

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <under Japanese GAAP>

Company name: **Yamada Denki Co., Ltd.**
 Listing: The Tokyo Stock Exchange
 Stock code: 9831
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Scheduled date of ordinary general meeting of shareholders: June 28, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 Scheduled date to file Annual Securities Report: June 28, 2018
 Preparation of supplementary material on financial results: None
 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, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	1,573,873	0.7	38,763	(33.0)	47,336	(28.3)	29,780	(13.8)
March 31, 2017	1,563,056	(3.1)	57,895	(0.5)	66,040	5.3	34,528	13.6

Note: Comprehensive income

Fiscal year ended March 31, 2018: 29,263 million yen (25.7%)
 Fiscal year ended March 31, 2017: 39,373 million yen (20.9%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2018	36.78	36.66	5.2	4.1	2.5
March 31, 2017	43.00	42.89	6.3	5.7	3.7

Reference: Equity in earnings (losses) of affiliated companies

Fiscal year ended March 31, 2018: 28 million yen
 Fiscal year ended March 31, 2017: (18) 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, 2018	1,175,568	588,740	49.8	731.57
March 31, 2017	1,159,457	585,548	48.4	697.47

Reference: Equity

As of March 31, 2018: 585,518 million yen

As of March 31, 2017: 561,324 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, 2018	61,689	(12,668)	(32,920)	51,327
March 31, 2017	43,856	(15,279)	(24,382)	34,982

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, 2017	—	0.00	—	13.00	13.00	10,462	30.2	1.9
March 31, 2018	—	0.00	—	13.00	13.00	10,405	35.3	1.8
Fiscal year ending March 31, 2019 (Forecasts)	—	0.00	—	17.00	17.00		30.4	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2018	823,000	4.5	31,100	54.1	35,200	38.8	17,200	2.3	21.49
Fiscal year ending March 31, 2019	1,712,000	8.8	72,100	86.0	80,100	69.2	44,800	50.4	55.98

*** 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.: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: Yes
 - 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, 2018 966,489,740 shares
 - As of March 31, 2017 966,489,740 shares
 - b. Number of treasury shares at the end of the year
 - As of March 31, 2018 166,136,138 shares
 - As of March 31, 2017 161,685,281 shares
 - c. Average number of shares during the year
 - Fiscal year ended March 31, 2018 809,680,332 shares
 - Fiscal year ended March 31, 2017 802,968,193 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 “(4) Future outlook” under “1. Overview of operating results and others” on page 6 of the attached materials to the financial results report.

Attached Materials

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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, the Japanese economy remained on a path of recovery, despite signs of increased burden on consumers following price increases, as the disposable income per household did not drop below what it was in the previous year due to an increased employment rate as a result of factors including the recovery in corporate earnings, improvement in the jobs environment, and work-style reforms. However, the outlook for the Japanese economy remained unclear, underpinned by geopolitical risks in the US, Europe, and Asia and instability in financial markets.

[On the consumer electrical appliance retail industry]

The consumer electrical appliance retail market, in which the Group belongs, overall appears to be generally level despite weak performance, after the third quarter ended December 31, 2017, for core products such as televisions, refrigerators, washing machines and air conditioners, favorable performance for mobile phones due to sales of new models, and sluggish performance for computers.

[On the Company's efforts]

Under such circumstances, the Company has continued to take on various challenges geared to achieving sustainable growth and development by creating new services utilizing its Japan-wide store network and the analysis and application of big data encompassing its membership roster in excess of 60 million consumers. As a part of these efforts, the Company classified the various services provided by the Yamada Denki Group as the Housing Equipment Business, Financial Services Business, Support Service Business, Environmental Solutions Business, Online Shopping Mall Services Business, Mobile Business, Electrical Appliance Retail Business, Affiliate and Subsidiary Electrical Appliance Business, and Corporate Business. The Company strengthened and implemented separate administration for each of these businesses.

Amid these businesses, the Housing Equipment Business began newly proposing lifestyle infrastructures (encompassing homes in their entirety) with home electrical appliances (an existing business) at the core. The Company has been focusing its efforts on proposing solutions entailing residences, renovations, housing equipment, and furniture and accessories with respect to living spaces designed to be highly coordinated with electrical appliances, in addition to developing and launching the new retail store format, Kaden Sumairu-kan, which combines financing and real-estate consultation with a cafe section and more.

With respect to other initiatives, we actively engaged in efforts geared to fortifying our existing businesses and creating new businesses. For instance, we made NAKAYAMA CO., LTD. a subsidiary of the Company (through an absorption-type merger on April 1, 2018), arranged a business alliance with ASAHI EITO CO., LTD., and arranged a capital and business alliance with FOMM Corporation. These efforts also involved implementing "same-day and next-day delivery" services responding to needs of the online community by leveraging the strengths of Japan's largest network of stores, and embarking on arrangements, which were well received, with FUNAI ELECTRIC CO., LTD. involving exclusive domestic sales of FUNAI brand LCD televisions and Blu-ray Disc recorders for Japan beginning on June 2, 2017, in an effort to develop semi-SPA (Specialty store retailer of Private label Apparel) merchandise.

Meanwhile, the Company plans to carry out renovations to change the retail store format for approximately 100 retail stores to "Kaden Sumairu-kan" in the next fiscal year ending March 31, 2019. The Company switched to the future inventory lineup, the absolute amount of inventory purchases dropped significantly following attempts to find the optimum balance of inventories among different departments, and the Company carried out the strategic disposal of inventories. As a result, there was a negative effect on gross profit.

Selling, general and administrative expenses were as expected. In light of the aforementioned factors, the results of the consolidated earnings for the fiscal year ended February 28, 2018, for YAMADA SXL HOME CO., LTD., a consolidated subsidiary of the Company, and other factors,

the amounts for operating profit, ordinary profit, and profit attributable to owners of parent all fell below the previous fiscal year.

[On CSR]

The Group aims to increase its social value and develop together with society. To this end, we engage in ongoing CSR-oriented operations that are genuine, and continue to carry out CSR activities proactively, contributing to a sustainable society. Details of the Group's CSR activities are available in the Yamada Denki Group Corporate Report as well as Monthly CSR Report, which are posted on the Company website (http://www.yamada-denki.jp/company_e/). Please note that some of these documents are published in Japanese only.

[On number of stores]

The number of consolidated retail stores, including those overseas at the end of the fiscal year under review encompassing 26 new store openings and 11 store closures, was 970 directly-managed stores (comprising 661 stores directly managed by the Company, 161 stores managed by Best Denki Co., Ltd. and 148 stores operated by other consolidated subsidiaries). The total number of stores of the Group, including the stores managed by franchise stores, was 12,029.

[On performance summary]

As a result of the above, consolidated net sales amounted to ¥1,573,873 million, up 0.7% year on year despite variability among sectors of the consumer electrical appliance market as noted previously, particularly as a result of sales gaining support from healthy demand and the housing-related business starting to get off the ground. Gross profit amounted to ¥438,115 million, down 3.8% year on year, operating profit totaled ¥38,763 million, down 33.0% year on year, ordinary profit was ¥47,336 million, down 28.3% year on year, and profit attributable to owners of parent was ¥29,780 million, down 13.8% year on year.

(2) Overview of financial position for the fiscal year

[Overview]

Total assets at the end of the fiscal year under review amounted to ¥1,175,568 million, up ¥16,111 million (1.4%) compared to the end of the previous fiscal year. This was mainly due to an increase in cash and time deposits.

Total liabilities amounted to ¥586,828 million, up ¥12,919 million (2.3%) compared to the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable.

Net assets amounted to ¥588,740 million, up ¥3,192 million (0.5%) compared to the end of the previous fiscal year mainly reflecting an increase in retained earnings. As a result, the equity ratio was 49.8% (up 1.4 point from the end of the previous fiscal year).

[Summary]

During the fiscal year under review, the Company switched to the inventory lineup for the next fiscal year, the absolute amount of inventory purchases dropped significantly following attempts to find the optimum balance of inventories among different departments, and the Company carried out the strategic disposal of inventories. As a result, profit was affected. However, these initiatives led to improvement of the Company's financial composition and cash flows from operating activities, which included decreased inventories, increased cash, and decreased interest-bearing debt. As such, there was improvement in the Company's ability to generate cash flow and in cash flow indicators such as the equity ratio. (For details please refer to "(Reference) Trends in company cash flow indicators" below.)

The Company will strive to enhance its ability to generate cash flow and its financial composition by continuing to strengthen various initiatives in the next fiscal year and beyond.

(3) 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 ¥51,327 million, up ¥16,345 million (46.7%) 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 ¥61,689 million (¥43,856 million provided in the previous fiscal year).

This was mainly due to a decrease in notes and accounts receivable, an increase in notes and accounts payable, and a decrease in inventories, despite profit before income taxes falling below the amount for the previous fiscal year.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥12,668 million (¥15,279 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 ¥32,920 million (¥24,382 million used in the previous fiscal year).

This was mainly due to purchase of treasury stock.

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

As outlined above, in addition to the significant increase in net cash provided by operating activities, cash flow indicators improved following decreased interest-bearing debt and decreased interest expenses paid.

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Equity ratio (%)	44.2	43.2	46.6	48.4	49.8
Market value-based equity ratio (%)	25.7	33.3	37.2	38.5	43.4
Interest-bearing debt to cash flows (year)	6.0	10.5	–	5.4	3.7
Interest coverage ratio (factor)	21.1	14.1	–	30.0	46.3

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.

* The interest-bearing debt to cash flows and the interest coverage ratio are not presented for the fiscal year ended March 31, 2016 because cash flows from operating activities was a minus value.

(4) Future outlook

Looking ahead to the fiscal year ending March 31, 2019, the outlook for the global economy continues to be uncertain. Although there are signs of reduced geopolitical risks stemming from North Korea, concerns are materializing regarding signs of long-term increases in interest rates backed by steady job growth in the US, and regarding trade friction between several countries. We are also watchful of economic trends in China and emerging countries.

In the Japanese economy, while there are signs of the impact of developments such as labor shortages and increased raw materials prices, both the improvement in corporate earnings and the economic recovery are expected to continue, backed by firm demand. Because improved employment conditions lead to a gradual recovery of real disposable income, a trend of recovery is also expected to continue for consumer spending.

The consumer electrical appliance retail market, in which the Group belongs, is expected to be flat or slightly improved year on year, supported by solid demand for replacement. (By product type: Video equipment is expected to be firm due to the start of 4K and 8K broadcasts and the market expansion for OLED TVs. Refrigerators, washing machines and other white goods are expected to be strong supported by replacement demand. Although it is forecasted that more regions across Japan will be hotter than usual this summer (June to August), there is expected to be a pullback for seasonal products including air conditioning units because the number of air conditioning units shipped in the summer of 2017 hit an all-time high and because of an especially cold winter in the previous year. There are signs that information and communication products such as personal computers and mobile phones will bottom out and are, therefore, expected to recover.)

Under this market environment, and with “Take on the Challenge of the New Stage!” as its management slogan for fiscal 2018, the Group will, continuing from the previous fiscal year, proactively work on initiatives related to the Housing Equipment Business, Financial Services Business, Support Service Business, Environmental Solutions Business, Online Shopping Mall Services Business, Mobile Business, Electrical Appliance Retail Business, Affiliate and Subsidiary Electrical Appliance Business, and Corporate Business. Furthermore, the Company will continue to strengthen the promotion of proposing lifestyle infrastructures (encompassing homes in their entirety) with home electrical appliances (an existing business) at the core. The Company will also focus its efforts on proposing solutions entailing residences, renovations, housing equipment, and furniture and accessories with respect to living spaces designed to be coordinated with electrical appliances, in addition to developing and launching the new retail store format, Kaden Sumairu-kan, which combines financing and real-estate consultation with a cafe section and more. The Company will carry out renovations to change the retail store format for 100 retail stores during this year.

In addition, the Company treats “people” as the most important aspect of the Company’s management. We therefore strive to train and develop the capabilities of our human resources and improve the workplace environment to give our employees a rewarding working experience. One initiative to achieve this is the “Next Generation Leader Development Program.” Developed based on the training program to encourage management roles for our female employees the Company had been promoting, this program was launched from the standpoint that, for the purpose of achieving sustainable growth of the Company, it is important for human resource development to be without gender bias. Rather than limiting human resource development to head office operations, the Company dispatches two or more leaders, including both men and women, to each store. By having these leaders join with store and department managers to formulate self-devised development plans and accumulate experience, the Company strives to develop human resources through measures that teach problem solving techniques and give employees opportunities to polish their skills. Under the leadership of the Human Resources Development Office, the Company will utilize the “front-line approach,” a key strength of the Group, to work to achieve “improvement in productivity,” “improvement in customer satisfaction and employee satisfaction,” and “improvement in human resource retention rate” and promote “work-style reforms” in order to achieve an improved business performance.

Moreover, the Company will aggressively conduct initiatives that leverage the Group’s business resources to the maximum extent while endeavoring to enhance profitability and corporate value by continuing to implement previous initiatives such as merging with online shopping that utilizes the

most of the Company's nation-wide store network and service network, and strengthening the development of semi-SPA (Specialty store retailer of Private label Apparel) merchandise.

In the outlook for the fiscal year ending March 31, 2019, the Company forecasts consolidated net sales of ¥1,712,000 million, consolidated operating profit of ¥72,100 million, consolidated ordinary profit of ¥80,100 million and profit attributable to owners of parent of ¥44,800 million.

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, 2017)	Current fiscal year (March 31, 2018)
Assets		
Current assets		
Cash and time deposits	35,341	52,041
Notes and accounts receivable	56,868	45,969
Merchandise and finished goods	373,115	372,683
Work in process	2,581	5,658
Raw materials and supplies	3,355	5,122
Deferred tax assets	9,309	9,176
Other current assets	44,630	49,868
Allowance for doubtful accounts	(6,714)	(1,841)
Total current assets	518,485	538,676
Non-current assets		
Property and equipment		
Buildings and structures, net	220,476	216,556
Land	187,895	187,827
Lease assets, net	10,355	9,559
Construction in progress	854	679
Other, net	12,686	13,447
Total property and equipment, net	432,266	428,068
Intangible assets	33,526	40,288
Investments and other assets		
Investment securities	5,187	9,183
Long-term loans receivable	12,582	3,511
Net defined benefit asset	2,010	1,846
Deferred tax assets	16,794	17,990
Guarantee deposits	108,225	102,080
Other assets	36,278	36,222
Allowance for doubtful accounts	(5,896)	(2,296)
Total investments and other assets	175,180	168,536
Total non-current assets	640,972	636,892
Total assets	1,159,457	1,175,568

(Millions of yen)

	Previous fiscal year (March 31, 2017)	Current fiscal year (March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable	82,372	98,551
Short-term loans payable	77,155	84,581
Current portion of long-term loans payable	58,084	45,215
Lease obligations	2,537	2,542
Income taxes payable	12,482	4,758
Provision for bonuses	7,601	8,456
Provision for directors' bonuses	124	118
Provision for point card certificates	10,791	7,835
Provision for warranties for completed construction	210	593
Provision for losses on liquidation of subsidiaries	293	303
Other current liabilities	49,599	54,269
Total current liabilities	301,248	307,221
Long-term liabilities		
Bonds	100,217	100,117
Long-term loans payable	85,559	88,594
Lease obligations	11,323	10,232
Provision for directors' retirement benefits	573	465
Provision for product warranties	11,684	9,638
Provision for losses on interest repayments	190	98
Provision for gift certificates, etc.	276	206
Net defined benefit liability	24,763	26,288
Asset retirement obligations	24,748	31,685
Other long-term liabilities	13,328	12,284
Total long-term liabilities	272,661	279,607
Total liabilities	573,909	586,828
Net assets		
Shareholders' equity		
Common stock	71,059	71,059
Capital surplus	73,734	84,608
Retained earnings	480,847	500,164
Treasury stock, at cost	(67,214)	(73,704)
Total shareholders' equity	558,426	582,127
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of taxes	1,222	1,854
Foreign currency translation adjustments	(486)	(815)
Remeasurements of defined benefit plans	2,162	2,352
Total accumulated other comprehensive income	2,898	3,391
Subscription rights to shares	843	1,153
Non-controlling interests	23,381	2,069
Total net assets	585,548	588,740
Total liabilities and net assets	1,159,457	1,175,568

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

(Millions of yen)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Net sales	1,563,056	1,573,873
Cost of sales	1,107,856	1,135,758
Gross profit	455,200	438,115
Selling, general and administrative expenses	397,305	399,352
Operating profit	57,895	38,763
Non-operating income		
Interest income	1,081	970
Purchase discounts	6,314	4,312
Rent income	4,113	4,217
Sales of electric power	1,922	2,006
Other	4,325	4,141
Total non-operating income	17,755	15,646
Non-operating expenses		
Interest expenses	1,452	1,319
Foreign exchange losses	1,783	—
Rent expenses	3,616	3,514
Rental expenses	694	476
Cost of sales of electric power	787	785
Other	1,278	979
Total non-operating expenses	9,610	7,073
Ordinary profit	66,040	47,336
Extraordinary income		
Gain on sales of non-current assets	140	—
Total extraordinary income	140	—
Extraordinary loss		
Loss on disposal of non-current assets	583	553
Impairment loss	6,084	5,515
Loss on disaster	1,147	—
Other	1,484	1,253
Total extraordinary losses	9,298	7,321
Profit before income taxes	56,882	40,015
Income taxes-current	20,973	12,103
Income taxes-deferred	(681)	(1,019)
Total income taxes	20,292	11,084
Profit	36,590	28,931
Profit (loss) attributable to non-controlling interests	2,062	(849)
Profit attributable to owners of parent	34,528	29,780

(Consolidated statements of comprehensive income)

(Millions of yen)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Profit	36,590	28,931
Other comprehensive income, net of taxes		
Valuation difference on available-for-sale securities	382	582
Foreign currency translation adjustments	1,420	(338)
Remeasurements of defined benefit plans, net of tax	981	88
Share of other comprehensive income of associates accounted for using equity method	0	0
Total other comprehensive income	2,783	332
Comprehensive income	39,373	29,263
Comprehensive income attributable to:		
Owners of parent	36,970	30,273
Non-controlling interests	2,403	(1,010)

(3) Consolidated statements of changes in net assets

Previous fiscal year (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2016	71,059	73,001	458,108	(68,232)	533,936
Changes of items during the period					
Cash dividends			(9,628)		(9,628)
Profit attributable to owners of parent			34,528		34,528
Disposal of treasury stock		(1)		7	6
Change of scope of consolidation			(2,161)		(2,161)
Purchase of shares of consolidated subsidiaries		734		1,011	1,745
Other changes in the period, net					
Total changes of items during the period	—	733	22,739	1,018	24,490
Balance at March 31, 2017	71,059	73,734	480,847	(67,214)	558,426

	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, 2016	935	(1,967)	1,489	457	521	22,808	557,722
Changes of items during the period							
Cash dividends							(9,628)
Profit attributable to owners of parent							34,528
Disposal of treasury stock							6
Change of scope of consolidation							(2,161)
Purchase of shares of consolidated subsidiaries							1,745
Other changes in the period, net	287	1,481	673	2,441	322	573	3,336
Total changes of items during the period	287	1,481	673	2,441	322	573	27,826
Balance at March 31, 2017	1,222	(486)	2,162	2,898	843	23,381	585,548

Current fiscal year (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2017	71,059	73,734	480,847	(67,214)	558,426
Changes of items during the period					
Cash dividends			(10,463)		(10,463)
Profit attributable to owners of parent			29,780		29,780
Purchase of treasury stock				(15,997)	(15,997)
Disposal of treasury stock		(2)		15	13
Purchase of shares of consolidated subsidiaries		10,876		9,492	20,368
Other changes in the period, net					
Total changes of items during the period	—	10,874	19,317	(6,490)	23,701
Balance at March 31, 2018	71,059	84,608	500,164	(73,704)	582,127

	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, 2017	1,222	(486)	2,162	2,898	843	23,381	585,548
Changes of items during the period							
Cash dividends							(10,463)
Profit attributable to owners of parent							29,780
Purchase of treasury stock							(15,997)
Disposal of treasury stock							13
Purchase of shares of consolidated subsidiaries							20,368
Other changes in the period, net	632	(329)	190	493	310	(21,312)	(20,509)
Total changes of items during the period	632	(329)	190	493	310	(21,312)	3,192
Balance at March 31, 2018	1,854	(815)	2,352	3,391	1,153	2,069	588,740

(4) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	56,882	40,015
Depreciation	19,460	19,622
Impairment loss	6,084	5,515
Amortization of goodwill	139	86
Decrease in provision for point card certificates	(6,281)	(2,956)
Decrease in provision for product warranties	(839)	(2,046)
Decrease in allowance for doubtful accounts	(242)	(2,982)
Increase in net defined benefit liability	1,788	1,715
Interest and dividend income	(1,190)	(1,088)
Interest expenses	1,452	1,319
Foreign exchange losses (gains)	1,927	(597)
Gain on sale of investment securities	(1)	(1)
Loss on sale and disposal of property and equipment, net	583	553
Decrease in notes and accounts receivable	2,107	11,198
(Decrease) increase in advances received	(1,240)	687
Increase in inventories	(16,688)	(3,156)
Increase in notes and accounts payable	2,354	13,484
Increase in accounts receivable	(3,877)	(2,698)
Increase in consumption taxes payable	4,011	372
(Increase) decrease in other current assets	(59)	426
Increase in other current liabilities	560	19
Other, net	2,430	2,509
Sub-total	69,360	81,996
Interest and dividend income received	255	303
Interest expenses paid	(1,463)	(1,332)
Income taxes paid	(24,296)	(19,278)
Net cash provided by operating activities	43,856	61,689

(Millions of yen)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Cash flows from investing activities		
Payments into time deposits	(480)	(494)
Proceeds from withdrawal of time deposits	1,997	336
Purchases of property and equipment	(17,456)	(10,049)
Proceeds from sale of property and equipment	489	283
Purchases of intangible assets	(787)	(346)
Payments for guarantee deposits	(3,051)	(997)
Proceeds from collection of guarantee deposits	8,601	8,234
Purchase of investment securities	(9)	(3,647)
Proceeds from sales and redemption of investment securities	289	39
Purchase of investments in subsidiaries and affiliated companies	(589)	(10)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	138
Proceeds from sale of shares in subsidiary resulting in change in scope of consolidation	—	540
Payment of loans receivable	(5,734)	(7,697)
Collection of loans receivable	980	1,390
Other, net	471	(388)
Net cash used in investing activities	(15,279)	(12,668)
Cash flows from financing activities		
Net increase in short-term loans payable	9,460	6,458
Proceeds from long-term loans payable	40,600	50,000
Repayments of long-term loans payable	(61,325)	(60,174)
Purchase of treasury stock	—	(15,997)
Proceeds from disposal of treasury stock	0	0
Repayments of lease obligations	(3,601)	(2,717)
Proceeds from sales and leasebacks	195	219
Cash dividends paid	(9,625)	(10,462)
Other, net	(86)	(247)
Net cash used in financing activities	(24,382)	(32,920)
Effect of exchange rate change on cash and cash equivalents	(308)	244
Net increase in cash and cash equivalents	3,887	16,345
Cash and cash equivalents at beginning of year	30,665	34,982
Increase in cash and cash equivalents resulting from change in scope of consolidation	352	—
Increase in cash and cash equivalents resulting from merger of subsidiaries	78	—
Cash and cash equivalents at end of year	34,982	51,327

4. Segment information

Segment information

Previously, the Group had a single segment, sales of home electrical appliances and home information appliances. However, following a review of segment classifications, this was changed, as of the fiscal year under review, to segments of sales of home electrical appliances and home information appliances, and other businesses.

As sales of home electrical appliances and home information appliances make up a large portion of the Group's overall segments, the segment information is immaterial as disclosure information.

Therefore, disclosures related to segment information have been omitted.

5. Per share information

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Net assets per share	697.47 yen	731.57 yen
Basic earnings per share	43.00 yen	36.78 yen
Diluted earnings per share	42.89 yen	36.66 yen

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

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	34,528	29,780
Amount not attributable to shareholder (millions of yen)	–	–
Profit attributable to owners of parent attributable to common stock (millions of yen)	34,528	29,780
Average number of common stock outstanding during the year (thousands of shares)	802,968	809,680
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (millions of yen)	–	–
Number of common stock increased (thousands of shares)	1,997	2,725
(Including subscription rights to shares (thousands of shares))	(1,997)	(2,725)
Potentially issuable shares not included in the calculation of diluted earnings per share because no diluting effect arises	(Company) Subscription rights to shares (Euro yen zero coupon convertible bond subject to call due 2019, notional amount 100.0 billion yen with 10,000 subscription rights)	

6. Significant subsequent events

(Absorption-type merger of consolidated subsidiary)

At its meeting of the Board of Directors held on February 25, 2018, the Company resolved to carry out an absorption-type merger of the Company's consolidated subsidiary NAKAYAMA CO., LTD., and carried out said absorption-type merger on April 1, 2018.

1. Summary of transaction

(1) Name and description of business of company involved in business combination

Name of company involved in business combination: NAKAYAMA CO., LTD.

Description of business: Home Renovation Business, Construction Planning and Administration Business, Home Building Material Manufacturing Business, Equipment and Machinery Manufacturing Business, CG/CAD Services Business, etc.

(2) Date of business combination

April 1, 2018

(3) Legal form of business combination

Absorption-type merger, with the Company as the surviving company and NAKAYAMA CO., LTD., as the dissolving company.

(4) Name of the company after business combination

Yamada Denki Co., Ltd.

(5) Other matters relating to the transaction summary

Amidst major changes to societal needs, particularly in terms of Japan's declining birthrate and aging of the population, population decline, and the transition to an Internet-based society, the Group, for future sustainable growth and development, has established proposals for lifestyle infrastructures (encompassing homes in their entirety) with home electrical appliances as one pillar of its new business, and has been launching new retail store formats. NAKAYAMA CO., LTD. is a company specializing in renovation that was engaged in everything from product development to manufacturing, sales, construction and after-services. This merger was decided with the goal of further improving group management efficiency and strengthening the business foundation and sales strategies primarily by combining NAKAYAMA CO., LTD. with the new retail store formats and integrating the Group's head office functions with various types of infrastructure after the share acquisition on November 30, 2017.

2. Summary of accounting applied

The transaction will be accounted for as a transaction 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).

(Conversion of a consolidated subsidiary into a wholly owned subsidiary through simplified share exchange)

The Company resolved at the meeting of the Board of Directors held on June 15, 2018 to execute a share exchange, whereby the Company becomes the wholly owning parent company and YAMADA SXL HOME CO., LTD. (hereinafter referred to as "SXL") becomes the wholly owned subsidiary (hereinafter referred to as "the Share Exchange"), as of the effective date of September 1, 2018 (scheduled), and the two companies concluded a share exchange agreement between them (hereinafter referred to as "the Share Exchange Agreement").

Through the Share Exchange, which is to take effect on September 1, 2018 (scheduled), the Company plans to become a wholly owning parent company of SXL. The common stock of SXL, which will become a wholly owned subsidiary, (hereinafter referred to as "SXL's Shares") will be delisted from Tokyo Stock Exchange, Inc. on August 29, 2018, and the last day of trading for SXL's Shares will be August 28, 2018.

1. Summary of the Share Exchange

(1) Name and description of business of the wholly owned subsidiary resulting from a share exchange

Name of the wholly owned subsidiary resulting from a share exchange:

YAMADA SXL HOME CO., LTD.

Description of business: Housing Business, Home Renovation Business, Real Estate Leasing Business, and others (Leasing Business, etc.)

(2) Purpose of the Share Exchange

Through the Share Exchange, the two companies will aim to optimize and maximize the value chain by promoting a business strategy that makes maximum use of the management resources of the Yamada Denki Group and consolidating the management resources dispersed within the Group at subsidiaries according to the functions that the two companies possess, and strengthen collaboration within the Group, thereby further enhancing profitability and competitiveness at both companies.

(3) Effective date of the Share Exchange

September 1, 2018 (scheduled)

(4) Method of share exchange

The Share Exchange is a share exchange under which the Company becomes the wholly owning parent company resulting from a share exchange and SXL becomes the wholly owned subsidiary resulting from a share exchange. The procedures required for the Share Exchange at the Company were those for a simplified share exchange that does not require the approval of the general meeting of shareholders pursuant to Article 796, paragraph 2 of the Companies Act. In addition, at SXL, approval of the Share Exchange Agreement is planned to be obtained at the Extraordinary General Meeting of Shareholders of SXL, which will be held on August 9, 2018. The Share Exchange is scheduled to take effect on September 1, 2018.

(5) Stock type, exchange ratio, and number of shares delivered

	The Company (wholly owning parent company)	SXL (wholly owned subsidiary)
Ratio of allotment in the Share Exchange	1	0.132
Number of shares to be delivered in the Share Exchange	Common stock of the Company: 12,973,022 shares (scheduled)	

Notes: 1. Ratio of allotment

0.132 share of the Company's common stock (hereinafter referred to as "the Company's Shares") will be allotted and delivered for one common share of SXL's Shares. However, SXL's Shares owned by the Company (105,650,000 shares as of June 15, 2018) will not be subject to the allotment in the Share Exchange. The allotment ratio in the Share Exchange stated in the table above (hereinafter referred to as "the Share Exchange Ratio") may be modified upon agreement by both companies in accordance with the Share Exchange Agreement in case of any significant change arises to the conditions that form the basis for its calculation.

2. The number of the Company's Shares to be delivered in the Share Exchange

Number of the Company's Shares: 12,973,022 shares (scheduled)

The aforementioned number of shares has been calculated based on total number of issued shares (204,018,184 shares) and treasury shares (87,714 shares) of SXL's Shares as of February 28, 2018 and SXL's Shares owned by the Company (105,650,000 shares) as of June 15, 2018.

At the time of the Share Exchange, the Company will allot and deliver the number of the Company's Shares calculated based on the Share Exchange Ratio to all the shareholders of SXL (except for the Company) in place of SXL's Shares owned as of the time immediately before the Company acquires all SXL's total number of issued shares (excludes SXL's Shares owned by the Company) through the Share Exchange. The Company plans to allocate treasury shares that it owns as the shares to be delivered through the Share Exchange and does not plan to issue any new shares at the time of allocation in the Share Exchange.

(6) Rationale and reason for allotment in the Share Exchange

In order to secure the fairness and validity of the Share Exchange Ratio and other aspects of the Share Exchange, described above in "(5) Stock type, exchange ratio, and number of shares

delivered,” the Company selected Nomura Securities Co., Ltd. and SXL selected Mizuho Securities Co., Ltd. as their respective independent third-party valuation institutions. In addition, the Company selected Nishimura & Asahi LPC and SXL selected KASUMIGASEKI PARTNERS LAW OFFICE as their respective legal advisors.

By giving careful examination based on the results of due diligence, etc. that each party respectively carried out with respect to the counterparty by reference to the calculation result of the share exchange ratio and advice submitted to them by the respective third-party valuation institution, and the advice from the respective legal advisors, and by giving comprehensive consideration to other factors such as the financial conditions, business performance trends and share price trends, etc. of both parties, the two parties conducted serious negotiations concerning the Share Exchange Ratio several times. As a result, the Company and SXL reached a judgment that the Share Exchange Ratio is appropriate for the respective shareholders, and decided to conduct the Share Exchange by the Share Exchange Ratio, and by resolution at the respective Board of Directors’ meetings of both parties on June 15, 2018, the decision was made to conclude the Share Exchange Agreement between the two parties.

The Share Exchange Ratio may be modified upon agreement by both companies in accordance with the Share Exchange Agreement in case of any significant change arises to the conditions that form the basis for its calculation.

2. Summary of accounting applied

The transaction will be accounted for as a transaction with non-controlling shareholders 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).