16.5)%

Three months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 30, 2023	15.10	15.00
June 30, 2022	17.21	17.12

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	1,338,671	606,246	44.8
March 31, 2023	1,271,181	611,776	47.6

Reference: Equity

As of June 30, 2023: 599,093 million yen

As of March 31, 2023: 604,621 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, 2023	–	0.00	–	12.00	12.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecasts)		0.00	–	–	–

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, 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)	22.53
Fiscal year ending March 31, 2024	1,686,000	5.3	50,500	14.6	55,100	10.1	31,900	0.2	46.13

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

* **Notes**

- (1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- a. Changes in accounting policies due to revisions of accounting standards, etc.: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements: None
- (4) Number of issued shares (common stock)
- a. Total number of issued shares at the end of the period (including treasury stock)
 - As of June 30, 2023 966,748,539 shares
 - As of March 31, 2023 966,748,539 shares
 - b. Number of treasury stock at the end of the period
 - As of June 30, 2023 276,484,990 shares
 - As of March 31, 2023 258,493,806 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - Three months ended June 30, 2023 694,468,700 shares
 - Three months ended June 30, 2022 852,906,192 shares

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

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

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

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company as of the announcement date and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.

For the details of the above forecasts, please refer to the section of “(3) Information regarding consolidated earnings forecasts and other forward-looking statements” under “1. Qualitative information regarding settlement of accounts for the three months” on page 5 of the attached materials to the quarterly financial results report.

Attached Materials

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

(1) Information regarding operating results

[On background of economies at home and abroad]

In the first three months of the fiscal year ending March 31, 2024 (from April 1, 2023 to June 30, 2023), the post-pandemic socioeconomic activities are increasingly returning to normal, and we are seeing a resurgence in the flow of people along with further recovery in personal consumption and corporate capital investment, which has placed the Japanese economy on a trend of moderate recovery. On the other hand, the outlook remains uncertain mainly due to the rising price of commodities, caused by a sharp rise in energy resource and raw material prices stemming from the prolongation of the situation in Ukraine, and progression of yen depreciation due to effects including the monetary policies of Japan and the United States.

In the consumer electrical appliance retail industry, the pace of recovery in the flow of people and normalization of the economy has further increased as the novel coronavirus disease (COVID-19) was downgraded to a Class V infectious disease under the law for controlling infectious diseases in May 2023. However, the spending of consumers has occurred mainly in areas such as leisure and services, and the consumer electrical appliance retail industry has experienced a general decline in customers visiting stores. Under these conditions, strong sales were seen due to inbound demand, and in such products as high-added-value products of refrigerators and washing machines designed for energy, water and time efficiencies, automated cooking appliances, beauty appliances, digital cameras/video cameras.

[On the Company's efforts]

Against the backdrop of this situation, for the second year of "YAMADA HLDGS 2025 Mid-term business plan," the Group is building 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 33 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, 27 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 by expanding sales of home-related products that are highly compatible with home electrical appliances in conjunction with existing specialist electric appliance stores. In e-commerce, we have introduced Microsoft Azure to power our own e-commerce website, with the intention of enhancing convenience for customers. In addition, we have established a DX Innovation Promotion Office which will concentrate on the digital transformation in stores and on the working style and productivity improvement of employees. As for SPA products, sales have been strong for those we have developed and launched, including various products directly utilizing customers' opinions, including new models of smart TVs loaded with FUNAI Fire TV, air conditioners with ventilation functionality loaded with five cleaning functions, as well as products fitted with features demanded by the age we live in, such as a ultrasonic dishwasher that does not need to be installed and is designed to shorten the wash-cycle time and save water, and a smart bath mat that can weigh you when you tread on it after getting out of the shower/bath.

The Group announced on June 29 that it had commenced a collaborative venture with MITSUBISHI MOTORS CORPORATION for selling its electric vehicles (EVs). This will become an important initiative that supports the sustainable growth of the Company by giving us the opportunity to propose

the further evolved and developed “Total-Living (Kurashi-Marugoto),” which treats EVs as a commodity related to housing rather than as a stand-alone product and involves various financial products, such as insurance and housing loans, and renovations, such as carports fitted with recharging facilities and solar panels, for proposals where EVs replace the function of storage batteries for smart houses.

Consolidated net sales for the three months under review decreased 3.2% year on year to ¥363,710 million, operating profit decreased 9.7% to ¥11,073 million, ordinary profit decreased 9.9% to ¥13,012 million, and profit attributable to owners of parent decreased 28.5% to ¥10,491 million. The major reasons for the decrease in both revenues and profits are (1) a decrease in home electrical appliance demand due to the shift of consumer spending patterns in the Electrical Business toward leisure and services, (2) a decrease in revenues accompanying delays in completion of newly constructed custom-built houses in the Housing Business, and (3) the recording of deferred tax assets due to the application of the group tax sharing system in the previous fiscal year and the decrease in income taxes due to the assumption of losses related to the group restructuring of subsidiaries.

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 decreased 3.7% year on year to ¥303,619 million, and operating profit decreased 4.3% year on year to ¥12,087 million.

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

The expansion of the sales floor space is progressing smoothly, and net sales surpassed the industry benchmark.

(2) Housing Business

In the Housing Business, net sales decreased 3.4% year on year to ¥54,543 million, while operating loss was ¥1,711 million (operating loss of ¥1,161 million in the same period of the previous fiscal year), which is a deterioration of ¥550 million year on year.

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 ¥15,857 million (down 10.8% year on year) and an operating loss of ¥1,176 million (operating loss of ¥858 million in the same period of the previous fiscal year) due to a decrease in net sales related to delays in completion. Note that currently, the delays in completion have been resolved, and the delivery of newly constructed customer-built houses is proceeding to schedule. In addition, the used products business is proceeding smoothly. (2) Hinokiya Group reported net sales of ¥23,706 million (down 4.2% year on year) and operating loss of ¥664 million (operating loss of ¥298 million in the same period of the previous fiscal year). Although results are according to plan for both revenues and profits, revenues and profits decreased year on year due to delays in completion. Note that currently, the delays in completion have been resolved, and both revenues and profits are proceeding on a smooth course to achieving increases for the full fiscal year. (3) Housetec Inc., a developer and manufacturer of housing equipment such as bathroom equipment and kitchen equipment, reported an increase in revenues and profits, with net sales of ¥14,878 million (up 6.2% year on year) and operating profit of ¥388 million (up 25.7% year on year) mainly due to a revision of product pricing strategies, 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 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.

(3) Financial Business

In the Financial Business, net sales increased 58.1% year on year to ¥971 million, and operating profit decreased 42.8% year on year to ¥59 million. The increase in revenues was due to making House Depot Partners Co., Ltd. a subsidiary, while the decrease in profits was due to the contraction of the market for Flat 35 loans and the increase in costs mainly due to the high price of commodities. In response to the contraction of the market for Flat 35 loans, efforts to strengthen the housing loans of YAMADA NEOBANK are being carried out to boost net sales and profits.

(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 5.7% year on year to ¥8,233 million, and operating profit increasing 8.6% year on year to ¥376 million.

In order to take a more proactive stance towards implementing growth investment in the resource-recycling infrastructure business, the Group concluded a basic agreement with MIDAC HOLDINGS CO., LTD. on July 17, 2023 to establish a joint venture with that company with the aim of constructing a resource-recycling economic zone and maximizing profits.

(5) Other businesses

In other businesses, net sales decreased 9.1% year on year to ¥6,350 million, and operating profit decreased 33.1% year on year to ¥221 million. This was mainly due to reduced net sales in the franchise business for the same reasons as the Electrical Business.

[On number of stores]

The number of consolidated retail stores, including those overseas at the end of the first quarter under review encompassing 14 new store openings and 12 store closures, was 1,030 directly-managed stores (comprising 1,001 stores directly managed by YAMADA DENKI and 29 stores operated by other consolidated subsidiaries). The total number of stores of the Group, including FC, was 11,378.

[On performance summary]

As a result of the above, consolidated net sales for the three months under review amounted to ¥363,710 million, down 3.2% year on year, operating profit totaled ¥11,073 million, down 9.7% year on year, ordinary profit was ¥13,012 million, down 9.9% year on year, and profit attributable to owners of parent was ¥10,491 million, down 28.5% year on year.

(2) Information regarding financial position

[Financial position]

Total assets at the end of the first quarter under review amounted to ¥1,338,671 million, up ¥67,490 million (5.3%) compared to the end of the previous fiscal year (March 31, 2023). This was mainly due to an increase in merchandise and finished goods largely as a result of the purchase of seasonal products, etc.

Total liabilities amounted to ¥732,425 million, up ¥73,020 million (11.1%) compared to the end of the previous fiscal year. This was mainly due to an increase in short-term loans payable due to borrowings for working capital to prepare for the purchase of seasonal products, etc.

Net assets amounted to ¥606,246 million, down ¥5,530 million (0.9%) from the end of the previous fiscal year. This was mainly due to an increase in treasury stock, at cost due to new acquisition based on a resolution at a meeting of the Board of Directors. As a result, the equity ratio was 44.8% (47.6% at the end of the previous fiscal year).

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

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company as of the announcement date and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and time deposits	47,237	50,144
Notes and accounts receivable	73,653	79,233
Accounts receivable from completed construction contracts	3,135	2,696
Operating loans	14,448	14,168
Merchandise and finished goods	338,383	378,783
Real estate for sale	48,760	53,664
Costs on construction contracts in progress	7,601	10,730
Work in process	1,418	1,326
Raw materials and supplies	6,361	5,909
Other current assets	74,668	88,078
Allowance for doubtful accounts	(1,890)	(1,804)
Total current assets	613,774	682,927
Non-current assets		
Property and equipment		
Buildings and structures, net	201,943	208,266
Land	204,727	206,074
Other, net	32,899	29,464
Total property and equipment, net	439,569	443,804
Intangible assets	42,096	41,719
Investments and other assets		
Guarantee deposits	76,611	77,009
Net defined benefit asset	1,553	3,402
Other assets	100,474	92,799
Allowance for doubtful accounts	(2,896)	(2,989)
Total investments and other assets	175,742	170,221
Total non-current assets	657,407	655,744
Total assets	1,271,181	1,338,671

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable	90,633	125,335
Accounts payable for construction contracts	14,156	10,817
Short-term loans payable	122,725	172,028
Current portion of long-term loans payable	55,201	53,875
Income taxes payable	1,553	1,305
Advances received on construction contracts in progress	20,194	24,316
Other provisions	17,057	13,079
Other current liabilities	117,414	121,460
Total current liabilities	438,933	522,215
Long-term liabilities		
Long-term loans payable	124,739	114,904
Other provisions	1,869	1,790
Net defined benefit liability	34,312	35,084
Asset retirement obligations	36,748	37,329
Other long-term liabilities	22,804	21,103
Total long-term liabilities	220,472	210,210
Total liabilities	659,405	732,425
Net assets		
Shareholders' equity		
Common stock	71,125	71,125
Capital surplus	74,654	74,688
Retained earnings	581,541	583,477
Treasury stock, at cost	(121,785)	(130,159)
Total shareholders' equity	605,535	599,131
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of taxes	(1,139)	(929)
Foreign currency translation adjustments	1,944	1,945
Remeasurements of defined benefit plans	(1,719)	(1,054)
Total accumulated other comprehensive income	(914)	(38)
Subscription rights to shares	1,963	2,023
Non-controlling interests	5,192	5,130
Total net assets	611,776	606,246
Total liabilities and net assets	1,271,181	1,338,671

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	375,859	363,710
Cost of sales	262,469	252,497
Gross profit	113,390	111,213
Selling, general and administrative expenses	101,127	100,140
Operating profit	12,263	11,073
Non-operating income		
Purchase discounts	642	602
Other	2,549	2,292
Total non-operating income	3,191	2,894
Non-operating expenses		
Interest expenses	298	418
Cost of sales of electric power	189	165
Other	526	372
Total non-operating expenses	1,013	955
Ordinary profit	14,441	13,012
Extraordinary income		
Gain on sales of non-current assets	–	1,551
Gain on sales of investment securities	173	–
Gain on revision of retirement benefit plan	–	1,573
Total extraordinary income	173	3,124
Extraordinary loss		
Loss on disposal of non-current assets	75	93
Impairment loss	45	–
Other	22	7
Total extraordinary losses	142	100
Profit before income taxes	14,472	16,036
Income taxes-current	6,620	3,122
Income taxes-deferred	(6,830)	2,224
Total income taxes	(210)	5,346
Profit	14,682	10,690
Profit attributable to non-controlling interests	2	199
Profit attributable to owners of parent	14,680	10,491

(Consolidated statements of comprehensive income - cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	14,682	10,690
Other comprehensive income, net of taxes		
Valuation difference on available-for-sale securities	(571)	211
Foreign currency translation adjustments	270	1
Remeasurements of defined benefit plans, net of tax	208	665
Share of other comprehensive income of associates accounted for using equity method	(1)	(1)
Total other comprehensive income	(94)	876
Comprehensive income	14,588	11,566
Comprehensive income attributable to:		
Owners of parent	14,584	11,367
Non-controlling interests	4	199

(3) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

The Company purchased 18,003,200 shares of treasury stock based on a resolution at the meeting of the Board of Directors held on May 6, 2022. As a result, treasury stock increased ¥8,381 million, during the three months ended June 30, 2023, and treasury stock amounted to ¥130,159 million as of June 30, 2023. Effective May 8, 2023, the Company completed its purchase of treasury stock based on a resolution at the meeting of the Board of Directors held on May 6, 2022.

(Segment information)

I Three months ended June 30, 2022

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

(Millions of yen)

	Reportable segments				
	Electrical Business	Housing Business	Financial Business	Environment Business	Total
Net sales					
Sales to external customers	311,491	54,947	527	4,180	371,145
Intersegment sales or transfers	3,693	1,494	87	3,610	8,884
Total	315,184	56,441	614	7,790	380,029
Segment profit (loss)	12,631	(1,161)	102	346	11,918

	Others (Note 1)	Total	Adjusted amounts (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Net sales				
Sales to external customers	4,714	375,859	–	375,859
Intersegment sales or transfers	2,275	11,159	(11,159)	–
Total	6,989	387,018	(11,159)	375,859
Segment profit (loss)	330	12,248	15	12,263

- Notes:
1. The “others” category includes other business segment not included in reportable segments.
 2. The adjusted amounts resulted from elimination of intersegment transactions.
 3. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

II Three months ended June 30, 2023

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

(Millions of yen)

	Reportable segments				
	Electrical Business	Housing Business	Financial Business	Environment Business	Total
Net sales					
Sales to external customers	300,953	53,305	845	4,793	359,896
Intersegment sales or transfers	2,666	1,238	126	3,440	7,470
Total	303,619	54,543	971	8,233	367,366
Segment profit (loss)	12,087	(1,711)	59	376	10,811

	Others (Note 1)	Total	Adjusted amounts (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Net sales				
Sales to external customers	3,814	363,710	–	363,710
Intersegment sales or transfers	2,536	10,006	(10,006)	–
Total	6,350	373,716	(10,006)	363,710
Segment profit (loss)	221	11,032	41	11,073

- Notes:
1. The “others” category includes other business segment not included in reportable segments.
 2. The adjusted amounts resulted from elimination of intersegment transactions.
 3. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

(Reference information)

Year on year comparison by reportable segment

(Millions of yen)

	Reportable segments					Others
	Electrical Business	Housing Business	Financial Business	Environment Business	Total	
Total net sales (Rate of change year on year)	(3.7)%	(3.4)%	58.1%	5.7%	(3.3)%	(9.1)%
Total net sales (Change in amount year on year)	(11,565)	(1,898)	357	443	(12,663)	(639)
Segment profit (loss) (Rate of change year on year)	(4.3)%	–	(42.8)%	8.6%	(9.3)%	(33.1)%
Segment profit (loss) (Change in amount year on year)	(544)	(550)	(43)	30	(1,107)	(109)

III Notes relating to changes in reportable segments, etc.

In the first quarter ended June 30, 2023, the Pharmaceuticals and Everyday Items Sales Business, which was previously included in “Others,” was included in the “Electrical Business” due to the merging of subsidiaries. As a result of this change, segment information for the three months for the previous fiscal year has been prepared based on the reportable segment classification for the three months under review.

(Significant subsequent events)

No items to report