

# **Financial Report 2025**

Fiscal year ended March 31, 2025

**YAMADA HOLDINGS CO., LTD.**

1-1, Sakae-cho, Takasaki-shi,  
Gunma 370-0841 Japan

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**OVERVIEW OF OPERATIONS**  
YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries  
March 31, 2025

**1. KEY INFORMATION**

	Millions of yen, unless otherwise noted					Thousands of U.S. dollars, unless otherwise noted (Note 4)
	As of and year ended March 31					
	2021	2022	2023 (Note 2)	2024	2025	2025
Net sales (Note 1) .....	1,752,506	1,619,379	1,600,587	1,592,010	1,629,070	10,894,603
Ordinary profit .....	98,876	74,137	50,065	47,037	48,046	321,313
Profit attributable to owners of parent .....	51,799	50,556	31,825	24,055	26,913	179,983
Comprehensive income ·	53,443	51,087	30,355	29,109	29,326	196,123
Net assets.....	672,545	676,278	611,776	624,175	645,276	4,315,359
Total assets.....	1,252,600	1,271,668	1,271,181	1,288,995	1,324,981	8,860,968
Net assets per share (yen) (Note 3) .....	792.26	785.50	853.67	892.39	919.90	6.15 (dollars)
Basic earnings per share (yen) (Note 3) .....	62.82	60.96	40.25	34.78	38.90	0.26 (dollars)
Diluted earnings per share (yen) (Note 3) ··	62.53	60.67	40.02	34.53	38.60	0.26 (dollars)
Equity ratio (%) .....	51.8	51.6	47.6	47.8	48.1	
Return on equity (%) .....	8.1	7.9	5.0	3.9	4.3	
Price earnings ratio (times) .....	9.50	6.23	11.33	12.68	11.07	
Cash flows from operating activities···	122,281	21,085	43,741	54,559	51,566	344,855
Cash flows from investing activities ···	(14,778)	(22,266)	(25,209)	(21,912)	(35,144)	(235,029)
Cash flows from financing activities···	(82,837)	(16,647)	(29,454)	(25,592)	(4,060)	(27,156)
Cash and cash equivalents at end of year .....	73,760	56,470	46,487	54,351	67,554	451,773
Employees (persons).....	24,300	22,951	25,284	25,526	25,676	
[Average number of temporary employees not included in the above number (persons)] .....	[9,258]	[8,441]	[6,148]	[6,262]	[5,895]	

- Notes: 1. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and the key management indicators for the fiscal year ended March 31, 2022 and thereafter are those after applying the accounting standard and relevant revised ASBJ regulations.
2. During the fiscal year ended March 31, 2024, the Company finalized the provisional accounting treatment for the business combination, and the relevant key management indicators for the fiscal year ended March 31, 2023 reflect the finalization of the provisional accounting treatment.

3. The Company introduced the “YAMADA HOLDINGS Employee Shareholding Association Trust Account” in the fiscal year ended March 31, 2024. The Company’s shares remaining in the “YAMADA HOLDINGS Employee Shareholding Association Trust Account” are included in the treasury stock deduction in the calculation of the average number of shares during the period for the purpose of calculating “net assets per share,” “basic earnings per share” and “diluted earnings per share.”
4. For the convenience of readers outside Japan, U.S. dollar amounts have been converted from yen using the prevailing exchange rate at March 31, 2025, which was ¥149.53 to U.S. \$1.

## **2. MANAGEMENT POLICY, MANAGEMENT ENVIRONMENT, ISSUES TO BE ADDRESSED BY THE GROUP, ETC.**

Management policy, business environment, and issues to be addressed by the Group are as follows:

Items in the text below that concern the future were determined by YAMADA HOLDINGS Group (the “Group”) as of the end of the fiscal year under review.

### **(1) Basic Policy of Corporate Management**

With sustainable corporate growth as its basic policy, the Group believes in the basic principle of rapidly responding to increasingly sophisticated and diversified consumer needs, and it aims to increase corporate value through practicing its management philosophy of “Creation and Challenge” and “Appreciation and Trust,” by constantly sticking to the “Principle of Customer (Market) First.” In addition, the Group strives for low-cost management with importance placed on cash flow while it aims to be a “Strong Company” that can contribute to society by actively promoting ESG-oriented operations as a leading company in the consumer electrical appliance retail industry.

### **(2) Management Indicator Used as Target**

The Group sets its numerical targets for the fiscal year ending March 31, 2030 using net sales of ¥2,200.0 billion, ordinary profit of ¥100.0 billion, and an ROE of 8.5% as a target management indicator.

### **(3) Medium- to Long-Term Management Strategy**

With an eye on the Company’s vision for 2030, and to realize even greater long-term growth, we will begin advancing our “2026/3 – 2030/3 Mid-Term Management Plan,” which starts in 2025. As part of the Mid-Term Management Plan, we will advance initiatives aimed at the completion of our Group-wide “Total-Living (Kurashi-Marugoto)” strategy, expand Group synergies, and build a structure for sustainable corporate growth. In addition, the Group is promoting ESG and sustainability management, and will also advance greater efforts than ever to build a recycling-oriented society and to promote human capital management.

The Group expects the future will bring more tremendous change to the retail and distribution industry. In order to respond flexibly to these changes with the appropriate sense of urgency, the Group is improving the efficiency of business resources by optimizing and maximizing the people (human resources), things (products), money, services, logistics, information systems, etc. among the companies of the Group to improve the profit margin, reduce various costs, enhance inventory efficiency, and generate cash flows, thereby reinforcing the Group’s financial standing and strengthening the foundation for business resources.

### **(4) Business and Financial Priority Issues to Be Addressed**

As for the fiscal year ending March 31, 2026, personal consumption is expected to continue to increase moderately due to the trend in rising wages, the effects of various economic policies, and greater inbound demand. However, there are also downside economic risks including struggling consumer sentiment due to continued rising prices and the impact of U.S.-Japan monetary and trade policy, meaning the future of the Japanese economy remains uncertain overall, and sufficient caution is required.

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 under the aforementioned medium- to long-term management strategy.

#### **Consumer Electronics Segment**

(1) Expand market share by developing area stores with LIFE SELECT stores as the core, (2) improve profitability by maintaining an optimized pricing strategy, (3) expand the e-commerce business by utilizing the most of our group infrastructure, (4) PB + SPA products: improve the product profit ratio and

differentiation through the aggressive development of original Yamada products, (5) expand the growth businesses of renovation and furniture and home interiors, and (6) promote sell-out product strategies and improve merchandise turnover by optimizing inventory management and reforming the balance sheet.

We also newly established the Operational Streamlining Department to review company-wide organizational and cost structures. Starting with fundamental structural reforms of our headquarter management functions and sales support functions, we are streamlining our logistics bases and distribution supply chains in response to the 2024 problem, optimizing personnel allocation through store consolidation and streamlining, shifting sales promotion to digital by strengthening acquisition of digital members, and optimizing and maximizing measures through the use of DX, in order to improve productivity and business efficiency.

#### Housing Segment

We will promote the following initiatives: (1) strengthen our strategy of selling subdivided and detached houses with land, (2) improve sales by raising unit prices through sales of new products and by expanding sales areas, (3) promote the use of DX to shorten and level the period between receiving orders and starting construction, (4) expand second-hand home purchase and resale business, (5) aggressively purchase real estate by strengthening our real estate network, and (6) utilize Group management resources, such as “Housing Consultation Counters” that leverage the YAMADA DENKI network.

#### Financial Segment

(1) Further product revision of YAMADA NEOBANK housing loans and collaboration with home appliance, furniture and interiors, and renovation sales schemes, (2) expansion of house card LABI Card business and contribution to the construction of big data, and (3) expansion of premiums written and securing of stock revenue by expanding insurance product sales channels.

We will continue to develop and propose various financial products (loans, payment services, and various types of insurance) from the customer’s perspective that can serve as a driving force for the expansion of our “Total-Living (Kurashi-Marugoto)” strategy.

#### Environment Segment

The Group will promote a self-contained group-wide resource and environment system, including: (1) strengthening the production system for reused products by establishing a reuse and recycling system, including strengthening the purchase of home appliances and building a new reuse plant (YAMADA Western Japan Reuse Center, Yamaguchi Plant: scheduled to start operation in May 2025), and (2) starting construction of an energy plant (waste incineration power generation facility: scheduled to start operation in 2027), among others.

Under these circumstances and measures, for the fiscal year ending March 31, 2026, the Company forecasts net sales of ¥1,697,500 million, up 4.2% year on year, operating profit of ¥48,900 million, up 14.2% year on year, ordinary profit of ¥51,500 million, up 7.2% year on year, and profit attributable to owners of parent of ¥27,300 million, up 1.4% year on year.

### 3. SUSTAINABILITY APPROACH AND INITIATIVES

The Group's approach to sustainability and related initiatives are as follows.

Items in the text below that concern the future were determined by the Group as of the end of the fiscal year under review.

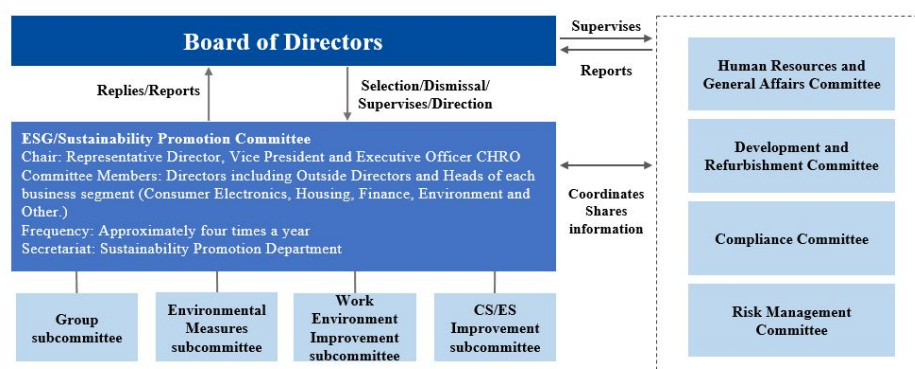
#### (1) Basic Policy

The Group's management philosophies are "Creation and Challenge" and "Appreciation and Trust." The Group is engaged in various businesses and initiatives for its own growth and development of society. It also plays a role in supporting social infrastructure with a network that utilizes numerous types of store formats. With the aim of being a corporate Group that continues to grow with society, it is promoting sustainability activities based on "Appreciation and Trust" with respect to its stakeholders in accordance with its specific guidelines, the Code of CSR Ethics. Furthermore, in order for the Group to continue to be a company that contributes to solving social issues while improving corporate value, it recognizes that consideration of environmental, social and governance (ESG) factors is essential. By actively working both inside and outside the company, the Group is contributing to the realization of a sustainable society.

#### ■ Governance

The Group has established the ESG/Sustainability Promotion Committee as a place to deliberate policies and measures on environmental issues including matters related to climate change, natural environment and resource circulation, and social issues including the declining birth rate and aging of the population and labor shortages and to confirm the progress being made toward its targets. The committee is chaired by Representative Director, Vice President and Executive Officer CHRO (Chief Human Resource Officer) and attended by directors, outside directors, persons in charge of each business department and persons in charge of relevant departments. The committee deliberates on important matters and replies and submits reports to the Board of Directors. The committee met four times in the fiscal year ended March 31, 2025. Four subcommittees are established under the ESG/Sustainability Promotion Committee: Group subcommittee, Environmental Measures subcommittee, Work Environment Improvement subcommittee, and CS/ES Improvement subcommittee. These four subcommittees discuss the details of individual activities and monitor their progress and targets toward achieving KPIs. In addition, a system has been established for coordinating and sharing information with each of the Human Resources and General Affairs Committee, the Development and Refurbishment Committee, the Compliance Committee and the Risk Management Committee.

<ESG/Sustainability Promotion System Chart>



<List of Committees>

Committee or subcommittee	Chair Attribute	Frequency	Participants	Role
<b>ESG/Sustainability Promotion Committee</b>	Representative Director, Vice President and Executive Officer CHRO	Four times a year	Directors including Outside Directors, Heads of each business segment, and Sustainability Promotion Department	Determination of initiatives and policies in ESG and sustainability
<b>(1) Group subcommittee</b>	Manager of Sustainability Promotion Department	Four times a year	Persons in charge from 23 major group companies and Sustainability Promotion Department	Progress management of ESG and sustainability initiatives in group companies
<b>(2) Environmental Measures subcommittee</b>	Manager of General Affairs Department, Human Resources and General Affairs Division	Four times a year	General Affairs Department, Sustainability Promotion Department, 3R Promotion Department, Sales and Marketing Division, Merchandise Division, and Store Development Division	Reviewing the progress of initiatives in response to climate change, promoting the sale of environmentally friendly products, and resource circulation and waste reduction
<b>(3) Work Environment Improvement subcommittee</b>	Section Manager of Labor Section, Human Resources Department, Human Resources and General Affairs Division	Once a month	Labor Section, persons in charge of each business department, and Labor Union	Discussion, confirmation, and verification of labor environment themes
<b>(4) CS/ES Improvement subcommittee</b>	Manager of Sustainability Promotion Department	Four times a year	Human Resources Department, Salary and Social Insurance Department, CS Management Department, Internet Business Department, TV Shopping Business Department, Sales and Marketing Division, and Sustainability Promotion Department	Discussion, confirmation, and verification of human resources development, addressing labor shortages, securing human resources, customer satisfaction, DE&I, and well-being
<b>Human Resources and General Affairs Committee</b>	General Manager of Human Resources and General Affairs Division	Once a month	Directors excluding Outside Directors, Heads of each business segment, Audit Department, Administration Division, Store Development Division, ITDX Division, Sales and Marketing Division, General Affairs Department, Human Resources Department, Integrated Corporate Planning Office, and Sustainability Promotion Department	Decision-making in review, improvement, consideration, and policy on human resources and labor management
<b>Development and Refurbishment Committee</b>	General Manager of Store Development Division	Once a week	Directors excluding Outside Directors, Store Development Division, Sales Merchandise Division, Sales Promotion Department, Advertising and Promotion Department, Advertising Solution Department, Information System Department, Solution Service Department, Logistics Management Department, General Affairs Department, Y・JUST Co., Ltd., YAMADA HOMES CO., LTD., Housetec Inc., and subcontractors	Proposing and reviewing new store candidate locations, existing store expansions, and contract expiration stores as well as managing the progress of each property, and decision-making on stores to be renovated, renovation details, and related drawings and schedules.
<b>Compliance Committee</b>	Representative Director, Vice President and Executive Officer CHRO	Once a month	Directors excluding Outside Directors, Legal Affairs Office, Sales and Marketing Division, Merchandise Division, Business Administration Division, Administration Division, Store Development Division, and IT Business Division	Discussion, confirmation, and verification of themes related to governance and compliance
<b>Risk Management Committee</b>	Representative Director, Vice President and Executive Officer CHRO	Once a month	Officers and employees appointed by the Executive Officer and Representative Director	Reporting and reviewing potential new risks and identified risks anticipated in the Company's operations, as well as identifying risks that should be prioritized for response.

<Skill Matrix> (as of June 26, 2025)

The areas in which the Company particularly expects the display of skills (knowledge and experience) by Directors to fulfill their roles and responsibilities and appropriately demonstrate their decision-making and management supervisory functions in order to realize the Group's management philosophy, promote the "Total-Living (Kurashi-Marugoto)" strategy, and strengthen governance are selected as follows.



Name	Position	Years in office	Corporate Management/ Organizational Operation	Internal Control (Including Legal and Risk Management)	Store Development	Marketing	Logistics/Services	IT/DX	Human Resources/ Talent Development/ Human Resource Development	Finance/Accounting	ESG/Sustainability
Director	Noboru Yamada	42 years	●	●	●	●	●				●
	Yoshinori Ueno	1 year	●	●	●	●	●	●			
	Megumi Kogure	7 years	●	●					●		●
	Kenichi Koyano	1 year	●	●						●	●
	Tsuyoshi Nagano	1 year	●	●			●	●			
	Tsukasa Tokuhira	Independent/ Outside				●			●		
	Miki Mitsunari	Independent/ Outside			●			●			●
Director (Audit & Supervisory Committee Member)	Makoto Igarashi	11 years	●	●						●	
	Kenji Yamazaki	1 year	●	●				●			
	Somuku Iimura	Independent/ Outside		●							
	Kunimitsu Yoshinaga	Independent/ Outside								●	
	Hirohisa Ishii	Independent/ Outside								●	

Note: “●” indicates areas for which the Company has particular expectations, but this is not an indicator of all knowledge and experience.

#### <Overview of Each Area>

Field	Outline Areas in which Directors are Expected to Demonstrate their Skills
<b>Corporate Management/ Organizational Operation</b>	Embody the management philosophy of “Creation and Challenge,” “Appreciation and Trust,” and respond to the diversification of the market environment and values, while promoting the “Total-Living” strategy across the five segments of the Company. Skills to make management decisions, plan, and execute management plans and strategies to ensure the sustainable growth, development, and enhancement of corporate value of the Group.
<b>Internal Control (Including Legal and Risk Management)</b>	Skills to identify various risks associated with business activities, continuously enhance compliance, information management, risk management and other initiatives, operate an effective governance structure, and strengthen and promote management systems to improve the effectiveness of internal controls.
<b>Store Development</b>	Skills to promote the “Total-Living” strategy, including active development of LIFE SELECT stores, opening new stores in areas where we have not yet opened stores, promoting scrap and build, and improving existing store strength through remodeling, in order to increase market share across the region by building a store network and optimizing and maximizing store efficiency in the area.
<b>Marketing</b>	In addition to basic marketing skills and sensibility from the customer’s perspective to respond precisely and flexibly to market changes and each trade area, skills to promote a digital shift in sales promotions using the “big data” of members in marketing strategies, the development of digital sales promotions using the Company’s own apps, and store digital transformation (DX) using new technologies to promote the “Total-Living” strategy.
<b>Logistics/Services</b>	Skills to promote the “Total-Living” strategy by addressing the 2024 logistics problem in Japan, as well as delivery, construction, and service systems in promoting overseas business strategies.
<b>IT/DX</b>	Skills to promote the “Total-Living” strategy by transforming business through the use of digital information and data across the Group, including the creation of new value at real customer contact points, promotion of data utilization across the Group, and going through a digital shift of marketing initiatives.
<b>Human Resources/ Talent Development/ Human Resource Development</b>	Viewing employees as an indispensable management resource for the sustainable development of the Company, the Group is working to develop and improve the abilities of its employees through securing and nurturing human resources and through appraisals. Skills that help to actively promote securing a safe and secure working environment that respects diversity and individuality, making it a healthy and easy place to work.
<b>Finance/Accounting</b>	Skills for compiling and appropriately reporting financial and accounting information, improving capital efficiency through Group cash management, and promoting loans, various types of insurance, and the development of new financial products, in order to support the “Total-Living” strategy from the financial side.
<b>ESG/Sustainability</b>	Skills to identify sustainability risks and opportunities and promote Group-wide efforts to build a sustainable society and solve social issues through our own business.

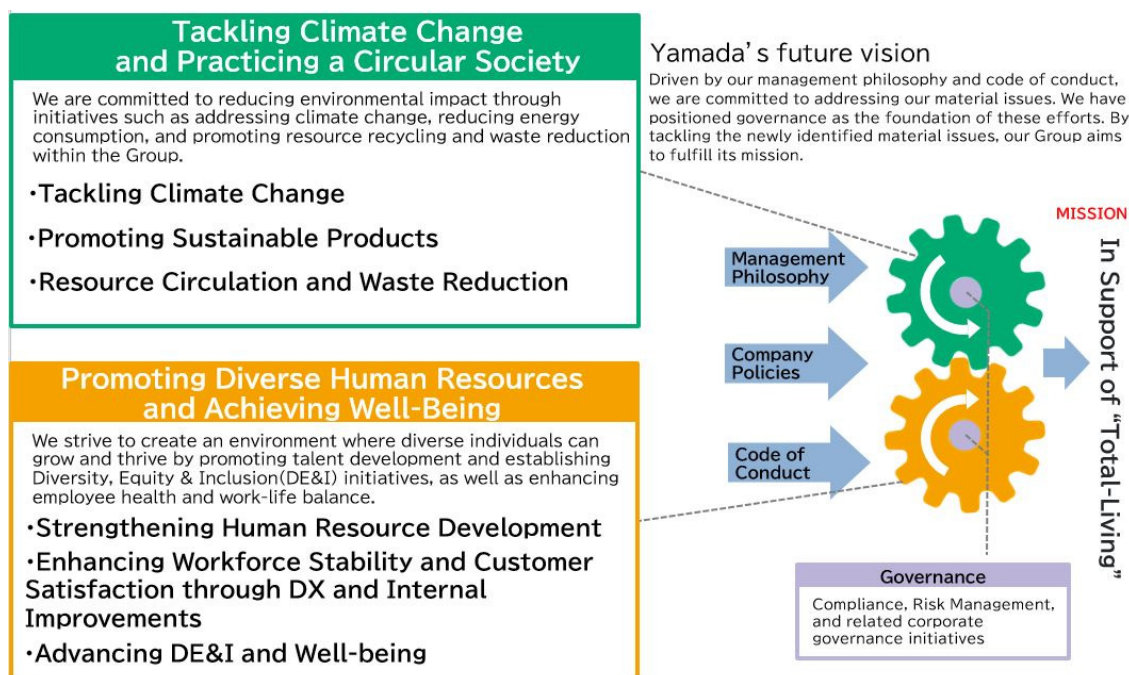
## ■ Strategy

In order to achieve its mission, which is “In support of Total-Living (Kurashi-Marugoto),” the Group is aware of the importance of sustainability issues and conducts business activities to solve the issues. In addition, the Group lists priority issues by identifying and assessing sustainability-related risks and opportunities, and reflecting them in business activities, and at the same time, it aims to establish sustainability management. The Group identified “Priorities Toward Achieving the SDGs” in 2019. However, with the increasing significance of ESG (Environment, Social, and Governance) and global importance of sustainability, the external environment surrounding the Group and factors that affect its businesses are changing. Therefore, believing that we need to further maximize Group synergies in order to keep supporting “Total-Living (Kurashi-Marugoto),” we reviewed and re-identified materiality (material issues) and their KPIs in May 2025. We continue to regularly review risks and opportunities in light of trends in the socioeconomic environment, regulations and policies, and carry out business activities that contribute to solving these issues.

### <Newly Identified Material Issues>

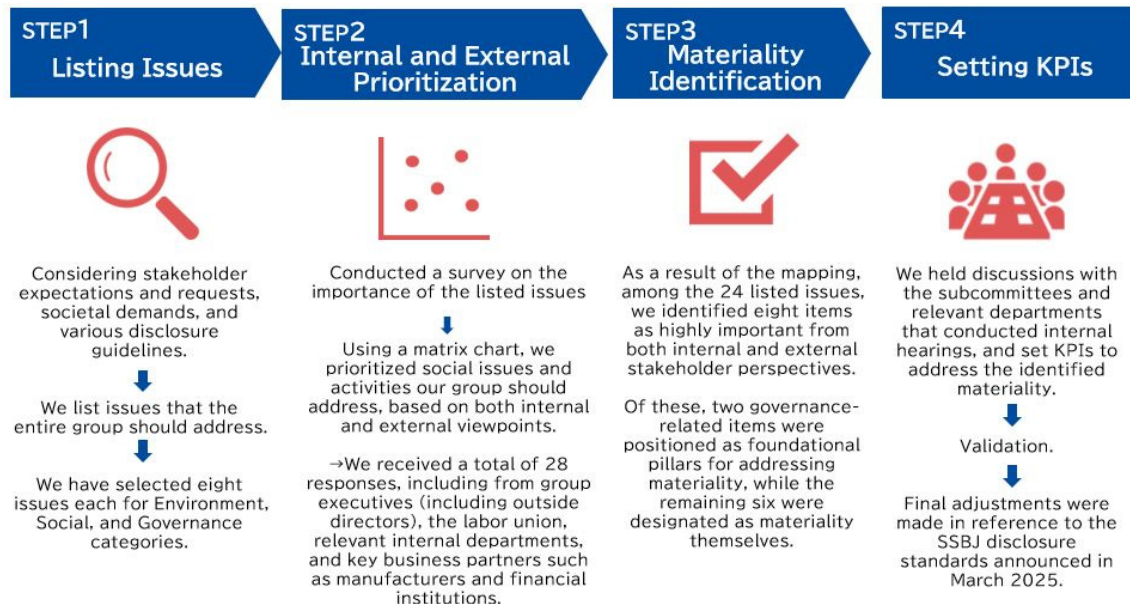
Aiming to be a company that more broadly supports people’s lives, the Group has established the following material issues and their themes.

We will continue to review and revise our material issues on a suitable and timely basis with a mind to solving these important issues while effectively managing the progress of the ESG/Sustainability Promotion Committee.



## <Review and Identification Process>

We examined the importance of issues in the environment and society from the two perspectives of the YAMADA HOLDINGS Group and its stakeholders.



### Discussions at the ESG/Sustainability Promotion Committee

**May 2024**

#### Review of materiality

→Analyzing examples of competitors' materiality and sustainability activities to organize the current situation and challenges.

**August**

#### Selection of materiality options

→Discussing materiality based on stakeholder feedback.

**November**

#### Materiality identification

→ As for the current progress, reviewing the first half of the fiscal year 2024. Confirming the direction of the new KPIs.

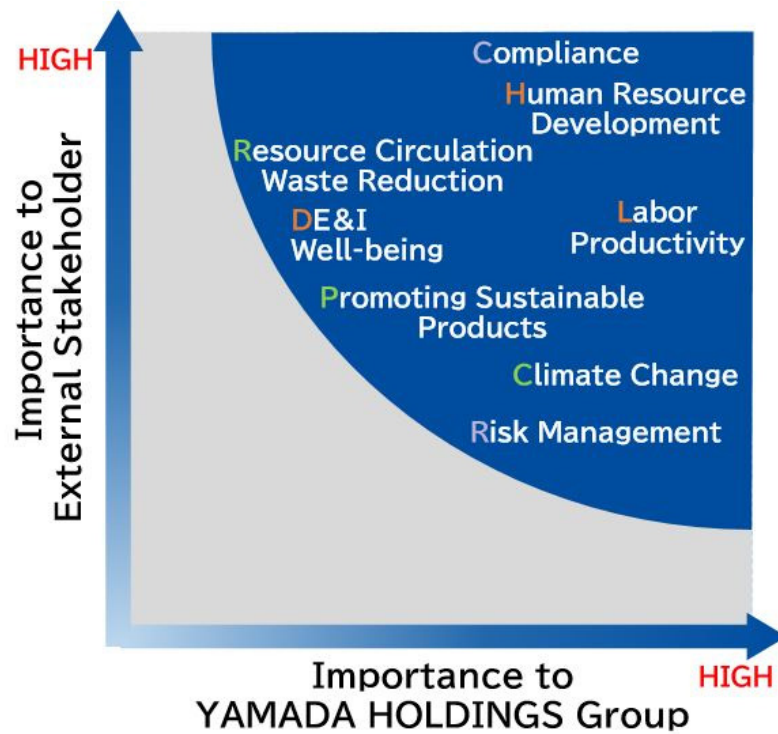
**February 2025**

#### Setting KPIs

→Ensuring that the goals are ambitious and effective.

### <Identification of Material Issues Through Mapping>

Of eight items (refer to below) that are particularly important to both the YAMADA HOLDINGS Group and its stakeholders, two items that fall under governance (compliance and risk management) have been set as a key focus of initiatives to solve material issues, and the remaining six items have been identified as material issues.



<Material Issues and the Mid-Term Management Plan>

We organized relations between the new material issues and strategies of the Mid-Term Management Plan.

Material issues Strategy of Mid-Term Management Plan		Tackling Climate Change	Promoting Sustainable Products	Resource Circulation and Waste Reduction	Strengthening Human Resource Development	Enhancing Workforce Stability and Customer Satisfaction through DX and Internal Improvements	Advancing DE&I and Well-being	Compliance	Risk Management
Practicing and Promoting The Total-Living Strategy	Store Development by Area Centered on LIFE SELECT	●	●	●				●	●
	Enhancing EC	●	●	●		●		●	●
	Expanding Sales of Smart House	●	●	●	●			●	●
Establishing a Framework to Support The Total-Living Strategy	AI/Data Utilization	●				●	●	●	●
	Integrated Management				●	●	●	●	●
	Maximizing Group Synergies	●	●	●	●			●	●

■ Management of risks and opportunities

The Group recognizes that sustainability-related risks such as environmental issues including matters related to climate change, natural environment and resource circulation, and social issues including the declining birth rate and aging of the population and labor shortages are a major risk to the sustainability of its business. Therefore, sustainability-related risks are incorporated into the overall risk management system, a meeting of the Risk Management Committee chaired by Representative Director, Vice President and Executive Officer CHRO is held on a monthly basis, and a risk management system including group companies has been established. In addition, matters discussed by this committee are reported to the Board of Directors. For high-priority risks and opportunities, measures and responses are considered by each subcommittee and implemented by the relevant departments, and progress is monitored to manage the risks.

■ Metrics and targets

The Group has set KPIs for each material issue and the status of progress made on each metric is periodically monitored by the ESG/Sustainability Promotion Committee and each subcommittee.



## (2) Environmental Initiatives

Under the “Total-Living (Kurashi-Marugoto)” concept, the Group offers various home electronic appliances, household equipment, and furniture/home interiors that support the foundations of customers’ living infrastructure. These products are manufactured and processed in Japan and around the world, and use various resources in each region. Accordingly, the Group believes that responses to climate changes and conservation of the natural environment are key themes for its sustainable growth. To disclose information based on the Task Force on Climate-Related Financial Disclosures (TCFD) and the Task Force on Nature-Related Financial Disclosures (TNFD), the Group has been taking measures to understand the current situations of the entire Group, build its governance system, and consider its strategies, risk management, metrics, and targets. Along with properly managing risks in environmental issues including matters related to climate change, natural environment and resource circulation, the Group proactively engages in its environmental initiatives by considering various changes toward preservation of the natural environment and decarbonization as its business opportunities to grow sustainably.

- 1) Information disclosure based on the Task Force on Climate-Related Financial Disclosures (TCFD) and the Task Force on Nature-Related Financial Disclosures (TNFD)

### ■ Governance

At the Company, the Board of Directors deliberates on and decides the direction of such matters as important management and business strategies, and also provides oversight of the ESG/Sustainability Promotion Committee. The ESG/Sustainability Promotion Committee makes decisions on important matters, and subcommittees established under the committee discuss the details of individual activities and monitor their progress and targets. To ensure that the Board of Directors can fully exercise its oversight function, the ESG/Sustainability Promotion Committee reviews priority issues such as risks and opportunities in environmental issues including natural environment and resource circulation, in addition to climate change-related risks and opportunities identified through scenario analysis, and reports to the Board of Directors on the status of risk responses and other matters. The Group’s “Human Rights Policy” provides that we respect the personality and individuality of each individual by eliminating discrimination based on personal aspects such as race, nationality, gender, and religion in our relationships with all stakeholders, and promote efforts for respect for the human rights by providing safe and healthy work environments, allowing freedom of association, and forbidding child or forced labor and inhumane activities. In accordance with this human rights policy, the Group makes consideration to ensure respect for the human rights of all stakeholders at the time of examination and discussion at the ESG/Sustainability Promotion Committee meetings and decision-making at the Board of Directors meetings. Furthermore, as for stakeholder engagement, we strive to enhance corporate value by building relationships where we and various stakeholders, such as customers, shareholders/investors, suppliers, business partners, employees and local communities, can mutually appreciate and trust each other through healthy dialogue.

■ Strategy

<TCFD>

Based on the TCFD recommendations, the Group has analyzed and assessed climate change risks and opportunities by defining the scope of businesses, time horizons, and scenarios.

i) Premises of scenario analysis (fiscal year ended March 31, 2025)

Scenario	1.5°C scenario/4.0°C scenario
Scope	Consumer Electronics Business, Housing Business, and Environment Business (All YAMADA DENKI stores in Japan, which occupy the biggest portion of the Group's total sales, and upper tier businesses that will be impacted by climate change)
Period	Impact from 2030 to 2050

ii) 1.5°C scenario (high transition risks, low physical risks)

This is a scenario in which regulations and policies for decarbonization are tightened and measures against climate change progress with the temperature rise from pre-industrial levels at around 1.5°C to 2.0°C. It is assumed that changes in the way customers view products and services will create strong demand for a climate change response from companies. Also, if such a response is not provided, there is a high probability of the manifestation of transition risks, including loss of customers and increased reputational risk. However, the probability of physical risks manifesting is relatively low compared to the 4.0°C scenario due to factors such as the increase in the occurrence and severity of disasters caused by climate change being limited to a certain extent. [Reference: IEA NZE 2050]

iii) 4.0°C scenario (low transition risks, high physical risks)

This is a scenario in which sufficient measures against climate change are not taken and the temperature rises around 4.0°C from pre-industrial levels. It is assumed that there will be an increasing probability of physical risks manifesting, including increasingly severe natural disasters, rising sea levels, and abnormal weather. It is thought that the impact of this will raise the competitiveness of products and services that are well-suited for BCP. On the other hand, the probability of the manifestation of transition risks, such as the tightening of regulations by governments, is assumed to be low. [Reference: IPCC RCP8.5]

iv) Depiction of 1.5°C and 4.0°C scenarios

Environment around the Group		
	World in the +1.5°C scenario	World in the +4.0°C scenario
Policy/Regulation	<ul style="list-style-type: none"> <li>● Introduction of carbon tax</li> <li>● Active promotion of energy-saving and renewable energy policies</li> <li>● Demands on companies to significantly reduce CO<sub>2</sub> emissions</li> <li>● Taxation on CO<sub>2</sub> emissions across the entire supply chain, electricity rate hike</li> <li>● Tightening of energy-saving regulations for housing</li> <li>● Tightening of recycling regulations, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Energy-saving and renewable energy policies not actively promoted</li> <li>● No carbon tax introduced</li> <li>● Maintaining status quo in climate change measures</li> </ul>
Technology	<ul style="list-style-type: none"> <li>● Further progress in product development with high energy-saving performance</li> </ul>	<ul style="list-style-type: none"> <li>● Further progress in product development with high energy-saving performance</li> </ul>
Market/Customer	<ul style="list-style-type: none"> <li>● Changes in customer behavior towards ethical consumption and increased interest in energy-saving and decarbonized products</li> <li>● Sustainable lifestyles take hold</li> <li>● Limited increase in raw material prices</li> <li>● Increased demand for adaptive products due to the shift to ZEH housing, etc. (solar power, high-performance insulation, renovations)</li> </ul>	<ul style="list-style-type: none"> <li>● Changes in customer behavior toward ethical consumption and interest in energy-saving and decarbonized products will increase, albeit to a limited extent, compared to 1.5°C</li> <li>● Increased interest in disaster prevention products and stockpiled goods</li> <li>● Rising raw material prices</li> <li>● Increased demand for adaptive products (high-performance insulation materials, shades)</li> </ul>
Products	<ul style="list-style-type: none"> <li>● Adoption of low-carbon/decarbonized products and services, and certified products</li> </ul>	<ul style="list-style-type: none"> <li>● Adoption of low-carbon/decarbonized products and services and certified products limited compared to 1.5°C</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>● Slight increase in logistics delays and disruptions</li> </ul>	<ul style="list-style-type: none"> <li>● More logistics delays and disruptions</li> </ul>
Facilities	<ul style="list-style-type: none"> <li>● Slight increase in damage to stores/offices/plants due to heavy rainfall</li> </ul>	<ul style="list-style-type: none"> <li>● Heavy rainfall and typhoons cause flooding and wind damage which greatly increases damage to stores, sales offices, and plants</li> </ul>

\* Please visit our website for scenario analysis results at:  
<https://www.yamada-holdings.jp/lang-en/csr104.html>



#### <TNFD>

Based on the TNFD recommendations, the Group makes disclosure with regard to the impact of nature-related dependencies, impacts and risks/opportunities on the organization's business model, strategies, and financial plans, if such information is significant. The Group is currently conducting the analysis.

#### ■ Management of risks and opportunities

Risks such as environmental issues including matters related to climate change, natural environment and resource circulation are regarded as one of the major risks that affect the Group's business and are integrated into the overall risk management process. For the assessment of long-term risks and opportunities, approximately every three years, the Sustainability Promotion Department conducts a detailed analysis of "changes in the external environment" such as political, economic, social, and competitive shifts associated with the transition to a decarbonized society, "physical changes" associated with the progress of global warming, the probability of their occurrence, and the financial impact if they materialize, in order to identify risks and opportunities. Risks and opportunities with a financial impact of more than ¥50 million on earnings are assessed as significant risks and opportunities for the Group after deliberation by the Risk Management Committee. Based on the assessed risks and opportunities, the Group revises its environmental policies and reflect the revisions in the identification and assessment of priority issues, major measures, and target setting.

With regard to the identification and assessment of short- and medium-term risks and opportunities, information on "changes in the external environment" and "physical changes" is collected throughout the fiscal year. After analyzing the appropriateness and achievement of targets in light of the response status of each sector and Group company, the materiality is reassessed. If a significant revision occurs, it is discussed, identified, and assessed by the ESG/Sustainability Promotion Committee. The content of discussions at the ESG/Sustainability Promotion Committee is reported to the Board of Directors.

#### ■ Metrics and targets

The Group has set a goal of reducing greenhouse gas emissions in Scopes 1 and 2 by 42% by the fiscal year ending March 31, 2031, compared to the fiscal year ended March 31, 2021. We will further promote energy conservation efforts at our stores, with a focus on reducing electricity consumption at YAMADA DENKI stores, which account for the majority of Scopes 1 and 2 emissions. We are also striving to reduce Scope 3 emissions by setting targets for each of the following items.

Material issues	KPI	Target and target year	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Revised target and target year*	Fiscal year ended March 31, 2025
Tackling Climate Change	Reduction of Scope 1 and Scope 2 CO <sub>2</sub> emissions	Base year: fiscal year ended March 31, 2021 Target year: fiscal year ending March 31, 2031 42% reduction	283.9 kt-CO <sub>2</sub> -9.6% compared to fiscal year ended March 31, 2021	279.1 kt-CO <sub>2</sub> -11.1% compared to fiscal year ended March 31, 2021	Base year: fiscal year ended March 31, 2021 Target year: fiscal year ending March 31, 2031 42% reduction	271.3 kt-CO <sub>2</sub> -13.6% compared to fiscal year ended March 31, 2021
	Reduction of CO <sub>2</sub> emissions from electricity use per floor area*	Down 10.2% YoY (every year)	-13.4% YoY	-1.1% YoY	Base year: fiscal year ended March 31, 2021 Target year: fiscal year ending March 31, 2031 53% reduction	-13.2% compared to fiscal year ended March 31, 2021 +2.6% YoY
	Percentage of renewable energy out of total power consumption*	Increase on previous fiscal year (every year)	+0.13 points YoY	+1.59 points YoY	38% (fiscal year ending March 31, 2031)	3.92% +0.18 points YoY
Promoting Sustainable Products	Percentage of home appliances (TVs, refrigerators, and air conditioners) sold that meet the 100% energy-saving standard under the energy-efficiency labeling system*	Increase on previous fiscal year (every year)	Composition ratio: 40.8%	Composition ratio: 42.8% +2.0 points YoY	60% (fiscal year ending March 31, 2031)	Composition ratio: 44.8% +2.0 points YoY
	Sales amount of YAMADA GREEN certified products	Increase on previous fiscal year (every year)	Sales amount: ¥3,730 million	Sales amount: ¥3,843 million +3.0% YoY	Increase on previous fiscal year (every year)	Sales amount: ¥10,587 million +175.4% YoY
	Sales amount of disaster preparation products (emergency supplies, portable power sources, etc.)	Increase on previous fiscal year (every year)	Sales amount: ¥1,534 million	Sales amount: ¥1,988 million +29.6% YoY	Increase on previous fiscal year (every year)	Sales amount: ¥2,542 million +27.8% YoY
	ZEH rate	50% (fiscal year ending March 31, 2031)	27%	41%	50% (fiscal year ending March 31, 2031)	45%
	Shipment of solar panels	50,000 (fiscal year ending March 31, 2031)	28,960	33,054	50,000 (fiscal year ending March 31, 2031)	32,941

\* These targets are KPIs newly reviewed or identified in May 2025.

CO<sub>2</sub> emissions in Scopes 1, 2, and 3

Scope		Calculation method	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Unit
Scope 1 Direct emissions from the business itself		Multiplying the quantity of fuels used by the emission factors	52.6	48.4	36.4	kt-CO <sub>2</sub>
Scope 2 Indirect emissions from electricity, heat, etc., supplied by others		Multiplying the quantity of electricity used by the emission factors	231.3	230.7	234.9	kt-CO <sub>2</sub>
Scope 3 Indirect emissions from other companies connected to business activities			21.5	21.3	20.4	Mt-CO <sub>2</sub>
1	Purchased products, materials, etc.	Multiplying major procured product by the emission factor released by the Ministry of the Environment	4.2	4.2	4.4	Mt-CO <sub>2</sub>
11	Use of sold products	Multiplying major sales products by estimated energy consumption and useful life	16.5	16.3	15.2	Mt-CO <sub>2</sub>
2,3,4,5,6,7,12,14	Capital goods, energy-related, transportation, waste disposal, business trips, commuting, product disposal, franchises	Multiplying activity volumes in each category by the emission factor released by the Ministry of the Environment	0.8	0.8	0.8	Mt-CO <sub>2</sub>

\*1 For details regarding each Scope 3 category, see Integrated Report 2025 (scheduled for release in September 2025)

\*2 The coverage encompassed consolidated and non-consolidated companies until the fiscal year ended March 31, 2024, but the coverage has been limited to the scope of consolidation from the fiscal year ended March 31, 2025.

■ Third-party guarantees

Third-party guarantees were obtained for scopes 1, 2, and 3 (total of categories 1, 2, 3, 4, 5, 6, 7, 11, 12, and 14) for each fiscal year.

## 2) Circular economy initiatives

In accordance with its environmental policy, the Group has established a system to reuse and recycle used home appliances collected from customers. By completing the product life cycle within the Group, we are helping to reduce the environmental impact on society as a whole. We are also working to reduce industrial waste, including packaging materials and waste materials from construction sites.

Material issues	KPI	Target and target year	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Revised target and target year*	Fiscal year ended March 31, 2025
Resource Circulation and Waste Reduction	Reuse of four types of home electronic appliances (televisions, refrigerators, washing machines, and air conditioners)	300,000 units (fiscal year ending March 31, 2026)	128,194 units	119,727 units	300,000 units (fiscal year ending March 31, 2030)	156,899 units
	Reuse and recycling of computers	422,300 units (fiscal year ended March 31, 2025)	408,312 units	405,025 units	344,300 units (fiscal year ending March 31, 2026)	335,482 units
	Number of recycled small home electronic appliances*	—	—	—	1,000,000 units (fiscal year ending March 31, 2030)	843,128 units

\* These targets are KPIs newly reviewed or identified in May 2025.

\* Please visit our website for our environmental policy at:

[https://www.yamada-holdings.jp/lang-en/policy\\_environmental.html](https://www.yamada-holdings.jp/lang-en/policy_environmental.html)

## (3) Human Capital Initiatives

We regard human capital as the most important management resource for the sustainable development of the Group's business. The position of CHRO has been established to ensure recruitment and planned fostering of diverse human resources, and develop a framework that supports these activities. We provide a working environment in which a wide variety of people can fully demonstrate their individuality and abilities at our operating companies with diverse potential, and encourage their future growth by offering attractive career paths. We strive to increase productivity of each individual employee, by providing an enhanced support system for obtaining internal and external certifications to enhance expertise in each business field in order to achieve the mid-term management plan, among others, while focusing on the development of sales engineers, a unique job category.

### ■ Governance

Specific issues and measures for the human resources strategy submitted by subcommittees are deliberated and decided on, and the progress thereof is monitored by the Board of Directors or the Human Resources and General Affairs Committee, which is chaired by the General Manager of Human Resources and General Affairs Division. The content of discussions at meetings of the Personnel Committees and subcommittees of each operating company in both Japan and overseas are shared in order to solve issues on a Group-wide basis. The whistleblower contact point in the whistle-blowing system was changed from internal to outsourced in March 2024 to strengthen the protection of whistleblowers. In addition, the system now covers all workers (including temporary employees and retirees within one year) and officers of all Group companies to enhance the governance system on a Group-wide basis.

## ■ Strategy

The Group has set out the policy for human resources development to develop and improve capabilities through training and assessing employees, and proactively works to maintain safe and secure work environments based on the policy for maintaining internal environments.

### 1) Human resources development

On its path toward the “Total-Living (Kurashi-Marugoto)” strategy, the Group is striving to secure human resources capable of responding to a wide range of customer needs based on a broader spectrum of products and services as well as future expansion into other business areas. In terms of human resource development, to rebuild the training system to suit the current times when it is difficult to predict the future, the Group has set the theme of “development and training for self-starting human resources and a self-starting organization.”

#### (i) Manager education

Manager education is carried out in accordance with the level of management skills acquired. In addition to technical skills (ability to do the work), trainees also learn human skills and conceptual skills that will enable them to realize organizational dynamism, create organizations for the future, and to put visions of the future into action. Middle management training in particular aims to cultivate the next generation of senior management. The first stage of training provides education that requires trainees to think and act by themselves, the second stage teaches them to expand their horizons and perspectives and acquire and develop the ability to bring an organization together, and the third stage provides learning about a management perspective.

#### (ii) General employee education

General employee education provides support for highly-specialized education in each area and learning environments that employees can access from anywhere at any time to enable them to fully demonstrate their individual skills and characteristics. In the Consumer Electronics Segment, one of the Group’s main businesses, support is provided for obtaining official external certifications. The Group is setting up environments that facilitate the development of autonomous human resources, including self-directed learning environments such as the provision of e-learning.

The Group considers actively carrying out personnel exchanges and sharing educational policies and methods to enable each operating company and business segment to implement its own standalone education efforts. The goal of this is to nurture individuals and organizations, provide learning based on experience and information, and encourage the growth of human resources who can think logically, in order to make human capital more dynamic on a Group-wide basis.

### (iii) Career support

The Group provides diverse working styles in accordance with the needs of individual employees and supports employees pursuing career paths. It is establishing career counselling channels that provide individual counselling to support employees in maintaining a work-life balance in accordance with their individual living situations, including childcare and nursing care commitments. It is building environments that facilitate sustainable growth, including providing educational environments that nurture human skills and more highly specialized education content to develop the skills that individual employees should be demonstrating based on the career paths for each sector. It is also developing greater synergies through coordination within the Group by providing the educational content that crosses operating companies, business segments, and departments.

\* Please visit our website for our policy for human resource development at:

[https://www.yamada-holdings.jp/lang-en/policy\\_human-resource.html](https://www.yamada-holdings.jp/lang-en/policy_human-resource.html)

## 2) Policy for maintaining internal environments

The Group believes that it is important to provide a work environment that gives consideration to work-life balance to create a comfortable working environment. The Group has established an extensive work-life balance system so that employees can choose flexible work styles during life events such as childcare or nursing care. In addition, based on the idea that maintaining and improving occupational health and safety environments where all employees can work with peace of mind and promoting employee health forms the basis of a company's survival, the Group works to ensure health and safety, creates comfortable work environments, facilitates smooth job performance and improved productivity, and manages employee health.

### (i) Promotion of work-life balance

The Group's greatest management resource is talents, so it recognizes the importance of maintaining and improving employee health. In order to maintain and improve health, it has worked to improve work environments through a variety of initiatives, including initiatives for curbing long working hours, introducing a work interval system in FY2019, and encouraging the taking of paid leave. Also, to enable employees to choose flexible work styles during various life events, it has created environments where employees can work with peace of mind by arranging systems such as extended childcare leave period and extended applicable period for shortened working hours system for childcare and supporting them to balance their work with other commitments, such as childcare, nursing care, and medical treatments. The Group is continuing to promote realization of workplaces where diverse human resources can play an active role by providing environments that facilitate work-life management.

### (ii) Diversity, equity & inclusion

Positioning diversity, equity and inclusion as part of the Group's growth strategy will help to create a workplace environment where diverse human resources can play an active role. Human resources nurtured in such a work environment will work hard together, and, by continuing to create valuable products and services, will grow sustainably together with the Group's stakeholders. The Group particularly recognizes that creating an environment in which all female employees can pursue their private lives while simultaneously advancing their careers based on their own intentions and desires is the foundation for further corporate growth.

### (iii) Occupational health and safety

Based on the idea that maintaining and improving occupational health and safety environments where all employees can work with peace of mind and promoting employee health forms the basis of a company's survival, the Group works to ensure health and safety, creates comfortable work environments, facilitates smooth job performance and improved productivity, and manages employee health.

- \* Please visit our website for our policy for occupational health and safety at:

[https://www.yamada-holdings.jp/lang-en/policy\\_health-safety.html](https://www.yamada-holdings.jp/lang-en/policy_health-safety.html)

- \* Please visit our website for our policy for maintaining internal environments at:

[https://www.yamada-holdings.jp/lang-en/policy\\_environment-improve.html](https://www.yamada-holdings.jp/lang-en/policy_environment-improve.html)

### 3) Respect for human rights

Based on the content of its respect for human rights in its Code of CSR Ethics, the Group has established "Human Rights Policy" which sets out the Group's due diligence on human rights, the remedies and corrective measures to be taken in the face of human rights abuses, and education on human rights. As a company engaged in businesses that support people's daily lives, we recognize that respect for human rights is essential to fulfilling our social responsibilities. It also ensures respect for the personality and individuality of each individual by ensuring that all officers and employees get to grips with international norms related to human rights, promoting initiatives that encourage respect for each other's personalities and individualities, and eliminating discrimination based on personal aspects such as race, nationality, gender, and religion, and promotes respect for the human rights of each employee by providing safe and healthy work environments, allowing freedom of association, and forbidding child or forced labor and inhumane activities.

#### (i) Human rights initiatives

In accordance with its human rights policy, the Group implements various initiatives with the aim of raising awareness and building a culture of respect for human rights. YAMADA DENKI has established the "policy on measures against customer harassment," and prepared a response manual to ensure safety and security of employees. In addition, the Group conducted video training for officers and managers on anger management. The Group also identifies human rights issues of its business partners by understanding of their working environment through questionnaire surveys.

- \* Please visit our website for our policy on measures against customer harassment at:

<https://www.yamada-denki.jp/information/policy/customer-harassment.html> (in Japanese)

#### (ii) Human rights due diligence

In order to respect the human rights of all stakeholders involved in its business activities, the Group continues to develop its system to implement human rights due diligence to identify and mitigate impacts on human rights, based on the United Nations Guiding Principles on Business and Human Rights and the Japanese government's Guidelines on Respecting Human Rights in Responsible Supply Chains. In the fiscal year ended March 31, 2025, a questionnaire targeting YAMADA HOLDINGS and YAMADA DENKI was conducted on human rights risks, and significant human rights risks were identified. Going forward, the Group will promote initiatives based on results of the questionnaire.

In addition, video-based human rights training for employees was carried out for the purpose of raising awareness of human rights. The Group will continue to conduct training for employees.

<Results of the Questionnaire>

Significant human rights risks	Excessive/unreasonable working hours
	Freedom to move one's residence
	Consumer safety and right to know
	Information security
	Intellectual property rights

\* Please visit our website for our human rights policy at:

[https://www.yamada-holdings.jp/lang-en/policy\\_human-rights.html](https://www.yamada-holdings.jp/lang-en/policy_human-rights.html)

■ Management of risks and opportunities

Insufficient efforts in human resource development may decrease not only employee motivation but also customer satisfaction. On the other hand, systematizing human resource development to create opportunities for diverse human resources to play an active role can be expected to raise the level of customer service and proposal capabilities of the entire workforce, leading to improved customer satisfaction. Within the Company's business activities, it is important that each individual can fully demonstrate their abilities and individuality. The Company believes that providing work environments that are tailored to the characteristics of each operating company, business segment, and department, as well as environments that encourage self-directed growth, will contribute to the growth of its employees. It is also striving to reduce the risk of employee turnover by utilizing the human capital of the entire Group, such as carrying out personnel exchanges on a Group-wide basis.

■ Metrics and targets

Employee satisfaction surveys, which had been conducted previously, were changed to engagement surveys on the subject of measuring employee engagement. These surveys aim to understand issues more precisely based on results of engagement surveys and stress test surveys, and then take appropriate measures to effectively drive improvement of internal environments. The Group also recognizes that it is important to take action on matters affecting all employees, including matters that should be achieved through diversity, equity and inclusion, such as promoting the success of female workers, supporting work-life balance, promoting the success of people with disabilities, senior workers and global talents, and encouraging understanding of LGBTQ+. Accordingly, it works to build work environments where diverse human resources can play an active role.

Material issues	KPI	Target and target year	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Revised target and target year *5	Fiscal year ended March 31, 2025
Strengthening Human Resource Development	Average number of training hours per employee	30 hours or more/year (fiscal year ending March 31, 2031)	19 hours/year	25 hours/year	30 hours or more/year (fiscal year ending March 31, 2031)	21 hours/year



Material issues	KPI	Target and target year	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Revised target and target year *5	Fiscal year ended March 31, 2025
Enhancing Workforce Stability and Customer Satisfaction through DX and Internal Improvements	Sales amount per person *5	—	—	—	¥71 million/year (fiscal year ending March 31, 2030)	¥54.72 million/year *1
	Sales from online and TV shopping *5	—	—	—	¥190.0 billion (fiscal year ending March 31, 2030)	¥101.8 billion
	Turnover rate of full-time employees *5	—	—	—	4.5% (fiscal year ending March 31, 2031)	4.4%
Advancing DE&I and Well-being	Controls on long working hours	Percentage of companies that reduced overtime hours Increase on previous fiscal year (every year)	Percentage of companies that reduced overtime hours from the previous year 60%	Percentage of companies that reduced overtime hours from the previous year 70.4% +10.4 points YoY	Percentage of companies that reduced overtime hours Increase on previous fiscal year (every year)	Percentage of companies that reduced overtime hours from the previous year 53.8% -16.6 points YoY
	Percentage of employees taking paid leave	80% (fiscal year ending March 31, 2031)	56.9%	64.0%	80% (fiscal year ending March 31, 2031)	58.1%
	Ratio of female managers	10% or more (fiscal year ending March 31, 2031)	3.6%	3.6%	10% or more (fiscal year ending March 31, 2031)	4.1%
	Percentage of health checkups taken	100% (fiscal year ending March 31, 2031)	97.9%	95.9%	100% (fiscal year ending March 31, 2031)	95.6%
	Percentage of stress tests taken	100% (fiscal year ending March 31, 2031)	93.2%	96.1%	100% (fiscal year ending March 31, 2031)	96.5%
	Engagement surveys *5	Employee satisfaction surveys Overall rating of [A]	Overall rating of [B] *2	Overall rating of [B] *3	Engagement surveys Overall rating of [A] (fiscal year ending March 31, 2031)	Overall rating of [B]
	Frequency rate of occupational accidents resulting in absence from work	No more than 0.50 *4 (fiscal year ending March 31, 2031)	0.69 *1	0.98 *1	No more than 0.50 (fiscal year ending March 31, 2031)	1.14
	Percentage of female and male employees taking childcare leave	[Female] Maintain at 100% [Male] 80% or more (fiscal year ending March 31, 2029)	[Female] 100.0% [Male] 14.3% *2	[Female] 100.0% [Male] 32.5% *2	[Female] Maintain at 100% [Male] 80% or more (fiscal year ending March 31, 2029)	[Female] 100.0% [Male] 36.2%

- \*1 Target: YAMADA DENKI CO., LTD.
- \*2 Target: YAMADA HOLDINGS CO., LTD. and YAMADA DENKI CO., LTD.
- \*3 Target: YAMADA HOLDINGS CO., LTD., YAMADA DENKI CO., LTD., YAMADA FINANCE SERVICE Co., Ltd., CIC Corporation, INVERSENET INC., YAMADA HOMES CO., LTD., Hinokiya Group Co., Ltd., Housetec Inc., Chubu Nikka Service Co., Ltd. and Nikka Maintenance Co., Ltd.
- \*4 The target figure for the frequency rate of occupational accidents resulting in absence from work has been calculated based on the “Industrial accident rate by industry and business establishment and average number of working days lost per one casualty” in the Ministry of Health, Labour and Welfare’s “Outline of the Survey on Industrial Accidents 2021 (Survey of establishments (with 100 employees or more) and survey of general construction).”
- \*5 These targets are KPIs newly reviewed or identified in May 2025.

#### 4. RISK FACTORS

Of the items relating to the status of the business and accounting as described in the Annual Securities Report, major risks recognized by the management that may materially affect the financial position, results of operations and cash flows of the consolidated companies are provided below.

Items in the text below that concern the future were determined by the Group as of the end of the fiscal year under review.

1. Store Openings and Development		
Probability: Low	Potential occurrence: Anytime	Potential impact: Strong
<p>■ Risk</p> <p>The Group currently has stores in all 47 prefectures of Japan as well as overseas. The Group continues to plan retail store openings and development both in Japan and overseas. In Japan, the Group aims to restructure its store network and improve its market share by opening stores appropriate to the size of the Japanese market in urban centers, suburbs, small-scale trading areas, community-based retail areas and other areas through the development of a nationwide chain of stores, as well as by store openings in areas with potential. However, the Group will have to secure for itself adequately priced land in favorable locations, which will make it susceptible to competition from competitor companies. The Group expects labor outlays and equipment costs to increase mostly in connection with opening new stores, implementing a scrap-and-build policy, expanding and increasing floor space or changing operations of existing stores centered on LIFE SELECT, LABI, Tecc Land, YAMADA web.com and outlet stores. The Group also expects competition from competitors in areas where its stores have been already established to be fierce. It is also possible that the profitability of existing stores will be affected by new store openings depending on the region, due to saturated markets and conditions of the area in which such consumer electrical appliance retail stores are opened. With regard to stores that are closed due to our revised nationwide store network strategy we decided for the purpose of improving store efficiency in light of the market environment including competitions among our own stores and with other companies, loss on disposal of or contract cancellation of the closed stores may be incurred or the closed stores may not be subleased or sold off. The Group will generally weigh conditions such as rent expenses and guarantee deposits for store openings, as well as competition, trading area population and various laws and regulations in order to make carefully thought-out decisions. However, there is always the possibility that changes or delays could occur in the planning due to issues relating to real property. Conditions such as those described above may obstruct effective store development and management efforts and ultimately have a negative impact on the Group's performance and financial position. Another consideration is the large amounts of capital necessary for store development including new store openings, scrap-and-build, expanding and increasing floor space and operational changes of existing stores centered on LIFE SELECT, LABI, Tecc Land, YAMADA web.com and outlet stores. At present, it is covered by retained earnings and loans. However, any circumstance that thwarts capital procurement efforts could block the execution of business plans in the future.</p>		

<b>2. Competition</b>		
Probability: High	Potential occurrence: As appropriate	Potential impact: Medium
<p>■ Risk</p> <p>The consumer electrical appliance retail industry is intensely competitive where the societal needs continue to change reflecting development such as the anticipated declining birth rate and aging of the population, population decline, and the transition to the Internet-based and digital society. Companies that have business formats, ranging from large-scale consumer electronics retailers, supermarkets, and home centers, to interior stores, furniture stores, miscellaneous goods stores and online shopping sites and other various mail-order sites, and offer electrical appliances or products similar to those of the Group are our competitors. Although the Group has a leading position in the industry, it constantly faces various forms of competition such as pricing, new store openings and customer and human resource acquisition. The Group coexists with and carries out store openings to meet the needs of a wide range of customers, such as LIFE SELECT, LABI, Tecc Land, YAMADA web.com and outlet stores, as well as small-scale trading areas and community-based retail areas; however, owing to an unexpected fluctuation in demand for higher unit-priced durable consumer goods, the consumer electrical appliance retail industry cannot be said to be stable, and the Group is likely to continue to face competition from rival companies in all regional areas. The Group believes that there is a possibility of aggravated competition due to the entry of new companies, as well as intensified competition among stores and in the area of purchasing as a result of M&amp;As and alliances between companies vying to compete against the Group. Inability to successfully adapt to such situations would adversely affect the Group's performance and financial position. In addition, if other companies start offering products at lower prices than the Group, which would mean slashing of sale prices to remain competitive, profits may fall as a result, affecting the Group's performance and financial position.</p>		

<b>3. Risks Related to M&amp;As and Alliances</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
<p>■ Risk</p> <p>The Company may execute organizational restructurings, M&amp;As, alliances and sales of business in order to strengthen its business foundation. The Company will carefully study and examine the conditions before acting in order to alleviate risk. However, unforeseeable issues including contingency liabilities may arise after such actions take place. The Company also believes that initial expectations may not materialize or that investments may not be recovered. Depending on the circumstances, extraordinary loss or extraordinary income may occur, detrimentally affecting the performance and financial position of the Group.</p>		

4. Regulations		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Strong
<p>■ Risk</p> <p>Similar to other retailers, the Group is subject to laws and regulations such as the “Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment,” the “Designation of Specific Unfair Trade Practices by Large-Scale Retailers Relating to Trade with Suppliers” based on the “Act on Prohibition of Private Monopolization and Maintenance of Fair Trade” (Antimonopoly Act), the “Act against Unjustifiable Premiums and Misleading Representations” (Premiums Law), the “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors” (Subcontract Act) and, as an operator engaged in the business of recycling and reuse with the aim of reducing the environmental load and creating a recycling-oriented society, the “Act on Recycling of Specified Kinds of Home Appliances” (Home Appliance Recycling Act), as applicable. Newly established laws and/or regulations, revisions to existing rules or stricter interpretations of laws and regulations by the regulatory authorities may lead to a decrease in demand for the products and services offered by the Group or an increase in the cost of doing business, thus, negatively affecting the performance and financial position of the Group. In relation to the opening of new stores with store area exceeding 1,000 square meters, or the expansion of existing stores beyond such size, local governments enact and enforce regulations in accordance with the provisions on store openings under the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment so as to preserve the living environment of the surrounding region. The Group is aware that its new store openings and expansion of existing stores are subject to regulations based on such Act and will observe such Act for the consideration of the living environment of the surrounding region and the like. Depending on the time required for surveys under such Act, delays or the like in the opening of new stores or the expansion planning for existing stores may affect the store opening policy of the Group. Transactions between large-scale retailers and suppliers are subject to regulations based on the Designation of Specific Unfair Trade Practices by Large-Scale Retailers Relating to Trade with Suppliers, and being a large-scale retailer, the Group is subject to such regulations. The Group will observe such regulations. It is noted that the Group’s operating results may be affected if such regulations are tightened in the future. Increased restrictions under the Construction Business Act, the Building Standards Act, the Building Lots and Buildings Transaction Business Act and/or the Insurance Business Act applying to the insurance business, as well as other related laws and regulations applicable to the Group’s housing-related business may negatively affect its performance and financial position. Furthermore, centering on the retail sale of electric appliances, the Group has been working to amplify our proposals of “Total-Living (Kurashi-Marugoto)” proposal. In operating our various services and businesses, we have conducted the required procedures, such as acquisition of the proper approvals and licenses from regulatory agencies, lawfully and appropriately, and at present, no serious issues have occurred. However, in the future, if these approvals and licenses are cancelled, or if their renewal is not recognized, or, if we do not receive the approvals and licenses to further expand services or launch new businesses, or, if there are delays in the acquisition of these approvals and licenses, it may negatively affect the Group’s performance and financial position. In addition, there is a potential risk of an increase in costs due to tighter greenhouse gas emission regulations, such as carbon tax (carbon pricing). The Group has been implementing initiatives to reduce environmental impact through its business activities by setting “Tackling Climate Change,” “Promoting Sustainable Products” and “Resource Circulation and Waste Reduction” as material issues, including reduction of Scope 1 and Scope 2 CO<sub>2</sub> emissions by 42% compared to the fiscal year ended March 31, 2021 by the fiscal year ending March 31, 2031. However, in the future, if such regulations are tightened further for any reason, it may negatively affect the Group’s performance and financial position.</p>		

<b>5. Economic Trends</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Strong
<p>■ Risk</p> <p>The Group depends on the Japanese market for most of its sales, and domestic consumer trends impact its performance. Various revisions in laws and regulations or changes in domestic and/or overseas economic factors, such as fluctuations in interest rates, fuel prices, the number of housing projects started, unemployment figures, increases in tax rates, changes in demographics, changes in exchange rates or stock prices, changes in consumption tax, a slowdown in the global economy or materializing risk of an economic slowdown in emerging markets, may not only push up the cost of sales and business expenses but also reduce disposable incomes and drive down the demands for the Group's products. Furthermore, we must respond to distribution market changes as a result of the future challenges in Japan, such as the declining birth rate and aging of the population, population decline, and the transition to the digital and Internet-based society. The weakening of disposable income and consumer spending in Japan may negatively impact sales of the Group's products, resulting in a decline in net sales. The Group's performance may also be affected when, due to an impact of the economic trends on its recruiting activities, it is not able to acquire human resources as required. There are also many causes for concern in the global economy such as materializing risk of an economic slowdown in newly emerging economies and political instability in Europe and the Middle East. As a result, the situation remains unpredictable. Under the current conditions, with overseas political and economic instability continuing, economic prospects are clouded with uncertainty, particularly in the financial markets. In view of these factors, there is absolutely no guarantee that the Japanese economy will continue growing or stop receding. The Group's business, performance and financial position may be affected by the decrease in domestic consumer spending. In addition, as most of the interior, furniture, accessories and other products are imported from Asian countries, factors such as the Asian countries' political situation or economy may also have a negative effect. Furthermore, the Group's housing business is strongly affected by trends in personal consumption driven by employment conditions, trends in land prices and interest rates, policies relating to housing and the housing tax system, and the increase in consumption tax. Depending on such conditions or trends, the Group's performance may be affected, particularly if there is a substantial decline in orders for houses resulting from an unforeseen deterioration in the market climate.</p>		

<b>6. Demand Associated with Seasonal and Weather Factors or Events, etc.</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Strong
<p>■ Risk</p> <p>As with other retailers, sales and revenue fluctuate monthly. Generally, the Group sees increases during the bonus season, at the end of the fiscal year and during months with many holidays. There are also increases when sales of seasonal products fare well. Meanwhile, sales of seasonal products such as air conditioners, heaters, refrigerators, electric fans and drying machines fluctuate greatly with the weather. Sales are known to drop during cool summers, warm winters, dry rainy seasons and prolonged rainy seasons. It is difficult to accurately predict irregular demands springing up due to seasonal changes, weather conditions or other events, not to mention demand for the Group's products in general. Any significant deviation from such predictions may impact the Group's business, performance and financial position.</p>		

<b>7. Changes in Consumer Wants and Preferences</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
<p>■ Risk</p> <p>In order to maintain and increase the Group's net sales and income, it is necessary to predict which products consumers will want or prefer and make sure that sufficient quantities of such products are in stock to meet consumer needs. It is considered important to spur demand by regularly introducing new products and technologies to consumers. If these activities fail to bear fruit, the Group's performance and financial position may be affected. Such failure can be caused by a lack of certain products due to competition from other retailers, change in the Group's relationship with manufacturers or new product or technology on which a manufacturer is focusing being inconsistent with consumer needs. Also, the introduction of a new product may result in a decrease in the sales of existing equivalent products.</p>		

<b>8. Product Purchasing and Inventories</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
<p>■ Risk</p> <p>To ensure favorable performance, the Group should have in place a system under which the necessary products are purchased in necessary quantities at appropriate prices. Unfortunately, if product supplies become unstable due to such factors as a change in the relationship with business partners, global shortages of resources and materials, and disruption of supply chains or maintaining regular product supplies becomes difficult due to, among other matters, fragmentation in the distribution network caused by a natural disaster or traffic accident, product purchasing according to a preconceived plan may become unfeasible. If these events occur, the Group's performance and financial position may be negatively affected.</p>		
<p>■ Response</p> <p>The Group always sources each product category from multiple suppliers. By selecting the products that are carried at any time and having a system that does not rely on a specific supplier for the best product at the right time, we aim to diversify the risk for sourcing product.</p> <p>In addition, by assigning persons in charge and responsible for sourcing by product category, we maintain close exchange of information on product orders with each customer to prevent unforeseen circumstances. Consequently, we have built a structure that always allows us to understand and consider when there is a problem with product supply and to quickly make the necessary response when unforeseen circumstances arise (understand the cause, implement corrective actions, plan for alternative products, confirm the status of recovery, etc.) to minimize the impact on the Group.</p> <p>Furthermore, a confirmation meeting for purchases and inventory attended by Directors in charge of products and all persons responsible for sourcing each product category is held weekly, in an effort to understand and share the status of the ever-changing market and manage the progress relative to plans so that there is no divergence from the business plans.</p>		

<b>9. Risks Regarding Quality Assurance for Housing</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Strong
<p>■ Risk</p> <p>The Group thoroughly manages the quality of housing as producer of housing. Even so, the operating results and financial position of the Group may be negatively affected if a serious issue with quality arises due to unforeseen circumstances.</p>		
<p>■ Response</p> <p>The Group's YAMADA HOMES Co., LTD. has built a structure to minimize the impact on the Group through the establishment of a specialist department to design an appropriate construction system with the use of legally compliant materials. In the event of unforeseen circumstances, the aforementioned specialist department will promptly issue a response to the relevant departments. In addition, the CS Promotion Department has been established, which analyses aspects such as customer evaluation and desires for construction quality and the quality of response to customers through customer surveys, etc., evaluating each office, making such information well-known and generating awareness to increase quality consciousness. Moreover, the Company also strives to prevent the materialization of such risk through the implementation of after service, such as periodic inspections.</p> <p>For housing quality control, the Group's Hinokiya Group Co., Ltd. undertakes construction controls and inspections for each construction process based on the construction manual, etc., at the construction and inspection department, while a third-party inspection institution conducts quality inspections. For serious matters that could impact earnings, etc., there is a system for information to be gathered at the Construction Management Office, etc. and reported, with discussion of measures and decisions made at the Board of Directors, as necessary. Matters concerning building materials and housing facilities are discussed with the seller as necessary and the relevant department decides the measures at the monthly meeting of the Business Strategy Committee. Information concerning decisions is shared with the persons in charge of the housing business and other relevant parties at the Compliance Committee and the Management Executive Committee, etc. The response to these issues includes setting deadlines, implementing counter-measures and measures to prevent reoccurrence and monitoring the status of improvement.</p>		

<b>10. Impairment on Non-Current Assets</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
<p>■ Risk</p> <p>The Group possesses a large number of non-current assets, including property and equipment and goodwill, and carries out impairment accounting regarding these assets. However, further recognition of impairment losses may become necessary if there is deterioration in the profitability of the Group's stores, a dramatic fall in the market price of the assets possessed by the Group or the like. Such circumstances may negatively affect the Group's performance and financial position.</p>		



11. Managing Franchises		
Probability: High	Potential occurrence: Anytime	Potential impact: Weak
<p>■ Risk</p> <p>The Group is increasing the number of franchises managed as small, community-based retail stores. However, it cannot guarantee that it will be able to continually open franchises in favorable locations or renew existing franchise agreements. If the number of franchises does not increase as planned or decreases, royalties may decline, which will negatively affect the Group's performance and financial position. Also, because franchises are not completely under the control of the Group, they may be managed in a manner that is inconsistent with the Group standards. In addition, with regard to franchise claims, despite the claims preservation contract concluded for each contract and our monthly claims status management, there may be uncollectable claims including payments receivable for goods in the event of business failure of any franchisee due to a decline in business results. This may not only negatively affect the Group's performance and financial position, but also the Company's reputation.</p>		
<p>■ Response</p> <p>As for the operation status of the Group's Yamada Denki stores, we strive to manage risks through checking new development work by the FC Division as well as store guidance, receivables limits and operation status of FC companies each month.</p>		

12. Information Security		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Strong
<p>■ Risk</p> <p>The Group handles point card certificates, registrations for YAMADA Digital Membership and YAMADA plus Premium, the processing of credit card applications, paid service subscription of several long-term product warranties, Yamada's 'Peace of Mind' guarantee, customer information related to various support services, customer information related to distribution, construction or repairs, customer information associated with online shopping and a significant amount of customers' personal information. In addition, headquarters handles various confidential information concerning management. When handling such information, ample caution is taken to prevent information leaks; however, any unpredictable natural disaster, infection by computer virus, manipulation through malicious access, or information leak may damage the reputation of the Group and affect its performance and financial position.</p>		
<p>■ Response</p> <p>The Group (1) prescribes detailed rules concerning information security in the information security policies (basic policy on information security, and information security and IT general control standards), and implements risk measures and responds in the event of compliance or occurrence; and (2) prescribes detailed rules concerning personal information in the privacy policies (policy on protection of personal information and basic rules on protection of personal information) and the General Data Protection Regulation (GDPR) personal information protection policy, and implements risk measures and responses in the event of compliance or occurrence. Matters concerning (1) and (2) are always available for browsing through the intranet, while study groups are provided on an ad hoc basis to all employees. (3) The Company has obtained "ISO27001 (ISMS)" in relation to information security (including in relation to personal information). The Company's activities are subject to annual review by an international accreditation institution, and it retains its certification.</p>		

13. Major Earthquakes and Natural Disasters		
Probability: High	Potential occurrence: Anytime	Potential impact: Strong
<p>■ Risk</p> <p>In cases where the Group's operations are interrupted by damages to its store facilities or blackouts as a result of natural disasters from typhoons, earthquakes or localized torrential rain, products cannot be procured due to an obstruction, the Group is required to close its stores in accordance with evacuation advice due to the effects of radioactive materials from an accident at a nuclear power station, or if it becomes difficult to enter the affected area due to delays in recovery and restoration, there may be a significant decrease in the Group's net sales, which may in turn have a significant impact on the Group's performance.</p>		
<p>■ Response</p> <p>The Group has built a system so that in the event of there being information about a disaster, infection, disputes or similar matters, each person in charge of management (*) gathers as appropriate, with the Disaster Response Headquarters having centralized control to take the appropriate response while prioritizing the safety of customers and employees. In particular, the Group aims to increase the practical abilities for responses from the perspective of precaution, mitigation and disaster prevention measures, the initial response, and the recovery and restoration measures based on the disaster response measures manual to deal with torrential rain, floods, major earthquakes and other disasters.</p> <p>Specifically, the Group revises and reorganizes the disaster response measures manual to ensure effectiveness through regular verification so that employees take autonomous behavior at business offices to (1) ensure the safety of customers, (2) ensure the safety of employees, (3) continue sales, and (4) preserve assets. The latest version of that disaster response measures manual is always available on the intranet. We have built a system of organizational response and not individual response, while also aiming to educate about and make the relevant employees aware of the manual.</p> <p>The Group, in preparation for disasters such as major earthquakes, has stored emergency supplies at YAMADA HOLDINGS and all stores and establishments of YAMADA DENKI.</p> <p>In addition, in anticipation of an earthquake in excess of magnitude 5, we are steadily responding by increasing the strength of the wires for fixing LCD TVs to minimize products falling down and the damage from falling, while taking measures such as fixed screws for displays and shelves.</p> <p>* Sales offices: Branch managers, store managers (person in charge of implementation)  Group companies: President and person in charge of management</p>		

14. Risks Pertaining to the Housing Equipment Business		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
<p>■ Risk</p> <p>The Group works to check the status of its quality control for housing equipment and strives to maintain the quality of such equipment, but in the unlikely event of a problem with product quality occurring or a failure of equipment in the production facility occurring, this may negatively affect the Group's operating results and financial position.</p>		
<p>■ Response</p> <p>As a manufacturer of housing equipment, and as a repairer, installer and builder and a sales entity, the Group's Housetec Inc. provides and sells safety products to consumers, while being aware of the importance of safety in repairs, installation and building in accordance with a basic management policy to be "consumer focused" and "ensure product safety." Specifically, we have prescribed the "Voluntary Action Plan for Product Safety" and the "Quality Assurance Rules" for quality control in the Code of Conduct, which should be observed by each Group company and department to ensure the safety of products. We know the suppliers of raw materials and components and have an information sharing system concerning the design of products with such suppliers and have established rules and regulations necessary to ensure product safety. This includes product repair and installation standards, an incident report manual, a complaint response manual and requirements for invoking a recall such as for a product recall. We take measures to improve and control quality in each manufacturing, construction and service department. We have established the Headquarter Quality Assurance Department as the department with overall responsibility for quality and evaluate the initiatives for improving and controlling quality and give guidance for improvements through (1) a company-wide quality assurance meeting (quarterly), (2) a quality insurance audit (annual), and (3) a construction quality meeting (weekly).</p> <p>All the products manufactured by that company are insured with "Product Liability Insurance" in preparation to deal with liability for damages in the event of an incident caused by defectiveness in that company's products. In addition, a system has been created so that when a product incident occurs, an Incident Response Committee is established based on the "PS Incident Response Rules" to respond to the incident.</p>		

<b>15. Overseas Operations</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
<p>■ Risk</p> <p>The Group operates an overseas store network centered in Southeast Asia, mainly in Singapore, Malaysia and Indonesia. Although the Group carries out careful advance studies prior to starting operations overseas, there may be differences in business customs, revisions to laws, tightening of environmental regulations, dramatic economic changes or unanticipated changes in foreign exchange rates in any of the relevant countries after the start of operations, and it may become difficult to secure local human resources in any such countries. Such circumstances may make it difficult for the Group to conduct business operations or secure business revenue as initially expected. Other than the above, it is conceivable that damage caused by deterioration in orders or deliberate damage to store facilities resulting from changes in the internal political situations of the relevant countries, the occurrence of national disputes, or the occurrence of terrorism or demonstrations in the areas surrounding the stores caused by political or economic problems between Japan and the relevant countries may necessitate suspensions of store operations or make it difficult to continue operations in the relevant areas depending on the circumstances. These factors may negatively affect the Group's operating results and financial position.</p>		
<p>■ Response</p> <p>When commencing the Group's overseas expansion, advice and support are received from experts in legal matters, accounting and taxation, labor and other laws, with consideration given to cooperation with partners well-versed in the local economy, environment and customs, etc. Communication takes place with most likely customers and the feasibility is determined after formulating detailed business plans.</p> <p>Through close communications with local partners and customers, we collect information concerning each country's risk as quickly as possible, striving to prepare a system able to make timely and appropriate management decisions.</p>		

<b>16. Supply of the Company's Original Brand Products</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
<p>■ Risk</p> <p>The Group plans, outsources manufacturing of, and sells original products under the Group's original brands. Given such circumstances, if business continuity becomes difficult due to a disaster, etc. or any other reasons, resulting in a shortage or suspension of product supplies, it may negatively affect the Group's operating results and financial position.</p>		
<p>■ Response</p> <p>To respond to the risks concerning supplies of the Company's original brand products, the Company (1) requests contract manufacturers to build systems for reducing risk when a disaster occurs and appropriately survey to confirm the current status, and requests that manufacturing plants, etc. be distributed in multiple locations and that multiple systems are built for component supply; (2) promotes the development of new outsourcers and does not rely on a single contract manufacturer; (3) participates in marine insurance to reduce the risk of disasters when transporting by sea; and (4) prepares empty boxes for exchange in preparation for water damage caused by the activation of sprinklers inside Yamada Denki stores.</p>		

<b>17. Guarantee Deposits</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Weak
<p>■ Risk</p> <p>Guarantee deposits under leasing agreements of land and buildings, etc. lodged at the time of opening directly-managed stores of the Group are protected with collaterals pledged and other means. They may cause, however, a negative impact to performance and financial position of the Group as such guarantee deposits may become uncollectable in whole or in part in the event of a business failure of a lessee or due to an early termination of the agreement.</p>		

<b>18. Risk relating to Money Lending Business Act</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Weak
<p>■ Risk</p> <p>Due to impacts from Money Lending Business Act, which came into effect in 2007, we anticipate a loss on returning overpaid interest payments in the credit business of the Group. Though the estimated loss to be incurred in the future is accounted for, this may cause a negative impact to performance and financial position of the Group in the event that the economic environment worsens against the backdrop of concerns over financial stability and employment conditions.</p>		

<b>19. Exchange Rate Volatility</b>		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
<p>■ Risk</p> <p>The Group develops and imports its original brands, and aims to stabilize stocking costs by leveling the foreign exchange contracts and foreign exchange rates for imports on foreign-currency-based transactions. However, any sudden fluctuation in the foreign exchange rate for the settlement currency in each country may negatively affect the Group's operating results and financial position.</p>		

<b>20. Lawsuits</b>		
Probability: Low	Potential occurrence: Anytime	Potential impact: Weak
<p>■ Risk</p> <p>At present, the Group has no instances of having received demands for compensation for damages nor lawsuits filed against it which could seriously affect its future performance. However, the Group conducts various business activities mainly in the retail sale of electric appliances, and we cannot rule out the possibility of lawsuits or disputes occurring in these business activities. Where they do occur, they may negatively affect the Group's performance and financial position.</p>		

21. Large-Scale Pandemic		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
<p>■ Risk</p> <p>The Group currently operates its electrical appliance business through stores in all 47 prefectures and is opening housing exhibition sites for the housing business in areas nationwide. Constraints on business activities such as closures or shorter operating hours for stores and housing exhibition sites due to the large-scale spread of infections in each region or nationwide and the application of the Act on Special Measures for Pandemic Influenza and New Infectious Diseases, etc. may negatively affect the Group's operating results and financial position. In addition, the performance and financial position of the Group may be significantly affected if there is an impediment to the operation of stores, etc. due to someone becoming subject to the Act on Special Measures for Pandemic Influenza and New Infectious Diseases, etc. at a store, business office, etc., or if the stable supply of products or purchase price are affected, or the release of new products is postponed due to the impact on business partners' management resources (people, things, money, information).</p>		

## 5. MANAGEMENT ANALYSIS OF FINANCIAL POSITION, RESULTS OF OPERATIONS AND CASH FLOWS

### (1) Overview of Operating Results

Summary of financial position, results of operations and cash flows of the Group (the Company and its consolidated subsidiaries and affiliates accounted for by the equity method) for the fiscal year under review is as follows.

#### 1) Financial position and results of operations

[On background of economies at home and abroad]

During the fiscal year under review, the Japanese economy as a whole was on a gradual recovery trend, due to the upward trend in wages and the effects of various policies. On the other hand, the outlook still remains uncertain mainly due to heightened geopolitical risks and uncertainties in the global situation and economy.

In the consumer electronics retail industry, sales of high value-added products such as drum-type washing machines and air conditioners with excellent energy-saving performance remained robust against the backdrop of climatic factors and a recovery trend in personal consumption, while consumers continued to economize in their daily lives in reaction to the rising cost of living brought about by high prices, declining real wages and reduced disposable income that had continued until now.

[On the Company's efforts]

In this market environment, the Group worked to build a structure that continuously increases revenues and profits by implementing five priority measures under the “Total-Living (Kurashi-Marugoto)” strategy: “active development of area stores by business category with LIFE SELECT as the core,” “strengthening our e-commerce,” “active development of SPA products,” “strengthening complete proposals of Total-Living (Kurashi-Marugoto) through YAMADA Smart House” and “achieve targets by setting goals for issues by each operating company.”

In addition, the Group announced the “2026/3 - 2030/3 Mid-Term Management Plan” on November 8, 2024, as its future policy toward the completion of this “Total-Living (Kurashi-Marugoto)” strategy. By executing a company-wide strategy centered on LIFE SELECT set out in the Plan and maximizing Group synergies, we will aim to achieve our sales target of ¥2.2 trillion for the fiscal year ending March 31, 2030.

Consolidated net sales for the fiscal year under review increased 2.3% year on year to ¥1,629,070 million, operating profit increased 3.2% year on year to ¥42,821 million, ordinary profit increased 2.1% year on year to ¥48,046 million, and profit attributable to owners of parent increased 11.9% year on year to ¥26,913 million, resulting in increased revenue and profit. The main reasons for these results are (1) an increase in demand for durable consumer goods due to a pickup in personal consumption, (2) growth in sales of seasonal home appliances such as air conditioners due to weather factors, (3) sales and profit growth at operating companies starting with YAMADA HOMES, driven by Group synergies.

In addition to the aforementioned contribution from sales, reductions in the rise of selling and administrative expenses, such as personnel expenses and advertising expenses, were achieved through not only efforts to increase store productivity by consolidating and closing stores, etc. in line with opening of LIFE SELECT stores but also other measures to optimize advertising, such as strengthening digital advertising in place of paper flyers. We will continue to carry out these measures in the future.

## [Operating results by segment]

### (1) Consumer Electronics Segment

In the Consumer Electronics Segment, net sales increased 1.4% year on year to ¥1,308,930 million. On the other hand, in anticipation of the first year of the new Mid-Term Management Plan starting on April 1, 2025, the Company has shifted to a sellout-centered business negotiation system to improve inventory efficiency, and this transition process had an impact on gross profit. As a result, operating profit decreased 9.0% year on year to ¥29,695 million. From the new fiscal year onward, the shift to a sellout-centered business negotiation system will increase the linkage between sales and profits, and we expect to be able to generate stable profits in line with the Company's sales growth as stated in the Mid-Term Management Plan.

In addition, in the Consumer Electronics Segment, as an initiative to strengthen our "Total-Living (Kurashi-Marugoto)" strategy, we promote deployment of LIFE SELECT stores (stores offering the widest range of everyday goods at the most reasonable price with the best service in Japan), where customers can experience and feel a delightful life and find anything they need for such a life, with the store concept of "We support you living a delightful life. Entirely." We newly opened "Tecc LIFE SELECT AEON Town Ogaki Store" in Ogaki City, Gifu Prefecture in March 2025 (36 stores as of March 31, 2025). We will strive to build a structure to further increase sales and profits by strengthening our sales structure through aggressive development of area stores with LIFE SELECT as the core, and by promoting new initiatives and growth strategies in the remodeling, furniture and interior design, Internet and TV shopping, and corporate businesses.

Although the number of stores has decreased due to the promotion of area store development centered on LIFE SELECT, sales floor space of directly-managed stores increased 100.9% year on year to 2,872,818 square meters, and store efficiency and profitability also steadily improved due to the promotion of store consolidation and closure.

### (2) Housing Segment

In the Housing Segment, revenues and profits both increased, with net sales increasing 6.3% year on year to ¥297,241 million, and operating profit increasing 66.5% year on year to ¥9,372 million.

The performance of the Housing Segment by company (before offsetting consolidation and internal transactions) was as follows:

#### (1) YAMADA JUKEN HOLDINGS Group

YAMADA JUKEN HOLDINGS Group reported net sales of ¥91,712 million (up 14.1% year on year) and an operating profit of ¥523 million (improvement of ¥3,351 million year on year), thanks to the success of its efforts to reform and aggressive advertising investments made since the previous fiscal year. Overall, the housing business and the pre-owned home purchase business performed well. In particular, we have carried out various measures that demonstrate Group synergy, including establishing "Housing Consultation Counter Yamada Real Estate" in YAMADA DENKI stores to provide a new touch point for gathering housing information and serving customers. Such efforts have augmented the land procurement system, resulting in growth in housing sales, including built-for-sale housing sales. In addition to introducing new built-to-order housing products and shortening the time from contract to start of construction, we will continue to expand sales of built-for-sale housing and standardized housing in order to promote growth of profit.

#### (2) Hinokiya Group

Hinokiya Group reported net sales of ¥144,886 million (up 1.9% year on year) and operating profit of ¥7,326 million (down 2.1% year on year). Although there were some construction delays during the period, both the housing and insulation materials businesses grew significantly in the fourth quarter. On the other hand, personnel and other expenses increased mainly due to increased hiring to expand business in the insulation materials business, resulting in higher revenues and lower profits.



### (3) Housetec

Housetec reported an increase in revenues and profits, with net sales of ¥63,353 million (up 1.7% year on year) and operating profit of ¥2,691 million (up 4.2% year on year), due to strong sales of system baths and system kitchens, etc. and thorough control of selling prices and expenses amid the impact of soaring resource prices.

### (3) Financial Segment

In the Financial Segment, revenues and profits both increased, with net sales increased 4.5% year on year to ¥4,493 million, and operating profit increased 35.0% year on year to ¥1,307 million, reflecting growth in YAMADA NEOBANK housing loans and living loans linked to the Group's housing and renovation businesses, as well as expanded performance by YAMADA SMALL AMOUNT SHORT TERM INSURANCE.

### (4) Environment Segment

In the Environment Segment, revenues and profits both increased, with net sales increased 10.3% year on year to ¥36,111 million, and operating profit increased 12.7% year on year to ¥1,634 million, reflecting steady growth in the production system and sales of reused home appliances and PCs. The remanufactured products are deployed at more than 300 YAMADA DENKI stores, and our efforts to build a self-contained Group-wide resource recycling system are steadily progressing.

### (5) Other Segments

In other segments, net sales decreased 2.3% year on year to ¥24,684 million, and operating profit decreased 0.5% year on year to ¥673 million. The main reason for the decreases in revenues and profits was due to the change in business model at Cosmos Berry's.

#### [On number of stores]

The number of consolidated retail stores, including those overseas at the end of the fiscal year under review encompassing 19 new store openings and 46 store closures, was 978 directly-managed stores (comprising 949 stores directly managed by YAMADA DENKI and 29 stores operated by other consolidated subsidiaries). The total number of stores of the Group, including the stores managed by franchise stores, was 8,838.

#### [On performance summary]

As a result of the above, consolidated net sales for the fiscal year under review amounted to ¥1,629,070 million, up 2.3% year on year, operating profit totaled ¥42,821 million, up 3.2% year on year, ordinary profit was ¥48,046 million, up 2.1% year on year, and profit attributable to owners of parent was ¥26,913 million, up 11.9% year on year.

#### [Financial position]

Total assets at the end of the fiscal year under review amounted to ¥1,324,981 million, up ¥35,986 million (2.8%) compared to the end of the previous fiscal year. The main factors were increases in accounts receivable - trade and construction in progress.

Total liabilities amounted to ¥679,705 million, up ¥14,885 million (2.2%) compared to the end of the previous fiscal year. This was mainly due to borrowings for working capital.

Net assets amounted to ¥645,276 million, up ¥21,101 million (3.4%) from the end of the previous fiscal year. The main factor was an increase in retained earnings due to profit attributable to owners of parent. As a result, the equity ratio was 48.1% (up 0.3 points from the end of the previous fiscal year).

## 2) Cash flows

As of the end of the fiscal year under review, cash and cash equivalents on a consolidated basis stood at ¥67,554 million, up ¥13,203 million (24.3%) 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 ¥51,566 million (¥54,559 million provided in the previous fiscal year).

This was mainly due to a decrease in trade payables.

### *Cash flows from investing activities*

Net cash used in investing activities amounted to ¥35,144 million (¥21,912 million used in the previous fiscal year).

This was mainly due to purchases of property and equipment.

### *Cash flows from financing activities*

Net cash used in financing activities amounted to ¥4,060 million (¥25,592 million used in the previous fiscal year).

This was mainly due to an increase in proceeds from long-term borrowings.

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio (%)	51.8	51.6	47.6	47.8	48.1
Market value-based equity ratio (%)	39.1	25.0	25.4	23.6	22.5
Interest-bearing debt to cash flows (year)	1.9	11.3	7.3	5.8	6.3
Interest coverage ratio (factor)	89.5	14.8	29.8	31.9	22.4

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

Notes: 1. All indicators are calculated using consolidated-based financial figures.

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

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

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

### 3) Sales results

#### a. Sales results

Sales results by segment for the fiscal year under review are as follows.

Segments	Year ended March 31, 2025	
	Amount (Millions of yen)	Year-on-year comparison (%)
Consumer Electronics Segment	1,298,667	1.4
Housing Segment	292,461	6.5
Financial Segment	3,865	2.1
Environment Segment	19,701	8.2
Reportable segments total	1,614,694	2.4
Other	14,376	(0.4)
Total	1,629,070	2.3

Note: Intersegment transactions have been eliminated.

#### b. Sales per unit

	Year ended March 31, 2025	
	Amount	Year-on-year comparison (%)
Net sales - millions of yen	1,298,667	1.4
Sales floor space (average) - m <sup>2</sup>	2,949,917	(2.3)
Sales per square meter - thousands of yen	440	3.8
Employees (average) - persons	23,105	(0.1)
Sales per employee - millions of yen	56	1.5

Notes: 1. "Sales floor space" is the store area based on the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment (or, depending on when the data was submitted, the same law prior to its revision).

2. "Employees" include temporary employees.

## (2) Analysis and Discussion Regarding Status of Operating Results, etc. from a Management Perspective

Recognition, analysis and discussion regarding status of the Group's operating results from a management perspective are as follows. Items in the text below that concern the future were determined as of the end of the fiscal year under review.

### 1) Recognition, analysis and discussion regarding status of financial position and operating results

#### a. Operating results

##### *Net sales and gross profit*

During the fiscal year under review, the Japanese economy as a whole was on a gradual recovery trend, due to the upward trend in wages and the effects of various policies. On the other hand, the outlook still remains uncertain mainly due to heightened geopolitical risks and uncertainties in the global situation and economy.

Also in the consumer electronics retail industry, sales of high value-added products such as drum-type washing machines and air conditioners with excellent energy-saving performance remained robust against the backdrop of climatic factors and a recovery trend in personal consumption, while consumers continued to economize in their daily lives in reaction to the rising cost of living brought about by high prices, declining real wages and reduced disposable income that had continued until now.

Under these circumstances, net sales during the fiscal year under review were ¥1,629,070 million (up 2.3% year on year). Gross profit was ¥457,360 million (up 0.7% year on year) due to a growth in sales and profits, particularly resulting from significant success achieved in the housing business of YAMADA HOMES, driven by Group synergies.

***Selling, general and administrative expenses, other income (expenses) and profit before income taxes***

Selling, general and administrative expenses for the fiscal year under review amounted to ¥414,539 million (up 0.4% year on year) due to promotion of enhancement of store development such as opening of new LIFE SELECT stores, and an increase in various selling and administrative expenses centered on utility costs due to rising energy prices. As a result, operating profit was ¥42,821 million (up 3.2% year on year).

Other income for the fiscal year under review was ¥46 million.

***Total income taxes, profit, profit attributable to non-controlling interests and profit attributable to owners of parent***

During the fiscal year under review, income taxes stood at ¥15,428 million, profit was ¥27,439 million and profit attributable to non-controlling interests amounted to ¥526 million.

As a result, profit attributable to owners of parent increased by ¥ 2,858 million to ¥26,913 million (up 11.9%) compared with the previous fiscal year.

**b. Financial position**

Analysis of the Group's financial position for the fiscal year under review is as described in (1) Overview of Operating Results 1) Financial position and results of operations [Financial position].

**2) Analysis and discussion regarding status of cash flows and capital resources and liquidity of funds**

***Cash flows***

An overview of cash flows for the fiscal year under review is presented in “(1) Overview of Operating Results” “(2) Cash flows.”

***Funding requirements***

The Group's main funding requirements are working capital and capital investments.

Working capital comprises funds used to purchase merchandise for selling as well as expenses such as selling, general and administrative expenses. Capital investments are investments carried out for new store openings, store renovations and so forth.

***Financial policy***

It is the Group's basic policy to allocate funds for working capital and capital investments through cash flows from operating activities, and when necessary, to take out loans from financial institutions or issue corporate bonds, and so forth.

To ensure that funds can be procured stably and efficiently, the Company has established suitably large lines of credit from financial institutions. It has entered into a ¥50.0 billion commitment line agreement and has established a reserve for funding requirements.

The Group generates cash flows from operating activities while further enhancing capital efficiency and improving its financial position.

### **3) Significant accounting estimates and assumptions used**

The Group's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan

Significant accounting policies used in preparing the consolidated financial statements are as described in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS" Note 2, entitled "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

In light of historical performance and status of related transactions, the Group has made estimates and judgements on evaluation of provisions, assets and other items based on various factors deemed reasonable, and the results have been reflected in the consolidated financial statements.

All the matters that should be described concerning significant accounting estimates used in preparing the consolidated financial statements and the assumptions used in such estimates are as described in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS" Note 3, entitled "SIGNIFICANT ACCOUNTING ESTIMATES."

### **4) Objective target indicators, etc. for assessing achievement of management goals**

#### ***Achievement of management goals***

The Company's target management indicators for the fiscal year ended March 31, 2025 were growth in net sales of 4.6% or higher and ordinary profit margin of 3.2% or higher. However, in the fiscal year under review net sales were up 2.3% and the ordinary profit margin was 2.9% due to the above-mentioned reasons. For the fiscal year ending March 31, 2026 as the first year of the "2026/3 - 2030/3 Mid-Term Management Plan," we will advance initiatives aimed at the completion of our Group-wide "Total-Living (Kurashi-Marugoto)" strategy, expand Group synergies, and build a structure for sustainable corporate growth. As management indicators, we target net sales growth of 4.2% or higher and ordinary profit margin of 3.0% or higher.

## 6. IMPORTANT AGREEMENTS

### *Credit Sales Franchise Agreements*

Some of consolidated subsidiaries of the Company has executed franchise agreements with consumer credit companies regarding credit sales.

a. Agreement details	Consumer credit companies conduct credit checks on the customers of the Company's subsidiaries and, based on the results of such checks, such companies pay the amount owed by the approved customers for purchases in lieu of such customers. The consumer credit companies then become responsible for collecting such advances from such customers.
b. Franchisee	JCB Co., Ltd., Orient Corporation, UC Card Co., Ltd.
c. Contract period	Upon request for cancellation by one of the parties with three months advanced notice

### *Syndicated loan agreements with restrictive financial covenants*

The Company has entered into loan agreements for syndicated loans with city and local banks. The details are as follows:

Date of concluding the agreement	Amount of borrowings (Millions of yen)	Balance at end of period (Millions of yen)	Borrowing period	Restrictive financial covenants
August 27, 2020	20,000	2,000	August 31, 2020 to August 31, 2025	(Note 1)
March 8, 2021	20,000	4,000	March 10, 2021 to March 31, 2026	(Note 2)
July 28, 2021	20,000	6,000	July 30, 2021 to July 31, 2026	(Note 2)
January 27, 2022	20,000	8,000	January 31, 2022 to January 31, 2027	(Note 2)
July 27, 2022	20,000	10,000	July 29, 2022 to July 30, 2027	(Note 2)
November 28, 2022	50,000	27,500	November 30, 2022 to November 30, 2027	(Note 2)
July 27, 2023	20,000	14,000	July 31, 2023 to July 31, 2028	(Note 2)
March 7, 2024	20,000	16,000	March 11, 2024 to March 31, 2029	(Note 2)
July 29, 2024	30,000	27,000	July 31, 2024 to July 31, 2029	(Note 2)
March 27, 2025	20,000	20,000	March 31, 2025 to March 31, 2030	(Note 2)

Notes: 1. (i) The borrower shall maintain the amount of net assets on each of the borrower's consolidated and non-consolidated balance sheets as at the end of the accounting period following the fiscal year in which the agreement is concluded, at the higher of either 75% of the amount of net assets as at the end of the accounting period of the year preceding the fiscal year in which the agreement is concluded, or 75% of the amount of net assets in each immediately preceding accounting period.

(ii) The borrower shall ensure that for any two consecutive accounting periods of the borrower following the fiscal year in which the agreement is concluded, ordinary profit presented on each of the borrower's consolidated and non-consolidated statements of income in the accounting period of each fiscal year does not result in a loss for two consecutive periods.

2. (i) The borrower shall maintain the amount of net assets on the borrower's consolidated balance sheets as at the end of the accounting period following the fiscal year in which the agreement is concluded, at the higher of either 75% of the amount of net assets as at the end of the accounting period of the year preceding the fiscal year in which the agreement is concluded, or 75% of the amount of net assets in each immediately preceding accounting period.
- (ii) The borrower shall ensure that for any two consecutive accounting periods of the borrower following the fiscal year in which the agreement is concluded, ordinary profit presented on the borrower's consolidated statements of income in the accounting period of each fiscal year does not result in a loss for two consecutive periods.

## **7. RESEARCH AND DEVELOPMENT**

The total cost of the Group's research and development activities during the fiscal year under review was ¥305 million. Such activities were mainly research and development activities for the housing-related businesses of the subsidiary Houseltec Inc.

## **8. CORPORATE GOVERNANCE**

### **1) Overview of Corporate Governance**

#### **(1) Basic Ideals on Corporate Governance**

The Company's basic ideals of corporate governance are to improve management transparency and continue to maintain and increase corporate value and the value of each stakeholder through fair corporate activities.

#### **(2) Overview of Corporate Governance Structures and Reasons for Adopting Such Structures**

On June 27, 2024, the Company shifted to a company with an Audit and Supervisory Committee, which clearly separates the functions of management into "decision making" and "oversight," and "execution of operations" under a governance structure consisting of the Board of Directors and the Audit and Supervisory Committee. In order to facilitate rapid responses to changes in the business environment surrounding the Group, the Company has adopted a system under which the execution of operations is carried out by executive directors and executive officers, etc., and has clarified the responsibilities of management by having the business execution departments and group companies concentrate on the execution of operations they are in charge of under an organization headed by the Representative Director, Chairperson and CEO.

In addition, the Company is strengthening its control functions by having its Internal Audit Department audit and monitor its business execution departments and group companies, and by establishing the Compliance Committee and the Risk Management Committee.

Furthermore, in conjunction with the transition to a company with an Audit and Supervisory Committee, the Company established the Nomination and Remuneration Committee as a voluntary advisory body to ensure objectivity and transparency in the process of determining executive personnel and remuneration by the Board of Directors.

In addition, the Group, with "Corporate Social Responsibility" at the core of its management philosophy, has established an ESG/Sustainability Promotion Committee, to oversee the formulation of specific CSR-related policies and standards covering areas such as business ethics and the like. Fully recognizing the significance of the policies and standards, the ESG/Sustainability Promotion Committee conducts ongoing educational activities both within and outside the Group to enhance awareness of CSR-related issues.

The Company adopted the above-described structures based on its basic ideals of corporate governance of "improving management transparency, and continuing to maintain and increase corporate value and the value of each stakeholder through fair corporate activities."

An overview of the Company's main corporate bodies is as follows.

#### **(i) General Meeting of Shareholders**

The General Meeting of Shareholders, the Company's top decision-making body chaired by a Director appointed by the Board of Directors, provides an important forum for shareholders, as owners of the Company, to obtain and exchange information as well as to exercise their rights. The Company has an active IR program, and it is intent on disclosing information in a timely manner to ensure its shareholders the opportunity to exercise their rights appropriately. The Company has been making efforts ahead of recent trends, such as preparing and delivering notices regarding the General Meeting of Shareholders in English in a timely manner, and will continue to make further efforts.



**(ii) Board of Directors**

The Board of Directors consists of 12 Directors, of whom seven are Directors who are not Audit and Supervisory Committee members (including two independent outside Directors) and five are Directors who are Audit and Supervisory Committee members (including three independent outside Directors who are Audit and Supervisory Committee members) (ratio of independent outside Directors to the total number of Directors: 41.7%). The Board of Directors is chaired by the Representative Director, and in principle convenes meetings once a month. Extraordinary Board meetings are also convened when necessary. The Company's Board of Directors reviews any important issues related to the Company's business, discusses the status of the Company's performance and takes prompt action as required.

**(iii) Audit and Supervisory Committee**

The Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee members (including three independent outside Directors who are Audit and Supervisory Committee members) and meets once a month in principle. In accordance with the auditing standards, etc. established by the Audit and Supervisory Committee, the Audit and Supervisory Committee members attend not only meetings of the Board of Directors, but also other important meetings such as the Management Strategy Meetings, and committee and subcommittee meetings organized by business execution departments. In addition, they audit and monitor the execution of business by Directors by examining the status of assets of the Company and other matters.

**(iv) Management Meetings**

Management Meetings are attended by executive directors and are held twice a month in principle. The Meetings consult and report on matters to be submitted to the Board of Directors, receive reports and proposals on issues related to the Group's management, execution of operations, etc., discuss and evaluate them, and make decisions on various management policies and growth strategies, etc.

**(v) Management Strategy Meetings**

Management Strategy Meetings are attended by executive directors and executive officers, etc. and are held twice a month in principle. The Meetings publicize the plans, policies, strategies, etc. decided at the Board of Directors and Management Meetings, report on the progress of execution of operations based thereon and the status of important initiatives at each meeting, committee, subcommittee, etc., thereby sharing information and issues and promptly implementing measures to deal with them. Full-time Audit and Supervisory Committee members also participate in the Management Strategy Meetings to monitor the status of execution of operations.

**(vi) Internal Audit Department**

The Company has established a department in charge of auditing under the direct control of the Representative Director, with 16 full-time staff members dedicated to internal audit activities, as an organization to develop and strengthen the internal audit system in the Group. The department makes suggestions and provides advice based on audits and evaluations of the internal control system development status and the system for checking its operation, evaluation system, governance system, and risk management system. The status of internal audit is described in "3) Status of Audit (2) Internal Auditing."

**(vii) Nomination and Remuneration Committee**

In conjunction with the Company's transition to a company with an Audit and Supervisory Committee, the Nomination and Remuneration Committee was established as a voluntary advisory body. The Nomination and Remuneration Committee consists of eight Directors, the majority of whom (five) are independent outside Directors, to ensure objectivity and transparency in the process of deciding executive personnel and remuneration.

**(viii) Others**

The Company contracts with a law firm for legal advice, as needed.

**(3) Other Items Related to Corporate Governance**

The Company has developed a system of internal control for ensuring the proper operation of its business, in accordance with the basic policy below, pursuant to the Companies Act of Japan and the Regulation for Enforcement of the Companies Act.

**(i) System for ensuring that directors and employees perform their duties in compliance with the applicable laws and regulations and the Articles of Incorporation**

**(a) Compliance Committee**

Directors in charge of compliance shall organize the Compliance Committee, which is involved in formulating corporate ethics policies and basic policy and standards on compliance with laws and regulations (compliance provisions), and establish codes of conduct on that basis requiring that directors and employees act in accordance with laws and regulations, the Articles of Incorporation and the Company's employment rules and other internal rules.

Education to directors and employees shall be provided to ensure thorough implementation in this regard led by the Compliance Committee. These initiatives are reported on a regular basis to the Board of Directors and the Audit and Supervisory Committee.

**(b) Establishment of the ESG/Sustainability Promotion Committee**

The Company shall establish the ESG/Sustainability Promotion Committee, in full recognition of the significance of corporate social responsibility, as a means of putting ESG and Sustainability Promotion management into practice as part of the management policy. The CSR Committee shall pursue initiatives based on the Code of Conduct and Code of CSR Ethics in areas that include compliance, labor, customer satisfaction, and environmental and social issues and the progress status shall be confirmed at each sectional meeting.

**(c) Whistle-blowing system**

Upon becoming aware of incidents involving the performance of duties by the Company's directors and employees that are questionable in terms of laws and regulations, individuals regardless of their position shall report such matters directly to the organizational contact set up to receive internal reports, pursuant to the regulations on the whistle-blowing system. The Compliance Committee shall endeavor to make the existence of the whistle-blowing system known.

**(d) Department in charge of internal audit**

The department in charge of internal audit shall operate independently of the Company's operating divisions. It shall perform internal audits on legal compliance of individual sectors and audits encompassing areas such as, information security management systems (ISMS), information systems, information security and personal information protection. It shall also audit work processes and other operations of individual sectors, and take steps to uncover and prevent improprieties and to improve processes.

**(ii) System for storage and control of information concerning the directors' performance of their duties**

**(a) Manager in charge of information storage and management**

With respect to the storage and management of information pertaining to the directors' performance of duties, the Company shall store the documents set forth below (including electro and magnetic records thereof) along with related materials under the responsibility of the director in charge of general affairs and in accordance with the Company's Regulations on Document Management and Handling.

- a. Minutes of General Meetings of Shareholders
- b. Minutes of meetings of the Board of Directors
- c. Financial statements
- d. Internal circulars for managerial decision (ringi-sho)
- e. Minutes of meetings of respective committees
- f. Documents otherwise designated in the Company's Regulations on Document Management and Handling

**(b) Amendments to the Regulations on Document Management and Handling**

Approval of the Board of Directors shall be obtained when amending the Regulations on Document Management and Handling.

- (c) The Company shall develop regulations related to protection of personal information and management of trade secrets, and store and manage personal information and important trade secrets in an appropriate and safe manner.

**(iii) Regulations on management of risk of loss and other systems**

**(a) Risk Management Committee**

The director in charge of risk management shall organize the Risk Management Committee and formulate the Risk Management Basic Regulations. Accordingly, the committee shall categorize risks in the regulations and establish specific risk management systems.

**(b) Crisis management system in the event of disaster**

The director in charge of risk management shall prepare a disaster response measures manual and develop crisis management system in accordance with the manual. The director in charge of risk management shall endeavor to make details of the manual known and provide education regarding disaster response.

**(iv) System to ensure that directors perform their duties efficiently**

When making decisions on allocating duties of directors and conferring segregations of duties and authority of individual sectors, the Board of Directors (or the representative directors) shall be careful not to make decisions that would result in bloated back-office operations, overlapping administrative sectors, intertwined areas of authority or would otherwise significantly impede efficiency.

**(v) System for ensuring the properness of business operations of the Group consisting of the Company, its parent company and its subsidiaries**

- (a) The Company shall establish a system in which the directors of the Company (excluding those who are Audit and Supervisory Committee members) shall each oversee the management and performance of subsidiaries under their respective control and ensure the properness of such business operations.
- (b) The Company's subsidiaries shall execute their business operations in accordance with basic agreements for operating companies and internal regulations of the respective subsidiaries, and such agreements and regulations shall be reviewed as needed.
- (c) To achieve optimal performance and budget management of its subsidiaries, the Company shall hold monthly sectional meetings for each operating company for managing subsidiaries' overall performance and budgets on the basis of mid-term management plans and annual budgets, and furthermore hold sectional meetings with its principal subsidiaries as appropriate.
- (d) When deemed necessary, the department in charge of internal audit may conduct audits related to business operations of subsidiaries.

**(vi) System for reporting to the Company on matters pertaining to performance of duties by subsidiaries' directors, etc.**

- (a) The Company shall stipulate the procedures and content of reporting to the Company from subsidiaries in basic agreements for operating companies and provide appropriate guidance and advice on matters reported, while respecting the autonomy of subsidiary management.
- (b) The Company shall ensure the properness of subsidiary business operations by receiving reports on the status of subsidiary management and financial position at Management Strategy Meetings or monthly sectional meetings for each business segment.

**(vii) Regulations on management of risk of loss of subsidiaries and other systems**

- (a) The Company shall make its Risk Management Basic Regulations thoroughly known to its subsidiaries.
- (b) The Company shall receive weekly risk management and compliance status reports from all of its subsidiaries, by receiving checklists for monitoring compliance.
- (c) Each subsidiary of the Company shall establish basic policies on risk management.
- (d) In the event that a Director of the Company (excluding those who are Audit and Supervisory Committee members) receives a report on risk of loss from a subsidiary under their respective control, it shall investigate the relevant facts in the case and report the matter to the director in charge of risk management.

**(viii) System for ensuring that subsidiaries' directors, etc. perform their duties efficiently**

- (a) The Company's Board of Directors shall formulate mid-term management plans, medium- to long-term business strategy in which subsidiaries are involved, and coordinate with subsidiaries in establishing key management goals based on such plans and strategies, and making progress in that regard.
- (b) The Company shall stipulate procedures in its basic agreements for operating companies with respect to individual matters for approval involving its subsidiaries, and take steps to streamline decision-making in that regard.

**(ix) System for ensuring that subsidiaries' directors, etc. and employees perform their duties in compliance with the applicable laws and regulations and the Articles of Incorporation**

- (a) The Company shall verify the status of subsidiaries' operations using weekly checklists for monitoring compliance, and report such outcomes to the Compliance Committee as necessary.
- (b) The Company's whistle-blowing system shall also be used by its subsidiaries to prevent violations of laws and regulations and the Articles of Incorporation. The Company shall receive reports regarding the status of any disciplinary action taken on the basis of violations of laws and regulations or the Articles of Incorporation.
- (c) In order to perform audits on the appropriateness of the execution of duties by directors and employees in coordination with Audit & Supervisory Board members of a subsidiary, directors or employees of the Company may concurrently serve as Audit & Supervisory Board members of a subsidiary.

**(x) System regarding employees to assist duties of Audit and Supervisory Committee when the Audit and Supervisory Committee requests to assign such employees, and matters regarding the independence of such employees from the directors (excluding those who are Audit and Supervisory Committee members)**

- (a) Assigning an employee to act as an audit assistant

When the Audit and Supervisory Committee requests the Board of Directors that an employee be assigned as an audit assistant to assist in his or her duties, the Board of Directors shall make the necessary organizational changes and personnel rotations upon consulting with the Audit and Supervisory Committee.

- (b) Duties of an audit assistant

Audit assistants shall be formally posted as assistant to the Audit and Supervisory Committee and assist with duties of the Audit and Supervisory Committee and its operations as instructed and ordered.

- (c) Independence of an audit assistant

- a. An audit assistant shall work under the instructions and orders of the Audit and Supervisory Committee, and as such is not subject to the instructions or orders of directors or any person positioned as his or her superior or the like in the organization unit to which the audit assistant belongs.
- b. In performing their tasks, audit assistants may gather all information necessary for the audit.
- c. Consent of the Audit and Supervisory Committee must be obtained for matters involving personnel rotations (this includes consent for the transfer destination in case of personnel transfer), personnel evaluation and disciplinary action of an audit assistant.

**(xi) Matters regarding ensuring effectiveness of the Audit and Supervisory Committee's instructions to employees to assist them in their duties**

- (a) Supervisory authority

The Audit and Supervisory Committee members may instruct audit assistants as necessary for conducting audit work, and audit assistants shall have the authority to conduct necessary investigations based on such instructions.

(b) Cooperative framework

When an audit assistant concurrently serves as an employee of another department, priority must be given to the employee's duties pertaining to the Audit and Supervisory Committee. Moreover, superiors of the other department with which the employee concurrently serves, and directors, must provide support as necessary upon request with respect to performance of such duties.

**(xii) System for directors and employees to report to the Audit and Supervisory Committee and the system concerning other reports to the Audit and Supervisory Committee**

(a) Directors' obligation to report

A director (excluding those who are Audit and Supervisory Committee members) must promptly report to the Audit and Supervisory Committee with respect to any discovery of an incident where work performed by another director or an employee is in violation of laws and regulations, or threatens to cause significant damage to the Company. However, if the matters to be reported to the Audit and Supervisory Committee are notified to all members of the Committee, no report to the Audit and Supervisory Committee is required.

(b) Employees' right to report

An employee may report to the Audit and Supervisory Committee with respect to any discovery of an incident where work performed by a director or another employee is in violation of laws and regulations, or threatens to cause significant damage to the Company.

(c) Internal reporting

The organizational contact set up to receive internal reports shall report matters involving the status of internal reporting to the Audit and Supervisory Committee.

**(xiii) System for reporting to the Audit and Supervisory Committee by the following in subsidiaries: directors, accounting advisors, audit & supervisory board members, executive officers, executive members, persons executing duties set forth in Article 598, Paragraph 1 of the Companies Act, persons equivalent to such persons, and employees, or persons who receive reports from the foregoing persons**

(a) Directors and employees of a subsidiary shall immediately report to the director of the Company, in charge of the subsidiary under its respective control, or the Audit and Supervisory Committee members, if they discover an incident that significantly damages the subsidiary or threatens to do so, or otherwise if they discover a material incident involving violation of laws and regulations, the articles of incorporation or internal regulations within the subsidiary.

(b) With respect to matters involving reports received from directors of subsidiaries, any matters that directors are to report to the Audit and Supervisory Committee of the Company shall be those determined through mutual consultation between directors and the Audit and Supervisory Committee members.

**(xiv) System for ensuring that persons who have reported matters are not treated disadvantageously on the grounds of their reporting**

(a) Persons who have reported matters to the Audit and Supervisory Committee or an Audit and Supervisory Committee member shall not be treated disadvantageously in any way on the grounds of their reporting as set forth in the preceding paragraphs.

- (b) When making decisions regarding the whistleblower with respect to personnel rotation, performance evaluation and disciplinary action, the fact of whistleblowing must not be a consideration, and the whistleblower may request the Audit and Supervisory Committee to conduct an inquiry into the reason for personnel rotation, performance evaluation and disciplinary action.

**(xv) Matters regarding policies pertaining to procedures for prepayment or reimbursement of expenses arising with respect to performance of an Audit and Supervisory Committee member's duties (limited to those related to the performance of duties of the Audit and Supervisory Committee), or otherwise processing of expenses or debt obligations arising with respect to performance of such duties**

- (a) Presentation of budget

The Audit and Supervisory Committee shall present a preliminary budget to the Company with respect to expenses deemed necessary in performing duties.

- (b) Claims for expenses, etc.

Directors may not reject the hereinafter listed claims made by an Audit and Supervisory Committee member, etc. with respect to performance of his or her duties, unless it has been demonstrated that an expense or debt obligation pertaining to the claim is unnecessary with respect to performance of the Audit and Supervisory Committee member's duties.

- a. Claim for prepayment of expenses
- b. Claim for reimbursement of expenses already paid and interest on such amounts accrued after the date of payment
- c. Claim for making repayment to a person to whom a debt obligation is owed (or provision of reasonable guarantee of such amount in cases where the repayment due date of the obligation has not yet arrived).

**(xvi) System for ensuring that the Audit and Supervisory Committee performs audits effectively**

The Audit and Supervisory Committee is provided preliminary explanations with respect to annual plans of the audit to be implemented by the department in charge of internal audit, and may ask for revisions to such plans and make other such requests. Moreover, the Audit and Supervisory Committee may be appropriately provided reports regarding the status of internal audit implementation, and may call for performance of additional audits, improvement of business operations and other such requests, when deemed necessary.

**(4) Overview of Directors and Officers Liability Insurance Policy**

The Company has entered into a directors and officers liability insurance policy as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of the insurance policy includes officers of the Company and its subsidiaries (excluding listed companies) (directors, Audit & Supervisory Board members, executive officers and other significant employees under the Companies Act), and the insurance premiums are not borne by the insureds. The insurance policy covers costs for compensation for damages and litigation costs incurred by the insured person arising from claims for compensation for damages related to the execution of his/her duties. However, to ensure that the appropriateness of the execution of duties by the insureds is not impaired, the insurance policy does not cover losses in the event of damages for the insureds themselves in relation to acts carried out by the insureds with knowledge that they violate laws or regulations.

**(5) Activities of Board of Directors and Nomination and Remuneration Committee**

**(i) Composition**

**(a) Board of Directors**

12 Directors (including those who are Audit and Supervisory Committee members), including five independent outside Directors

**(b) Nomination and Remuneration Committee**

Eight Nomination and Remuneration Committee members, including five independent outside Directors

**(ii) Board of Directors and Nomination and Remuneration Committee Meetings and Attendance**

A meeting of the Board of Directors of the Company is held once a month as a general rule, and a meeting of the Nomination and Remuneration Committee is held each time a matter concerning nomination and remuneration of directors and executive officers of the Company and each group company arises, and when necessary. The number of meetings held during the current fiscal year and the attendance status of individual directors and an Audit & Supervisory Board member are as follows:

Position	Name	Board of Directors meeting (held 17 times)		Nomination and Remuneration Committee meeting (held 5 times) *1	
		Status of attendance		Status of attendance	
Representative Director, Chairperson and CEO	Noboru Yamada	17	100.0%	5	100.0%
Representative Director, President and COO	Yoshinori Ueno *2	13	100.0%	5	100.0%
Representative Director, Vice President and Executive Officer CHRO	Megumi Kogure	17	100.0%	5	100.0%
Director, Senior Managing Executive Officer CFO, and General Manager of Finance and Accounting Division	Kenichi Koyano *2	12	92.3%	—	—
Director, Executive Officer, Head of Integrated Corporate Planning Office	Tsuyoshi Nagano *2	13	100.0%	—	—
Independent outside Director	Tsukasa Tokuhira	17	100.0%	5	100.0%
Independent outside Director	Miki Mitsunari	17	100.0%	5	100.0%
Director who is a full-time Audit and Supervisory Committee Member	Makoto Igarashi	17	100.0%	—	—
Director who is a full-time Audit and Supervisory Committee Member	Kenji Yamazaki *2	13	100.0%	—	—
Independent outside Director who is an Audit and Supervisory Committee Member	Somuku Iimura	17	100.0%	5	100.0%
Independent outside Director who is an Audit and Supervisory Committee Member	Kunimitsu Yoshinaga	17	100.0%	5	100.0%



Position	Name	Board of Directors meeting (held 17 times)		Nomination and Remuneration Committee meeting (held 5 times) *1	
		Status of attendance		Status of attendance	
Independent outside Director who is an Audit and Supervisory Committee Member	Hirohisa Ishii	17	100.0%	5	100.0%
Representative Director, Vice President and Executive Officer, COO	Atsushi Murasawa *3	4	100.0%	—	—
Director and Executive Officer in charge of Administration Division	Akira Fukui *3	4	100.0%	—	—
Director in charge of Store Development Division	Takayuki Fukuda *3	4	100.0%	—	—
Audit & Supervisory Board Member	Jun Okamoto *3	4	100.0%	—	—

\*1 Since the Nomination and Remuneration Committee was established on June 27, 2024, the number of meetings of the Nomination and Remuneration Committee held represents the number of meetings held after the establishment.

\*2 The status of attendance for Mr. Yoshinori Ueno, Mr. Kenichi Koyano, Mr. Tsuyoshi Nagano and Mr. Kenji Yamazaki is for the period since they assumed the post on June 27, 2024.

\*3 The status of attendance at the meetings of the Board of Directors for Mr. Atsushi Murasawa, Mr. Akira Fukui, Mr. Takayuki Fukuda and Mr. Jun Okamoto is for the period until the expiration of their terms of office on June 27, 2024.

### (iii) Content of Board of Directors and Nomination and Remuneration Committee Discussions

#### (a) Board of Directors

- Matters related to general meetings of shareholders
- Matters related to stocks and corporate restructuring of the YAMADA HOLDINGS Group
- Approval and determination of financial closing, financial statements, and dividends of the YAMADA HOLDINGS Group
- Matters concerning the treatment and appointment of Directors of the YAMADA HOLDINGS Group
- Approval of basic management policies of the YAMADA HOLDINGS Group
- Approval of business plans, budgets and expenditures of the YAMADA HOLDINGS Group
- Asset management of the YAMADA HOLDINGS Group
- Procurement and management of funds of the YAMADA HOLDINGS Group
- Sustainability-related considerations for the YAMADA HOLDINGS Group
- Matters related to execution of duties
- Approval of revision and enactment of regulations

(b) Nomination and Remuneration Committee

- Matters related to selection of the chairperson of the Nomination and Remuneration Committee
- Matters related to the order of priority for designating another person when the chairperson has difficulties performing as the chairperson of the Nomination and Remuneration Committee
- Determination of draft plans regarding special titles and positions of Directors who are not Audit and Supervisory Committee members
- Determination of draft plans regarding remuneration for Directors who are not Audit and Supervisory Committee members
- Determination of draft plans regarding nomination of Executive Officers with special titles and Executive Officers
- Determination of draft plans regarding remuneration for Executive Officers with special titles and Executive Officers
- Determination of draft plans regarding nomination and special titles of Directors of the Group's operating companies
- Determination of draft plans regarding the amount of individual remuneration for Directors of the Group's operating companies
- Determination of draft plans regarding nomination of Executive Officers with special titles and Executive Officers of the Group's operating companies
- Determination of draft plans regarding remuneration for Executive Officers with special titles and Executive Officers of the Group's operating companies
- Determination of draft plans regarding retirement benefits for directors (and other officers) for retiring Directors of the Group's operating companies
- Matters related to development of the Company's standards for independent outside Directors
- Determination of draft plans regarding structure and nomination of Directors and Executive Officers for the new fiscal year (FY2025)
- Matters related to structure and nomination of Directors and Executive Officers of the Group's operating companies for the new fiscal year (FY2025)

#### (iv) Assessment of Board of Directors effectiveness

The Company conducted analyses and assessments to verify if the Board of Directors is effectively fulfilling its roles and responsibilities. A summary is as follows:

##### (a) Assessment Method

In evaluating the effectiveness of the Board of Directors for the fiscal year ended March 31, 2025, the Office of the Board of Directors established assessment items in questionnaire format, and analyzed and evaluated the responses received from all Directors.

- Assessment Period: January 2025 to March 2025
  - Assessors: All 12 officers (including 7 internal officers and 5 outside officers)
  - Assessment Method: Questionnaire Format
  - Question Format: 6 categories (total of 21 questions)
    - Category 1 Role/Function (5 questions)
    - Category 2 Scale/Structure (3 questions)
    - Category 3 Operations (4 questions)
    - Category 4 Internal Controls/Auditing Bodies (3 questions)
    - Category 5 Relationships with Outside Directors (3 questions)
    - Category 6 Relationships with Stockholders and Investors (3 questions)
  - Free description field for each item (optional)
  - Free description field for entire survey (optional)
  - Scoring: 4 tiered assessment
- Scores range from 1 to 4 with 4 being the highest
- Outstanding Score: 4
  - Adequate Score: 3
  - Needs improvement Score: 2
  - Unknown Score: 1

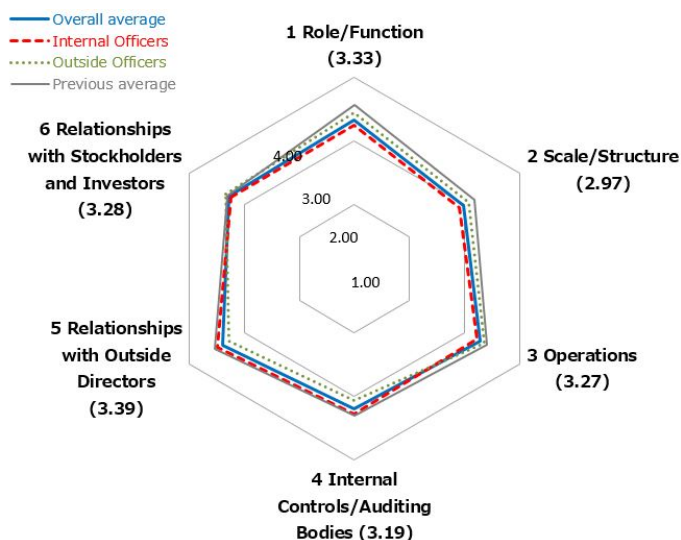
##### (b) Summary of Results

Overall Score: 3.25 (I. Internal Officers: [3.23] II. Outside Officers: [3.28])

The score was lower than that in the previous year, since the Board of Directors was assessed from a new perspective, following the transition to a company with an Audit and Supervisory Committee and re-election of officers in FY2024. However, the overall score was kept high.

In addition, we evaluated the effectiveness of the Board of Directors of the Company is ensured by the fact that the environment that allows for open and lively discussion is maintained through the proceedings conducted by the chairperson, each individual member being asked for their opinion, and other means.

On the other hand, we recognized the need to further strengthen our governance system and enhance opportunities to deepen insights into businesses.



### (c) Future Actions

We will continue to improve the effectiveness of the Board of Directors by conducting the evaluation in the form of a questionnaire in the current fiscal year and beyond to compare the results with those of the past and to confirm the progress of improvement.

In addition, based on the results of this evaluation, we will continue our efforts to further improve corporate value by enhancing the effectiveness of the Board of Directors through analyzing the items for which improvement is expected and differences in opinions and taking appropriate actions.

#### Priority Issue 1: Strengthening the Governance System

We will develop an appropriate management system by identifying issues and potential risks in each committee, sharing information and taking action, and by other means, to strengthen the governance and risk management of the Group as a whole including the overseas business.

#### Priority Issue 2: Appropriate Provision of Training Opportunities [Ongoing]

To enhance the roles of officers, we will ensure that opportunities for dialogue and information sharing between outside Directors and Audit and Supervisory Committee members and for inspection of sites are planned and provided appropriately, and a supportive environment is created so that understanding of the entire management can be deepened.

#### Priority Issue 3: Development of Support System [Ongoing]

We will sophisticate the operation to enable more constructive discussions at the Board of Directors meetings by ensuring the appropriate and improved content of descriptions of the materials presented to the Board of Directors and early sharing them in advance.

## (6) Number of Directors and Election Rules

The Company's Articles of Incorporation stipulates that the Company shall have not more than seven Directors (excluding Directors who are Audit and Supervisory Committee members) and not more than five Directors who are Audit and Supervisory Committee members.

The Company's Articles of Incorporation also stipulates that a resolution to elect directors shall be approved by a majority of the votes of shareholders present at a General Meeting of Shareholders where the shareholders holding at least one-third of the voting rights of the shareholders entitled to vote are present; and that cumulative voting shall not be used for resolutions to elect directors.

**(7) Requirements for Special Resolutions by the General Meeting of Shareholders**

For requirements for special resolutions by the General Meeting of Shareholders as set forth in Article 309, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation stipulate that shareholders holding one third or more of the voting rights of the shareholders who are entitled to exercise their voting rights must attend, and that special resolutions will be passed with two thirds or more of those voting rights cast in favor. The goal of this policy is to ensure the smooth operations of the General Meeting of Shareholders by lowering the quorum required for special resolutions at the General Meeting of Shareholders.

**(8) Basic Policy on Control of Stock Company**

The Company has not established a basic policy on matters listed in Article 118, Item 3 of the Regulation for Enforcement of the Companies Act.

**(9) Acquisition of Treasury Stock**

As set forth in Article 165, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation stipulate that the Company can acquire treasury stock through a resolution by its Board of Directors. The goal of this policy is to allow the flexible execution of capital policy in response to changes in the management environment by acquiring treasury stock through market trading, etc.

**(10) Interim Dividends**

As set forth in Article 454, Paragraph 5 of the Companies Act, the Company's Articles of Incorporation stipulate that the Company can pay interim dividends to shareholders and registered stock pledgees listed or registered in the final shareholder registry as of September 30 of each year. The goal of this policy is to allow the flexible execution of capital policy in response to changes in the management environment.

## **2) Status of Officers**

### **(1) Status of Outside Directors (Including Those Who Are Audit and Supervisory Committee Members)**

The Company has five outside directors (including three Audit and Supervisory Committee members). Outside Director Mr. Tsukasa Tokuhira provides valuable opinions and suggestions to management of the Company as an outside director based on his abundant experience as a long-standing leader in the distribution industry. Mr. Tsukasa Tokuhira concurrently serves as Representative Director of Cross Co., Ltd. and Representative Director of Fic Limited. There is no special relationship between the Company and the entities at which he holds the significant concurrent positions. Outside Director Ms. Miki Mitsunari has expertise in corporate ESG management, environmental issues involving real estate, and environmental regulations in Japan and overseas. She also conducts surveys and engages in consulting activities for companies regarding their environmental business and risk management, and provides the Company with advice to promote diversity of the Company's Board of Directors and the Group's ESG initiatives. Ms. Miki Mitsunari serves as the president of FINEV inc., Outside Director of Solasto Corporation, Outside Director of YUASA TRADING CO., LTD. and Director of Japan Accreditation Board. The Company is receiving advice on sustainability, etc. from FINEV inc. However, the amount of transactions with that company is small at less than 0.0001% of the Company's consolidated net sales. The Company also has transactions with YUASA TRADING CO., LTD. such as the purchase and sale of mainly electrical machinery and equipment. However, the amount of transactions with that company is small at less than 0.0002% of the Company's consolidated net sales. Therefore, the Company believes that these transactions are not significant enough to cause a conflict of interest. There is no special relationship between the Company and the entities at which she holds concurrent positions. Outside Director Mr. Somuku Iimura concurrently serves as Executive Partner of ITN Partners. Although the Company is receiving legal and other advice from him when necessary, because the scale of annual transactions was small at less than 0.0003% of the Company's consolidated net sales, the Company believes that it is not significant enough to cause a conflict of interest. Mr. Somuku Iimura also serves as an outside Director at The Furukawa Battery Co., Ltd., an outside Audit & Supervisory Board Member at SANYO SHOKAI LTD, and an outside Director of Japan Aircraft Industrial Enhancement Co. Ltd. However, there is no special relationship between the Company and each of The Furukawa Battery Co., Ltd., SANYO SHOKAI LTD and Japan Aircraft Industrial Enhancement Co. Ltd. He has contributed to the corporate governance and management of the Company by providing his opinion relating to management from a different viewpoint based on his abundant experience and outstanding knowledge from a fair and neutral position as an Attorney. Outside Director Mr. Kunimitsu Yoshinaga's career history includes the Ministry of Finance, Vice-Governor of Iwate Prefecture and Director-General of the Kanto Local Finance Bureau. We have benefited from his advice based on his many years of experience and wealth of knowledge, such as in the finance area. Mr. Kunimitsu Yoshinaga has been a business executor of THE TOWA BANK, LTD., which has been a specified associated service provider (a major business partner) of the Company for the past ten years. Outside Director Mr. Hirohisa Ishii possesses, as a practitioner as well as a manager, a wealth of experience and knowledge encompassing general business management and knowledge on accounting and finance. We seek his election since we have judged that he will provide advice and fulfill his role from a supervisory perspective based on his wealth of knowledge in the promotion of the Group's "Total-Living (Kurashi-Marugoto)" strategy. Mr. Hirohisa Ishii serves as Special Advisor of Heart Agency Co., Ltd. and Advisor of Seiwa Building Co., Ltd. There is no special relationship between the Company and the entities at which he holds the significant concurrent positions. Although the Company has not established its own criteria or policies regarding the independence of outside directors to be applied when appointing such persons, the Company refers to criteria established by other institutions, such as of the securities exchange and the like, in assessing the independence of independent director/auditor considered for appointment.

**(2) Coordination between supervision or auditing by Outside Directors and Internal Auditing, Audits by the Audit and Supervisory Committee and by Accounting Auditor, and Relationship with Internal Control Divisions**

Through exchanges of opinions with the Board of Directors, the Audit and Supervisory Committee, directors, and others, outside directors work closely with the audit by the Audit and Supervisory Committee, internal audits, and accounting audits, and supervise and audit the status of the establishment and operation of internal control systems and other systems.

### 3) Status of Audit

#### (1) Audits by Audit and Supervisory Committee

- (i) The Company has transitioned to a company with an Audit and Supervisory Committee upon approval at the 47th Ordinary General Meeting of Shareholders held on June 27, 2024.

The Audit and Supervisory Committee consists of five Directors who are Audit and Supervisory Committee members (including three independent outside Directors who are Audit and Supervisory Committee members) and meets once a month in principle. In accordance with the auditing standards, etc. established by the Audit and Supervisory Committee, the Audit and Supervisory Committee members attend not only meetings of the Board of Directors, but also other important meetings such as the Management Strategy Meetings, and committee and subcommittee meetings organized by business execution departments. In addition, they audit and monitor the execution of business by Directors by examining the status of assets of the Company and other matters.

- (ii) Activities of Audit and Supervisory Committee

In the current fiscal year, the Audit & Supervisory Board met three times prior to the transition to a company with an Audit and Supervisory Committee, and the Audit and Supervisory Committee met 10 times after the transition. The status of attendance of Audit & Supervisory Board Members and Audit and Supervisory Committee Members is as follows:

*Prior to the transition to a company with an Audit and Supervisory Committee*

Position	Name	Audit & Supervisory Board (held 3 times)	
		Attendance (times)	Attendance (rate)
Audit & Supervisory Board Member	Makoto Igarashi	3	100%
Audit & Supervisory Board Member	Jun Okamoto	3	100%
Outside Audit & Supervisory Board Member	Somuku Imura	3	100%
Outside Audit & Supervisory Board Member	Hirohisa Ishii	3	100%

*Following the transition to a company with an Audit and Supervisory Committee*

Position	Name	Audit and Supervisory Committee (held 10 times)	
		Attendance (times)	Attendance (rate)
Audit and Supervisory Committee Member	Makoto Igarashi	10	100%
Audit and Supervisory Committee Member	Kenji Yamazaki	10	100%
Outside Audit and Supervisory Committee Member	Somuku Imura	10	100%
Outside Audit and Supervisory Committee Member	Kunimitsu Yoshinaga	10	100%
Outside Audit and Supervisory Committee Member	Hirohisa Ishii	10	100%



Specific items reviewed at the meetings of the Audit and Supervisory Committee during the fiscal year under review are as follows.

- Matters related to selection of the chairperson, full-time Audit and Supervisory Committee members and selected Audit and Supervisory Committee members
- Matters related to establishment of the Regulations of the Audit and Supervisory Committee
- Matters related to establishment of the Auditing Standards of the Audit and Supervisory Committee
- Matters related to establishment of Regulations to Ensure Effectiveness of Audits
- Matters related to determination of individual remuneration for Directors who are Audit and Supervisory Committee members
- Matters related to auditing policies of Audit and Supervisory Committee members and auditing plans of the Audit and Supervisory Committee
- Matters related to non-assurance service agreements with the accounting auditor
- Matters related to audit remuneration for the accounting auditor
- Matters related to schedule for meetings with the accounting auditor
- Reports from the accounting auditor on issues for financial closing
- Reports from the accounting auditor on the status of implementing audits
- Reports from the accounting auditor on results of audits of financial results
- Determination of the Audit and Supervisory Committee's opinion on draft plans regarding nomination and remuneration from the Nomination and Remuneration Committee
- Reports from the department in charge on risk management, and compilation of opinions as the Audit and Supervisory Committee
- Monthly reports from the department in charge on the whistle-blowing system
- Monthly reports from the internal audit division on internal audits

Activities conducted by the full-time Audit and Supervisory Committee members during the fiscal year under review are as follows.

- Attendance to the Board of Directors and other meetings and committees
- Hearing of various reports from Directors and related departments
- Inspection of important approval documents, contracts and other documents
- Investigation of status of operations and properties of the headquarters and major sales offices
- Regular meetings with the accounting auditor

During the audit planning stage for the fiscal year under review and during the year, we communicated matters to which the accounting auditor should pay particular attention in the audit. These matters include risks that require special consideration and areas in which there is high uncertainty in the estimates. During this process, we exchanged opinions and received detailed explanations from the accounting auditor concerning matters of key audit consideration for which particular attention is required when the accounting auditor conducts the audit such as the appropriateness of the decisions concerning the presence of an indication of impairment of non-current assets related to large stores in the consumer electronics business and the key assumptions used and the accounting response when making accounting estimates.

## **(2) Internal Auditing**

The Company's Internal Audit Department consists of the Audit Department No. 1, which is mainly in charge of our main business the Yamada Denki stores and each department of the head office, the Audit Department No. 2, which is in charge of domestic group companies, and the Audit Department No. 3, which is in charge of overseas group companies. A total of 16 full-time staff conduct internal audits independently and objectively under the direct control of the Company President.

Each of the Audit Departments conduct regular audits based on the annual plan approved by the Company President, as well as extraordinary audits and special audits as needed. In addition to audits based on the internal control reporting system, a wide range of business audits are conducted and recommendations are made to improve deficiencies and prevent recurrence.

Since the Group has many stores and offices, and there are locations where the three Audit Departments cannot conduct on-site audits, we maintain integrity of audits by incorporating self-audits and mutual audits by each on-site manager as supplementary methods.

Each of the Audit Departments works with Directors who are Audit and Supervisory Committee members to ensure thorough governance in line with management policies and to establish a dual reporting system.

Furthermore, we are striving to strengthen the governance of the entire group by actively cooperating with the internal audit departments, Audit & Supervisory Board members, accounting auditors of each group company.

The results of the audits conducted by each of the Audit Departments are reported to the Board of Directors.

In addition, at monthly audit debriefing meetings attended by internal directors, full-time Audit and Supervisory Committee members, three Audit Departments, and persons in charge of business group, the results of audits are reported, as is the progress of remediation of deficiencies by each person in charge. The effectiveness of audits is ensured by encouraging the commitment of each person in charge from the recognition of deficiencies to making improvements.

### **(3) Status of Accounting Audits**

#### **(i) Auditing Firm**

KPMG AZSA LLC

#### **(ii) Consecutive Auditing Period**

36 years

The above period represents the period beginning from the fiscal year covered by an audit in the securities registration statements filed at the time of the Company's initial listing since it is extremely difficult to investigate auditing information prior to this period. The actual consecutive auditing period may exceed the period stated above.

#### **(iii) Certified Public Accountants Who Performed the Audit**

Designated limited liability partners Engagement partners: Masahiko Kobayashi, Tsutomu Fukushima

#### **(iv) Composition of Assistants in Auditing Operations**

16 certified public accountants, 33 other members

#### **(v) Policy and Reasons for Selection of Auditing Firm**

Where the accounting auditor is unable to execute their duties and the Audit and Supervisory Committee deems necessary, it will decide on the contents of an agenda item for the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders.

Furthermore, where the accounting auditor is recognized to fall under the items stipulated in Article 340, Paragraph 1 of the Companies Act, the accounting auditor will be dismissed base on the unanimous agreement of the Audit and Supervisory Committee. In this case, at the first General Meeting of Shareholders convened after the dismissal, an Audit and Supervisory Committee member selected by the Audit and Supervisory Committee will report that the accounting auditor has been dismissed and provide the reasons for such.

As there were no incidents corresponding to the dismissal or non-reappointment of KPMG AZSA LLC, the Audit and Supervisory Committee has reappointed it as the Company's auditing firm.

**(vi) Evaluation of the Auditing Firm by the Audit and Supervisory Committee Members and Audit and Supervisory Committee**

The Audit and Supervisory Committee performs evaluations of the auditing firm. In these evaluations, the Audit and Supervisory Committee monitors and evaluates whether the accounting auditor maintains an independent position and whether he/she is properly implementing audits, receives reports on the status of the execution of duties from the accounting auditor, and requests explanations where necessary. Furthermore, the Audit and Supervisory Committee receives notifications from the accounting auditor stating that "systems for ensuring that the performance of the duties of Financial Auditor(s) is being carried out correctly" (items listed in Article 131 of the Regulation on Corporate Accounting) are in place according to "Quality Control Standards concerning Audit" (October 28, 2005, Business Accounting Council), and requests explanations where necessary. As a result of this process, the evaluation of the Audit and Supervisory Committee discovered no problems in the execution of duties by the accounting auditor.

**(4) Details of Audit Remunerations, Etc.**

**(i) Remuneration to Auditing Certified Public Accountants, etc.**

Classification	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Remuneration for audit attestation services (Millions of yen)	Remuneration for non-audit services (Millions of yen)	Remuneration for audit attestation services (Millions of yen)	Remuneration for non-audit services (Millions of yen)
Reporting company	95	—	95	13
Consolidated subsidiaries	190	0	192	1
Total	285	0	287	14

***Fiscal year ended March 31, 2024***

Non-audit services provided to consolidated subsidiaries consisted of the examination of financial statements.

***Fiscal year ended March 31, 2025***

Non-audit services for which the Company paid remuneration to auditing certified public accountants, etc. consisted of advisory services for revisions to accounting standards for leases.

Non-audit services provided to consolidated subsidiaries consisted of the examination of financial statements.

**(ii) Remuneration to the Same Network (KPMG Group) as the Auditing Certified Public Accountants (excluding 1.)**

Classification	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Remuneration for audit attestation services (Millions of yen)	Remuneration for non-audit services (Millions of yen)	Remuneration for audit attestation services (Millions of yen)	Remuneration for non-audit services (Millions of yen)
Reporting company	—	0	—	—
Consolidated subsidiaries	14	4	18	6
Total	14	4	18	6

***Fiscal year ended March 31, 2024***

Non-audit services for which the Company paid remuneration to the same network as the auditing certified public accountants included advisory services related to taxation.

Non-audit services provided to consolidated subsidiaries included tax calculation services for overseas consolidated subsidiaries.

***Fiscal year ended March 31, 2025***

Non-audit services provided to consolidated subsidiaries included tax calculation services for overseas consolidated subsidiaries.

**(iii) Details of Remuneration for Other Important Audit Attestation Services**

Not applicable.

**(iv) Policy for Determining Audit Remuneration**

The audit remuneration for the Company's auditing certified public accountants, etc. is determined after consultation with the auditing certified public accountants, etc., and with the consent of the Audit and Supervisory Committee. This decision takes into account factors such as the number of audit days based on the audit plan, the Company's size, and the nature of its business operations.

**(v) Reasons for the Audit and Supervisory Committee's Consent to the Remuneration, etc. of the Accounting Auditor**

Based on the "Practical Guidelines for Cooperation with Accounting Auditors" (issued by the Japan Audit & Supervisory Board Members Association), the Audit and Supervisory Committee has reviewed and examined the audit method and details of the audit, and as a result has given its consent to the remuneration, etc. of the accounting auditor, as stipulated in Article 399, Paragraph 1 of the Companies Act.

**CONSOLIDATED BALANCE SHEETS**  
YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries  
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
<b>ASSETS</b>			
Current assets:			
Cash and time deposits (Notes 8 and 10) .....	¥ 58,379	¥ 55,237	\$ 390,414
Notes receivable - trade (Note 10) .....	3,867	4,357	25,864
Accounts receivable - trade (Note 10) .....	96,998	78,455	648,687
Accounts receivable - completed construction contracts (Note 10) .....	893	1,523	5,971
Sub-total .....	101,758	84,335	680,522
Operating loans .....	14,756	14,323	98,680
Securities .....	9,997	-	66,857
Inventories (Note 13) .....	407,268	426,439	2,723,653
Other current assets (Notes 10 and 19) .....	64,024	58,805	428,169
Allowance for doubtful accounts .....	(931)	(1,708)	(6,226)
Total current assets .....	655,251	637,431	4,382,069
Non-current assets:			
Property and equipment:			
Buildings and structures, net (Notes 14, 15 and 22) .....	210,734	205,962	1,409,307
Land (Notes 15 and 17) .....	204,720	206,310	1,369,093
Lease assets, net (Notes 14, 15 and 16) .....	12,693	13,640	84,886
Others, net (Notes 14 and 15) .....	26,567	12,965	177,666
Total property and equipment, net .....	454,714	438,877	3,040,952
Intangible assets (Note 15) .....	39,144	40,633	261,781
Investments and other assets (Note 15):			
Investment securities (Notes 10 and 11) .....	15,423	15,474	103,146
Long-term loans receivable .....	3,333	2,547	22,292
Guarantee deposits (Notes 10, 11, 19 and 30) .....	77,469	77,422	518,084
Net defined benefit asset (Note 21) .....	3,127	3,090	20,911
Deferred tax assets (Note 18) .....	54,780	52,399	366,346
Other assets .....	24,432	23,066	163,392
Allowance for doubtful accounts .....	(2,692)	(1,944)	(18,005)
Total investments and other assets .....	175,872	172,054	1,176,166
Total non-current assets .....	669,730	651,564	4,478,899
Total assets .....	¥ 1,324,981	¥ 1,288,995	\$ 8,860,968

**CONSOLIDATED BALANCE SHEETS**  
YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries  
As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Notes and accounts payable (Note 10):			
- Trade	¥ 84,530	¥ 99,025	\$ 565,302
- Construction contracts	14,671	14,262	98,117
Sub-total	99,201	113,287	663,419
Short-term loans payable (Notes 10 and 17)	150,094	131,566	1,003,768
Current portion of long-term loans payable (Notes 10, 17 and 19)	49,772	59,577	332,858
Lease obligations (Notes 16 and 17)	6,017	5,387	40,242
Income taxes payable (Note 18)	13,129	6,402	87,804
Contract liabilities	48,564	46,310	324,776
Advances received on construction contracts in progress	21,479	19,010	143,643
Provision for bonuses	14,867	14,216	99,424
Other provisions (Note 20)	3,982	5,619	26,631
Other current liabilities (Notes 21 and 30)	62,297	60,272	416,618
Total current liabilities	469,402	461,646	3,139,183
Long-term liabilities:			
Long-term loans payable (Notes 10, 17 and 19)	110,322	108,198	737,790
Lease obligations (Notes 16 and 17)	9,348	11,109	62,518
Asset retirement obligations (Note 22)	45,015	38,275	301,045
Provision for directors' retirement benefits	336	289	2,245
Provision for product warranties	1,441	1,485	9,639
Other provisions (Note 20)	723	94	4,836
Net defined benefit liability (Note 21)	33,537	33,984	224,283
Other long-term liabilities (Notes 17 and 18)	9,581	9,740	64,070
Total long-term liabilities	210,303	203,174	1,406,426
Total liabilities	679,705	664,820	4,545,609
Contingent liabilities (Note 19)			
Net assets (Note 23):			
Common stock:			
authorized – 2,000,000,000 shares			
issued – 966,863,199 shares in 2025 and 2024	71,149	71,149	475,820
Capital surplus	74,774	74,671	500,061
Retained earnings	614,980	597,152	4,112,751
Treasury stock, at cost – 274,300,235 shares in 2025 and 276,074,043 shares in 2024	(129,118)	(129,935)	(863,493)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities, net of taxes (Note 11)	(341)	92	(2,283)
Foreign currency translation adjustments	2,418	2,133	16,175
Remeasurements of defined benefit plans (Note 21)	3,227	1,192	21,581
Subscription rights to shares (Note 24)	2,234	2,184	14,938
Non-controlling interests	5,953	5,537	39,809
Total net assets	645,276	624,175	4,315,359
Total liabilities and net assets	¥ 1,324,981	¥ 1,288,995	\$ 8,860,968

The accompanying notes are an integral part of these financial statements.

**CONSOLIDATED STATEMENTS OF INCOME**  
YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net sales (Note 29):			
- Trade .....	¥ 1,628,595	¥ 1,591,531	\$ 10,891,430
- Non-consolidated subsidiaries and affiliated companies .....	475	479	3,173
Sub-total .....	1,629,070	1,592,010	10,894,603
Cost of sales (Note 30) .....	1,171,710	1,137,792	7,835,950
Gross profit .....	457,360	454,218	3,058,653
Selling, general and administrative expenses (Notes 26 and 30) .....	414,539	412,728	2,772,281
Operating profit .....	42,821	41,490	286,372
Other income (expenses):			
Interest income .....	469	611	3,139
Interest expenses .....	(2,289)	(1,721)	(15,313)
Rent expenses on closed store .....	(598)	(390)	(3,997)
Purchase discounts .....	2,102	2,230	14,059
Impairment loss (Note 15) .....	(6,280)	(7,943)	(41,997)
Gain on revision of retirement benefit plan .....	-	1,573	-
Others, net (Note 27) .....	6,642	3,384	44,416
Total other (expenses) income .....	46	(2,256)	307
Profit before income taxes .....	42,867	39,234	286,679
Income taxes (Note 18):			
Current .....	18,920	13,686	126,532
Deferred .....	(3,492)	770	(23,356)
Total income taxes .....	15,428	14,456	103,176
Profit .....	27,439	24,778	183,503
Profit attributable to non-controlling interests .....	526	723	3,520
Profit attributable to owners of parent .....	¥ 26,913	¥ 24,055	\$ 179,983
	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Basic earnings per share .....	¥ 38.90	¥ 34.78	\$ 0.26
Diluted earnings per share .....	38.60	34.53	0.26
Cash dividends applicable to the year .....	13.00	13.00	0.09

*The accompanying notes are an integral part of these financial statements.*

# **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Profit .....	¥ 27,439	¥ 24,778	\$ 183,503
Other comprehensive income (loss), net of taxes (Note 28):			
Valuation difference on available-for-sale securities .....	(433)	1,232	(2,895)
Foreign currency translation adjustments .....	278	189	1,858
Remeasurements of defined benefit plans, net of tax .....	2,034	2,912	13,606
Share of other comprehensive loss of associates accounted for using equity method .....	8	(2)	51
Total other comprehensive income (loss) .....	1,887	4,331	12,620
Comprehensive income .....	¥ 29,326	¥ 29,109	\$ 196,123
Comprehensive income attributable to:			
Owners of parent .....	¥ 28,800	¥ 28,387	\$ 192,603
Non-controlling interests .....	526	722	3,520

*The accompanying notes are an integral part of these financial statements.*



**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries**  
**Years ended March 31, 2025 and 2024**

	Millions of yen										
	Shareholders' equity					Accumulated other comprehensive income					
	Number of shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities, net of taxes (Note 11)	Foreign currency translation adjustments	Remeasurements of defined benefit plans (Note 21)	Subscription rights to shares (Note 24)	Non- controlling interests	Total net assets
Balance at April 1, 2023 .....	966,749	¥ 71,125	¥ 74,654	¥ 581,541	¥(121,785)	¥ (1,139)	¥ 1,944	¥ (1,719)	¥ 1,963	¥ 5,192	¥ 611,776
Issuance of new shares .....	114	24	24								48
Cash dividends .....				(8,499)							(8,499)
Profit attributable to owners of parent .....				24,055							24,055
Purchase of treasury stock .....					(9,220)						(9,220)
Disposal of treasury stock .....			(42)		1,070						1,028
Change in scope of consolidation .....				115							115
Increase by merger .....				(60)							(60)
Change in ownership interest of parent due to transactions with non- controlling interests .....			35								35
Other changes in the year, net ..						1,231	189	2,911	221	345	4,897
Balance at March 31, 2024 .....	966,863	¥ 71,149	¥ 74,671	¥ 597,152	¥(129,935)	¥ 92	¥ 2,133	¥ 1,192	¥ 2,184	¥ 5,537	¥ 624,175
Cash dividends .....				(8,999)							(8,999)
Profit attributable to owners of parent .....				26,913							26,913
Purchase of treasury stock .....					(1)						(1)
Disposal of treasury stock .....			(33)		818						785
Change in scope of consolidation .....				0							0
Increase by merger .....				(86)							(86)
Change in ownership interest of parent due to transactions with non- controlling interests .....			136								136
Other changes in the year, net ..						(433)	285	2,035	50	416	2,353
Balance at March 31, 2025 .....	966,863	¥ 71,149	¥ 74,774	¥ 614,980	¥(129,118)	¥ (341)	¥ 2,418	¥ 3,227	¥ 2,234	¥ 5,953	¥ 645,276

<i>Thousands of U.S. dollars (Note 1)</i>										
<i>Shareholders' equity</i>				<i>Accumulated other comprehensive income</i>						
<i>Common Stock</i>	<i>Capital surplus</i>	<i>Retained earnings</i>	<i>Treasury stock, at cost</i>	<i>Valuation difference on available- for-sale securities, net of taxes (Note 11)</i>	<i>Foreign currency translation adjustments</i>	<i>Remeasurements of defined benefit plans (Note 21)</i>	<i>Subscription rights to shares (Note 24)</i>	<i>Non- controlling interests</i>	<i>Total net Assets</i>	
Balance at April 1, 2024	\$ 475,820	\$ 499,368	\$ 3,993,523	\$ (868,954)	\$ 612	\$ 14,266	\$ 7,975	\$ 14,608	\$ 37,027	\$ 4,174,245
Cash dividends			(60,185)							(60,185)
Profit attributable to owners of parent			179,983							179,983
Purchase of treasury stock				(7)						(7)
Disposal of treasury stock		(216)		5,468						5,252
Change in scope of consolidation			0							0
Increase by merger			(570)							(570)
Change in ownership interest of parent due to transactions with non- controlling interests		909								909
Other changes in the year, net				(2,895)	1,909	13,606	330	2,782		15,732
Balance at March 31, 2025	\$ 475,820	\$ 500,061	\$ 4,112,751	\$ (863,493)	\$ (2,283)	\$ 16,175	\$ 21,581	\$ 14,938	\$ 39,809	\$ 4,315,359

*The accompanying notes are an integral part of these financial statements.*

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries**  
Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities:			
Profit before income taxes .....	¥ 42,867	¥ 39,234	\$ 286,679
Depreciation .....	26,457	25,576	176,932
Amortization of goodwill .....	558	568	3,732
Increase (decrease) in allowance for doubtful accounts .....	(41)	342	(275)
Increase (decrease) in net defined benefit liability .....	1,550	1,043	10,368
Interest and dividend income .....	(867)	(943)	(5,797)
Interest expenses .....	2,290	1,721	15,313
Foreign exchange losses (gains) .....	(1,112)	(112)	(7,437)
Loss (gain) on sale of investment securities .....	(1,434)	-	(9,587)
Loss (gain) on sale and disposal of property and equipment, net .....	(164)	(1,094)	(1,097)
Impairment loss .....	6,280	7,943	41,997
(Increase) decrease in notes and accounts receivable .....	(17,331)	(7,397)	(115,901)
(Increase) decrease in accounts receivable .....	(3,612)	3,873	(24,155)
(Increase) decrease in operating loans receivable .....	(433)	126	(2,895)
(Increase) decrease in inventories .....	19,876	(23,217)	132,923
Increase (decrease) in notes and accounts payable .....	(14,772)	7,820	(98,789)
Increase (decrease) in advances received on construction contracts in progress .....	2,454	(1,464)	16,409
Increase (decrease) in contract liabilities .....	2,254	(4,033)	15,070
Other, net .....	(4,058)	7,128	(27,135)
Sub-total .....	60,762	57,114	406,355
Interest and dividend income received .....	783	421	5,240
Interest expenses paid .....	(2,298)	(1,709)	(15,371)
Income taxes paid .....	(7,681)	(1,267)	(51,369)
Net cash provided by operating activities .....	¥ 51,566	¥ 54,559	\$ 344,855

(Continued)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from investing activities:			
Payments into time deposits .....	¥ (72)	¥ (772)	\$ (482)
Proceeds from withdrawal of time deposits .....	136	636	910
Proceeds from sale of property and equipment .....	4,234	4,028	28,316
Proceeds from sales and redemption of investment securities .....	1,475	388	9,865
Payments for purchase of investment securities .....	(508)	(4)	(3,399)
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 9) .....	-	(148)	-
Payment of loans receivable .....	(55)	(47)	(370)
Collection of loans receivable .....	520	291	3,478
Purchases of property and equipment .....	(40,248)	(25,570)	(269,164)
Purchases of intangible assets .....	(997)	(773)	(6,670)
Payments for guarantee deposits .....	(4,892)	(5,039)	(32,717)
Proceeds from collection of guarantee deposits .....	4,729	5,414	31,629
Purchase of investments in subsidiaries and affiliated companies .....	-	(329)	-
Other, net .....	534	13	3,575
Net cash used in investing activities .....	(35,144)	(21,912)	(235,029)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable .....	18,256	8,862	122,089
Proceeds from long-term loans payable .....	58,241	46,347	389,493
Repayments of long-term loans payable .....	(65,922)	(58,512)	(440,864)
Purchase of treasury stock .....	(1)	(8,383)	(7)
Repayments of lease obligations .....	(5,666)	(5,308)	(37,889)
Cash dividends paid .....	(8,998)	(8,496)	(60,178)
Other, net .....	30	(102)	200
Net cash used in financing activities .....	(4,060)	(25,592)	(27,156)
Effect of exchange rate change on cash and cash equivalents .....	399	468	2,669
Net increase (decrease) in cash and cash equivalents .....	12,761	7,523	85,339
Cash and cash equivalents at beginning of year .....	54,351	46,487	363,476
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation .....	-	311	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries .....	442	30	2,958
Cash and cash equivalents at end of year (Note 8) .....	¥ 67,554	¥ 54,351	\$ 451,773
Supplemental cash flow information (Note 9)			

(Concluded)

The accompanying notes are an integral part of these financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2025 and 2024

### 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of YAMADA HOLDINGS CO., LTD. (the “Company”), and its consolidated subsidiaries, have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English with some expanded descriptions from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Act. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2025, which was ¥149.53 to U.S. \$1. Such translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its 35 significant subsidiaries (together, the “Group”). Consolidated subsidiary Conglo Co., Ltd. has been excluded from the scope of consolidation because of an absorption-type merger whereby consolidated subsidiary YAMADA HOMES CO., LTD. becomes a surviving company. Consolidated subsidiary Higashi-Ueno Hotel Management G.K. has been excluded from the scope of consolidation because of the sale of all shares in the said company. Consolidated subsidiary Iriya Hotel Management G.K. has been excluded from the scope of consolidation because of the completion of liquidation.

All significant inter-company accounts, transactions, and unrealized profits have been eliminated in consolidation.

All of the Company’s non-consolidated subsidiaries have been insignificant in terms of the aggregated amount of their assets, net sales, profit, and retained earnings and, thus, their impact on the consolidated financial statements has been immaterial.

Investments in two affiliated companies have been accounted for using the equity method.

Investments in the remaining non-consolidated subsidiaries and affiliated companies were not accounted for using the equity method, but instead carried at cost, because their impact on the consolidated financial statements has been immaterial.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling shareholders, have been recorded based on the fair value at the time the Company acquired control of the respective subsidiaries. Goodwill (including negative goodwill recognized before April 1, 2010) is amortized using the straight-line method over an effective period not exceeding 20 years.

The fiscal year-end of eight foreign consolidated subsidiaries, and Hinokiya Group Co., Ltd. and its six subsidiaries in Japan is at the end of December. The fiscal year-end of YAMADA HOUSING HOLDINGS CO.,

LTD. and other 17 consolidated subsidiaries in Japan is at the end of February, and that of YAMADA DENKI CO., LTD. and another company is at the end of March. The financial statements of these subsidiaries as of and for the years ended December 31, 2024 and 2023, February 28, 2025 and February 29, 2024, or March 31, 2025 and 2024, as applicable, were used in preparing the consolidated financial statements. All material transactions which occurred during the periods to March 31 have been accounted for in the consolidation process.

**(b) Cash and Cash Equivalents**

In preparing the consolidated statements of cash flows, cash and cash equivalents include cash on hand, readily-available bank deposits, and short-term highly liquid investments with minimum risk of value fluctuation and maturities not exceeding three months at the time of purchase.

**(c) Securities**

Under Japanese GAAP, companies are required to examine their intent for holding each security and to classify their securities as (i) securities held for trading purposes (“Trading Securities”), (ii) debt securities intended to be held to maturity (“Held-to-maturity Debt Securities”), (iii) equity securities issued by non-consolidated subsidiaries and affiliated companies, or (iv) available-for-sale securities for all other securities that are not classified in any of the above categories (“Available-for-sale Securities”).

Equity securities issued by non-consolidated subsidiaries and affiliated companies are stated at moving-average cost. Held-to-maturity Debt Securities are stated at amortized cost (using the straight-line method). Available-for-sale Securities other than shares, etc. that do not have a market price are stated at fair market value. Unrealized gains and losses on such securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gain and loss on sale of such securities are computed using the moving-average cost. Shares, etc. that do not have a market price are stated principally at the moving-average cost. The Company and its consolidated subsidiaries had no Trading Securities.

**(d) Derivative Transactions and Hedge Accounting**

Derivative financial instruments are stated at fair value and changes in fair value are recognized as gains or losses unless derivative transactions are used for hedging purposes.

If an interest rate swap contract is used as a hedge and meets certain hedging criteria, the net amount to be paid or received under such interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which such swap contract was executed.

The Company utilizes derivative transactions for the sole purpose of hedging its exposure to adverse fluctuation in interest rates. These contracts are used for its long-term borrowings. The Company and its consolidated subsidiaries do not enter into such transactions for speculative trading purposes.

Under Japanese GAAP, assessments on the effectiveness of hedges are not required for certain derivatives which meet specific criteria.

**(e) Inventories**

Inventories are primarily stated at the lower of moving-average cost or market value. Real estate for sale and costs on uncompleted construction contracts are stated using the specific identification method.

**(f) Property and Equipment (except for lease assets)**

Property and equipment are stated at cost. Depreciation is mainly computed using the straight-line method.

**(g) Intangible Assets (except for lease assets)**

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over an estimated useful life of five years.

**(h) Impairment**

The Company and its consolidated subsidiaries review their property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from continued use and eventual disposition of such asset or asset group. The impairment loss is measured as the amount by which the carrying amount of an asset exceeds its recoverable amount, which should be the higher of the discounted cash flows from continued use and eventual disposition of the asset or the net selling price at disposition.

**(i) Long-term Prepaid Expenses**

Long-term prepaid expenses are amortized using the straight-line method.

**(j) Allowance for Doubtful Accounts**

An allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and the amount calculated based on historical loss experience for other doubtful receivables.

**(k) Provision for Bonuses**

A provision for bonuses is provided at the estimated amount accrued during the current fiscal year to cover future bonus payments to employees.

**(l) Provision for Directors' Retirement Benefits**

Some of the consolidated subsidiaries each set aside a provision for directors' and Audit & Supervisory Board members' retirement benefits based on internal rules. Such provision is calculated at the estimated payable amount if all officers were to retire at the balance sheet date. The payment of such retirement benefits is subject to approval at a shareholders' meeting.

**(m) Provision for Product Warranties**

Some of the consolidated subsidiaries each set aside a provision for warranty for future repair expenses at the estimated amount calculated based on historical repair expense.

**(n) Leases**

At some consolidated subsidiaries, leased assets related to finance lease transactions that transfer ownership are depreciated using the same method as that applied to non-current assets held by these subsidiaries.

At the Company and its consolidated subsidiaries, leased assets related to finance lease transactions that do not transfer ownership are depreciated over the lease term using the straight-line method with zero residual value.

**(o) Calculation Method of Retirement Benefits**

The Company sets aside the amount based on the estimated amount of retirement benefit obligations at the fiscal year-end to cover retirement benefits payments to employees. Some of the consolidated subsidiaries set

aside the amount of retirement benefit obligations minus plan assets based on the estimated amount at the fiscal year-end to cover retirement benefits payments to employees.

In determining the retirement benefit obligations, the benefit formula basis is adopted as the attribution method of the projected retirement benefit.

Prior service costs are amortized from the fiscal year in which such costs are incurred using the straight-line method over a certain period of time (mainly five years) not exceeding the average remaining service period of the eligible employees.

Actuarial gains or losses incurred during the year are amortized from the succeeding fiscal year using the straight-line method over a certain period of time (mainly five years) not exceeding the average remaining service period of the eligible employees.

Unrealized actuarial gains and losses and unrealized prior service costs are recorded in remeasurements of defined benefit plans under accumulated other comprehensive income in net assets after adjusting tax effects.

Certain consolidated subsidiaries apply the simplified method in calculating the defined benefit liability and retirement benefit costs, which assumes the benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end.

#### **(p) Recognition of Revenues and Costs**

The details of the main performance obligations in the major businesses related to revenue from contracts with the customers of the Company and its consolidated subsidiaries and the timing at which the Company and its subsidiaries typically satisfy these performance obligations (when they typically recognize revenue) are as follows:

##### *Consumer Electronics Business*

In the Consumer Electronics Business, the Group mainly carries out the sale of home electrical appliances and home information appliances, as well as the provision of renovation services and the sale of housing-related products such as furniture and home interior products. The Group primarily recognizes revenue from the sales of products at the delivery of the products, since the Group judges that a customer obtains control of the products and that the Group satisfies a performance obligation at that point. Revenue is measured at the amount of consideration promised in a contract with the customer less discounts, returns, and other factors.

Revenue from renovation services is recognized at a point in time, since such services are very short-term work.

For some finished goods sold by the Group, such as home electrical appliances, the Group provides extended warranty services free of charge in which the Group bears repair expenses for malfunctions that occur within the scope of normal use within the warranty period, as well as long-term warranty services for a fee based on a separate contract. The Group recognizes their revenue over a certain period of time by identifying the performance obligation for such services, deferring the period with a manufacturer's warranty, and prorating it equally according to the period of extended warranty. For free of charge extended warranty services, the Group allocates transaction prices based on the standalone selling price calculated in consideration of expected future warranties and other factors.

With respect to sales of goods under the Customer Loyalty Program, the Group identifies expenditures related to sales promotion to customers as performance obligations and allocates transaction prices based on the standalone selling price calculated in consideration of expected future lapses and other factors. The Group recognizes revenue when a customer obtains control of a good or service, since a performance obligation is deemed to be satisfied at that point.



When a promise with a customer is a performance obligation to arrange for a good or service to be provided by parties other than the Company and its subsidiaries, such as the sale of some mobile phone terminals and POSA (Point of Sales Activation) cards, the Group recognizes revenue on a net basis as an agent.

#### *Housing Business*

In the Housing Business, the Group is primarily 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.

Revenue from the sale of houses involving construction contracts, such as the contracted construction of custom-built houses, is recognized over a certain period of time as performance obligations are satisfied. Revenue from renovation services for owners, very short-term work, and the sale of houses, etc. not involving construction contracts is recognized at a point in time, since the Group judges that customers obtain control of the houses, etc. and that the Group satisfies performance obligations at the delivery of the houses, etc. Revenue from the sale of housing equipment is primarily recognized at the delivery of the products.

#### *Financial Business*

In the Financial Business, the Group mainly handles housing loans, issues and operates credit cards in alliance with credit companies, and provides insurance agency services as an insurance agent.

The Group recognizes revenue from housing loans at the drawdown of such loans, since the Group judges that it satisfies performance obligations at that point as it receives fees for loan procedures from customers. Revenue from proceeds from interest on loans is recognized over the loan periods.

The Group recognizes revenue from credit services when customers use any of the payment methods provided by the Group, since the Group judges that it satisfies performance obligations at that point as it receives fees from credit companies according to business alliance. The amount of revenue is measured at the amount of payment fees received.

For insurance agency services, the Group provides agency services for the conclusion of insurance contracts and incidental services based on an insurance agency agreement with insurance companies. The Group recognizes the amount of agency fees expected under contracts with customers as revenue when main performance obligations are satisfied, since the performance obligations are typically satisfied when insurance contracts come into effect.

#### *Environment Business*

In the Environment Business, the Group is mainly engaged in the commissioned disposal of industrial wastes, the collection and recycling of waste home electrical appliances and home information appliances, and the sale of reuse products.

The Group recognizes revenue from the commissioned disposal of industrial wastes when the commissioned disposal of industrial wastes is completed, since performance obligations are deemed to be satisfied at that point.

Revenue from the collection of waste home electrical appliances and home information appliances is primarily recognized at the collection of waste home electrical appliances and home information appliances, since the Group obtains control of the waste products at that point.

The Group primarily recognizes revenue from the sale of reuse products at the delivery of the products, since the Group judges that a customer obtains control of the products and that the Group satisfies a performance obligation at that point.

### **(q) Income Taxes**

A provision for income taxes is computed based on the profit before income taxes included in the statements of income for the Company and each of its consolidated subsidiaries. The assets and liabilities approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statements' carrying amounts and the tax bases of assets and liabilities.

### **(r) Per Share Information**

Basic earnings per share of common stock is computed based upon the weighted-average number of shares outstanding during each year. For diluted earnings per share, both profit and shares outstanding are adjusted based on the assumptions that convertible bonds would be converted and stock options (subscription rights to shares) exercised.

Cash dividends per share represent interim dividends declared by the Board of Directors in each fiscal year and year-end dividends approved by the shareholders at an annual meeting held subsequent to the end of each fiscal year.

## **3. SIGNIFICANT ACCOUNTING ESTIMATES**

Regarding accounting estimates, reasonable amounts are calculated based on information available when the consolidated financial statements were prepared. Of the amounts derived from accounting estimates and recorded in the consolidated financial statements, those which may have a significant impact on the consolidated financial statements for the year ending March 31, 2026 are as follows:

-Judgment on an indication of impairment of non-current assets related to large stores

(1) Amount recorded on the consolidated financial statements for the year ended March 31, 2025

In the consolidated balance sheets, the Company recorded property and equipment of ¥418,017 million (\$2,795,540 thousand) related to the Consumer Electronics Segment as of March 31, 2025, which accounted for 31.5% of total assets as of March 31, 2025. Approximately half of this amount comprised of property and equipment related to a small number of large stores. In addition, the Company recorded property and equipment of ¥403,608 million related to the Consumer Electronics Segment as of March 31, 2024, which accounted for 31.3% of total assets as of March 31, 2024.

In the consolidated statements of income, the Company recorded an impairment loss on non-current assets of ¥6,280 million (\$41,997 thousand) which included ¥6,055 million (\$40,491 thousand) related to the Consumer Electronics Segment for the year ended March 31, 2025. In addition, the Company recorded an impairment loss on non-current assets of ¥7,943 million which included ¥6,168 million related to the Consumer Electronics Segment for the year ended March 31, 2024.

(2) Other information on accounting estimates that contributes to the understanding of users of consolidated financial statements

As a minimum unit for generating cash flows, each retail store or branch office is grouped and assessed. Investment/rental properties and idle assets are individually considered.

These asset groups need to be tested for impairment whenever there is an indication of impairment in them. The impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the asset groups with their carrying amounts. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. An indication of impairment includes changes that cause a significant decrease in recoverable amounts, such as continuous operating losses, a significant decline in market prices, significant deterioration in business climates, and a change in usage.

As for large stores, the Group has periodically obtained their appraisal values as the basis for estimating market prices used for judgment as to whether there is an indication of impairment for their non-current assets. This is because the carrying amount of individual large stores is material, and large stores are susceptible to real estate market conditions due to their location. When the appraisal values obtained in the prior year are used, the Group obtains from a real estate appraiser the market conditions adjustment rates for the period from the appraisal date to March 31, 2025, and uses the amounts after reflecting the market conditions adjustment as current market prices.

For some large stores, the market price has been considerably lower than the carrying amount for years. However, the Group has judged that there is no indication of impairment, given the absence of an event which causes a significant decline in the market price or any events which otherwise indicate impairment.

Market prices used by the Group for judgment as to whether there was an indication of impairment for non-current assets related to large stores were estimated based on appraisal values. The selection of valuation technique(s) and input data used to calculate the appraisal values and market conditions adjustment rates was complicated and required professional expertise. Accordingly, if an indication of impairment was not appropriately identified, it may have a material impact on the consolidated financial statements as any necessary impairment losses may not have been appropriately recognized, measured, and recorded.

#### **4. CHANGES IN ACCOUNTING POLICIES**

##### *Application of the “Accounting Standard for Current Income Taxes”*

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, revised on October 28, 2022) (hereinafter referred to as the “ASBJ Statement No. 27”) and other relevant ASBJ regulations from the beginning of the year ended March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of Paragraph 20-3 of the ASBJ Statement No. 27 and to the transitional treatment in the proviso of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, revised on October 28, 2022) (hereinafter referred to as the “ASBJ Guidance No. 28”). This change in the accounting policy has no impact on the consolidated financial statements.

In addition, regarding the revisions related to revised treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities between consolidated companies, the Company has applied the ASBJ Guidance No. 28 from the beginning of the year ended March 31, 2025. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the year ended March 31, 2024. The change in the accounting policy has no effect on the consolidated financial statements for the year ended March 31, 2024.

#### **5. ACCOUNTING STANDARDS AND GUIDANCE ISSUED BUT NOT YET APPLIED**

- “Accounting Standard for Leases” (ASBJ Statement No. 34, issued on September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, issued on September 13, 2024)

##### **a) Outline:**

As part of initiatives for establishing internationally consistent Japanese standards, based on international accounting standards, the Accounting Standards Board of Japan (ASBJ) considered the development of an accounting standard for leases in which assets and liabilities are recognized for all leases of lessees. Under the basic policy of adopting only major provisions of IFRS 16, rather than all provisions, based on the single accounting model stipulated in IFRS 16, the ASBJ published the accounting standard for leases, etc. which aims at simplicity, convenience and basically not requiring modifications even if using the provisions of IFRS 16 for individual financial statements.

With respect to cost allocation for leases of lessees as accounting of lessees, in the same way as in IFRS 16, the accounting standard applies the single accounting model that records depreciation charge for right-of-use

assets and an amount equivalent to interest on lease liabilities for all leases, irrespective of whether they are finance leases or operating leases.

b) Planned date of application:

To be applied from the beginning of the year ending March 31, 2028.

c) Impact of application of the accounting standard:

The impact of the application of the “Accounting Standard for Leases,” etc. on the Company’s consolidated financial statements is currently being assessed.

## 6. CHANGES IN PRESENTATION

### *Consolidated Statements of Income*

“Rent expenses on closed store,” which were included in “Others, net” in “Other income (expenses)” for the year ended March 31, 2024, are presented individually for the year ended March 31, 2025 since their materiality in amounts has increased. To reflect this change, the consolidated financial statements for the year ended March 31, 2024 were reclassified.

As a result, in the consolidated statements of income for the year ended March 31, 2024, ¥2,062 million presented in “Others, net” in “Other income (expenses)” was reclassified as ¥390 million in “Rent expenses on closed store” and ¥1,672 million in “Others, net.”

“Loss on disaster” in “Other income (expenses),” which was presented individually for the year ended March 31, 2024, is included in “Others, net” for the year ended March 31, 2025 since its materiality in amounts has decreased. To reflect this change, the consolidated financial statements for the year ended March 31, 2024 were reclassified.

As a result, in the consolidated statements of income for the year ended March 31, 2024, ¥1,445 million presented in “Loss on disaster” in “Other income (expenses)” was reclassified as “Others, net.”

## 7. CHANGES IN ACCOUNTING ESTIMATES

### *Change in Estimate of Asset Retirement Obligations*

In the year ended March 31, 2025, regarding the asset retirement obligations that had been recorded as restoration obligations associated with real estate lease contracts of the Company and its certain consolidated subsidiaries, the Group changed its estimates in relation to the restoration costs required when moving out of retail stores due to new information obtained from store closings and other events.

The increase of ¥5,769 million (\$38,584 thousand) due to the change in estimate was added to the balance of asset retirement obligations before the change.

The effect of this change on profit and loss is immaterial.

### *Additional Information*

Transactions of delivering the Company’s own stock to employees, etc. through trusts

Based on a resolution at a meeting of the Board of Directors held on August 14, 2023, the Company has introduced an “Employee Shareholding Incentive Plan (E-Ship)” (hereinafter referred to as the “Plan”) for the purpose of providing incentives to employees of the Company and the Group (hereinafter referred to as “Employees”) to improve the Company’s corporate value over a medium to long term, expanding benefits and welfare and promoting the constant development of the Company by increasing Employees’ morale through capital participation as shareholders.

a) Outline of the transaction:

The Plan is an incentive plan for all Employees who are members of the “YAMADA HOLDINGS Employee Shareholding Association” (hereinafter referred to as the “Shareholding Association”). In the Plan, the Company establishes the “YAMADA HOLDINGS Employee Shareholding Association Trust” (hereinafter referred to as the “E-Ship Trust”) with a trust bank. The E-Ship Trust acquires in advance, through third party allotment from the Company, the Company shares which are expected to be acquired by the Shareholding Association for approximately five years from the date of the trust agreement, using loans from financial institutions. Thereafter, the E-Ship Trust continuously sells the Company shares to the

Shareholding Association. If the amount equivalent to gain on sale of shares is accumulated in the E-Ship Trust at the expiration of the trust, it is allocated to persons who meet beneficiary eligibility requirements as residual assets. The Company provides guarantees for the loans for the acquisition of the Company shares by the E-Ship Trust. Accordingly, if the amount equivalent to loss on sale of shares is accumulated in the E-Ship Trust, due to a decline in the price of the Company shares, and the loan balance equivalent to the loss on sale of shares remains in the E-Ship Trust at the expiration of the trust, the Company shall pay off the remaining balance. In the Plan, the date of the trust agreement is August 14, 2023, and the trust is scheduled to expire on August 8, 2028.

With regard to accounting for the trust agreement, the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015) is applied.

b) Treasury stock remaining in the trust:

Treasury stock remaining in the E-Ship Trust is recorded at the carrying amount in the E-Ship Trust (excluding the amount of incidental expenses) as treasury stock, at cost in net assets. The carrying amount and the number of the treasury stock were ¥227 million (\$1,521 thousand) and 505,600 shares, respectively, as of March 31, 2025 and ¥665 million and 1,478,100 shares, respectively, as of March 31, 2024.

c) Carrying amount of loans recorded applying the gross amount method:

¥227 million (\$1,517 thousand) as of March 31, 2025

¥671 million as of March 31, 2024

## 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2025 and 2024 in the consolidated statements of cash flows consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash and time deposits .....	¥ 58,379	¥ 55,237	\$ 390,414
Commercial papers included in “Securities” in current assets .....	9,997	-	66,857
Time deposits with maturities exceeding three months ...	(822)	(886)	(5,498)
Cash and cash equivalents .....	¥ 67,554	¥ 54,351	\$ 451,773

## 9. SUPPLEMENTAL CASH FLOW INFORMATION

Assets and liabilities acquired through finance leases for the year ended March 31, 2025 were ¥3,935 million (\$26,316 thousand) and ¥4,059 million (\$27,146 thousand), respectively. Assets and liabilities acquired through finance leases for the year ended March 31, 2024 were ¥3,863 million and ¥4,105 million, respectively.

Asset retirement obligations for the years ended March 31, 2025 and 2024 were ¥7,180 million (\$48,014 thousand) and ¥1,897 million, respectively.

### *Acquisition of shares in newly consolidated subsidiary with change in scope of consolidation*

As a result of the acquisition of shares of SEKIHOME Co., Ltd., during the year ended March 31, 2024, SEKIHOME was included in the scope of consolidation. The breakdown of the assets and liabilities at the initial consolidation and the acquisition price and the purchase of the investment are as follows:

	Millions of yen
Current assets .....	¥ 357
Non-current assets .....	206
Current liabilities .....	(308)
Non-current liabilities .....	(11)
Goodwill .....	45
Acquisition price of the shares .....	289
Cash and cash equivalents .....	(141)
Difference: Purchase of investment .....	¥ 148

## 10. FINANCIAL INSTRUMENTS

### I. Qualitative Information on Financial Instruments

#### (a) Policies for Using Financial Instruments

The Group raises necessary funds based on capital budgeting, mainly through loans from banks. Temporary surplus funds are invested in highly liquid instruments, and working capital is financed through bank loans.

Each operating department of the Company periodically monitors the Company’s counterparties and manages the due dates and balances of trade notes, accounts receivable, and long-term loans receivable in order to reduce credit risk by early identification of a possible default due to financial trouble of any counterparty.

Securities are commercial papers with a one-month redemption period. The Company purchases highly-rated products with low credit risk.

The Company continuously reviews portfolios of investment securities by periodically monitoring fair values of each security and the financial condition of the issuer as well as market condition and the relationship with the issuer.

Long-term loans payable include loans from financial institutions for the trust account in line with the introduction of the “E-Ship Trust.”

**(b) Details of Financial Instruments and Related Risk**

Trade notes and accounts receivable are exposed to credit risk of customers.

Securities and investment securities, which mainly comprise held-to-maturity debt securities and equity securities issued by those who have business relationships with the Company and/or its consolidated subsidiaries, are exposed to market risk.

Guarantee deposits, which are mostly related to rental of stores, are exposed to credit risk of lessors.

Most notes and accounts payable are due within two months.

Bank loans are obtained mainly for capital expenditures.

For certain loans payable, the Company utilizes interest rate (floating for fixed rate) swaps in order to manage interest rate risk. Moreover, it utilizes currency options in order to reduce the foreign currency risk of foreign-currency-denominated monetary assets and liabilities. The Company also uses derivatives as hedging instruments, which is described in “Derivative Transactions and Hedge Accounting” under Note 2, entitled “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.” Interest rate swap transactions entered into by the Company involve interest rate risk and currency option transactions involve foreign currency risk. Since the counterparties of derivative transactions are limited to highly credible domestic banks, credit risk that arises from contractual default by counterparties is considered to be fairly low.

**(c) Policies and Process of Risk Management**

**- Credit risk management**

Credit risk refers to the risk that the counterparty will default on its contractual obligation. In accordance with the Company’s sales management policy, each operating department of the Company periodically monitors the Company’s counterparties and manages the due dates and balances of trade notes and accounts receivable in order to reduce credit risk by early identification of a possible default due to financial trouble of any counterparty. The Company’s consolidated subsidiaries also manage their credit risk in the above manner.

The Company believes that the credit risk under derivative transactions is fairly low because counterparties of derivative transactions are limited to financial institutions with high credit ratings.

**- Market risk management**

Market risk is the risk that movements in market variables, such as foreign currency exchange rates, interest rates, and market prices, result in financial loss to the Company and/or its consolidated subsidiaries. For certain loans payable, the Company utilizes interest rate (floating for fixed rate) swaps in order to manage interest rate risk. Moreover, it utilizes currency options in order to reduce the foreign currency risk of foreign-currency-denominated monetary assets and liabilities.

The Company continuously reviews portfolios of securities by periodically monitoring fair values of each security and the financial condition of the issuer as well as market condition and the relationship with the issuer.

The basic policy, authority, and maximum amount of derivative transactions are determined at a Board of Directors' meeting, and the execution and management of derivative transactions are performed by the Financial Division. The results of transactions are reported at the Board of Directors' meeting on a regular basis.

- **Management of liquidity risk related to fund raising**

Liquidity risk is the risk of being unable to meet obligations as they become due. The Company manages liquidity risk by having liquidity on hand and by formulating and renewing the fund management plan based on reports from each department.

**(d) Supplemental Information on Fair Value**

Changes in estimates and assumptions used to estimate the fair values of financial instruments could result in different values. Additionally, notional amounts of derivative transactions, which are presented in Note 12, entitled "DERIVATIVE FINANCIAL INSTRUMENTS," do not indicate market risk of derivative transactions.

**II. Fair Value of Financial Instruments**

The following is a summary of book values and estimated fair values of financial instruments as of March 31, 2025 and 2024:

	Millions of yen		
	2025		
	Book value	Fair value	Valuation gains/(losses)
Financial assets:			
(1) Accounts receivable - trade	¥ 96,998	¥	¥
Allowance for doubtful accounts (*2)	(110)		
	96,888	96,150	(738)
(2) Investment securities (*3)			
Available-for-sale securities	6,580	6,580	-
Available-for-sale securities (equity securities of affiliated companies)	582	577	(5)
	7,162	7,157	(5)
(3) Guarantee deposits (*4)			
(including current portion)	80,410		
Allowance for doubtful accounts (*2)	(12)		
	80,398	80,405	7
	¥ 184,448	¥ 183,712	¥ (736)
Financial liabilities:			
(1) Long-term loans payable			
(including current portion)	¥ 160,094	¥ 157,950	¥ (2,144)
	¥ 160,094	¥ 157,950	¥ (2,144)
Derivative transactions (*5):			
(1) Hedge accounting is not applied	¥ 35	¥ 35	¥ -
(2) Hedge accounting is applied	-	-	-
	¥ 35	¥ 35	¥ -



Thousands of U.S. dollars (Note 1)			
2025			
	Book value	Fair value	Valuation gains/(losses)
Financial assets:			
(1) Accounts receivable - trade.....	\$ 648,687	\$	\$
Allowance for doubtful accounts (*2).....	(739)		
	647,948	643,018	(4,930)
(2) Investment securities (*3)			
Available-for-sale securities .....	44,003	44,003	-
Available-for-sale securities (equity securities of affiliated companies) .....	3,896	3,861	(35)
	47,899	47,864	(35)
(3) Guarantee deposits (*4)			
(including current portion) .....	537,753		
Allowance for doubtful accounts (*2) .....	(81)		
	537,672	537,717	45
	<u>\$ 1,233,519</u>	<u>\$ 1,228,599</u>	<u>\$ (4,920)</u>
Financial liabilities:			
(1) Long-term loans payable			
(including current portion) .....	\$ 1,070,647	\$ 1,056,308	\$ (14,339)
	<u>\$ 1,070,647</u>	<u>\$ 1,056,308</u>	<u>\$ (14,339)</u>
Derivative transactions (*5):			
(1) Hedge accounting is not applied .....	\$ 232	\$ 232	\$ -
(2) Hedge accounting is applied .....	-	-	-
	<u>\$ 232</u>	<u>\$ 232</u>	<u>\$ -</u>

Notes:

- (\*1) "Cash and time deposits," "Notes receivable - trade," "Accounts receivable - completed construction contracts," "Securities," "Notes and accounts payable - trade," "Notes and accounts payable - construction contracts," and "Short-term loans payable" are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their fair value.
- (\*2) An allowance for doubtful accounts estimated and provided with respect to certain identifiable items was deducted from each of accounts receivable - trade and guarantee deposits.
- (\*3) Investment securities include investments in listed affiliated companies accounted for using the equity method. Valuation gains (losses) represent gains (losses) on valuation of such investments.
- (\*4) Government bonds pledged by a certain consolidated subsidiary as security deposits were included.
- (\*5) Debt and credit attributed to derivative transactions are indicated as net amounts.

Millions of yen			
2024			
	Book value	Fair value	Valuation gains/(losses)
Financial assets:			
(1) Accounts receivable - trade.....	¥ 78,455	¥	¥
Allowance for doubtful accounts (*2).....	(173)		
	78,282	77,557	(725)
(2) Investment securities (*3) (*5)			
Available-for-sale securities .....	6,840	6,840	-
Available-for-sale securities (equity securities of affiliated companies) .....	580	617	37
	7,420	7,457	37
(3) Guarantee deposits (*4)			
(including current portion).....	80,613		
Allowance for doubtful accounts (*2).....	(16)		
	80,597	81,242	645
	¥ 166,299	¥ 166,256	¥ (43)
Financial liabilities:			
(1) Long-term loans payable			
(including current portion).....	¥ 167,775	¥ 166,784	¥ (991)
	¥ 167,775	¥ 166,784	¥ (991)
Derivative transactions (*6):			
(1) Hedge accounting is not applied .....	¥ 110	¥ 110	¥ -
(2) Hedge accounting is applied.....	-	-	-
	¥ 110	¥ 110	¥ -

Notes:

- (\*1) “Cash and time deposits,” “Notes receivable - trade,” “Accounts receivable - completed construction contracts,” “Notes and accounts payable - trade,” “Notes and accounts payable - construction contracts,” and “Short-term loans payable” are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their fair value.
- (\*2) An allowance for doubtful accounts estimated and provided with respect to certain identifiable items was deducted from each of accounts receivable - trade and guarantee deposits.
- (\*3) Investment securities include investments in listed affiliated companies accounted for using the equity method. Valuation gains (losses) represent gains (losses) on valuation of such investments.
- (\*4) Government bonds pledged by a certain consolidated subsidiary as security deposits were included.
- (\*5) Investments in partnerships and other business entities equivalent thereto for which equity interests are recorded on a net basis on the consolidated balance sheets were not included. The amount of the investments recorded on the consolidated balance sheets as of March 31, 2024 was ¥0 million.
- (\*6) Debt and credit attributed to derivative transactions are indicated as net amounts.

## Explanatory Notes on Fair Value of Financial Instruments

### (i) Shares, etc. that do not Have a Market Price

The following financial instruments were excluded from the above table because they are shares, etc. that do not have a market price:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
	Book value		
Investment securities (*)			
(1) Equity securities of subsidiaries and affiliated companies			
Subsidiaries .....	¥ 6,467	¥ 6,753	\$ 43,248
Affiliated companies .....	72	55	480
(2) Available-for-sale securities			
Unlisted equity securities .....	1,722	1,246	11,519

Note:

(\*) Shares, etc. that do not have a market price were excluded from “(2) Investment securities.”

### (ii) Contractual Maturity of Financial Instruments

The redemption schedule of monetary claims and securities with fixed maturities was as follows:

	Millions of yen			
	2025			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and time deposits .....	¥ 58,379	¥ -	¥ -	¥ -
Notes receivable - trade .....	3,867	-	-	-
Accounts receivable - trade .....	75,975	15,705	5,140	178
Accounts receivable - completed construction contracts .....	893	-	-	-
Securities .....	9,997	-	-	-
Guarantee deposits (*) .....	2,941	30,255	17,414	29,800
Total .....	¥ 152,052	¥ 45,960	¥ 22,554	¥ 29,978

	Thousands of U.S. dollars (Note 1)			
	2025			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and time deposits .....	\$ 390,414	\$ -	\$ -	\$ -
Notes receivable - trade .....	25,864	-	-	-
Accounts receivable - trade .....	508,090	105,031	34,376	1,190
Accounts receivable - completed construction contracts .....	5,971	-	-	-
Securities .....	66,857	-	-	-
Guarantee deposits (*) .....	19,670	202,334	116,457	199,292
Total .....	\$ 1,016,866	\$ 307,365	\$ 150,833	\$ 200,482

	Millions of yen			
	2024			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and time deposits·····	¥ 55,237	¥ -	¥ -	¥ -
Notes receivable - trade·····	4,357	-	-	-
Accounts receivable - trade ·····	59,566	14,030	4,611	248
Accounts receivable - completed construction contracts ·····	1,523	-	-	-
Investment securities				
Available-for-sale securities with fixed maturities				
(1) Debt securities				
(Corporate bonds) ·····	-	-	-	-
(2) Others ·····	0	-	-	-
Guarantee deposits (*) ·····	3,191	29,667	19,396	28,359
Total ·····	¥ 123,874	¥ 43,697	¥ 24,007	¥ 28,607

Note:

(\*) Government bonds pledged by a certain consolidated subsidiary as security deposits were included.

Contractual maturities of short-term and long-term loans payable are described in Note 17, entitled “SHORT-TERM AND LONG-TERM DEBT.”

### III. Fair Value Information by Level within the Fair Value Hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value:	Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement
Level 2 fair value:	Fair value measured using observable inputs other than Level 1 inputs
Level 3 fair value:	Fair value measured using unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

#### (a) Financial Instruments Measured at Fair Value

Category	Millions of yen			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities · ¥	6,580	-	-	¥ 6,580
Total assets ····· ¥	6,580	-	-	¥ 6,580

Thousands of U.S. dollars (Note 1)					
2025					
Fair value					
Category		Level 1	Level 2	Level 3	Total
Investment securities					
Available-for-sale securities ·	\$	44,003	-	-	\$ 44,003
Total assets ·····	\$	44,003	-	-	\$ 44,003

Millions of yen					
2024					
Fair value					
Category		Level 1	Level 2	Level 3	Total
Investment securities					
Available-for-sale securities ·	¥	6,839	-	-	¥ 6,839
Total assets ·····	¥	6,839	-	-	¥ 6,839

**(b) Financial Instruments other than those Measured at Fair Value**

Millions of yen					
2025					
Fair value					
Category		Level 1	Level 2	Level 3	Total
Accounts receivable - trade ·····	¥	-	96,150	-	¥ 96,150
Investment securities ·····		577	-	-	577
Guarantee deposits (including current portion) ·····		-	80,405	-	80,405
Derivative transactions					
Currency-related ·····		-	35	-	35
Total assets ·····	¥	577	176,590	-	¥ 177,167
Long-term loans payable (including current portion) ·····	¥	-	157,950	-	¥ 157,950
Total liabilities ·····	¥	-	157,950	-	¥ 157,950

Thousands of U.S. dollars (Note 1)				
2025				
Fair value				
Category	Level 1	Level 2	Level 3	Total
Accounts receivable - trade .....	\$ -	643,018	-	\$ 643,018
Investment securities .....	3,861	-	-	3,861
Guarantee deposits (including current portion) .....	-	537,717	-	537,717
Derivative transactions Currency-related .....	-	232	-	232
Total assets .....	\$ 3,861	1,180,967	-	\$ 1,184,828
Long-term loans payable (including current portion) .....	\$ -	1,056,308	-	\$ 1,056,308
Total liabilities .....	\$ -	1,056,308	-	\$ 1,056,308

Millions of yen				
2024				
Fair value				
Category	Level 1	Level 2	Level 3	Total
Accounts receivable - trade .....	¥ -	77,558	-	¥ 77,558
Investment securities .....	617	-	-	617
Guarantee deposits (including current portion) .....	-	81,242	-	81,242
Derivative transactions Currency-related .....	-	110	-	110
Total assets .....	¥ 617	158,910	-	¥ 159,527
Long-term loans payable (including current portion) .....	¥ -	166,784	-	¥ 166,784
Total liabilities .....	¥ -	166,784	-	¥ 166,784

## Notes on a Description of the Valuation Technique(s) and Inputs Used in the Fair Value Measurements

### Accounts receivable - trade

The fair value of accounts receivable - trade is measured using the discounted cash flow method based on the amount of receivables, period to maturity, and an interest rate reflecting credit risk, for each receivable categorized by a specified period, and is classified as Level 2.

### Investment securities

Listed shares and government bonds are valued using quoted prices. As listed shares and government bonds are traded in active markets, their fair value is classified as Level 1.

### Guarantee deposits (including current portion)

The fair value of guarantee deposits is categorized by a specified period and measured using the discounted cash flow method based on future cash flows and an interest rate obtained by adding the credit spread to government bond yields and other appropriate indicators, and is classified as Level 2.

### Derivative transactions

The fair value of foreign currency forward contracts is based on the price information from the contracted financial institution, and is classified as Level 2.

#### Long-term loans payable (including current portion)

The fair value of long-term loans payable is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities, and an interest rate reflecting credit risk, and is classified as Level 2. The fair value of loans from financial institutions for the trust account in line with the introduction of the “E-Ship Trust” is based on the carrying amount, because the fair value approximates the carrying amount as the loans reflect market interest rates in a short term.

## 11. SECURITIES INFORMATION

The fair values and book values of held-to-maturity securities as of March 31, 2025 were as follows:

Millions of yen			
2025			
	Book value	Fair value	Difference
Securities with fair values not exceeding book values:			
Government bonds and others .....	¥ -	¥ -	¥ -
Corporate bonds .....	9,997	9,997	-
Other .....	-	-	-
Total .....	¥ 9,997	¥ 9,997	¥ -

Thousands of U.S. dollars (Note 1)			
2025			
	Book value	Fair value	Difference
Securities with fair values not exceeding book values:			
Government bonds and others .....	\$ -	\$ -	\$ -
Corporate bonds .....	66,857	66,857	-
Other .....	-	-	-
Total .....	\$ 66,857	\$ 66,857	\$ -

The acquisition costs and book values of available-for-sale securities with available fair values as of March 31, 2025 and 2024 were as follows:

Millions of yen			
2025			
	Book value	Acquisition cost	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 2,928	¥ 2,465	¥ 463
Debt securities:			
Government bonds and others (*)	523	523	-
Sub-total	3,451	2,988	463
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	3,579	4,222	(643)
Debt securities:			
Government bonds and others (*)	18	18	(0)
Sub-total	3,597	4,240	(643)
Total	¥ 7,048	¥ 7,228	¥ (180)
Thousands of U.S. dollars (Note 1)			
2025			
	Book value	Acquisition cost	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	\$ 19,585	\$ 16,486	\$ 3,099
Debt securities:			
Government bonds and others (*)	3,496	3,496	-
Sub-total	23,081	19,982	3,099
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	23,937	28,234	(4,297)
Debt securities:			
Government bonds and others (*)	118	118	(0)
Sub-total	24,055	28,352	(4,297)
Total	\$ 47,136	\$ 48,334	\$ (1,198)

Note:

(\*) Government bonds pledged by a certain subsidiary as security deposits were included in guarantee deposits in the consolidated balance sheets.

Unlisted equity securities of ¥1,722 million (\$11,519 thousand), which fall under the definition of shares, etc. that do not have a market price, were excluded from the above table.



Millions of yen			
2024			
	Book value	Acquisition cost	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 2,746	¥ 2,557	¥ 189
Debt securities:			
Government bonds and others (*)	540	540	0
Sub-total	3,286	3,097	189
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	4,022	4,126	(104)
Debt securities:			
Government bonds and others (*)	-	-	-
Sub-total	4,022	4,126	(104)
Total	¥ 7,308	¥ 7,223	¥ 85

Note:

(\*) Government bonds pledged by a certain subsidiary as security deposits were included in guarantee deposits in the consolidated balance sheets.

Unlisted equity securities of ¥1,246 million and investments in LPS of ¥0 million, which fall under the definition of shares, etc. that do not have a market price, were excluded from the above table.

Securities sold during the years ended March 31, 2025 and 2024 were as follows:

Millions of yen			
2025			
	Sales amounts	Gain on sale	Loss on sale
Equity securities	¥ 1,458	¥ 1,434	¥ -
Total	¥ 1,458	¥ 1,434	¥ -
Thousands of U.S. dollars (Note 1)			
2025			
	Sales amounts	Gain on sale	Loss on sale
Equity securities	\$ 9,749	\$ 9,588	\$ -
Total	\$ 9,749	\$ 9,588	\$ -
Millions of yen			
2024			
	Sales amounts	Gain on sale	Loss on sale
Equity securities	¥ 306	¥ 71	¥ -
Total	¥ 306	¥ 71	¥ -

If the market value of a security as of the fiscal year-end declines more than 50% compared with the acquisition cost of such security, the difference between such security's fair market value and carrying amount is recognized as loss on valuation in the period of such decline.

In addition, if the market value of a security as of the fiscal year-end declines 30% to 50% compared with the acquisition cost of such security, and such decline is considered to be material and unrecoverable, the difference

between such security's fair market value and carrying amount is recognized as loss on valuation in the period of such decline.

For available-for-sale securities, recoverability is considered in conjunction with the financial condition of the issuer and the portion regarded as unrecoverable is recognized as loss on valuation.

Loss on valuation of available-for-sale securities was ¥100 million for the year ended March 31, 2024.

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

The aggregate amounts contracted to be paid or received under, and the fair values and unrealized gains (losses) of, currency-related derivative transactions, other than market trades (and excluding hedging transactions) as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Millions of yen		Thousands of U.S. dollars (Note 1)	
	Notional Amount					
	Total	Due after one year	Fair value	Unrealized gains	Fair value	Unrealized gains
At March 31, 2025:						
Foreign currency forward contracts:						
Buy, call .....	¥ 2,162	¥ -	¥ 35	¥ 35	\$ 232	\$ 232
Total .....	¥ 2,162	¥ -	¥ 35	¥ 35	\$ 232	\$ 232
	Millions of yen		Millions of yen			
	Notional Amount					
	Total	Due after one year	Fair value	Unrealized gains		
At March 31, 2024:						
Foreign currency forward contracts:						
Buy, call .....	¥ 3,317	¥ -	¥ 110	¥ 110		
Total .....	¥ 3,317	¥ -	¥ 110	¥ 110		

The fair value has been quoted based on the price information from the contracted financial institution.

Derivative instruments which qualified as hedging instruments were not applicable as of March 31, 2025 and 2024.

## 13. INVENTORIES

Inventories at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Merchandise and finished goods.....	¥ 336,661	¥ 351,151	\$ 2,251,458
Real estate for sale.....	57,709	61,019	385,938
Work in process .....	999	1,217	6,684
Costs on construction contracts in progress .....	6,402	7,260	42,812
Raw materials and supplies.....	5,497	5,792	36,761
Total .....	¥ 407,268	¥ 426,439	\$ 2,723,653

#### 14. ACCUMULATED DEPRECIATION ON PROPERTY AND EQUIPMENT

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Accumulated depreciation .....	¥ 411,581	¥ 393,452	\$ 2,752,498

#### 15. IMPAIRMENT LOSS

As a minimum unit for generating cash flows, each retail store or branch office is grouped and assessed. For certain consolidated subsidiaries, each company is grouped and assessed as a minimum unit, and the headquarters and some factories are grouped and assessed as common assets which do not generate cash flows. The book values of cash-generating units which may incur operating losses continuously are written down to such units' respective recoverable amounts. Investment/rental properties and idle assets are individually considered, and an impairment loss is recognized if, with respect to an investment/rental property, the fair value becomes significantly lower than the carrying amount, or with respect to an idle asset, there is no prospect for future use. Goodwill and trademark right included in intangible assets are grouped and assessed based on businesses according to classification used for managerial accounting.

An impairment loss is recorded at the amount by which the carrying amount of each group of assets exceeds its recoverable value. The recoverable amounts from such asset groups are based on the use value and the net selling price for the year ended March 31, 2025 and mainly based on the net selling price for the year ended March 31, 2024, which in turn are based on the value assessed for property tax purposes. The net selling prices of lease assets, intangible assets excluding trademark right, and investments and other assets are set at zero. The recoverable amounts of trademark right are based on the use value, which was measured at zero for the years ended March 31, 2025 and 2024.

The summary of impairment losses recorded for the years ended March 31, 2025 and 2024 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Buildings and structures .....	¥ 4,613	¥ 5,510	\$ 30,851
Land .....	322	19	2,149
Lease assets .....	423	729	2,828
Other tangible assets .....	638	1,365	4,268
Intangible assets .....	199	71	1,333
Investments and other assets .....	85	249	568
Total .....	¥ 6,280	¥ 7,943	\$ 41,997

Impairment losses for the year ended March 31, 2025 mainly relate to retail stores and a property for the Group's own business use located mainly in Chiba Prefecture, idle assets located mainly in Mie Prefecture, and others.

Impairment losses for the year ended March 31, 2024 mainly relate to retail stores, a property for the Group's own business use, and common assets located mainly in Hyogo Prefecture and idle assets located mainly in Gunma Prefecture.

## 16. LEASE INFORMATION

### *As Lessee*

#### (i) Finance lease transactions without title transfer

The Group leases mainly retail buildings and equipment and a set of computer equipment.

#### (ii) Operating lease transactions

Future minimum lease payments under non-cancelable operating leases as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Due within one year .....	¥ 21,234	¥ 18,562	\$ 142,005
Due after one year .....	57,748	66,303	386,198
Total .....	<u>¥ 78,982</u>	<u>¥ 84,865</u>	<u>\$ 528,203</u>

### *As Lessor*

#### (i) Operating lease transactions

Future minimum lease receivables under non-cancelable operating leases as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Due within one year .....	¥ 225	¥ 119	\$ 1,506
Due after one year .....	214	76	1,429
Total .....	<u>¥ 439</u>	<u>¥ 195</u>	<u>\$ 2,935</u>

## 17. SHORT-TERM AND LONG-TERM DEBT

The weighted-average rates of interest for short-term loans payable were approximately 0.91% and 0.41% as of March 31, 2025 and 2024, respectively.

The weighted-average rates of interest for the current portion of long-term loans payable were approximately 0.97% and 0.43% as of March 31, 2025 and 2024, respectively.

The weighted-average rates of interest for long-term loans payable (excluding the current portion thereof) were approximately 0.94% and 0.46% as of March 31, 2025 and 2024, respectively. The long-term loans payable were due in 2026 through 2031 and 2025 through 2040 as of March 31, 2025 and 2024, respectively.

The weighted-average rates of interest for finance lease obligations have not been disclosed since related interest charges are allocated using the straight-line method over the lease terms.

The weighted-average rates of interest for long-term accounts payable - other in other interest-bearing debt were approximately 2.03% and 2.49% as of March 31, 2025 and 2024, respectively. The long-term accounts

payable - other (excluding the current portion thereof) in other interest-bearing debt were due in 2026 through 2030 and 2025 through 2028 as of March 31, 2025 and 2024, respectively.

The short-term and long-term debt as of March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Short-term loans payable .....	¥ 150,094	¥ 131,566	\$ 1,003,768
Long-term loans payable (due within one year) .....	49,772	59,577	332,858
Lease obligations (due within one year) .....	6,017	5,387	40,242
Other interest-bearing debt			
Long-term accounts payable - other (due within one year) .....	10	26	69
Sub-total .....	205,893	196,556	1,376,937
Long-term loans payable (excluding amounts due within one year) .....	110,322	108,198	737,790
Lease obligations (excluding amounts due within one year) .....	9,348	11,109	62,518
Other interest-bearing debt			
Long-term accounts payable - other (due after one year) .....	40	76	265
Sub-total .....	119,710	119,383	800,573
Total .....	¥ 325,603	¥ 315,939	\$ 2,177,510

The following assets were pledged as collateral for the below listed liabilities as of March 31, 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Land .....	¥ 205	¥ 446	\$ 1,371

Note: Land was pledged as collateral at certain consolidated subsidiaries for customers' housing loans of ¥12 million (\$82 thousand) and ¥15 million as of March 31, 2025 and 2024, respectively, as well as for loans from financial institutions of ¥162 million (\$1,083 thousand) and ¥403 million as of March 31, 2025 and 2024, respectively.

The aggregate annual maturities of long-term loans payable as of March 31, 2025 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2026 .....	¥ 49,772	\$ 332,858
2027 .....	43,149	288,561
2028 .....	35,980	240,617
2029 .....	17,875	119,544
2030 .....	13,244	88,573
Thereafter .....	74	495
Total .....	¥ 160,094	\$ 1,070,648

The aggregate annual maturities of long-term accounts payable - other as of March 31, 2025 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2026 .....	¥ 10	\$ 69
2027 .....	11	70
2028 .....	9	60
2029 .....	9	61
2030 .....	9	63
Thereafter .....	2	11
Total .....	¥ 50	\$ 334

The aggregate annual maturities of finance lease obligations as of March 31, 2025 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2026 .....	¥ 6,017	\$ 40,242
2027 .....	4,844	32,398
2028 .....	2,512	16,802
2029 .....	875	5,850
2030 .....	483	3,228
Thereafter .....	634	4,240
Total .....	¥ 15,365	\$ 102,760

The Company has entered into loan commitment agreements amounting to ¥50,000 million (\$334,381 thousand) with seven financial institutions. Under these credit facilities, no amount has been executed as of March 31, 2025 and 2024.

## 18. INCOME TAXES

Taxes on profit consist of corporate income taxes, inhabitant taxes, and enterprise taxes. The aggregate statutory tax rates on profit before income taxes were approximately 30.5% for the years ended March 31, 2025 and 2024.

Significant components of deferred tax assets and liabilities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Deferred tax assets:			
Loss on valuation of inventories .....	¥ 2,839	¥ 3,561	\$ 18,984
Impairment loss .....	22,359	21,602	149,528
Loss on valuation of investment securities .....	645	660	4,311
Loss on valuation of stock of subsidiaries .....	1,783	1,785	11,922
Provision for bonuses .....	5,125	4,857	34,277
Net defined benefit liability .....	9,998	9,796	66,866
Provision for directors' retirement benefits .....	114	98	763
Provision for product warranties .....	497	509	3,321
Other provisions .....	1,365	1,030	9,130
Asset retirement obligations .....	14,424	11,899	96,465
Contract liabilities .....	12,286	11,765	82,164
Tax loss carry-forward (Note 2) .....	3,558	4,315	23,792
Others .....	13,432	12,355	89,830
Sub-total .....	88,425	84,232	591,353
Valuation allowance for tax loss carry-forward (Note 2) .....	(3,554)	(4,276)	(23,770)
Valuation allowance for total of deductible temporary differences .....	(16,411)	(15,603)	(109,749)
Valuation allowance (Note 1) .....	(19,965)	(19,879)	(133,519)
Total deferred tax assets .....	68,460	64,353	457,834
Deferred tax liabilities:			
Unrealized gains on valuation of land .....	(1,356)	(1,480)	(9,069)
Loss recognized corresponding to asset retirement obligations .....	(7,139)	(5,506)	(47,743)
Others .....	(5,246)	(4,979)	(35,081)
Total deferred tax liabilities .....	(13,741)	(11,965)	(91,893)
Net deferred tax assets (Note 3) .....	¥ 54,719	¥ 52,388	\$ 365,941

Notes: 1. Valuation allowance increased by ¥86 million (\$576 thousand). The increase is mainly due to an increase in non-schedulable deductible temporary differences as a result of recording impairment losses, etc. at consolidated subsidiaries, in spite of a decrease in valuation allowance for tax loss carry-forward resulting from the expiration of part of tax loss carry-forward at consolidated subsidiaries.

2. The expiration of tax loss carry-forward and the resulting deferred tax assets as of March 31, 2025 and 2024 were as follows:

	Millions of yen						
	2025						
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Tax loss carry- forward (*1) .....	¥ 647	¥ 694	¥ -	¥ 1,179	¥ 39	¥ 999	¥ 3,558
Valuation allowance .....	(647)	(694)	-	(1,179)	(39)	(996)	(3,555)
							(*)
Deferred tax assets	-	-	-	-	0	3	3

<i>Thousands of U.S. dollars (Note 1)</i>							
<i>2025</i>							
	<i>Within one year</i>	<i>Over one year within two years</i>	<i>Over two years within three years</i>	<i>Over three years within four years</i>	<i>Over four years within five years</i>	<i>Over five years</i>	<i>Total</i>
Tax loss carry-forward (*1) .....	\$ 4,326	\$ 4,641	\$ -	\$ 7,884	\$ 263	\$ 6,678	\$ 23,792
Valuation allowance .....	(4,326)	(4,641)	-	(7,884)	(259)	(6,660)	(23,770)
							(*2)
Deferred tax assets	-	-	-	-	4	18	22

<i>Millions of yen</i>							
<i>2024</i>							
	<i>Within one year</i>	<i>Over one year within two years</i>	<i>Over two years within three years</i>	<i>Over three years within four years</i>	<i>Over four years within five years</i>	<i>Over five years</i>	<i>Total</i>
Tax loss carry-forward (*1) .....	¥ 760	¥ 662	¥ 700	¥ -	¥ 1,176	¥ 1,017	¥ 4,315
Valuation allowance .....	(755)	(642)	(689)	-	(1,173)	(1,017)	(4,276)
							(*2)
Deferred tax assets	5	20	11	-	3	-	39

(\*1) Tax loss carry-forward was determined by multiplying the statutory income tax rate.

(\*2) As of March 31, 2025, deferred tax assets of ¥3 million (\$22 thousand) were recorded for tax loss carry-forward of ¥3,558 million (\$23,792 thousand) (multiplied by the statutory income tax rate). This amount of deferred tax assets was recognized mainly for the balance of tax loss carry-forward at YAMADA FINANCE SERVICE Co., Ltd. ("YAMADA FINANCE SERVICE"). Valuation allowance has not been recognized since the deferred tax assets for tax loss carry-forward are determined to be recoverable due to the expected future taxable income. As of March 31, 2024, deferred tax assets of ¥39 million were recorded for tax loss carry-forward of ¥4,315 million (multiplied by the statutory income tax rate). This amount of deferred tax assets was recognized mainly for part of the balance of tax loss carry-forward of ¥61 million at YAMADA FINANCE SERVICE. Valuation allowance has not been recognized since the deferred tax assets for tax loss carry-forward are determined to be recoverable due to the expected future taxable income.

3. Net deferred tax assets (liabilities) were included in the following accounts in the consolidated balance sheets as of March 31, 2025 and 2024:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>
Non-current assets - Deferred tax assets .....	¥ 54,780	¥ 52,399	\$ 366,346
Long-term liabilities - Other long-term liabilities .....	(61)	(11)	(405)



Reconciliations between the statutory income tax rate and the actual effective income tax rate, as percentage of profit before income taxes, for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024
Statutory income tax rate	30.5%	30.5%
Per capita inhabitants taxes	2.1	2.4
Change in valuation allowance	(0.8)	(4.3)
Tax rate differences for net loss subsidiaries	0.8	3.8
Tax rate differences for consolidated subsidiaries	3.6	3.1
Entertainment and other non-deductible expenses	1.4	1.5
Effect of changes in tax rates	(2.2)	-
Effect of merger of subsidiaries	0.3	(0.6)
Others, net	0.3	0.4
Effective income tax rate	36.0	36.8

The Company and its certain domestic consolidated subsidiaries have applied the group tax sharing system. Moreover, they conduct the accounting treatment and disclosure of corporate and local income taxes as well as of the relevant tax effect accounting in conformity with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

As the “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted on March 31, 2025, “special defense surtax” will be imposed for years beginning April 1, 2026 and thereafter.

In line with this event, the statutory income tax rate used to calculate deferred tax assets and liabilities for temporary differences expected to be resolved in and after the year beginning April 1, 2026 has changed from 30.5% to 31.4%.

As a result of this tax rate change, for the year ended March 31, 2025, deferred tax assets (amount net of deferred tax liabilities) increased by ¥927 million (\$6,198 thousand), income taxes - deferred decreased by ¥930 million (\$6,219 thousand), and valuation difference on available-for-sale securities decreased by ¥3 million (\$21 thousand).

## 19. CONTINGENT LIABILITIES

The Group was contingently liable for transferred accounts receivable of ¥12,991 million to credit card companies as of March 31, 2024.

The Group was contingently liable for the following guarantees of debt as of March 31, 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Guarantees of debt made to home buyers and the like	¥ 1,615	¥ 941	\$ 10,798
Guarantees of debt made to employees	0	0	0

Receivables securitized through a self-created trust as of March 31, 2025 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Other current assets	¥ 2,593	\$ 17,343
Guarantee deposits	6,921	46,286

The securitized receivables were accounted for as financial transactions, and the corresponding payables as of March 31, 2025 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current portion of long-term loans payable .....	¥ 2,490	\$ 16,655
Long-term loans payable .....	6,693	44,758

## 20. OTHER PROVISIONS

Other provisions are provided mainly to prepare for, at certain consolidated subsidiaries, payments related to sales promotion activities to customers, compensation payments based on warranty against defects for delivered buildings, and payments for after-service fees.

## 21. RETIREMENT BENEFITS

The Company and its certain consolidated subsidiaries maintain funded contributory and unfunded defined benefit plans, as well as defined contribution plans, for their employees' retirement benefits. Under the defined benefit corporate pension plans, retirement benefits are paid out in the form of a lump-sum payment or annuity payments based on the accumulated number of points that are granted according to eligibility and position, etc. of employees. Under a lump-sum retirement payment plan, retirement benefits are paid out in the form of a lump-sum payment based on the accumulated number of points that are granted according to eligibility and position, etc. of employees.

The simplified method is applied by certain consolidated subsidiaries in calculating the defined benefit liability and retirement benefit costs under lump-sum retirement payment plans.

Certain consolidated subsidiaries executed the transfer from a defined benefit corporate pension plan to a defined contribution pension plan on March 1, 2023.

### *Defined benefit plans*

#### (1) Changes in retirement benefit obligations for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Beginning balance .....	¥ 35,429	¥ 40,766	\$ 236,937
Service costs .....	3,741	3,958	25,020
Interest cost .....	341	101	2,280
Actuarial gains and losses .....	(3,310)	(3,054)	(22,138)
Payment of benefit obligations .....	(1,724)	(1,341)	(11,532)
Increase due to new consolidation .....	-	2	-
Decrease resulting from the termination of defined benefit plans .....	-	(5,003)	-
Others .....	0	0	2
Ending balance .....	¥ 34,477	¥ 35,429	\$ 230,569

Note: The simplified method has been applied by certain consolidated subsidiaries.

(2) Changes in pension assets for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Beginning balance .....	¥ 4,535	¥ 8,007	\$ 30,330
Expected return on pension assets .....	5	3	36
Actuarial gains and losses .....	4	(29)	24
Contributions paid by the employer .....	71	68	476
Retirement benefits paid .....	(548)	(244)	(3,669)
Decrease resulting from the termination of defined benefit plans .....	-	(3,270)	-
Ending balance .....	¥ 4,067	¥ 4,535	\$ 27,197

(3) Reconciliation of retirement benefit obligations and pension assets and net defined benefit liability (asset) for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Funded retirement benefit obligations .....	¥ 1,272	¥ 1,735	\$ 8,504
Amount of pension assets .....	(4,067)	(4,535)	(27,197)
	(2,795)	(2,800)	(18,693)
Unfunded retirement benefit obligations .....	33,205	33,694	222,065
Total net defined benefit liability .....	¥ 30,410	¥ 30,894	\$ 203,372
Net defined benefit liability .....	33,537	33,984	224,283
Net defined benefit asset .....	(3,127)	(3,090)	(20,911)
Total net defined benefit liability .....	¥ 30,410	¥ 30,894	\$ 203,372

Note: The above table includes plans for which the simplified method has been applied.

(4) Components of retirement benefit costs for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Service costs (*) .....	¥ 3,741	¥ 3,958	\$ 25,020
Interest cost .....	341	101	2,279
Expected return on pension assets .....	(5)	(3)	(36)
Amortization of actuarial differences .....	(461)	165	(3,086)
Amortization of prior service costs .....	156	140	1,046
Total net periodic retirement benefit costs .....	¥ 3,772	¥ 4,361	\$ 25,223

Notes:

(\*1) Retirement benefit costs of certain consolidated subsidiaries calculated under the simplified method are recorded in service costs.

(\*2) In the year ended March 31, 2024, in addition to the items above, gain on revision of retirement benefit plan of ¥1,573 million as other income and others, net (loss on revision of retirement benefit plan) of ¥98 million as other expenses were recorded following the transfer from a defined benefit corporate pension plan to a defined contribution pension plan of certain consolidated subsidiaries.

(5) Remeasurements of defined benefit plans for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Prior service costs .....	¥ 156	¥ 122	\$ 1,046
Actuarial gains and losses .....	2,853	3,466	19,076
Total .....	<u>¥ 3,009</u>	<u>¥ 3,588</u>	<u>\$ 20,122</u>

(6) Accumulated remeasurements of defined benefit plans for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Unrealized prior service costs .....	¥ 259	¥ 415	\$ 1,731
Unrealized actuarial gains and losses .....	(4,962)	(2,109)	(33,183)
Total .....	<u>¥ (4,703)</u>	<u>¥ (1,694)</u>	<u>\$ (31,452)</u>

(7) Pension assets as of March 31, 2025 and 2024

- (i) The percentages for each classification of total pension assets as of March 31, 2025 and 2024 were as follows:

	2025	2024
General accounts .....	25.2 %	22.2 %
Short-term assets .....	74.8	77.8
Total .....	<u>100.0</u>	<u>100.0</u>

- (ii) Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return is determined based on the present and projected future allocation of plan assets and the present and expected future rate of return on various components of plan assets.

(8) Basis of actuarial calculation for the years ended March 31, 2025 and 2024

	2025	2024
Principal discount rate .....	1.80 %	1.10 %
Long-term expected rate of return on plan assets .....	0.00	0.00

Note: The estimated rate of salary increase is not presented because the Company and its consolidated subsidiaries have adopted a point system.

**Defined contribution plans**

The required contribution amount to the defined contribution plans of the Company and certain consolidated subsidiaries was ¥2,668 million (\$17,846 thousand) and ¥2,449 million for the years ended March 31, 2025 and 2024, respectively.

## Other

The effects of the transfer from a defined benefit corporate pension plan to a defined contribution pension plan as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Decrease in retirement benefit obligations .....	¥ -	¥ 5,003	\$ -
Decrease in pension assets .....	-	(3,270)	-
Unrealized actuarial gains and losses .....	-	(276)	-
Unrealized prior service costs .....	-	18	-
Total .....	¥ -	¥ 1,475	\$ -

## 22. ASSET RETIREMENT OBLIGATIONS

### Asset Retirement Obligations Included in the Consolidated Balance Sheets

Asset retirement obligations included in the consolidated balance sheets primarily represent contractual obligations for restoration related to term leasehold interests in retail stores and the like.

The Group mainly estimates asset retirement obligations by using discount rates ranging from 0.00% to 2.35% with a term of 2–47 years.

Changes in asset retirement obligations for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Beginning balance .....	¥ 38,453	¥ 36,867	\$ 257,163
Increase due to purchase of property and equipment .....	923	1,426	6,173
Increase due to changes in estimate .....	5,770	7	38,584
Adjustments due to passage of time .....	487	464	3,257
Decrease due to implementation of asset retirement obligations .....	(524)	(342)	(3,501)
(Decrease) increase due to exchange translation of asset retirement obligations denominated in foreign currencies .....	28	25	187
Increase due to new consolidation .....	-	6	-
Ending balance .....	¥ 45,137	¥ 38,453	\$ 301,863

### Asset Retirement Obligations Not Included in the Consolidated Balance Sheets

The Group may have contractual obligations for restoration at the moving out of certain retail stores, based on real estate lease contracts other than those related to fixed term land leasehold contracts for business purposes, etc. However, relevant asset retirement obligations have not been included in the consolidated balance sheets, because they could not be reasonably estimated due to uncertainty regarding the usage period of leased assets and/or the incurrence of expense, as well as the absence of a plan to move out in the future.

## 23. NET ASSETS

Net assets comprise three subsections, which are shareholders' equity, accumulated other comprehensive income, and non-controlling interests.

Japanese companies are subject to the Companies Act of Japan (the "Companies Act") and related regulations.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the prices of the new shares as additional paid-in capital, which is included in capital surplus.

On October 1, 2013, the Company conducted a 10-for-1 stock split by way of a free share distribution.

Under the Companies Act, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of the additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. The legal earnings reserve has been included in retained earnings in the accompanying consolidated balance sheets.

Under the Companies Act, the legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit or capitalized by a resolution at the shareholders' meeting. Under the Companies Act, all paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which may become available for distribution as dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the Ordinary General Meeting of Shareholders held on June 27, 2025, the shareholders approved cash dividends amounting to ¥9,010 million (\$60,255 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2025 as they are to be recognized in the period in which they are approved by the shareholders.

## 24. STOCK OPTIONS

Stock option expenses recognized for the years ended March 31, 2025 and 2024 were ¥60 million (\$399 thousand) and ¥242 million, respectively.

The stock options existing during the years ended March 31, 2025 and 2024 were as follows:

	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option
Date of resolution.....	June 27, 2013	June 27, 2014	June 26, 2015	June 29, 2016
Persons granted .....	16 directors	15 directors	14 directors	15 directors
Number of options granted expressed in the number of shares by class of stock (*1) (*2).....	Common stock 483,100 shares	Common stock 460,700 shares	Common stock 628,900 shares	Common stock 784,200 shares
Date of grant .....	July 12, 2013	July 14, 2014	July 13, 2015	July 14, 2016
Vesting condition .....	Not set	Not set	Not set	Not set
Service period covered.....	Not prescribed	Not prescribed	Not prescribed	Not prescribed
Exercise period* .....	From July 13, 2013 to July 12, 2043	From July 15, 2014 to July 14, 2044	From July 14, 2015 to July 13, 2045	From July 15, 2016 to July 14, 2046
Number of subscription rights to shares* .....	2,758 units	2,599 units	4,391 units	5,650 units
Class, description, and number of shares of stock to be allotted upon exercise of subscription rights to shares (*3)* .....	Common stock 275,800 shares	Common stock 259,900 shares	Common stock 439,100 shares	Common stock 565,000 shares
Subscription price to be paid upon exercise of each subscription right to shares* .....	¥1	¥1	¥1	¥1
Issue price and amount of capital to be increased due to the issuance of shares upon exercise of subscription rights to shares* (*) .....	Issue price: ¥41,190 per 100 shares (*4) (*5)	Issue price: ¥292 (*4) (*5)	Issue price: ¥405 (*4) (*5)	Issue price: ¥453 (*4) (*5)
Matters concerning the transfer of subscription rights to shares* .....	(*6)	(*6)	(*6)	(*6)
Matters concerning the allotment of subscription rights to shares in the event of reorganization* .....	(*7)	(*7)	(*7)	(*7)

	2017 Stock Option	2018 Stock Option	2019 Stock Option	2020 Stock Option
Date of resolution .....	June 29, 2017	June 28, 2018	July 16, 2019	June 26, 2020
Persons granted .....	12 directors	13 directors	12 directors	3 directors
Number of options granted expressed in the number of shares by class of stock (*1) (*2) .....	Common stock 707,700 shares	Common stock 774,100 shares	Common stock 909,300 shares	Common stock 428,100 shares
Date of grant .....	July 14, 2017	July 13, 2018	July 31, 2019	July 13, 2020
Vesting condition .....	Not set	Not set	Not set	Not set
Service period covered .....	Not prescribed	Not prescribed	Not prescribed	Not prescribed
Exercise period* .....	From July 15, 2017 to July 14, 2047	From July 14, 2018 to July 13, 2048	From August 1, 2019 to July 31, 2049	From July 14, 2020 to July 13, 2050
Number of subscription rights to shares* .....	5,101 units	5,423 units	6,360 units	4,218 units
Class, description, and number of shares of stock to be allotted upon exercise of subscription rights to shares (*3)* .....	Common stock 510,100 shares	Common stock 542,300 shares	Common stock 636,000 shares	Common stock 421,800 shares
Subscription price to be paid upon exercise of each subscription right to shares* .....	¥1	¥1	¥1	¥1
Issue price and amount of capital to be increased due to the issuance of shares upon exercise of subscription rights to shares* (*) .....	Issue price: ¥443 (*4)	Issue price: ¥452 (*4)	Issue price: ¥389 (*4)	Issue price: ¥466 (*4)
Exercise conditions* .....	(*)	(*)	(*)	(*)
Matters concerning the transfer of subscription rights to shares* .....	(*)	(*)	(*)	(*)
Matters concerning the allotment of subscription rights to shares in the event of reorganization* .....	(*)	(*)	(*)	(*)



	2021 Stock Option	2022 Stock Option	2023 Stock Option
Date of resolution .....	June 29, 2021	June 29, 2022	June 29, 2023
Persons granted .....	3 directors	5 directors	5 directors
Number of options granted expressed in the number of shares by class of stock (*1) (*2) .....	Common stock 479,100 shares	Common stock 592,000 shares	Common stock 608,400 shares
Date of grant .....	July 14, 2021	July 14, 2022	July 14, 2023
Vesting condition .....	Not set	Not set	Not set
Service period covered .....	Not prescribed	Not prescribed	Not prescribed
Exercise period* .....	From July 15, 2021 to July 14, 2051	From July 15, 2022 to July 14, 2052	From July 15, 2023 to July 14, 2053
Number of subscription rights to shares* .....	4,721 units	5,795 units	5,956 units
Class, description, and number of shares of stock to be allotted upon exercise of subscription rights to shares (*3)* .....	Common stock 472,100 shares	Common stock 579,500 shares	Common stock 595,600 shares
Subscription price to be paid upon exercise of each subscription right to shares* .....	¥1	¥1	¥1
Issue price and amount of capital to be increased due to the issuance of shares upon exercise of subscription rights to shares* (*) .....	Issue price: ¥464 (*4)	Issue price: ¥427 (*4)	Issue price: ¥393 (*4)
Exercise conditions* .....	(*5)	(*5)	(*5)
Matters concerning the transfer of subscription rights to shares* .....	(*6)	(*6)	(*6)
Matters concerning the allotment of subscription rights to shares in the event of reorganization* .....	(*7)	(*7)	(*7)

\* Information as of March 31, 2025. No change has occurred to these figures as of May 31, 2025.

Notes:

- (\*1) Number of options granted is expressed in the number of shares of common stock granted.
- (\*2) Number of shares of common stock granted reflects a 10-for-1 stock split executed by the Company on October 1, 2013.
- (\*3) Number of shares to be allotted (the “Number of Shares to be Allotted”) upon exercise of subscription rights to shares (the “Subscription Rights to Shares”) is 100 shares for 1 Subscription Right to Shares.

In case the Company conducts a share split or a consolidation of shares of its common stock, after the date of the allocation of subscription rights to shares (the “Day of Allotment”), the Number of Shares to be Allotted will be adjusted according to the formula below. Such adjustment shall be made only to the Subscription Rights to Shares which have not yet been exercised at the time of the adjustment.

Number of Shares to be Allotted after adjustment = Number of Shares to be Allotted before adjustment  
× Ratio of share split or consolidation of shares

Other than the above, in the event it becomes necessary to adjust the Number of Shares to be Allotted, it may be adjusted by the Company as deemed necessary by its Board of Directors. Any amount less than one share arising from the adjustment shall be rounded down.

- (\*4) Issue price is the sum of the subscription price to be paid upon exercise of each Subscription Right to Shares and the fair value of the Subscription Right to Shares at the grant date. The amount of capital

to be increased due to the issuance of shares upon exercise of the Subscription Rights to Shares shall be one half (1/2) of the maximum amount of increases in the capital, etc. to be calculated according to Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any amount less than one yen arising from such calculation to be rounded up. The amount of capital reserve to be increased due to the issuance of shares upon exercise of the Subscription Rights to Shares shall be the amount obtained by deducting the amount of capital to be increased set forth above, from the maximum amount of increases in the capital, etc. set forth above.

- (\*5) (a) A holder of the Subscription Rights to Shares (the “Right Holder”) can exercise the Subscription Rights to Shares only in a single lump-sum transaction during the 10-day period from the day after leaving its position as director, corporate auditor, executive officer, or employee of the Company or its subsidiaries within the exercise period stated above.
- (b) In case the Right Holder dies, heirs of the Right Holder may exercise the Subscription Rights to Shares only in a single lump-sum transaction.
- (\*6) Any acquisition of the Subscription Rights to Shares through transfer shall require the approval by resolution of the Company’s Board of Directors.
- (\*7) In case the Company conducts a merger (limited to the case where the Company is to be extinguished as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange, or a share transfer (hereafter collectively referred to as the “reorganization”), the Subscription Rights to Shares of the companies listed in (a) to (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (the “Reorganized Company”) shall be delivered, in each of the above cases, to the Right Holder holding the Subscription Rights to Shares remaining just before the effective date of the reorganization (the “Remaining Subscription Rights to Shares”) according to the conditions (a) to (i) described below. Provided, however, that the foregoing shall be on the condition that the delivery of the Subscription Rights to Shares of the Reorganized Company in accordance with the following conditions is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock change agreement, or a stock transfer plan.
  - (a) Number of the Subscription Rights to Shares of the Reorganized Company to be delivered  
The identical number of the Subscription Rights to Shares to the number of the Remaining Subscription Rights to Shares held by a Right Holder shall be delivered to the said Right Holder.
  - (b) Class of shares of the Reorganized Company to be allotted upon exercise of the Subscription Rights to Shares  
Common stock of the Reorganized Company.
  - (c) Number of shares of the Reorganized Company to be allotted upon exercise of the Subscription Rights to Shares  
It shall be determined in accordance with (\*3) above, based on the consideration of conditions for the reorganization and other factors.
  - (d) Amount of assets to be contributed upon exercise of the Subscription Rights to Shares  
The amount of assets to be contributed upon exercise of each of the Subscription Rights to Shares to be delivered shall be an amount obtained by multiplying the exercise price after reorganization, as specified below, by the number of shares of the Reorganized Company to be allotted, as determined in accordance with (c) above. The exercise price after reorganization shall be ¥1 per share of the Reorganized Company to be delivered upon exercise of the Subscription Rights to Shares.
  - (e) Period during which the Subscription Rights to Shares are exercisable  
From commencing date of the exercise period shown in the table above, or the effective date of the reorganization, whichever is later, to expiry date of the exercise period shown in the table above.
  - (f) Amount of capital to be increased due to the issuance of shares upon exercise of the Subscription Rights to Shares
    - i) The amount of capital to be increased due to the issuance of shares upon exercise of the Subscription Rights to Shares shall be one half (1/2) of the maximum amount of increases in the capital, etc. to be calculated according to Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any amount less than one yen arising from such calculation to be rounded up.
    - ii) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the Subscription Rights to Shares shall be the amount obtained by deducting the amount of

capital to be increased set forth in i) above, from the maximum amount of increases in the capital, etc. set forth in i) above.

- (g) Restriction on the acquisition of the Subscription Rights to Shares through transfer  
Any acquisition of the Subscription Rights to Shares through transfer shall require the approval by resolution of the Board of Directors of the Reorganized Company.
- (h) Conditions for exercise of the Subscription Rights to Shares  
It shall be determined in accordance with (\*5) above.
- (i) Conditions for acquisition of the Subscription Rights to Shares
  - i) The Company may acquire the Subscription Rights to Shares without compensation at the arrival of the day prescribed by its Board of Directors, in case the Right Holder comes to be unable to exercise all or part of the Subscription Rights to Shares in accordance with (\*5) above or the allotment agreement for the Subscription Rights to Shares.
  - ii) The Company may acquire the Subscription Rights to Shares without compensation at the arrival of the day prescribed by its Board of Directors, in case an agenda for approval of one of the following 1, 2, 3, 4, or 5, is approved at the General Meeting of Shareholders of the Company (or, if approval of the General Meeting of Shareholders is not required, it is resolved at the Board of Directors of the Company).
    - 1. A merger agreement, under which the Company shall be extinguished
    - 2. An absorption-type company split agreement or an incorporation-type company split plan, under which the Company shall be split
    - 3. A share exchange agreement or a share transfer plan, under which the Company shall be a wholly owned subsidiary
    - 4. An amendment to the articles of incorporation to establish new provisions by which any proposed transfer of shares issued by the Company shall require the approval of the Company
    - 5. An amendment to the articles of incorporation to establish new provisions by which any proposed transfer of any class shares to be issued upon exercise of the Subscription Rights to Shares shall require the approval of the Company or by which the Company may acquire all of the class shares to be issued upon exercise of the Subscription Rights to Shares by resolution of the General Meeting of Shareholders

The stock option activity expressed in the number of common stock for the year ended March 31, 2025 was as follows:

Date of resolution	June 27, 2013	June 27, 2014	June 26, 2015	June 29, 2016				
	(Shares)	(Shares)	(Shares)	(Shares)				
Number of stock options expressed in the number of common stock:								
<u>Non-vested</u>								
March 31, 2024 –								
Outstanding .....	-	-	-	-				
Granted .....	-	-	-	-				
Forfeited .....	-	-	-	-				
Vested .....	-	-	-	-				
March 31, 2025 –								
Outstanding .....	-	-	-	-				
<u>Vested</u>								
March 31, 2024 –								
Outstanding .....	275,800	259,900	439,100	565,000				
Vested .....	-	-	-	-				
Exercised .....	-	-	-	-				
Forfeited .....	-	-	-	-				
March 31, 2025 –								
Outstanding .....	275,800	259,900	439,100	565,000				
	<u>Yen</u>	<u>U.S. dollars</u> <u>(Note 1)</u>	<u>Yen</u>	<u>U.S. dollars</u> <u>(Note 1)</u>	<u>Yen</u>	<u>U.S. dollars</u> <u>(Note 1)</u>	<u>Yen</u>	<u>U.S. dollars</u> <u>(Note 1)</u>
Price information:								
Exercise price .....	¥ 1	\$ 0.01	¥ 1	\$ 0.01	¥ 1	\$ 0.01	¥ 1	\$ 0.01
Average price at the exercise date .....	¥ -	\$ -	¥ -	\$ -	¥ -	\$ -	¥ -	\$ -
Fair value at the grant date .....	¥ 410.9	\$ 2.75	¥ 291.0	\$ 1.95	¥ 404.0	\$ 2.70	¥ 452.0	\$ 3.02

Date of resolution	June 29, 2017	June 28, 2018	July 16, 2019	June 26, 2020				
	(Shares)	(Shares)	(Shares)	(Shares)				
Number of stock options expressed in the number of common stock:								
<u>Non-vested</u>								
March 31, 2024 –								
Outstanding .....	-	-	-	-				
Granted .....	-	-	-	-				
Forfeited .....	-	-	-	-				
Vested .....	-	-	-	-				
March 31, 2025 –								
Outstanding .....	-	-	-	-				
<u>Vested</u>								
March 31, 2024 –								
Outstanding .....	510,100	542,300	636,000	421,800				
Vested .....	-	-	-	-				
Exercised .....	-	-	-	-				
Forfeited .....	-	-	-	-				
March 31, 2025 –								
Outstanding .....	510,100	542,300	636,000	421,800				
	<u>Yen</u>	<u>U.S. dollars</u> <u>(Note 1)</u>	<u>Yen</u>	<u>U.S. dollars</u> <u>(Note 1)</u>	<u>Yen</u>	<u>U.S. dollars</u> <u>(Note 1)</u>	<u>Yen</u>	<u>U.S. dollars</u> <u>(Note 1)</u>
Price information:								
Exercise price .....	¥ 1	\$ 0.01	¥ 1	\$ 0.01	¥ 1	\$ 0.01	¥ 1	\$ 0.01
Average price at the exercise date .....	¥ -	\$ -	¥ -	\$ -	¥ -	\$ -	¥ -	\$ -
Fair value at the grant date .....	¥ 442.0	\$ 2.96	¥ 451.0	\$ 3.02	¥ 388.0	\$ 2.59	¥ 465.0	\$ 3.11

Date of resolution	June 29, 2021	June 29, 2022	June 29, 2023
	(Shares)	(Shares)	(Shares)
Number of stock options expressed in the number of common stock:			
<u>Non-vested</u>			
March 31, 2024 –			
Outstanding .....	-	-	152,100
Granted .....	-	-	-
Forfeited .....	-	-	-
Vested .....	-	-	152,100
March 31, 2025 –			
Outstanding .....	-	-	-
<u>Vested</u>			
March 31, 2024 –			
Outstanding .....	472,100	592,000	456,300
Vested .....	-	-	152,100
Exercised .....	-	12,500	12,800
Forfeited .....	-	-	-
March 31, 2025 –			
Outstanding .....	472,100	579,500	595,600

	<u>Yen</u>	<u>U.S. dollars (Note 1)</u>	<u>Yen</u>	<u>U.S. dollars (Note 1)</u>	<u>Yen</u>	<u>U.S. dollars (Note 1)</u>
Price information:						
Exercise price .....	¥ 1	\$ 0.01	¥ 1	\$ 0.01	¥ 1	\$ 0.01
Average price at the exercise date .....	¥ -	\$ -	¥ 440.0	\$ 2.94	¥ 440.0	\$ 2.94
Fair value at the grant date .....	¥ 463.0	\$ 3.10	¥ 426.0	\$ 2.85	¥ 392.0	\$ 2.62

Notes: 1. Figures in the above table reflect a 10-for-1 stock split executed by the Company on October 1, 2013.

2. The average price at the exercise date is the average stock price of the Company at the exercise of stock options.

The estimation of the fair value of stock option granted during the year ended March 31, 2025 is not applicable.

The actual numbers of forfeited options are used to measure the number of vested options, considering the difficulty to reasonably estimate future forfeitures.

## 25. REVENUE RECOGNITION

### Disaggregation of revenue from contracts with customers

Millions of yen							
2025							
Reportable segments					Others (Note)	Total	
Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Home electrical appliances & Home information appliances .....	¥ 1,124,295	¥ -	¥ -	15,128	¥ 1,139,423	5,334	¥ 1,144,757
Housing.....	67,520	291,060	1,953	-	360,533	7,757	368,290
Others.....	106,852	-	1,199	4,573	112,624	1,285	113,909
Revenue from contracts with customers...	¥ 1,298,667	¥ 291,060	¥ 3,152	¥ 19,701	¥ 1,612,580	¥ 14,376	¥ 1,626,956
Revenue from other sources .....	¥ -	¥ 1,401	¥ 713	¥ -	¥ 2,114	¥ -	¥ 2,114
Sales to external customers .....	¥ 1,298,667	¥ 292,461	¥ 3,865	¥ 19,701	¥ 1,614,694	¥ 14,376	¥ 1,629,070

Thousands of U.S. dollars (Note 1)							
2025							
Reportable segments					Others (Note)	Total	
Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Home electrical appliances & Home information appliances .....	\$ 7,518,860	\$ -	\$ -	101,169	\$ 7,620,029	35,673	\$ 7,655,702
Housing.....	451,552	1,946,497	13,061	-	2,411,110	51,872	2,462,982
Others.....	714,582	-	8,021	30,583	753,186	8,595	761,781
Revenue from contracts with customers...	\$ 8,684,994	\$ 1,946,497	\$ 21,082	\$ 131,752	\$ 10,784,325	\$ 96,140	\$ 10,880,465
Revenue from other sources .....	\$ -	\$ 9,371	\$ 4,767	\$ -	\$ 14,138	\$ -	\$ 14,138
Sales to external customers .....	\$ 8,684,994	\$ 1,955,868	\$ 25,849	\$ 131,752	\$ 10,798,463	\$ 96,140	\$ 10,894,603

Millions of yen							
2024							
Reportable segments					Others (Note)	Total	
Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Home electrical appliances & Home information appliances .....	¥ 1,107,123	¥ -	¥ -	13,606	¥ 1,120,729	¥ 5,521	¥ 1,126,250
Housing.....	67,202	273,291	2,057	-	342,550	7,723	350,273
Others.....	106,581	-	1,086	4,597	112,264	1,187	113,451
Revenue from contracts with customers...	¥ 1,280,906	¥ 273,291	¥ 3,143	¥ 18,203	¥ 1,575,543	¥ 14,431	¥ 1,589,974
Revenue from other sources .....	¥ -	¥ 1,393	¥ 643	¥ -	¥ 2,036	¥ -	¥ 2,036
Sales to external customers .....	¥ 1,280,906	¥ 274,684	¥ 3,786	¥ 18,203	¥ 1,577,579	¥ 14,431	¥ 1,592,010

Note: The “Others” category includes other business segment not included in reportable segments.

### ***Useful information in understanding revenue from contracts with customers***

Useful information in understanding revenue from contracts with customers is as presented in “(p) Recognition of Revenues and Costs” under Note 2, entitled “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

Revenue from contracts with customers does not include significant estimates of variable consideration and a financing component.

### ***Contract asset and contract liability balances and the transaction price allocated to the remaining performance obligations***

#### **(1) Contract asset and contract liability balances**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Receivables from contracts with customers (beginning balance)			
Notes receivable - trade .....	¥ 4,357	¥ 4,832	\$ 29,140
Accounts receivable - trade .....	78,455	68,821	524,679
Accounts receivable - completed construction contracts .....	232	1,819	1,553
Receivables from contracts with customers (ending balance)			
Notes receivable - trade .....	¥ 3,867	¥ 4,357	\$ 25,864
Accounts receivable - trade .....	96,998	78,455	648,687
Accounts receivable - completed construction contracts .....	893	232	5,971
Contract assets (beginning balance) .....	¥ 1,291	¥ 1,315	\$ 8,634
Contract assets (ending balance) .....	1,204	1,291	8,049
Contract liabilities (beginning balance) .....	¥ 76,558	¥ 81,751	\$ 511,989
Contract liabilities (ending balance) .....	79,302	76,558	530,340

Contract assets primarily relate to the right of consolidated subsidiaries to consideration for performance obligations satisfied over a certain period of time in the sale of houses involving construction contracts in the



housing business. Once the consolidated subsidiaries have an unconditional right to consideration, they reclassify contract assets to receivables from contracts with customers. In the consolidated balance sheets, contract assets are included in “Accounts receivable - completed construction contracts.”

Contract liabilities primarily relate to advances received from customers regarding contracts on extended warranty services, contracts on long-term warranty services for a fee, undelivered product sales, the Customer Loyalty Program, and the sale of houses involving construction contracts for which revenue is recognized over a certain period of time. Contract liabilities are reversed as revenue is recognized. In the consolidated balance sheets, contract liabilities are included in “Advances received on construction contracts in progress,” “Contract liabilities,” and “Other current liabilities.”

Revenue recognized in the year ended March 31, 2025 that was included in the contract liability balance at the beginning of the year was ¥39,621 million (\$264,970 thousand).

Revenue recognized in the year ended March 31, 2024 that was included in the contract liability balance at the beginning of the year was ¥49,226 million.

The amount of revenue recognized in the years ended March 31, 2025 and 2024 from performance obligations that were satisfied (or partially satisfied) in previous periods (mainly changes in transaction price) is immaterial.

## (2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and does not disclose contracts with an original expected duration of one year or less. The performance obligation relates to warranty service contracts. The total transaction price allocated to the remaining performance obligations and the time frame when the Group expects to recognize the amount as revenue are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Within one year .....	¥ 12,815	¥ 13,700	\$ 85,703
Over one year within two years .....	10,384	10,997	69,443
Over two years within three years .....	6,962	7,185	46,558
Over three years within four years .....	4,506	4,468	30,133
Over four years within five years .....	2,610	2,705	17,455
Over five years .....	3,202	3,489	21,414
Total .....	¥ 40,479	¥ 42,544	\$ 270,706

## 26. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The major components of “Selling, general and administrative expenses” for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Advertising .....	¥ 21,495	¥ 22,439	\$ 143,751
Salaries .....	118,478	118,887	792,335
Rent expenses .....	76,043	75,813	508,544
Depreciation .....	22,994	22,726	153,778
Others .....	175,529	172,863	1,173,873
Total .....	¥ 414,539	¥ 412,728	\$ 2,772,281

Total research and development expenses included in general and administrative expenses were ¥305 million (\$2,041 thousand) and ¥326 million for the years ended March 31, 2025 and 2024, respectively.

## 27. OTHER INCOME (EXPENSES)

“Others, net” in “Other income (expenses)” in the consolidated statements of income for the years ended March 31, 2025 and 2024 included the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Sales of electric power .....	¥ 1,811	¥ 1,774	\$ 12,107
Cost of sales of electric power .....	(449)	(527)	(3,000)
Gain on sale of non-current assets .....	1,770	1,698	11,839
Loss on disposal of non-current assets .....	(1,606)	(605)	(10,743)
Gain on sale of investment securities .....	1,434	-	9,588
Others, net .....	3,682	1,044	24,625
Total .....	¥ 6,642	¥ 3,384	\$ 44,416

## 28. OTHER COMPREHENSIVE INCOME

Amounts reclassified to profit in the current period that were recognized in other comprehensive income in the current or previous periods as well as income taxes and tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ (346)	¥ 1,366	\$ (2,313)
Reclassification adjustments	-	(71)	-
Valuation difference on available-for-sale securities before related income taxes and tax effect	(346)	1,295	(2,313)
Related income taxes and tax effect	(87)	(63)	(582)
Valuation difference on available-for-sale securities, net of taxes	(433)	1,232	(2,895)
Foreign currency translation adjustments:			
Amount arising during the year	278	189	1,858
Reclassification adjustments	-	-	-
Foreign currency translation adjustments before related income taxes and tax effect	278	189	1,858
Related income taxes and tax effect	-	-	-
Foreign currency translation adjustments, net of taxes	278	189	1,858
Remeasurements of defined benefit plans:			
Amount arising during the year	3,314	3,025	22,162
Reclassification adjustments	(305)	563	(2,040)
Remeasurements of defined benefit plans before related income taxes and tax effect	3,009	3,588	20,122
Related income taxes and tax effect	(975)	(676)	(6,516)
Remeasurements of defined benefit plans, net of tax	2,034	2,912	13,606
Share of other comprehensive income (loss) of associates accounted for using equity method:			
Amount arising during the year	8	(2)	51
Reclassification adjustments	-	-	-
Share of other comprehensive income (loss) of associates accounted for using equity method	8	(2)	51
Total other comprehensive income (loss)	¥ 1,887	¥ 4,331	\$ 12,620

## 29. SEGMENT INFORMATION

### - 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: "Consumer Electronics Business," "Housing Business," "Financial Business," and "Environment Business."

In the "Consumer Electronics 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 interior products. 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. Method for calculating net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting policies for each reportable segment are consistent with those disclosed in Note 2, entitled “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

Reportable segment profit is based on operating profit.

Intersegment revenue and transfer are based on arm’s-length transactions.

### 3. Information about amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Millions of yen					
2025					
Reportable segments					
	Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total
Net sales					
Sales to external customers .	¥ 1,298,667	¥ 292,461	¥ 3,865	¥ 19,701	¥ 1,614,694
Intersegment sales .....	10,263	4,780	628	16,410	32,081
Total .....	¥ 1,308,930	¥ 297,241	¥ 4,493	¥ 36,111	¥ 1,646,775
Segment profit (loss) .....	¥ 29,695	¥ 9,372	¥ 1,307	¥ 1,634	¥ 42,008
Segment assets .....	1,013,896	191,731	62,388	24,639	1,292,654
Other items					
Depreciation .....	22,256	3,058	110	382	25,806
Amortization of goodwill .....	-	409	149	-	558
Impairment losses .....	6,055	225	-	-	6,280
Increase in property and equipment and intangible assets .....	47,231	3,592	43	1,519	52,385

Millions of yen				
2025				
Others (Note 1)	Total	Adjusted amounts (Notes 2, 3)	Amount recorded in consolidated financial statements (Note 4)	
Net sales				
Sales to external customers .	¥ 14,376	¥ 1,629,070	¥ -	¥ 1,629,070
Intersegment sales .....	10,308	42,389	(42,389)	-
Total .....	¥ 24,684	¥ 1,671,459	¥ (42,389)	¥ 1,629,070
Segment profit (loss) .....	¥ 673	¥ 42,681	¥ 140	¥ 42,821
Segment assets .....	9,057	1,301,711	23,270	1,324,981
Other items				
Depreciation .....	44	25,850	607	26,457
Amortization of goodwill .....	-	558	-	558
Impairment losses .....	-	6,280	-	6,280
Increase in property and equipment and intangible assets .....	65	52,450	-	52,450

<i>Thousands of U.S. dollars (Note 1)</i>					
<i>2025</i>					
<i>Reportable segments</i>					
	<i>Consumer Electronics Segment</i>	<i>Housing Segment</i>	<i>Financial Segment</i>	<i>Environment Segment</i>	<i>Total</i>
Net sales					
Sales to external customers .	\$ 8,684,994	\$ 1,955,868	\$ 25,849	\$ 131,752	\$10,798,463
Intersegment sales .....	68,634	31,965	4,196	109,747	214,542
Total .....	<u>\$ 8,753,628</u>	<u>\$ 1,987,833</u>	<u>\$ 30,045</u>	<u>\$ 241,499</u>	<u>\$11,013,005</u>
Segment profit (loss).....	\$ 198,585	\$ 62,679	\$ 8,743	\$ 10,929	\$ 280,936
Segment assets .....	6,780,552	1,282,225	417,226	164,774	8,644,777
Other items					
Depreciation .....	148,840	20,448	733	2,557	172,578
Amortization of goodwill....	-	2,737	995	-	3,732
Impairment losses .....	40,491	1,506	-	-	41,997
Increase in property and equipment and intangible assets .....	315,865	24,018	289	10,158	350,330

<i>Thousands of U.S. dollars (Note 1)</i>				
<i>2025</i>				
	<i>Others (Note 1)</i>	<i>Total</i>	<i>Adjusted amounts (Notes 2, 3)</i>	<i>Amount recorded in consolidated financial statements (Note 4)</i>
Net sales				
Sales to external customers .	\$ 96,140	\$ 10,894,603	\$ -	\$ 10,894,603
Intersegment sales .....	68,941	283,483	(283,483)	-
Total .....	<u>\$ 165,081</u>	<u>\$ 11,178,086</u>	<u>\$ (283,483)</u>	<u>\$ 10,894,603</u>
Segment profit (loss).....	\$ 4,502	\$ 285,438	\$ 934	\$ 286,372
Segment assets .....	60,573	8,705,350	155,618	8,860,968
Other items				
Depreciation .....	294	172,872	4,060	176,932
Amortization of goodwill....	-	3,732	-	3,732
Impairment losses .....	-	41,997	-	41,997
Increase in property and equipment and intangible assets .....	434	350,764	-	350,764

- Notes:
1. The “Others” category includes other business segment not included in reportable segments.
  2. The adjusted amounts of segment assets amounting to ¥23,270 million (\$155,618 thousand) resulted from corporate assets of ¥39,823 million (\$266,322 thousand) that have not been allocated to segments and elimination of intersegment transactions of ¥(16,553) million (\$ (110,704) thousand).
  3. The adjusted amounts of segment profit amounting to ¥140 million (\$934 thousand) resulted mainly from elimination of intersegment transactions.
  4. Segment profit is adjusted with operating profit in the consolidated statements of income.

Millions of yen					
2024					
Reportable segments					
	Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total
Net sales					
Sales to external customers .	¥ 1,280,906	¥ 274,684	¥ 3,786	¥ 18,203	¥ 1,577,579
Intersegment sales .....	10,288	4,847	513	14,524	30,172
Total .....	¥ 1,291,194	¥ 279,531	¥ 4,299	¥ 32,727	¥ 1,607,751
Segment profit (loss) .....	¥ 32,620	¥ 5,631	¥ 968	¥ 1,450	¥ 40,669
Segment assets .....	999,577	179,020	54,051	22,289	1,254,937
Other items					
Depreciation .....	21,131	3,321	133	315	24,900
Amortization of goodwill .....	-	406	162	-	568
Impairment losses .....	6,168	1,775	-	-	7,943
Increase in property and equipment and intangible assets .....	26,863	4,327	27	1,116	32,333

Millions of yen				
2024				
	Others (Note 1)	Total	Adjusted amounts (Notes 2, 3)	Amount recorded in consolidated financial statements (Note 4)
Net sales				
Sales to external customers .	¥ 14,431	¥ 1,592,010	¥ -	¥ 1,592,010
Intersegment sales .....	10,831	41,003	(41,003)	-
Total .....	¥ 25,262	¥ 1,633,013	¥ (41,003)	¥ 1,592,010
Segment profit (loss) .....	¥ 676	¥ 41,345	¥ 145	¥ 41,490
Segment assets .....	8,840	1,263,777	25,218	1,288,995
Other items				
Depreciation .....	39	24,939	637	25,576
Amortization of goodwill .....	-	568	-	568
Impairment losses .....	-	7,943	-	7,943
Increase in property and equipment and intangible assets .....	75	32,408	-	32,408

- Notes:
1. The “Others” category includes other business segment not included in reportable segments.
  2. The adjusted amounts of segment assets amounting to ¥25,218 million resulted from corporate assets of ¥40,337 million that have not been allocated to segments and elimination of intersegment transactions of ¥(15,119) million.
  3. The adjusted amounts of segment profit amounting to ¥145 million resulted mainly from elimination of intersegment transactions.
  4. Segment profit is adjusted with operating profit in the consolidated statements of income.
  5. Increase in property and equipment and intangible assets includes security deposits and construction assistance fund receivables (“Guarantee deposits” in investments and other assets).

- **Supplemental Information on Reportable Segment**

Information about products and services for the years ended March 31, 2025 and 2024 is as follows:

		Millions of yen			
		2025			
Home electrical appliances & Home information appliances		Housing	Other		Total
Sales to external customers	¥ 1,144,757	¥ 368,290	¥ 116,023	¥ 1,629,070	
Thousands of U.S. dollars (Note 1)					
		2025			
Home electrical appliances & Home information appliances		Housing	Other		Total
Sales to external customers	\$ 7,655,702	\$ 2,462,982	\$ 775,919	\$ 10,894,603	
		Millions of yen			
		2024			
Home electrical appliances & Home information appliances		Housing	Other		Total
Sales to external customers	¥ 1,126,250	¥ 350,273	¥ 115,487	¥ 1,592,010	

Information about geographic area for the years ended March 31, 2025 and 2024 has not been disclosed because sales to domestic customers and total property and equipment located in Japan accounted for more than 90% of consolidated sales and total property and equipment, respectively.

Information about major customers for the years ended March 31, 2025 and 2024 has not been disclosed since no single customer accounted for more than 10% of consolidated sales.

- **Information about Impairment Loss on Non-Current Assets in Reportable Segment**

Information about impairment loss on non-current assets in reportable segment for the years ended March 31, 2025 and 2024 has not been disclosed since the same information is disclosed in segment information.



- **Information about Amortization and Unamortized Balances of Goodwill by Reportable Segment**

		Millions of yen							
		2025							
		Reportable segments					Others	Corporate/ elimination	Total
		Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Amortization .....	¥	-	¥ 409	¥ 149	¥ -	¥ 558	¥ -	¥ -	¥ 558
Unamortized balance.....		-	330	1,636	-	1,966	-	-	1,966
		Thousands of U.S. dollars (Note 1)							
		2025							
		Reportable segments					Others	Corporate/ elimination	Total
		Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Amortization .....	\$	-	\$ 2,737	\$ 995	\$ -	\$ 3,732	\$ -	\$ -	\$ 3,732
Unamortized balance.....		-	2,209	10,942	-	13,151	-	-	13,151
		Millions of yen							
		2024							
		Reportable segments					Others	Corporate/ elimination	Total
		Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Amortization .....	¥	-	¥ 406	¥ 162	¥ -	¥ 568	¥ -	¥ -	¥ 568
Unamortized balance.....		-	938	1,785	-	2,723	-	-	2,723

Note: Impairment loss of ¥199 million (\$1,329 thousand) was recorded on goodwill attributable to the “Housing Segment” for the year ended March 31, 2025.

- **Information about Gain on Negative Goodwill**

For the year ended March 31, 2025

Not applicable.

For the year ended March 31, 2024

Not applicable.

### 30. RELATED PARTIES

Significant balances with related parties as of March 31, 2025 and 2024 and related transactions for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Balances of the Company:			
Tecc Planning Co., Ltd., 100% directly owned by Noboru Yamada, Representative Director, Chairperson, and CEO, and his relatives:			
Prepaid expense (prepaid rent) .....	¥ 77	¥ 77	\$ 513
Guarantee deposits (due within one year) .....	89	89	598
Guarantee deposits .....	1,233	1,323	8,248
Construction in progress .....	-	8	-
Accounts payable .....	10	-	67
Principal transactions of the Company:			
Tecc Planning Co., Ltd., 100% directly owned by Noboru Yamada, Representative Director, Chairperson, and CEO, and his relatives:			
Payment of company house rent and lease and guarantee deposit .....	842	842	5,632
Payment of brokerage fees for real estate trading and leasing .....	66	11	444

### 31. SUBSEQUENT EVENTS

#### Purchase of Treasury Shares

At the meeting of the Board of Directors held on May 8, 2025, the Company approved a resolution regarding matters related to purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act, as described below.

#### 1. Reason for purchase of treasury shares

In order to implement a flexible capital policy that can meet changes in the business environment and to enhance the return on profits to shareholders through improvements in capital efficiency.

#### 2. Details of matters relating to purchase

(1) Class of shares to be purchased	Common stock of the Company
(2) Total number of shares to be acquired	40,000,000 shares (maximum) (5.78% of total number of issued shares excluding treasury shares)
(3) Total amount of share purchase costs	¥20,000 million (\$133,752 thousand) (maximum)
(4) Purchase period	May 9, 2025 to March 31, 2026

- (5) Method of purchase
- (i) Market purchases through off-auction own share repurchase trading (ToSTNeT-3)
  - (ii) Market purchases based on discretionary transaction agreements for treasury shares purchase

Note: Some or all of the orders may not be executed due to market trends or other factors.

#### Conversion into an Affiliated Company Accounted for Using the Equity Method through Share Purchase

On March 31, 2025, Hinokiya Group Co., Ltd. (hereinafter referred to as “Hinokiya Group”), a consolidated subsidiary of the Company, concluded a share transfer agreement with Nishi-Nippon Railroad Co., Ltd. (hereinafter referred to as “Nishi-Nippon Railroad”) to acquire 40% of shares in Paragon Urban Development Co., Ltd. (hereinafter referred to as “Paragon Urban Development”), a subsidiary of Nishi-Nippon Railroad. Moreover, on May 30, 2025, Hinokiya Group will acquire the shares in Paragon Urban Development to make the company an affiliated company accounted for using the equity method.

#### 1. Reason for share acquisition

Hinokiya Group decided to acquire the shares in order to participate in the “Paragon Dai Phuoc Project,” a large-scale detached houses development project in Dong Nai, Vietnam promoted by Nishi-Nippon Railroad.

#### 2. Summary of the company for share acquisition

(1) Name	Paragon Urban Development Co., Ltd.
(2) Address	11-1, Tenjin 1-chome, Chuo-ku, Fukuoka City, Fukuoka Prefecture
(3) Description of business	Real estate development investment
(4) Capital	¥100 million (\$669 thousand)
(5) Founded in	August 2021

#### 3. Number of acquired shares and post-acquisition equity ratio

(1) Number of acquired shares	1,650,374,892 shares
(2) Acquisition cost	¥2,595 million (\$17,357 thousand)
(3) Post-acquisition equity ratio	40%

#### 4. Method for funding and payment of funds

Appropriated by own funds.

\* \* \* \* \*



# Independent auditor's report

To the Board of Directors of YAMADA HOLDINGS Co., LTD.:

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of YAMADA HOLDINGS CO., LTD. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2025 and 2024, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Appropriateness of the Group's judgment as to whether there was an indication of impairment for non-current assets related to large stores

The key audit matter	How the matter was addressed in our audit
As described in Note 3. "SIGNIFICANT ACCOUNTING ESTIMATES" under "Judgment on an indication of impairment of non-current assets related to large stores" to the consolidated financial statements, the Group recognized property and equipment of ¥418,017 million belonging to the electrical business in the consolidated balance sheet as of March 31, 2025, which accounted for 31.5% of total assets.	<p>The primary procedures we performed to assess the appropriateness of the Group's judgment as to whether there was an indication of impairment for non-current assets related to large stores included the following:</p> <p>(1) Internal control testing</p>

Approximately half of this amount comprised of property and equipment related to a small number of large stores.

While these assets are depreciated in a systematic manner, they need to be tested for impairment whenever there is an indication of impairment for asset groups identified for each store. The impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the asset groups with their carrying amounts. An indication of impairment includes changes that cause a significant decrease in recoverable amounts, such as continuous operating losses, a significant decline in market prices, significant deterioration in business climates, and a change in usage.

The Group periodically obtains real estate appraisal values of large stores as the basis for estimating market prices used in the judgment as to whether there is an indication of impairment for the non-current assets. This is because the carrying amount of individual large stores is material, and large stores are susceptible to real estate market conditions due to their location. When the appraisal values obtained in the prior years are used, the Group obtains from a real estate appraiser the market conditions adjustment rates for the period from the appraisal date to the end of the fiscal year, and uses the amounts after reflecting the market conditions adjustment as current market prices.

For certain large stores, the market price has been considerably lower than the carrying amount for a number of years. However, the Group determined that there was no indication of impairment, given the absence of an event which caused a significant decline in the market price or any events which otherwise indicted impairment. Market prices used by the Group for the judgment as to whether there was an indication of impairment for non-current assets related to large stores were estimated based on the appraisal values. The selection of valuation techniques and input data used to calculate the appraisal values and the market conditions adjustment rates was complex and required professional expertise. Accordingly, if an indication of impairment was not appropriately identified, it may have a material impact on the consolidated financial statements as any necessary impairment losses may not have been appropriately recognized, measured, and recorded.

We, therefore, determined that our assessment of the appropriateness of the

We tested the design and operating effectiveness of certain of the Group's internal controls relevant to the identification of an indication of impairment for non-current assets at stores including large stores. In this assessment, we particularly focused our testing on controls over the use of an external real estate appraiser by management including the selection of an external real estate appraiser, and the evaluation of the results of their work.

**(2) Assessment of the appropriateness of the judgment as to whether there was an indication of impairment**

We assessed the appropriateness of the judgment as to whether there was an indication of impairment for non-current assets related to large stores for which the market price had been considerably lower than the carrying amount by primarily performing the following procedures:

- In order to assess the appropriateness of the appraisal values and the market conditions adjustment rates for the appraisal values obtained in the prior years, which were used as the basis for determining whether there had been a significant decline in market prices, we assessed the reasonableness of the respective valuation techniques and the appropriateness of the input data by inquiring of the real estate appraiser and involving a specialist within our firm; and
- We also assessed whether there was any indication of impairment other than a significant decline in market prices.

Group's judgment as to whether there was an indication of impairment for non-current assets related to large stores was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	
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## Other Information

The other information comprises the information included in the Financial Report , but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Management and The audit and supervisory committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "3)Status of Audit" included in "8. CORPORATE GOVERNANCE" of the Financial Report.

## Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

## Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/Masahiko Kobayashi  
Designated Engagement Partner  
Certified Public Accountant

/S/ Fukushima Tsutomu  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Kitakanto Office, Japan  
September 25, 2025

**Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.