

Financial Report 2026

Fiscal year ended March 31, 2026

YAMADA HOLDINGS CO., LTD.

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OVERVIEW OF OPERATIONS
YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries
March 31, 2026

1. KEY INFORMATION

	Millions of yen, unless otherwise noted					Thousands of U.S. dollars, unless otherwise noted (Note 3)
	2022	As of and year ended March 31 2023 (Note 1)	2024	2025	2026	2026
Net sales	1,619,379	1,600,587	1,592,010	1,629,070	1,691,808	10,578,430
Ordinary profit	74,137	50,065	47,037	48,046	20,003	125,071
Profit attributable to owners of parent	50,556	31,825	24,055	26,913	14,778	92,404
Comprehensive income ·	51,087	30,355	29,109	29,326	18,078	113,037
Net assets	676,278	611,776	624,175	645,276	642,559	4,017,749
Total assets	1,271,668	1,271,181	1,288,995	1,324,981	1,303,905	8,152,975
Net assets per share (yen) (Note 2)	785.50	853.67	892.39	919.90	953.69	5.96 (dollars)
Basic earnings per share (yen) (Note 2)	60.96	40.25	34.78	38.90	21.95	0.14 (dollars)
Diluted earnings per share (yen) (Note 2) ·	60.67	40.02	34.53	38.60	21.78	0.14 (dollars)
Equity ratio (%)	51.6	47.6	47.8	48.1	48.6	
Return on equity (%)	7.9	5.0	3.9	4.3	2.3	
Price earnings ratio (times)	6.23	11.33	12.68	11.07	23.87	
Cash flows from operating activities ···	21,085	43,741	54,559	51,566	49,792	311,335
Cash flows from investing activities ···	(22,266)	(25,209)	(21,912)	(35,144)	(32,867)	(205,508)
Cash flows from financing activities ···	(16,647)	(29,454)	(25,592)	(4,060)	(48,212)	(301,456)
Cash and cash equivalents at end of year	56,470	46,487	54,351	67,554	37,293	233,184
Employees (persons) ···	22,951	25,284	25,526	25,676	26,747	
[Average number of temporary employees not included in the above number (persons)]	[8,441]	[6,148]	[6,262]	[5,895]	[6,025]	

- Notes: 1. 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.
2. 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.” Please note that this “YAMADA HOLDINGS Employee Shareholding Association Trust Account” was terminated in September 2025.
3. For the convenience of readers outside Japan, U.S. dollar amounts have been converted from yen using the prevailing exchange rate at March 31, 2026, which was ¥159.93 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 advance our “2026/3 - 2030/3 Mid-Term Management Plan,” which started 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, 2027, personal consumption is expected to continue its gradual recovery, driven by factors such as the establishment of sustained wage increases and the effects of the government’s economic stimulus measures. However, as the impact of rising prices persists, it is expected that cost-consciousness will intensify among consumers, and purchasing behavior that prioritizes essential features, quality, and value for money will become increasingly entrenched. In addition, there are concerns about the impact that rising energy and logistics costs, driven by factors such as escalating geopolitical risks, particularly in the Middle East, as well as soaring crude oil prices, will have on business activity and consumer sentiment, necessitating continued caution.

In this market environment, in the second year of the “2026/3 - 2030/3 Mid-Term Management Plan,” the Group will dedicate its full efforts to building a structure for sustainable growth by pursuing the growth strategies outlined in the plan, including: (1) promoting reforms in area store development centered on LIFE SELECT; (2) aggressively developing PB + SPA original products; and (3) maximizing Group synergies by integrating operating companies. In addition, we will work to improve total asset turnover through the

sale of idle assets and sound inventory management, thereby accelerating management that prioritizes improved asset efficiency and cash flow.

In addition, we will implement company-wide organizational and structural reforms centered on the Operational Streamlining Department, and we will improve productivity and business efficiency by promoting initiatives such as (1) digitally transforming and rationalizing headquarter functions, (2) streamlining the logistics supply chain, (3) optimizing personnel allocation through store consolidation and streamlining, and (4) optimizing and maximizing measures through shifting sales promotion to digital and digital transformation driven by strengthening the acquisition of digital members. The main themes that we are pursuing in each segment are as follows.

Consumer Electronics Segment

(1) Expand market share by developing area stores with LIFE SELECT stores as the core, (2) improve product profitability and differentiation by aggressively developing original Yamada PB + SPA products, (3) improve profitability of the e-commerce business by utilizing the most of our group infrastructure, (4) improve profitability by expanding our renovation, furniture and interiors, and reuse businesses, (5) optimize costs and improve labor productivity through store consolidation and closures, and (6) promote sell-out product strategies and improve merchandise turnover by optimizing inventory management.

Housing Segment

(1) Strengthen our strategy of selling subdivided and detached houses with land, (2) expand second-hand home purchase and resale business and strengthen real estate network, (3) enhance collaboration across manufacturing, procurement, logistics, and sales, (4) maximize use of Group management resources, such as “Housing Consultation Counters and Yamada Real Estate” that leverage the Yamada Denki store network, and (5) strengthen cross-Group collaboration in the housing and housing equipment businesses by creating synergies with newly acquired subsidiaries TOWA GENERAL HOUSING Co., Ltd. and TOCLAS CORPORATION.

Financial Segment

(1) Expand housing loans, primarily Flat 35, by strengthening collaboration with the Housing Segment, (2) create collaboration and Group synergies with the Consumer Electronics Segment, starting with renovation loans, (3) expand the house card LABI Card business, (4) expand stock revenue by expanding insurance product sales channels.

Environment Segment

(1) Strengthen the purchase of home appliances and strengthen the production system for reused home appliances, (2) promote the construction of an energy plant (waste incineration power generation facility: scheduled to start operation in 2027), and promote a self-contained Group-wide resource and environment system and contribute to the circular economy, including these initiatives.

Under these circumstances and measures, for the fiscal year ending March 31, 2027, the Company forecasts net sales of ¥1,780,000 million, up 5.2% year on year, operating profit of ¥51,500 million, up 218.6% year on year, ordinary profit of ¥52,600 million, up 163.0% year on year, and profit attributable to owners of parent of ¥27,800 million, up 88.1% year on year.

(5) Capital Policy Guidelines

Accelerating management reform through the sale of non-core business assets to achieve a PBR of 1x

We regard the sustainable enhancement of corporate value as our top priority. Under the “2026/3 - 2030/3 Mid-Term Management Plan,” announced on November 8, 2024, we are promoting various initiatives with the goal of achieving a PBR of over 1x by the fiscal year ending March 31, 2030. We

sincerely view the expectations and opinions of market participants as a powerful “boost” to accelerate our transformation. To meet these expectations, we will proceed with the sale of non-core business assets primarily those held by the Consumer Electronics Segment, totaling approximately ¥130.0 billion (based on acquisition cost) as one of our key management priorities.

We plan to proceed with asset sales within the next two years, and will strategically reallocate the proceeds to growth investment primarily in store development, M&A investments expected to enhance shareholder value, the reduction of interest-bearing debt, and flexible shareholder returns. By doing so, we will improve asset efficiency including increasing our total asset turnover and accelerate our reforms. At the same time, through the steady achievement of the Mid-Term Management Plan, we will strive to gain market recognition, thereby addressing the situation of PBR being below 1x ahead of schedule and striving to maximize shareholder value.

(i) Asset portfolio restructuring

To promote optimal asset allocation, we will accelerate efforts to improve asset efficiency.

- Scale of the sale: Approximately ¥130.0 billion in total (Based on acquisition cost)
- Assets to be sold: Primarily non-core business assets, inefficient business assets, and held shares in the Consumer Electronics Segment
- Implementation guidelines: Implement a phased and rapid restructuring of the asset portfolio, leaving no area untouched

(ii) Strategic investments to enhance corporate value and shareholder value

The funds generated from the sale of assets will be primarily reallocated to items (a), (b), (c), and (d) below and strategically invested in initiatives that directly enhance corporate value and shareholder value.

(a) Growth investments in store development centered on LIFE SELECT locations

We will focus our investments on store development centered around our LIFE SELECT stores a key pillar of the Mid-Term Management Plan to increase our market share within our service areas through higher sales and improve the efficiency of our group-wide service infrastructure, thereby achieving sustainable profit growth.

(b) Strategic M&A investments expected to create shareholder value

We will allocate funds to M&A transactions that generate significant synergies with our existing core businesses and are expected to contribute to profits in the near term. This will enable us to expand our revenue base in a non-linear manner that is not dependent on the growth of our core business, leading to improved ROE and enhanced shareholder value.

(c) Strengthening our financial position by reducing interest-bearing debt

To ensure thorough risk management amid the recent rise in interest rates, we will use the proceeds from the sale to repay interest-bearing debt. Through these measures, we aim to reduce interest expenses and mitigate interest rate risk, thereby improving our net profit levels and building a solid financial foundation.

(d) Flexible shareholder returns

Taking into account the optimization of our capital structure, we will flexibly implement shareholder return measures such as share buybacks and consistent dividend payments to meet the expectations of our shareholders.

(iii) Strengthening engagement with the market and investors

We view constructive dialogue with our investors as a valuable opportunity to gain new insights into our management, and we will continue to strengthen our systems to ensure that market perspectives including feedback on the progress of our business are promptly incorporated into our management decisions.

(iv) Future outlook

The assets scheduled for sale mentioned above consist of a large number of properties. We are currently in the process of categorizing and reviewing them, and as negotiations with potential buyers are ongoing, there are many undetermined aspects at this stage. We will disclose information regarding the progress of these efforts and their impact on our financial performance as necessary.

We will channel market expectations into momentum and, with the entire company working as one, accelerate our transformation to achieve a PBR of over 1x as soon as possible.

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

Based on its management philosophy of "Creation and Challenge" and "Appreciation and Trust," the Group believes that solving social issues through business activities leads to its sustainable growth and improvement of its corporate value over a medium to long term. For more than 50 years since its founding, the Group has expanded the business areas into furniture, household equipment, housing, and financial services with the sale of home electronic appliances as the starting point, and evolved into a company supporting "Total-Living (Kurashi-Marugoto)," which accompanies each customer's daily life and life journey. In addition, going beyond sales, we are committed to creating value that is in harmony with the environment and society through our businesses, such as building a resource recycling system that covers collection, reuse, and recycling of home electronic appliances.

We identified priorities toward achieving the SDGs in 2019 and have promoted initiatives to address environmental and social issues in alignment with our business strategy. However, in light of increasingly severe climate change, demand for human capital management, and enhancement of external disclosure standards, we have recognized that we need to understand the impact of these external environmental changes on the Group's business activities and finance more systematically.

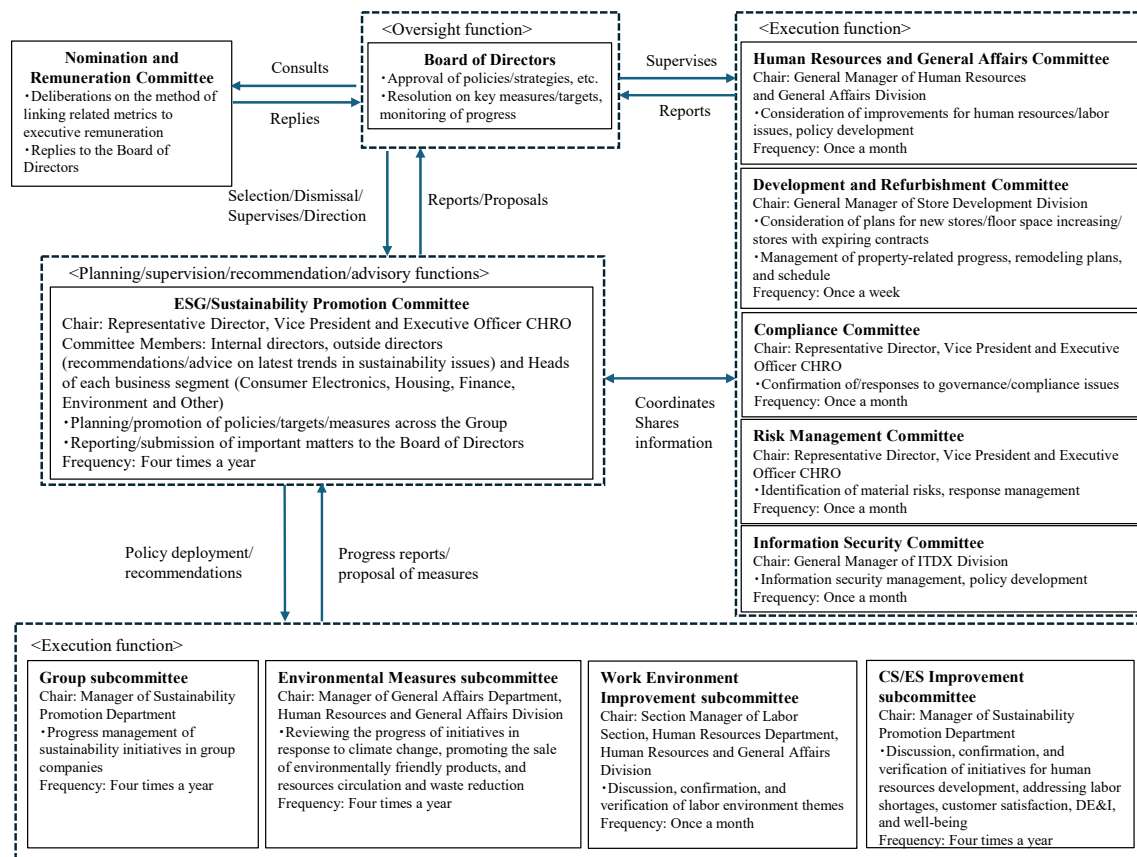
Against this backdrop, we positioned the health of the natural environment and ecosystems surrounding customers' daily lives as well as physical and mental well-being and self-directed growth of human resources who support our businesses as important elements that underpin value creation, and reviewed material issues and KPIs in May 2025.

Going forward, in response to developments in external disclosure standards, we will pursue the enhancement of our metric system and the clarification of financial impacts, aiming to sustainably strengthen the management foundation and improve our corporate and social value.

■ Governance

Positioning sustainability as an important management element that contributes to improvement of the corporate value over a medium to long term, the Group has established a consistent sustainability promotion system across the entire Group through a three-tiered structure of planning/supervision by the ESG/Sustainability Promotion Committee and implementation by each committee under the oversight of the Board of Directors.

<ESG/Sustainability Promotion System Chart> (as of June 25, 2026)



(i) The Board of Directors serving as the oversight function

The Group positions addressing sustainability issues as a key management issue, and the Board of Directors is responsible for overseeing it. To the Board of Directors, Representative Director, Vice President and Executive Officer CHRO (Chief Human Resource Officer) regularly reports policies, material issues, important measures, progress in health and productivity management, and other information. The Board of Directors deliberates and approves these matters, while continuously overseeing their effectiveness and appropriateness.

Regarding linkage between material issues and executive remuneration, the Nomination and Remuneration Committee is consulted where necessary, and decisions are made based on its recommendations. We have introduced sustainability-linked remuneration since the fiscal year ended March 31, 2026, and the reflection of the target achievement rate in executive remuneration has been applied to the remuneration determined in the fiscal year ending March 31, 2027 and onwards.

(ii) ESG/Sustainability Promotion Committee

As a core committee that promotes sustainability management of the Group as a whole, the ESG/Sustainability Promotion Committee assumes the role of planning, supervision, recommendation, and advisory functions under the oversight of the Board of Directors. The committee, which is chaired by Representative Director, Vice President and Executive Officer CHRO and attended by internal directors, outside directors, and persons in charge of each business segment, is engaged in clarifying policies of responding to external disclosure requirements, identifying and reviewing material issues in light of business characteristics and value chains, identifying risks and opportunities, and considering targets, measures and other matters, taking into account social trends and expectations for the Company. The committee reports and submits any important matters to the Board of Directors. In the fiscal year ended

March 31, 2026, the committee met four times, and deliberated and reported on sustainability-related policies and various initiatives for the TNFD, health and productivity management, and so forth.

(iii) Each committee and subcommittee serving as the execution function

Regarding sustainability-related measures, each subcommittee is responsible for the function of execution based on policies and proposals of the ESG/Sustainability Promotion Committee. Subcommittees conduct development, implementation and progress management of specific measures, clarify the person in charge of implementation (chairperson), and then organize important matters.

In addition, committees promote measures related to their respective areas of expertise. Each committee mutually shares important matters with the ESG/Sustainability Promotion Committee, and reports them to the Board of Directors where necessary. Through such efforts, we ensure consistency and effectiveness across the Group as a whole.

■ Strategy

Centering on the retail sale of consumer electronics, the Group has a strength in the “Total-Living (Kurashi-Marugoto)” business portfolio spanning from housing/renovation services, to financial services, and environmental/resource recycling businesses. We aim to improve our corporate value over a medium to long term by balancing solutions to social issues through the provision of energy-efficient/ZEH/reuse products, and other items with the expansion of customer touchpoints and the creation of revenue opportunities.

We recognize that climate change and changes in the social structure are key management factors that could affect the Company’s business activities and finance. Taking into account such changes in the external environment, we have established the “Sustainability Basic Policy” that is consistent with our management philosophy, and have been promoting it in alignment with our business strategy. In May 2025, we assessed the importance of issues in the environment and society from the perspectives of both the Company and its stakeholders, and identified six material issues.

Based on this effort, we have systematically identified and assessed risks and opportunities related to each material issue, and organized them from the perspective of impacts on the Group’s business activities and finance.

The Sustainability Basic Policy was revised on February 16, 2026 (fourth edition). For details, please visit the Company’s website at:

https://www.yamada-holdings.jp/lang-en/policy_csr-ethics.html

<Analysis of Impacts on Businesses and Finance by Material Issue>

Material issues	Impacts on businesses and finance				
	Major risks	Major opportunities	Major impacts	Potential impact	Time horizon
Tackling Climate Change	Introduction of carbon tax/decline in store visits due to abnormal weather/damage to facilities	Cost reduction through introduction of renewable energy/growing demand for low-carbon products	Utility costs/depreciation/net sales/gross profit margins/capital investment amount	Medium/High	Short term to Long term

Material issues	Impacts on businesses and finance				
	Major risks	Major opportunities	Major impacts	Potential impact	Time horizon
Promotion of Sales of Eco-friendly Products	Dependence on price competition/insufficient proposals for high value-added products	Rise in gross profit margins/improvement in LTV (Life Time Value)/increase in brand value	Net sales/gross profit margins/sales amount per person	High	Short term to Medium term
Resource Circulation and Waste Reduction	Increase in disposal costs/costs for responding to stricter resource recycling related regulations	Growth in revenue through expansion of collection and reuse, and strengthened recovery of resource services	Disposal costs/gross profit margins/inventory turnover ratio/net sales	High	Short term to Medium term
Strengthening Human Resource Development	Lack of proposal capabilities/decline in added value due to insufficient expertise	Improvement in repeatability of high value-added proposals (= elimination of reliance on individual skills and standardization)/increase in added value per person	Net sales/gross profit margins/training expenses	Medium	Short term to Medium term
Responding to Labor Shortages, Securing Human Resources, and Maintaining Customer Satisfaction (Support for DX, etc.)	Loss of customer service opportunities due to staff shortages/operational instability	Increase in productivity through improved business efficiency/improvement in customer satisfaction	Labor outlays/net sales/asset turnover ratio	Medium	Short term to Long term
Promotion of DE&I and Well-being	Instability in employee retention/decline in engagement	Decrease in employee turnover rate/reduction in recruitment costs/improvement in competitiveness	Labor outlays/net sales	Medium	Short term to Long term

Potential impact is classified as High (an impact on earnings is expected to be ¥50 million or more, and the impact is likely to be widespread), Medium (a certain level of impact on earnings is expected, and the impact may extend to a certain extent), and Low (an impact on earnings and the extent of the impact are limited).

Time horizon is defined as Short term (within three years), Medium term (within ten years), and Long term (within 30 years).

To balance risk mitigation with creation of growth opportunities, the Group has established the direction of its response, major initiatives, and KPIs for each material issue, and been promoting their implementation.

<Response by Material Issue>

Material issues	Direction of strategy	Major initiatives	Major achievements in fiscal year ended March 31, 2026	Major KPIs
Tackling Climate Change	Aim to balance contribution to a decarbonized society with sustainable growth of the businesses through a transition to renewable energy and reduction of our own emissions	- Expanded introduction of renewable energy - Reduction of energy consumption	YAMADA DENKI installed solar panels at its 27 stores to cover part of its electricity consumption with renewable energy. Furthermore, YAMADA DENKI newly switched electricity supplies to renewable energy sources at 199 stores in addition to the existing 18 stores, achieving 100% renewable energy for electricity consumption at these 217 stores.	Reduction of Scope 1 and Scope 2 CO ₂ emissions by 42% in fiscal year ending March 31, 2031, compared to the fiscal year ended March 31, 2021
Promotion of Sales of Eco-friendly Products	Increase the proportion of high value-added products and services to expand contribution to decarbonization, including through our customers	- Strengthening of PB and SPA - Promotion of ZEH - Expansion of sales of YAMADA GREEN certified products and products that are suited for BCP - Development of proposal-oriented personnel	Hinokiya Group achieved the cumulative number of buildings ordered for “Z Air Conditioning” whole building air condition system exceeding 35,000 buildings, while starting to offer products for condominiums to expand the product lineup. YAMADA HOMES saw an increase in the ZEH rate to 50%, and continued developing products in the energy-efficient housing field.	For the fiscal year ending March 31, 2031, the ZEH rate target of 50% was revised to 80%.
Resource Circulation and Waste Reduction	Enhance a recycling-oriented model including collection, reuse, and recycling to improve the resource efficiency and profitability, and contribute to a recycling-oriented society	[A green loan agreement of ¥16.6 billion concluded in 2023] Construction of a reuse plant/ expansion of a waste home appliance recycling plant /construction of a new waste-to-energy facility	In the Environment Segment, production capacity was expanded by 60,000 units per year due to YAMADA Western Japan Reuse Center, Yamaguchi Plant starting operation. Moreover, as a result of promoting the increase of stores handling reuse products, net sales of refrigerators and washing machines were 109.0% of the previous fiscal year’s level, leading to advanced resource recycling.	Target number of home electronic appliances reused for the fiscal year ending March 31, 2030: 300,000 units

Material issues	Direction of strategy	Major initiatives	Major achievements in fiscal year ended March 31, 2026	Major KPIs
Strengthening Human Resource Development	Develop human resources with expertise and cross-functional capabilities to create added value through “Total-Living (Kurashi-Marugoto)” proposals	- Strengthening of cross-Group proposal capabilities - Level-based training - Development of next-generation management talent	YAMADA DENKI has promoted the development of advisors capable of providing proposals in a wide range of areas from kitchen and bathroom areas, exterior, interior, and furniture, in addition to home electronic appliances. As part of its initiatives, in addition to product knowledge, YAMADA DENKI enhanced video content featuring actual renovation cases, covering the process from home visits and proposals to customer feedback after delivery.	Average number of training hours per employee for the fiscal year ending March 31, 2031: 30 hours or more
Responding to Labor Shortages, Securing Human Resources, and Maintaining Customer Satisfaction (Support for DX, etc.)	Balance improving productivity with maintaining customer satisfaction through the utilization of DX and optimal personnel allocation	- Strengthening of development of sales engineers (SEs) - Promotion of DX - Strategic allocation - Expansion of sales channels	To support customers’ “Total-Living (Kurashi-Marugoto),” the Group started to develop “Total-Living (Kurashi-Marugoto) AI Agent” which provides an experience close to “in-person customer service.” Furthermore, as a result of enhancing sales channels for online and TV shopping toward diversification of customer touchpoints, net sales from online and TV shopping in the fiscal year under review were 113.1% of the previous fiscal year’s level.	Annual sales amount per employee for the fiscal year ending March 31, 2030: ¥71 million
Promotion of DE&I and Well-being	Establish systems and an environment that enable diverse human resources to demonstrate their full potential to enhance organizational execution capabilities	- Operation of a new personnel system - Clarification of career paths - Embedding of health and productivity management	Aiming to enable diverse human resources to play an active role, YAMADA DENKI invested in human capital by providing career development training (approx. ¥18 million) for 73 female employees who participated through an open application process. Hinokiya Group was certified as a 2026 KENKO Investment for Health (KIH) Outstanding Organization (Large Enterprise Category) for the first time.	For the fiscal year ending March 31, 2031, engagement surveys: Overall rating of [A]; Ratio of female managers: 10% or more

■ Management of risks and opportunities

The Group established the Risk Management Committee chaired by Representative Director, Vice President and Executive Officer CHRO, and has built a company-wide risk management system including group companies. A meeting of the committee is held on a monthly basis in principle to identify company-wide risks related to themes including natural and human capital, assess them from the perspectives of impact and frequency of occurrence, and confirm the status of responses to them. Matters that the Risk Management Committee considers highly likely to have significant impact on business activities or finance are submitted to Management Strategy Meetings, and then reported to the Board of Directors and managed based on management's decision-making and oversight.

At the ESG/Sustainability Promotion Committee, 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 market environmental shifts associated with the transition to a decarbonized society, "physical changes" associated with the progress of global warming, probability of their occurrence, and 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.

Matters that could have significant impact on finance are also described in "4. RISK FACTORS."

■ Metrics and targets

Positioning sustainability as a management element that contributes to improvement of the corporate value over a medium to long term, the Group has set KPIs and targets for each material issue in light of business characteristics and the Mid-Term Management Plan for the fiscal year ended March 31, 2026 to the fiscal year ending March 31, 2030. Their progress is checked by the ESG/Sustainability Promotion Committee and each subcommittee based on a company-wide shared approach. Specific KPIs and targets for each individual theme are described in the following sections.

(2) Environmental Initiatives

In business activities supporting "Total-Living (Kurashi-Marugoto)," the Group recognizes issues related to climate change and natural capital as key management issues, and reflects these issues in business strategies as risks and opportunities that could affect its businesses.

As responses to risks, we are proceeding with the transition to energy-efficient equipment and the use of electricity generated from renewable energy sources at stores. From the perspective of opportunities, we promote the expansion of smart houses and ZEH in the Housing Segment, and the enhancement of reuse and recycling production capacities and investment in the Yamada Energy Plant in the Environment Segment. Through these efforts, we strive to reduce environmental impact and strengthen synergies in the Group, and work to improve our corporate value over a medium to long term.

In addition, we support the TCFD recommendations, and are enhancing information disclosure regarding risks and opportunities related to climate change, taking into account the management strategy and financial relevance. For natural environment and biodiversity, we work to enhance analysis and disclosure based on the recommendations through the participation in the TNFD Forum and registration as a TNFD adopter.

■ Governance

With regard to responses to environmental issues including climate change and nature-related challenges, the Group's ESG/Sustainability Promotion Committee develops policies, identifies and assesses risks and opportunities, and explores relevant measures. The committee consists of persons in charge of

each segment, and others, and is structured to have discussions taking into account business characteristics. Important matters are reported or submitted to the Board of Directors, and subject to its oversight.

Furthermore, as the execution function, each committee and subcommittee are responsible for developing and implementing specific measures, and the Group as a whole promotes responses to environmental issues.

For details, please refer to the above-mentioned governance regarding overall sustainability.

■ Strategy

i) Climate-related (TCFD)

Based on the TCFD recommendations, the Group conducted analysis and assessment of risks and opportunities associated with climate change for the businesses within the scope for the period from 2030 to 2050, using 1.5°C and 4.0°C scenarios.

<Scenario Analysis>

Scenario	1.5°C scenario	4.0°C scenario
Scope	Consumer Electronics Segment, Housing Segment, and Environment Segment (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	
Results	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]	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 anticipated that due to this impact, demand for products and services with disaster preparedness and resilience capabilities will increase. 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]

ii) Nature-related (TNFD)

The Group implemented analysis aligned with the LEAP approach based on the TNFD recommendations to understand the impact of nature-related risks and opportunities on the corporate value. The scope is the Consumer Electronics, Housing, and Environment Segments, which cover approximately 99% of consolidated net sales. In the analysis, we conducted identification of connections with natural capital (Locate), evaluation of dependence and impact (Evaluate), and identification and prioritization of risks and opportunities (Assess). In addition to ENCORE and other external tools, IBAT, Aqueduct, hazard maps, etc. were utilized to conduct analysis in light of regional characteristics.

■ Management of risks and opportunities

The Group manages risks and opportunities related to climate change and nature in an integrated manner under the company-wide risk management framework. For details, please refer to the above-mentioned management of risks and opportunities regarding overall sustainability. In the identification and assessment of risks and opportunities, we utilized scenario analysis (1.5°C /4.0°C) for climate-related ones, and the LEAP approach for nature-related ones.

<Transition Risks>

Cate- gory	Classification	Risk items	Time horizon	Potential impact	Impact on businesses	Countermeasures
Climate change/ Natural capital	Policy/ Regulation	Stricter regulations in value chains	Short term to Medium term	Medium	Increase in procurement costs due to stricter regulations	- Understand risks through surveys of business partners - Make the environmental policy well-known, and implement it
				Medium	Increase in oversight costs to prevent environmental destruction in suppliers of timber and raw materials	- Consider using certified materials - Establish traceability
High		Increase in the Group’s electricity costs due to application of carbon pricing [Impact amount based on the estimated carbon price in 2030: ¥3.9 billion*]		- Promote energy-saving measures - Expand the introduction of renewable energy		
High		Increase in costs associated with development of low-carbon materials and construction technology	- Expand joint procurement between Group companies - Make the construction process more efficient			
Tighter energy-saving regulations		Short term	High	Increase in development and procurement costs due to tighter energy efficient standards, and occurrence of write-downs for non-conforming inventory	- Strengthen sales of products and houses with high energy-saving performance - Make inventory management more sophisticated	
			High	Increase in operating costs for stores, offices, etc. due to rising energy costs	- Introduce energy-efficient equipment - Expand the introduction of renewable energy	
Natural capital		Stricter waste and recycling regulations	Medium term	High	Increase in costs for reduction of construction material waste and efforts for recovery of resources	- Promote recovery of resources for construction materials - Enhance the waste management system
Climate change/Natural capital	Market	Changes in customer behavior		High	Decrease in housing sales due to insufficient transparency measures for timber procurement	- Organize and visualize nature-related data - Strengthen proposals for sustainable houses
	Reputation	Inadequate response to climate change and nature positive initiatives	Short term to Medium term	Medium	Decline in sales due to consumers’ perception of inadequate environmental measures	- Strengthen sales of sustainable products - Enhance disclosure and communication of environmental information

* This level of carbon pricing is consistent with the carbon price in 2030 in the IEA's net zero scenarios (\$140/t-CO₂).

<Physical Risks>

Category	Classification	Risk items	Time horizon	Potential impact	Impact on businesses	Countermeasures
Climate change/Natural capital	Acute	Business suspension due to climate change	Short term	High	Decline in sales due to damage to stores, sales offices and plants caused by natural disasters	- Strengthen the business continuity plan (BCP) - Decentralize sites, and improve disaster resilience
				High	Decrease in on-site working hours and increase in health and safety costs due to abnormal weather	- Improve working environments - Optimize construction plans and personnel allocation
		Damage to company sites due to abnormal weather		High	Increase in the capital investment amount for recovery from damage caused by typhoons, heavy rainfall, and other events	- Enhance the disaster response system - Standardize the recovery process
		More abnormal weather		High	Decline in sales due to disruption of logistics and transportation networks caused by natural disasters	- Diversify logistics networks - Optimize inventory deployment
	Chronic	Changes in precipitation/ weather patterns	Medium term to Long term	High	Increase in site operating costs due to rising risks of natural disasters including floods	- Assess risks for site locations - Strengthen disaster preparedness measures
				High	Rising timber procurement costs due to changes in vegetation and timber procurement areas	- Diversify suppliers - Utilize certified and alternative materials
		Changes in other ecosystem services	Long term	Medium	Increase in water procurement costs resulting from growing chronic water stress	- Reduce water consumption - Introduce water-saving equipment
				High	Increase in energy/resource procurement costs due to degradation of natural capital	- Promote resource recycling - Reduce environmental impact across the supply chain

<Opportunities>

Category	Classification	Opportunity items	Time horizon	Potential impact	Impact on businesses	Measures
Climate change	Resource efficiency Natural capital	Expansion of the adoption of renewable energy and energy efficiency measures	Short term to Medium term	High	Decrease in energy costs due to the introduction of equipment using subsidies	- Promote the introduction of solar power systems - Promote the introduction of energy efficient equipment
Natural capital		Expansion of circular business		High	Increase in sales due to the remanufacturing of home appliances collected from customers	- Make the service for collecting used small home appliances well-known - Increase stores handling reuse products
				High	Increase in sales due to growing demand for renovation of existing houses	- Expand the purchase and resale of highly insulated and earthquake-resistant houses - Establish housing performance warranty and management systems
Climate change	Products/ Services Climate change/Natural capital	Development of low-emission products and services	Short term	High	Increase in sales due to promotion of energy-saving home appliances	- Strengthen sales of home appliances that have an energy efficiency standards achievement rate of at least 100% - Develop YAMADA GREEN certified products
		High		Increase in sales due to promotion of sustainable houses	- Strengthen sales of ZEH/LCCM houses - Promote proposals for sustainable renovation	
Climate change/Natural capital		Changes in consumer preferences	Medium term	Medium	Increase in sales due to changes in consumer demand stemming from a rise in the average temperature	- Strengthen gathering of information on consumer needs - Strengthen the sales structure including development of human resources
				High	Increase in sales due to growing demand for recycled materials	- Enhance collection of used products and related recovery of resources - Strengthen development of houses utilizing recycled materials
		Growing demand for natural disaster preparedness products	Short term	High	Increase in sales due to growing demand for disaster preparedness products (such as rechargeable batteries, flashlights, and lanterns)	- Expand the lineup of disaster preparedness products

Category	Classification	Opportunity items	Time horizon	Potential impact	Impact on businesses	Measures
			Short term to Medium term	High	Increase in sales of houses with resilience to disasters such as flooding and strong wind	- Expand the lineup of products related to disaster preparedness - Enhance proposals for disaster-resilient houses (such as V2H)
	Market	Expansion of environment-related business opportunities	Medium term	High	Growing demand for recovery of resources due to strengthening of resource recycling policies	- Establish a system for collection and recovery of resources - Improve traceability management
			Short term to Medium term	High	Increase in business opportunities due to reinforcement of Extended Producer Responsibility	- Strengthen circular businesses
		Collaboration with partner companies	Long term	Medium	Increase in opportunities to create new environment-related businesses through collaboration among companies	- Promote collaboration with companies/municipalities - Develop new environment businesses
	Reputation	Ensuring of business continuity in the event of a disaster	Short term	Medium	Enhancement of reputation by establishing a resilient business structure in preparation for natural disasters	- Implement development /continuous review of the BCP - Establish a disaster response structure and conduct drills
		Improvement of social reputation	Medium term	High	Improve the corporate value by enhancing nature-related information disclosure	- Promote information disclosure based on the TNFD framework - Promote biodiversity-friendly procurement
	Funding	Utilization of subsidies and financial support	Short term to Medium term	Medium	Reduction of investment burden, and expansion of investment opportunities	- Utilization of subsidies - Utilization of green finance

Time horizon is defined as Short term (within three years), Medium term (within ten years), and Long term (within 30 years).

Potential impact is classified as High (an impact on earnings is expected to be ¥50 million or more, and the impact is likely to be widespread), Medium (a certain level of impact on earnings is expected, and the impact may extend to a certain extent), and Low (an impact on earnings and the extent of the impact are limited).

■ Metrics and targets

The Group has set CO₂ emissions, renewable energy introduction rate, etc. as key metrics to understand the status of responses to risks and opportunities related to climate change. Furthermore, with regard to the TNFD, we will gradually develop metrics and targets in light of business characteristics and results of value chain analysis, while taking into account dependance on nature and importance of impact.

<Trends in Metrics and Targets>

Material issues	KPI	Target and target year	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Tackling Climate Change	Reduction of Scope 1 and Scope 2 CO ₂ emissions	Base year: fiscal year ended March 31, 2021 Target year: fiscal year ending March 31, 2031 42% reduction	-11.1%	-13.6%	-30.8%
	Reduction of CO ₂ emissions from electricity use per floor area	Base year: fiscal year ended March 31, 2021 Target year: fiscal year ending March 31, 2031 53% reduction	-15.4% *1	-13.2%	-34.9%
	Percentage of renewable energy out of total power consumption	38% (fiscal year ending March 31, 2031)	3.74% *1	3.92%	21.49%
Promotion of Sales of Eco-friendly Products	Percentage of home appliances (TVs, refrigerators, and air conditioners) sold that meet the 100% energy-saving standard under the energy-efficiency labeling system	60% (fiscal year ending March 31, 2031)	42.8% *1	44.8%	54.2%
	Sales amount of YAMADA GREEN certified products	Increase on previous fiscal year (every year)	¥3,843 million +3.0% YoY	¥10,587 million +175.4% YoY	¥18,492 million +74.6% YoY
	Sales amount of disaster preparedness products (emergency supplies, portable power sources, etc.)	Increase on previous fiscal year (every year)	¥1,988 million +29.6% YoY	¥2,542 million +27.8% YoY	¥1,324 million -47.9% YoY
	ZEH rate	80% (fiscal year ending March 31, 2031) *2	41%	45%	50%
	Shipment of solar panels	50,000 (fiscal year ending March 31, 2031)	33,054	32,941	37,533
Resource Circulation and Waste Reduction	Reuse of home appliances *3	300,000 (fiscal year ending March 31, 2030)	119,727	156,899	182,224
	Reuse and recycling of computers	317,200 (fiscal year ending March 31, 2027)	405,025	335,482	314,258
	Number of recycled small home appliances	1,000,000 (fiscal year ending March 31, 2030)	— *4	843,128	749,269

*1 These targets are KPIs for which the target and target year were reviewed in May 2025. To ensure comparability, actual figures for the fiscal year ended March 31, 2024 were calculated based on the same standards.

*2 In light of having achieved the ZEH rate at 50%, the previous target, the target value was revised upward to 80%.

*3 From the fiscal year ended March 31, 2026, as a result of reviewing the calculation scope, we have excluded TVs, and newly included small home appliances in the scope as part of the enhancement of resource recycling initiatives.

*4 This target is a KPI newly set in May 2025.

<CO₂ Emissions in Scopes 1, 2, and 3>

Scope	Calculation method	Fiscal year ended March 31, 2024 *1	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Unit
Scope 1 (Direct emissions from the business itself)	Multiplying the quantity of fuels used by the emission factors	48.4	36.4	36.3	kt-CO ₂
Scope 2 (From the use of electricity and heat supplied by others)	Multiplying the quantity of electricity used by the emission factors	230.7	234.9	180.7	kt-CO ₂
Scope 3 (Indirect emissions from other companies connected to business activities) total		21.3	20.4	20.1	Mt-CO ₂
Category 1 (Purchased products and services)	Multiplying major procured products by the emission factor released by the Ministry of the Environment	4.2	4.4	4.5	Mt-CO ₂
Category 11 (Use of sold products)	Multiplying major sales products by estimated energy consumption and useful life	16.3	15.2	14.8	Mt-CO ₂
Other categories (2, 3, 4, 5, 6, 7, 12, 14)	Multiplying the relevant released emission factor	0.8	0.8	0.8 *2	Mt-CO ₂

*1 The coverage includes non-consolidated subsidiaries until the fiscal year ended March 31, 2024.

*2 For details regarding each Scope 3 category, see Integrated Report 2026 (scheduled for release in September 2026).

■ Third-party guarantees

Voluntary third-party guarantees (limited assurance based on ISAE3000 and ISAE3410 provided by Sustainability Accounting Co., Ltd. (location: Chiyoda-ku, Tokyo)) 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.

(3) Human Capital Initiatives

1) Human resources strategy

Toward achieving sustainable growth, the Group positions human capital as an important management resource. We recognize that it is the Group's business foundation and the source of its competitiveness for each employee to engage with customers at business sites across Japan and create value through expertise and collaboration across the Group.

■ Governance

The Group has built and been operating a governance system to promote human capital management. CHRO has been appointed as the person responsible for implementing and achieving human capital management, and oversees measures for the promotion of management-related policies as well as the securing, development, and allocation of human resources. The Group has established the Human Resources and General Affairs Committee chaired by the General Manager of Human Resources and General Affairs Division, which deliberates and decides on specific issues and measures related to human capital submitted by subcommittees, and regularly monitors the progress thereof. Important matters are reported or submitted to the Board of Directors, and subject to its oversight.

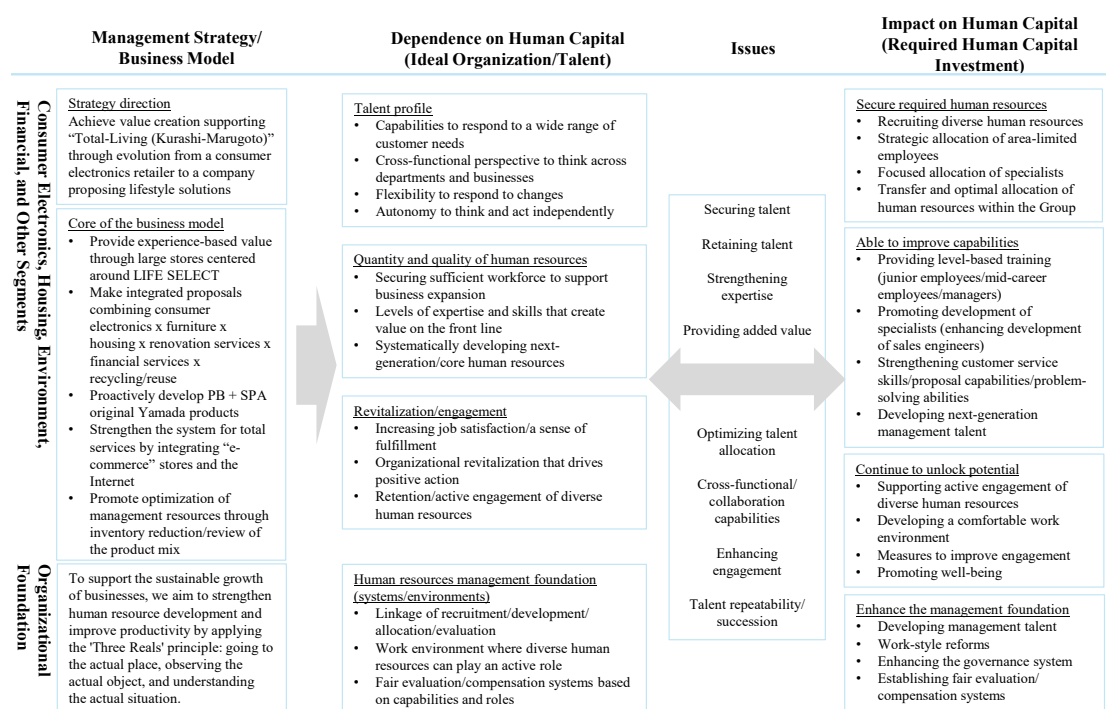
The details of discussions at our Human Resources and General Affairs Committee and subcommittees are shared with group companies to foster a common understanding of issues and address them on a Group-

wide basis. In the whistle-blowing system, the whistleblower contact point was changed from internal to outsourced in March 2024 to strengthen the protection of whistleblowers. The system covers workers (including temporary employees and retirees within one year) and officers of companies across the Group to enhance the governance system of the Group as a whole.

■ Strategy

The Company positions human capital as one of the important management elements, as the foundation that enhances its capabilities to execute management and business strategy. Under the management direction of supporting “Total-Living (Kurashi-Marugoto)” through the evolution from a consumer electronics retailer to a company proposing lifestyle solutions, we recognize that securing, development, and allocation of the right human resources as well as the strengthening of the organizational execution capabilities are essential to execute business strategies and models in each business segment. Therefore, the Company has organized its initiatives for human capital from the perspectives of both the business strategy and the organizational foundation, and developed human resources measures directly connected to business operation for the short term, human resources measures that influence competitiveness and execution capabilities for the medium term, and furthermore, as a new action, a strategy that contributes to the repeatability of corporate value creation through the operation of the new personnel system.

<Overview of the Human Capital Strategy Supporting the Execution of the Management Strategy>



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

https://www.yamada-holdings.jp/lang-en/policy_human-resource.html

* Please visit our website for our policy for company environment improvement at:

https://www.yamada-holdings.jp/lang-en/policy_environment-improve.html

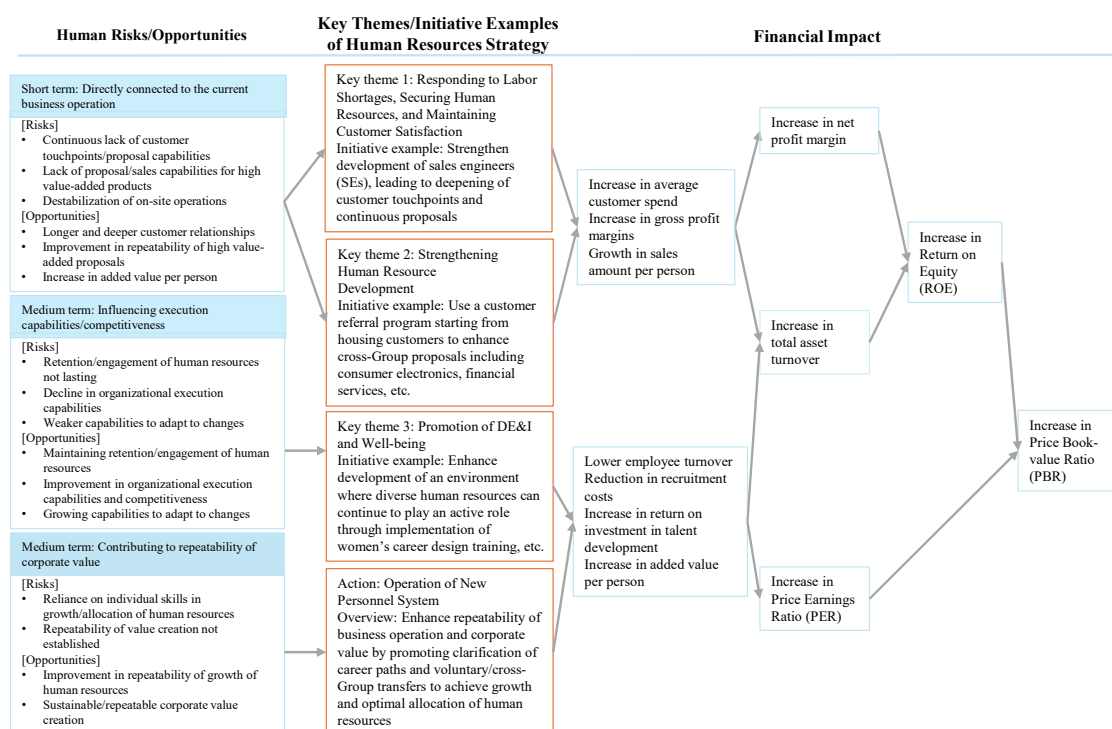
* Please visit our website for our policy for occupational health and safety at:

https://www.yamada-holdings.jp/lang-en/policy_health-safety.html

■ Management of risks and opportunities

The Company organizes and manages risks and opportunities related to human capital from the perspective of impact on the execution of business strategies and corporate value creation. As a human risk, we recognize the possibility that repeatability of business operation and value creation cannot be ensured due to dependency on individual skills for growth and appropriate allocation of human resources. On the other hand, we consider that enhancing the repeatability of human capital is an important opportunity that contributes to sustainable growth of businesses and ongoing corporate value creation. Based on such understanding, the Company organizes human resource elements with the high dependence in the execution of the management strategy and business models, and identifies human risks and opportunities from the perspectives of talent profile, quantity/quality of human resources, revitalization/engagement, management foundation such as systems and environments. On that basis, the Company identifies key initiatives to be prioritized in light of business growth and linkage to “earning power” to mitigate human risks and create opportunities.

<Risks/Opportunities and Financial Impact Related to Human Capital>



The short term is within three years, and the medium term is within ten years.

■ Metrics and targets

To understand the progress and results of key initiatives for human capital, the Company has set metrics and KPIs for human capital. These metrics and KPIs are not only aimed at understanding the status of executing human initiatives, but also positioned as a means of confirming how the initiatives contribute to business operation and corporate value creation. Going forward, while taking into account changes in the business environment, the Company will continuously verify the effectiveness of measures for human capital, and review the metrics and KPIs when necessary.

Material issues	KPI	Target	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Strengthening Human Resource Development Responding to Labor Shortages, Securing Human Resources, and Maintaining Customer Satisfaction (Support for DX, etc.)	Average number of training hours per employee	30 hours or more (fiscal year ending March 31, 2031)	25 hours/year	21 hours/year	30 hours/year
	Sales amount per person *1	¥71 million/year (fiscal year ending March 31, 2030)	— *2	¥54.72 million/year	¥56.06 million/year
	Sales from online and TV shopping *1	¥190.0 billion (fiscal year ending March 31, 2030)	— *2	¥101.8 billion	¥115.2 billion
Promotion of DEI&I and Well-being	Turnover rate of full-time employees	No more than 4.5% (fiscal year ending March 31, 2031)	— *2	5.3%	5.1%
	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 70.4% +10.4 points YoY	Percentage of companies that reduced overtime hours from the previous year 53.8% -16.6 points YoY	Percentage of companies that reduced overtime hours from the previous year 61.5% +7.7 points YoY
	Percentage of employees taking paid leave	80% (fiscal year ending March 31, 2031)	64.0%	58.1%	51.3%
	Ratio of female managers	10% or more (fiscal year ending March 31, 2031)	3.6%	4.1%	4.5%
	Percentage of health checkups taken	100% (fiscal year ending March 31, 2031)	95.9%	95.6%	96.8%
	Percentage of stress tests taken	100% (fiscal year ending March 31, 2031)	96.1%	96.5%	97.7%
	Engagement surveys *2	Overall rating of [A] (fiscal year ending March 31, 2031)	Overall rating of [B] *3	Overall rating of [B]	Overall rating of [B]
	Frequency rate of occupational accidents resulting in absence from work	No more than 0.50 (fiscal year ending March 31, 2031) *4	0.98	1.14	1.44
	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] 32.5% *5	[Female] 100.0% [Male] 36.2%	[Female] 100.0% [Male] 61.9%

*1 Target: YAMADA DENKI CO., LTD.

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

*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 Target: YAMADA HOLDINGS CO., LTD. and YAMADA DENKI CO., LTD.

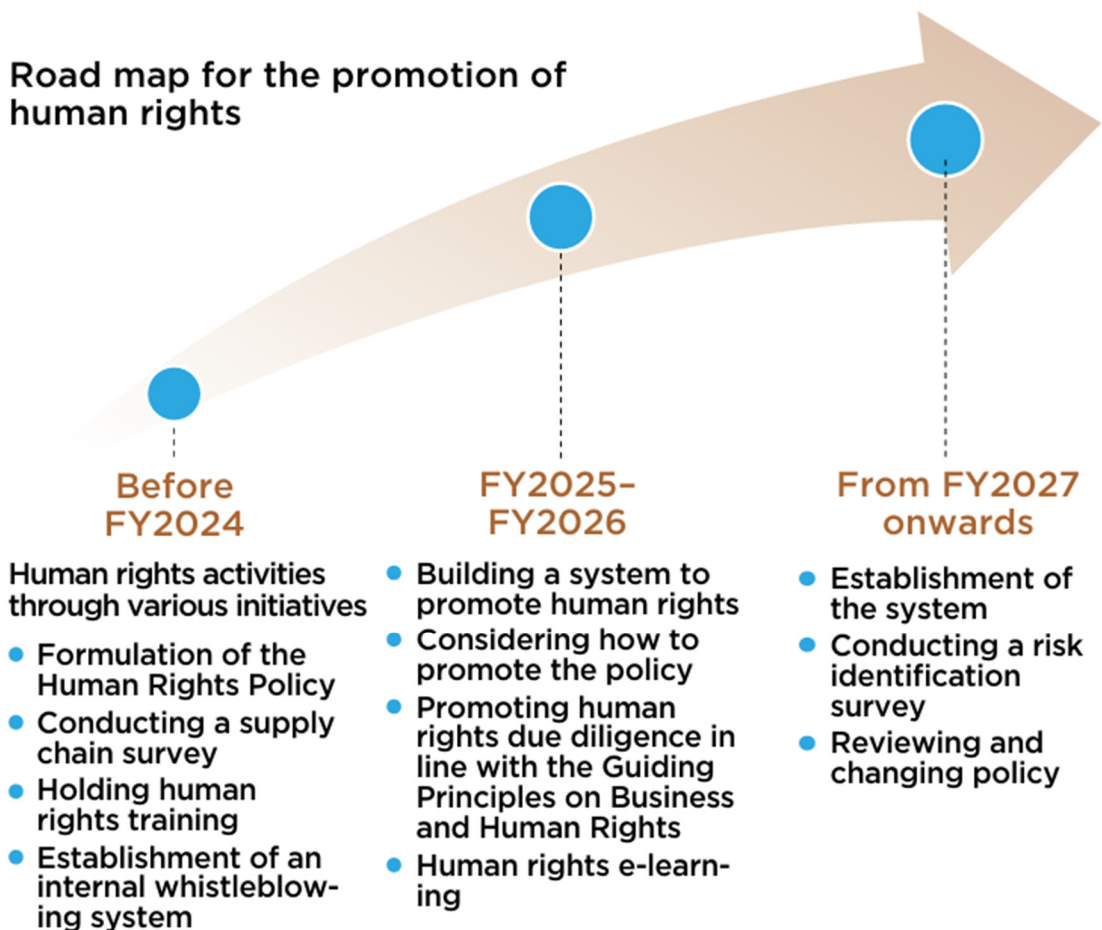
2) Respect for human rights

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.

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

https://www.yamada-holdings.jp/lang-en/policy_human-rights.html

Road map for the promotion of human rights



(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, 2026, we carried out human rights training covering topics related to enhancement of human rights awareness, and significant human rights risk items that were identified in the fiscal year ended March 31, 2025, and the participation rate reached 93% in the Group as a whole. The Group will continue to conduct training for employees in an effort to foster a corporate culture that respects human rights.

* Please visit our website for respect for human rights at:

<https://www.yamada-holdings.jp/lang-en/csr405.html>

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
■ Risk The Group currently has stores in all 47 prefectures of Japan as well as overseas. Under the “2026/3 - 2030/3 Mid-Term Management Plan,” the Group has been promoting reforms in area store development centered on LIFE SELECT. 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, carrying out store renovations, 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. 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. In addition, as the large amounts of capital are necessary for store development, funding costs may increase in an environment of rising interest rates. 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.		
■ Response The Group has in place a system where thought-out decisions are made carefully at the Board of Directors meetings, Management Meetings, and other meetings, generally weighing trading area population, competition, and other factors in the store opening plan. In the store development centered on LIFE SELECT, the Group works to maximize the investment efficiency and adapt to market changes by flexibly combining a scrap-and-build approach and operational changes. In addition, structures for appropriate personnel allocation, inventory consolidation, and leasing/sale at the time of a store closure are being optimized to promote the improvement of store efficiency and productivity through structural reforms. For financial risks like rising interest rates, the Group will thoroughly reduce financing costs and maintain financial soundness by diversifying financing methods and enhancing capital efficiency.		

2. Competition		
Probability: High	Potential occurrence: As appropriate	Potential impact: Medium
■ Risk The consumer electrical appliance retail industry is intensely competitive where the societal needs continue to change reflecting development such as the 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, home centers, and e-commerce platform providers, to businesses dealing in interior furnishings, furniture, and miscellaneous goods, and other various mail-order sites, and offer electrical appliances or products similar to those of the Group are our competitors. In addition, as the domestic consumer electrical appliance market matures and products become increasingly commoditized, it is becoming more difficult to rely solely on traditional price competition to secure earnings. Although the Group has a leading position in the industry, it faces various competitive environments such as pricing, new store openings and customer and human resource acquisition. 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&As and alliances between companies vying to compete against the Group. If the Group is not able to successfully adapt to such situations, or if other companies start offering products at lower prices than the Group, which would mean slashing of sale prices to remain competitive, the Group's performance and financial position may be affected negatively.		
■ Response The Group maintains a stable procurement system by leveraging the economies of scale associated with its leading share in the domestic consumer electrical appliance retail market, and promoting the differentiation strategy that does not rely solely on price competition. Specifically, under the "Total-Living (Kurashi-Marugoto)" strategy centered around LIFE SELECT, in addition to consumer electrical appliances, we provide a wide range of products and services including furniture, interior furnishings, renovation services and housing one-stop, while strengthening interactive sales at physical stores which are difficult for competitors and pure-play e-commerce operators to imitate. Furthermore, we respond to product commoditization and growing cost-consciousness of consumers by enhancing the lineup of high-margin PB/SPA products and operating the reuse/outlet business. In addition, we work to maximize customer experience value and establish a competitive advantage through promoting "bricks and clicks" e-commerce with YAMADA DENKI stores nationwide (928 stores as of March 31, 2026) as the starting points, and providing a total service utilizing the customer base of digital members (over 31,250 thousand persons as of March 31, 2026).		

3. Risks Related to M&As and Alliances		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
■ Risk The Group may execute organizational restructurings, M&As, alliances and sales of assets in order to strengthen its business foundation. The Group will carefully study and examine the conditions before acting in order to alleviate risk. However, unforeseeable issues, including contingency liabilities, failure to achieve anticipated synergies, impairment losses on goodwill, and a decline in earnings of acquired businesses, may arise after such actions take place. The Group also believes that initial expectations may not materialize or that investments may not be recovered. Also regarding sales of assets, the sale price and timing may differ from its expectations. Depending on the circumstances, extraordinary loss may occur, detrimentally affecting the performance and financial position of the Group.		

■ Response

For the execution of organizational restructurings, M&As, alliances and sales of assets, the Group has developed a system where due diligence is implemented in advance from multiple perspectives, and decisions are made through careful deliberations by the Board of Directors based on appropriate valuation. After the execution, the Group promptly applies its internal control system and governance system to acquired subsidiaries and other companies while systematically promoting the Post Merger Integration (PMI) to realize synergies early. In addition, the Group also works to minimize integration risks such as impairment by regularly monitoring the status of investment recovery and goodwill, and other matters as well as promptly identifying and addressing signs of deteriorating business performance after the execution.

4. Regulations

Probability: Medium

Potential occurrence: Anytime

Potential impact: Strong

■ Risk

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 on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment” (Proper Transactions 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. The housing-related business is subject to legal regulations under the Construction Business Act, the Building Standards Act, the Act on the Improvement of Energy Consumption Performance of Buildings, the Building Lots and Buildings Transaction Business Act, and the insurance business is subject to those under the Insurance Business Act, as well as other related laws and regulations. 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.

■ Response

The Group ensures appropriate responses by continuously monitoring developments in amendments to laws and regulations, and conducting improvement of internal systems, revision of rules, employee training, etc. through cooperation between the legal department and relevant business departments.

5. Economic Trends

Probability: Medium

Potential occurrence: Anytime

Potential impact: Strong

■ Risk

The Group depends on the Japanese market for most of its sales, and domestic consumer trends impact its performance. Changes in economic factors, such as continuously rising cost of living, trends in real wages and the employment situation, and in tax and exchange rates, may not only push up the cost of sales and business expenses but also alter consumers' buying behavior and the demands for the Group's products. On top of that, funding costs may increase in an environment of rising domestic interest rates. 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. As for the overseas economy, as the global economic uncertainty is growing against the backdrop of geopolitical risks and other factors, the Group's purchase price, sales price, and profitability may be affected through changes in raw material/component costs, energy costs, and exchange rates. 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, and policies relating to housing and the housing tax system. Depending on such conditions or trends, the Group's performance and financial position may be affected, particularly if there is a substantial decline in orders for houses resulting from an unforeseen deterioration in the market climate.

■ Response

The Group has built a system that enables it to continuously monitor economic trends and changes in monetary and trade policy in Japan and overseas and promptly respond to changes in the management environment. For exchange rate fluctuations and rising costs in overseas procurement, the Group is promoting the use of foreign exchange contracts, leveling of foreign exchange rates for imports, and optimization of supply chains. In response to the risk of rising interest rates, the Group works to reinforce its financial standing through systematically pursuing the flexible cash generation by sales of assets and other means, and the repayment and reduction of interest-bearing debt using the cash. As a response to domestic consumer trends, distribution environment and declining birth rate and aging of the population, the Group seeks to acquire a multigenerational customer base by driving the expansion of interactive stores that provide a wide range of products and services including consumer electrical appliances, furniture, renovation services and housing one-stop under the "Total-Living (Kurashi-Marugoto)" strategy centered around LIFE SELECT. Furthermore, in the housing business that faces significant environmental changes, the Group strives to reduce the risk of a decline in orders received stemming from the worsening market environment through expanding sales of highly energy-efficient, high-value-added houses, strengthening recurring businesses such as renovation services, and collaboration with the Group financial function.

6. Demand Associated with Seasonal and Weather Factors or Events, etc.		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Strong
■ Risk As with other retailers, the Group's 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. In recent years, as increasingly frequent extreme heat, warmer winters, and extreme weather events (such as heavy rain and snow, and stronger typhoon) driven by climate change have become more evident, forecasting demand for seasonal products has become even more challenging. 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 performance and financial position.		
■ Response The Group strives to understand demand trends and optimize purchases and inventory by utilizing medium- to long-term forecasts of the Japan Meteorological Agency, market information obtained from business partners, its own Point of Sales (POS) data analysis, and other information in an integrated manner, and holding a confirmation meeting for purchases and inventory attended by Directors in charge of products and all persons responsible for sourcing each category weekly. If inventory clearance of seasonal products is hindered by an unexpected weather event, the Group works on swift inventory reallocation across regions by making use of the store network nationwide, and early inventory clearance using diverse sales channels such as outlet stores and e-commerce sites.		

7. Changes in Consumer Wants and Preferences		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
■ Risk 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 efforts fail to adequately respond to changing consumer needs, the Group's performance and financial position may be affected negatively. 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.		
■ Response The Group continuously tracks changes in consumer wants and preferences through analysis of data on sales and customer trends obtained from the customer base including YAMADA Digital Members of over 31,250 thousand persons (as of March 31, 2026). Based on strong relationships with major manufacturers built on the industry-leading sales scale, the Group strives to stably secure and procure new and high-demand products, while reinforcing the structure to provide original products that swiftly address consumer needs through the proactive development of PB/SPA products. Furthermore, for changes in demand for existing products following launch of new products, the Group works to reduce the risks of sales opportunity loss and slow-moving inventory by flexibly implementing promotional activities and appropriately controlling inventory.		

8. Product Purchasing and Inventories		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
■ Risk The Group positions having in place a system under which the necessary products are purchased in necessary quantities at appropriate prices as an important element. Unfortunately, if product supplies become unstable due to such factors as a change in the relationship with business partners, escalating geopolitical risks, soaring crude oil prices, foreign exchange fluctuations, global shortages of resources and materials, and disruption of supply chains, or if 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, negatively affecting the Group's performance and financial position.		
■ Response 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. 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. 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. In response to geopolitical risks, the Group diversifies sourcing countries and supplies for imported products, takes out marine insurance, and stabilize purchase costs using foreign exchange contracts, among others.		

9. Risks Regarding Quality Assurance for Housing		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Strong
■ Risk The Group thoroughly manages the quality of housing as producer of housing. Even so, the Group's performance and financial position may be negatively affected if a serious issue with quality arises due to unforeseen circumstances.		
■ Response 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. 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 General Affairs Department, 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 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.		

10. Impairment on Non-Current Assets		
Probability: Medium	Potential occurrence: As appropriate	Potential impact: Medium
■ Risk 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, recognition of impairment losses may become necessary if there is deterioration in the profitability of the Group's stores, closure of the Group's unprofitable stores, a dramatic fall in the market price of the assets possessed by the Group or the like.		
■ Response The Group has developed a system where profitability of stores, etc. are monitored continuously. For stores, etc. whose profitability has declined, profitability improvement measures, such as store remodeling, are implemented swiftly to avoid and reduce impairment risks. If any indicator of impairment is identified, an impairment loss is appropriately recorded in accordance with the accounting standards.		

11. Managing Franchises		
Probability: High	Potential occurrence: Anytime	Potential impact: Weak
■ Risk The Group is increasing the number of franchises managed as small, community-based retail stores. However, there are possibilities that it may not be able to continually open franchises in favorable locations, and that existing franchise agreements may not be renewed. 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 under the direct 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 negatively affect the Group's performance and financial position.		
■ Response As for the operation status of the Group's Yamada Denki stores, we strive to manage risks through checking new development by the FC Division as well as store guidance, receivables limits and operation status of franchisee companies each month.		

12. Information Security		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Strong
■ Risk The Group handles point card certificates, registrations for YAMADA Digital Membership (over 31,250 thousand persons as of March 31, 2026) 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, and operates many operating systems such as the core system, store POS system, logistics system, e-commerce site, and construction control system for the housing business. In recent years, as ransomware attacks have been increasing significantly across a wide range of industries including the domestic retail and distribution industries, the landscape of information security threats have become more severe than ever before. When handling such information, ample caution is taken to prevent information leaks; however, if any cyberattack, virus infection, malicious access, internal fraud, incident via a contractor/business partner, or natural disaster causes a system failure, and the like, it may lead to personal/confidential information leak, data tampering, suspension of store operations, and disruptions that ripple across the entire supply chain, resulting in loss of social credibility of the Group, claims for damages, and ultimately affecting the Group's performance and financial position. Furthermore, with the rapid spread of generative AI technology, advanced attack techniques using generative AI and risks such as unintended leakage of confidential information are becoming prominent.		
■ Response 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. In addition, taking into account the increasing sophistication of the threat landscape in recent years, the Group is promoting the strengthening of supply chain security, such as a system of advanced endpoint threat detection and protection based on deep learning, offline backup of the core system and important data, network segmentation, and confirmation of security requirements in contractors, the setup of a Computer Security Incident Response Team (CSIRT), and the continued security training/targeted email attack training for employees, among others. As for the utilization of generative AI, the Group has established internal use guidelines, and are developing rules for restrictions and the scope of use regarding confidential/personal information.		

13. Major Earthquakes and Natural Disasters		
Probability: High	Potential occurrence: Anytime	Potential impact: Strong
■ Risk Since the Group currently operates its electrical appliance business through stores in all 47 prefectures and its opening housing exhibition sites for the housing business in areas nationwide, there is the risk of being directly affected by natural disasters occurring in Japan, such as earthquakes, typhoons, torrential rains, floods, and snowfalls. Particularly, a Nankai Trough megaquake and Tokyo inland earthquake whose likelihood of occurrence has increased in recent years, large-scale heavy rainfalls associated with the progression of climate change, widespread flooding resulting from linear rainbands, and other events may cause extensive and complex business disruptions, such as damage to store/logistics facilities, headquarter functions, and the core system, blackouts, distribution of product distribution networks, store closures in accordance with evaluation advice, and commuting difficulties for employees. If such extensive damage to infrastructure and subsequent delays in recovery and restoration occur, the Group's performance and financial position may be negatively affected.		
■ Response 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 the pre-disaster phase, initial response phase, recovery phase, and post-incident activity phase based on the disaster response measures manual to deal with torrential rain, floods, major earthquakes and other disasters. Specifically, the Group revises and reorganizes the disaster response measures manual to ensure effectiveness though 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. 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, and furthermore, introduced a safety confirmation system covering all group companies. In addition, in anticipation of an earthquake in excess of magnitude 5, we have taken measures such as increasing the strength of the wires for fixing LCD TVs to minimize products falling down and the damage from falling, and fixing screws for displays and shelves. Moreover, we are carrying out measures such as wide-area distribution and backup operation of the core system, enhancement of resilience of logistics networks, a framework for coordination with major business partners and supplies in the event of a disaster, conclusion of a disaster management agreement with municipalities, and implementation of regular a disaster response drill. * Sales offices: Branch managers, store managers (person in charge of implementation) Group companies: President and person in charge of management		

14. Risks Pertaining to the Housing Equipment Business		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
■ Risk 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, a failure of equipment in the production facility, or disruptions in the supply chain or soaring raw material prices due to geopolitical risks, this may negatively affect the Group's performance and financial position.		
■ Response The Group's Housetec Inc. has a basic management policy of "consumer focused" and "ensure product safety." Specifically, we have prescribed the "Voluntary Action Plan for Product Safety" and the "Quality Assurance Rules," while knowing the suppliers of raw materials and components, having an information sharing system with suppliers, and having established regulations including incident report and complaint response manuals. We take measures to control quality in each manufacturing, construction and service department. We have established the department with overall responsibility for quality, and conduct evaluation 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). All products are insured with "Product Liability Insurance" in preparation for potential emergencies. In addition, we have strengthened an internal structure to centrally monitor and manage operations from procurement through revenue management for a surge in raw material prices and delays in supply of parts due to geopolitical risks in recent years. We grasp rapid changes in the external environment in a timely manner, and proceed with the diversification of suppliers, supply chain restructuring to reduce reliance on specific regions, flexible securing of alternative components. Furthermore, we avoid the risk of supply chain disruptions by simultaneously implementing the enhancement of production process efficiency at our own plants, thorough cost reduction initiatives through strict cost control, and appropriate pricing measures. While minimizing the impact on revenue, we strive to maintain stable supply of products. Going forward, under any changes in the environment, we will work to maintain and strengthen a system that enables us to stably deliver safe products to our customers.		

15. Overseas Operations		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
■ Risk 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/human rights/labor regulations, dramatic economic changes, unanticipated changes in foreign exchange rates or escalating geopolitical risks 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 performance and financial position.		
■ Response 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. 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. Furthermore, in response to demand for respect for human rights and environmental consideration in the supply chain, we are pursuing initiatives such as establishment of the Supplier Code of Conduct based on the Group's Human Rights Policy, and regular monitoring of human rights/environmental risks in the supply chain.		

16. Supply of the Company's Original Brand Products		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
■ Risk Under initiatives to strengthen the SPA strategy, the Group is expanding the planning, manufacturing outsourcing, and sales of original products. While the importance of the SPA strategy is growing, if business continuity becomes difficult due to a disaster or any other reasons, resulting in a shortage or suspension of product supplies, or if any incident related to quality issues and product liability for SPA products occurs, it may negatively affect the Group's performance and financial position.		

■ Response

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; and (3) participates in marine insurance to reduce the risk of disasters when transporting by sea.

In addition, we are promoting the leveling of foreign exchange rates using foreign exchange contracts. As for quality assurance of products, we have been preparing to deal with liability for damages in the event of an incident by establishing and complying with quality control standards, obtaining Product Liability Insurance, and other means.

17. Guarantee Deposits

Probability: Medium

Potential occurrence: Anytime

Potential impact: Weak

■ Risk

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.

■ Response

The Group confirms a lessee's credit status and thoroughly reviews contractual terms (such as preservative measures and termination clauses) at the time of opening a new store and renewing an existing agreement, while also having in place a system to regularly monitor the management status of lessees under existing contracts.

18. Risk relating to Money Lending Business Act

Probability: Medium

Potential occurrence: Anytime

Potential impact: Weak

■ Risk

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. Therefore, the estimated loss that is expected to arise in the future is accounted for. This risk associated with claims for the return of overpaid amounts based on the said act is declining as the statute of limitations progresses. However, such claims may arise in excess of the expectations due to deterioration of the economic environment stemming from financial uncertainty and employment conditions, negatively affecting the Group's performance and financial position. In addition, any amendment to or change in the interpretation of the Banking Act, the Money Lending Business Act, the Installment Sales Act, the Consumer Contract Act, or any other financial-related laws and regulations may negatively affect the operation of the credit business of the Group.

■ Response

To respond to claims for the return of overpaid amounts, etc., the Group continuously monitors actual claims in the past and future trends in claims, and records a relevant provision in accordance with the accounting standards. As for the operation of the credit business, the Group implements the establishment of internal regulations to comply with applicable laws and regulations and other rules, employee training, and continuous monitoring through internal audits.

19. Exchange Rate Volatility		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
■ Risk Since the Group develops and imports its original brand products (SPA products) and imports interior furnishings, furniture, miscellaneous goods, and other products, the Group is subject to the impact of foreign exchange rates in foreign-currency-based transactions. In recent years, as the volatility of foreign exchange rates has been increasing against the backdrop of the monetary policy of countries concerned and growing geopolitical risks, among others, fluctuations in foreign exchange rates may occur at a level and speed that were previously unforeseeable. If sharp fluctuations in the exchange rates of settlement currencies occur, the Group's performance and financial position may be affected negatively.		
■ Response The Group implements flexible foreign exchange hedging based on the "Derivatives Management Regulations." While aiming to stabilize stocking costs by leveling the foreign exchange contracts and foreign exchange rates for imports, the Group regularly shares the status of foreign exchange settlement and confirms the hedging policy at the Company's Board of Directors meetings and other occasions.		

20. Lawsuits		
Probability: Low	Potential occurrence: Anytime	Potential impact: Weak
■ Risk 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 wide-ranging businesses such as the consumer electronics retail business, the housing business, the financial business, and the environment business, and may become subject to lawsuits or disputes. Where they do occur, they may negatively affect the Group's performance and financial position.		
■ Response The Group has taken measures such as the establishment and strengthening of the legal compliance system by the legal department, conclusion of proper agreements with business partners and customers, receipt of advice under an advisory agreement with an external law firm, and development of a framework for prompt response in the event of major disputes. In addition, the Group has established a system where the Compliance Committee and the Risk Management Committee regularly identify and address potential risks including the litigation risk.		

21. Large-Scale Pandemic		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
■ Risk 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 may negatively affect the Group's performance and financial position. In addition, the performance and financial position of the Group may be affected if there is an impediment to the operation of stores, etc. due to an outbreak of an infectious disease occurring 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).		
■ Response The Group has established an organizational crisis management framework centered on the Disaster Response Headquarters based on experience gained from responding to COVID-19. The Group strives to reduce the impact on business continuity by implementing specific initiatives to be taken during an infectious disease outbreak including: (1) thorough implementation of infection prevention measures (such as ventilation, sanitization, ensuring of social distancing) at stores; (2) operation of flexible working arrangements for employees such as teleworking, and staggered working hours; (3) securing of customer touchpoints through the use of e-commerce and digital sales promotion; (4) strengthening of information sharing with business partners, and securing of alternative suppliers; (5) establishment of a business continuation framework through diversification of supply chains across business offices; and (6) standardization of reporting methods for infection and return-to-work procedures.		

22. Risk relating to Human Capital		
Probability: High	Potential occurrence: Anytime	Potential impact: Medium
■ Risk Under the "Total-Living (Kurashi-Marugoto)" strategy, the Group has clarified the talent profile required for each business segment, and been pursuing the human resources strategy linking recruitment, development, allocation, and evaluation. Particularly, the Group positions securing and development of human resources with proposal capabilities that can respond to diverse customer needs as well as expertise and execution capabilities to solve challenges across departments and businesses as an important management issue. However, if securing or retention of necessary human resources does not progress as planned due to the population decline, changes in the labor market environment, and other factors, it may become difficult to maintain customer touchpoints and secure proposal capabilities, leading to a decrease in customer satisfaction. In addition, if cross-organizational personnel allocation and career development mechanisms do not function sufficiently, the development and allocation of human resources aligned with the business expansion may not progress, affecting the Group's growth and value creation. If these risks relating to human capital materialize, the Group's performance and financial position may be affected negatively.		
■ Response The Group is working on the securing and retention of human resources and the maximization of their potential by implementing measures to revamp the personnel system, clarify cross-functional career development, strengthen the development of human resources, understand organizational issues through engagement surveys, and make improvements, among others.		

23. Risk relating to Human Rights		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Medium
■ Risk Recognizing respecting human rights in its business activities as an important responsibility, the Group has established its Human Rights Policy, and been promoting initiatives related to respect for human rights in the entire supply chain including business partners. In the retail business of consumer electronics, furniture, etc., the housing-related business, the consumer electronics reuse/recycling and resource recycling business, the Group strives to ensure the appropriate working environment and promote sustainable procurement through collaboration with business partners as well as to ensure health and safety in business establishments. However, if any issue associated with the working environment and various types of harassment (such as workplace bullying and harassment from customers) or any other issue relating to human rights arises within the Group or the supply chain, it may lead to deterioration of employees' physical or mental health and loss of human resources as well as a decline in social credibility and brand value of the Group, and review of business relationships, negatively affecting the Group's performance and financial position.		
■ Response The Group has the "Road Map for the Promotion of Human Rights" based on the "Human Rights Policy" to promote initiatives relating to respect for human rights. In addition to dissemination of the Human Rights Policy and implementation of regular human rights training and harassment prevention education, we identify risks through a survey on human rights risks and management of KPIs in association with important risks. Furthermore, as a countermeasure against harassment from customers, we have been developing response manuals and enhancing consultation channels in order to maintain and improve the work environment where employees can safely work with peace of mind. Moreover, for the entire supply chain, we are working to respect human rights and ensure the appropriate working environment through surveys and follow-up activities for business partners.		

24. Risk relating to Climate Change		
Probability: Medium	Potential occurrence: Anytime	Potential impact: Strong
■ Risk <i>Physical risks</i> If natural disasters such as typhoons and heavy rains become more severe and occur more frequently as climate change progresses, the Group's business establishments including stores, logistic centers, and housing-related facilities may be damaged. In addition, if severance of logistics networks or supply chain disruption causes difficulties in supplying products, it may affect store operations and sales activities. Furthermore, environmental changes associated with climate change, such as extreme heat, may alter customers' buying behavior and demand structure. If these events occur, store suspension, incurrence of restoration costs, loss of sales opportunities, and other factors may negatively affect the Group's performance and financial position. <i>Transition risks</i> In line with the transition to a decarbonized society, energy costs for store operations, logistics and other activities may increase as a result of strengthened regulations on reduction of greenhouse gas emissions, introduction and expansion of carbon pricing schemes, rising energy price, and other factors. In addition, it may become necessary to review product procurement and business operations due to growing demand for sustainable products and stricter environmental regulations. Furthermore, if efforts to manage and reduce greenhouse gas emissions in the supply chain are insufficient, it may affect the business relationships and corporate evaluation. If these transition risks materialize, they may negatively affect the Group's performance and financial position through an increase in business operation costs and changes in the revenue structure.		

■ Response

The Group is implementing measures to address physical risks associated with climate change through centralized management of hazard maps of each store across Japan (YAMADA DENKI), strengthening of BCP, and introduction of a safety confirmation system, among others. In addition, the Group has been making efforts to achieve the target of reducing Scope 1 and Scope 2 CO₂ emissions by 42% compared to the fiscal year ended March 31, 2021 by the fiscal year ending March 31, 2031 through the switch to highly efficient air conditioning facilities and LED lighting, and the installation of solar panels for self-consumption on rooftops of its stores, and other measures. Furthermore, we are also promoting assessment and reduction of greenhouse gas emissions in the entire supply chain. Meanwhile, as for opportunities, in addition to the expansion of sales of sustainable consumer electronics and houses, we are working to increase production capacity and recycling accuracy at reuse plants.

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 economic policies. On the other hand, the outlook still remains uncertain mainly due to heightened geopolitical risks, including soaring crude oil prices resulting from escalating tensions in the Middle East, and uncertainties in the global situation and economy. With regard to personal consumption, while consumers remain cost-conscious amid ongoing inflation, signs of a recovery are emerging due to improvements in the employment and income environment.

In the consumer electronics retail industry, sales of certain home appliances such as refrigerators and washing machines were sluggish amid continued cost-consciousness driven by rising prices. However, sales of PCs and cell phones grew significantly throughout the fiscal year, and air conditioners performed well due to rising demand for energy-efficient models as well as the emergence of early replacement demand linked to new energy-efficiency standards in 2027.

[On the Company's efforts]

Against this market backdrop, we have been working to maximize Group synergies and build a structure for sustainable corporate growth under the “Total-Living (Kurashi-Marugoto)” strategy, with LIFE SELECT and Housing as the starting points. We have endeavored to maximize our corporate value by promoting the growth strategy, which is centered on 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.”

Based on the “2026/3 - 2030/3 Mid-Term Management Plan” announced on November 8, 2024, which covers the five-year period from the fiscal year ended March 31, 2026 to the fiscal year ending March 31, 2030, in order to maximize our corporate value, we will implement the company-wide strategy and reforms centered on LIFE SELECT set out in the Plan to achieve our numerical targets of ¥2.2 trillion in net sales, ¥100.0 billion in ordinary profit, and 8.5% ROE for the fiscal year ending March 31, 2030.

First, as part of area store development and reforms centered on LIFE SELECT, we opened five new LIFE SELECT stores during the fiscal year under review, including the Tecc LIFE SELECT Ibaraki Megaki Store, which opened in May 2025. In these ways, we have further strengthened the store development and execution system for our growth strategy centered on the LIFE SELECT, and are now being ready to open ten new stores per year (41 stores as of March 31, 2026). Although the number of stores has decreased due to the promotion of reforms in area store development centered on LIFE SELECT, sales floor space of directly-managed stores increased 101.7% year on year to 2,922,990m², and store efficiency and profitability also steadily improved due to the promotion of store consolidation and closure. In addition, regarding “PB+SPA: aggressive development of original Yamada products,” we are further accelerating the pace of development.

Based on these efforts, for the fiscal year under review, the Consumer Electronics Segment achieved a significant increase in net sales in the second half of the fiscal year, while the Housing Segment steadily recovered from the impact of delays in housing starts and completions caused by the enforcement of the revision of the Building Standards Act and the Act on the Improvement of Energy Consumption Performance of Buildings in April 2025 toward the end of the fiscal year, leading to an increase in net sales. In terms of profits, while we recorded extraordinary income from the sale of assets and other factors,

performance was sluggish due to the strategic inventory clearance carried out in the fourth quarter to achieve our Mid-Term Management Plan targets, as well as the impact of the factors described in the performance overview of the Consumer Electronics Segment below. As a result of the above, consolidated net sales for the fiscal year under review amounted to ¥1,691,808 million, up 3.9% year on year, operating profit totaled ¥16,166 million, down 62.2% year on year, ordinary profit was ¥20,003 million, down 58.4% year on year, and profit attributable to owners of parent was ¥14,778 million, down 45.1% year on year.

[Operating results by segment]

(1) Consumer Electronics Segment

In the Consumer Electronics Segment, net sales increased 1.3% year on year to ¥1,329,426 million, and operating profit decreased 91.7% year on year to ¥2,492 million.

Net sales showed sluggish growth, amounting to 98.1% year on year for the first half of the fiscal year, due partly to a decrease in net sales resulting from store closures, including large-scale stores such as LABI Tsudanuma, LABI Sendai, and LABI Nagoya due to urban redevelopment plans and the expiration of lease contracts. However, in the second half of the fiscal year, thanks to rising demand for PCs and air conditioners, as well as the concentration on the growth fields, the “Total-Living (Kurashi-Marugoto)” strategic reform set forth in the Mid-Term Management Plan has resulted in a significant increase in net sales to 104.6% year on year. Profits declined due to the aforementioned strategic inventory clearance, the lingering impact of the upfront cost resulting from the strengthening of the point measures, and a decrease in gross profit stemming from lower sales following store closures, including those of large-scale stores such as LABI. However, excluding the impact of inventory clearance, profitability has steadily improved over the second half of the fiscal year. Furthermore, from the new fiscal year onward, we expect the impact of the point measures to be fully eliminated as these measures complete a cycle. In addition, the strategic inventory clearance carried out at the end of the fiscal year under review will further accelerate the expansion of high-margin PB and SPA original products in our stores. As a result, we anticipate more steady progress toward establishing the profit-generating structure aligned with the sales growth outlined in our Mid-Term Management Plan.

(2) Housing Segment

In the Housing Segment, revenues and profits both increased, with net sales increasing 12.3% year on year to ¥333,867 million, and operating profit increasing 9.4% year on year to ¥10,255 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 ¥93,883 million (up 2.4% year on year) and operating profit of ¥590 million (up 12.7% year on year), with both revenues and profits increasing, driven by significant sales growth in its pre-built housing business. In addition, the Company has steadily increased its ability to attract customers by strengthening the deployment of “Housing Consultation Counters Yamada Real Estate” in YAMADA DENKI stores and promoting aggressive advertising investments. Orders for built-to-order housing grew significantly to 113.8% year on year on a cumulative basis for the fiscal year, and the Company has accumulated enough orders to complete construction in the next fiscal year and beyond.

(2) Hinokiya Group

Hinokiya Group reported an increase in revenues and profits, with net sales of ¥177,287 million (up 22.4% year on year) and operating profit of ¥8,162 million (up 11.4% year on year). Although there remained the impact from the delays in the delivery of built-to-order housing due to the enforcement of the revision of the Building Standards Act and the Building Energy Efficiency Act in April 2025, higher unit prices for products such as Elite One and higher sales in the detached house rental division contributed to covering the increase in selling, general and administrative expenses and other costs, resulting in increased revenues and profits. In addition, supported by the mandatory energy-saving standards, the insulation

materials business also performed well, achieving double-digit growth. Hinokiya Group changed its fiscal year end from December to March for the fiscal year under review.

(3) Housetec

Housetec reported increases in revenues and profits, with net sales of ¥64,800 million (up 2.3% year on year) and operating profit of ¥2,897 million (up 7.7% year on year), due to strong sales of modular bathrooms, built-in kitchens, and other products, and thorough control of selling prices and expenses.

(3) Financial Segment

In the Financial Segment, net sales increased 4.8% to ¥4,710 million, and operating profit decreased 3.7% to ¥1,259 million. The growth was driven by solid loan performance linked to the Group's renovation business, and steady growth in the transaction volume of small-amount short-term insurance policies such as "Yamada's Total-Living (Kurashi-Marugoto) Insurance." However, the impact of higher funding costs for variable-rate products from rising market interest rates resulted in an increase in revenues and a decrease in profit.

(4) Environment Segment

In the Environment Segment, revenues and profits both increased, with net sales steadily increased 18.6% year on year to ¥42,836 million, and operating profit increased 14.5% year on year to ¥1,872 million, due to reinforcement of the production system of reused home appliances and PCs. The remanufactured products are deployed at more than 350 YAMADA DENKI stores nationwide, 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 11.7% year on year to ¥10,118 million, and operating profit increased 8.7% year on year to ¥177 million, reflecting the shift to a profit-oriented 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 20 new store openings and 41 store closures including small-scale stores under the store development strategy for trade areas with populations of 500,000, was 957 directly-managed stores (comprising 928 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 8,774. For the moment, the number of stores has decreased due to the promotion of reforms in area store development centered on LIFE SELECT, but sales floor space of directly-managed stores has steadily increased 101.7% year on year to 2,922,990m².

[On performance summary]

As a result of the above, consolidated net sales for the fiscal year under review amounted to ¥1,691,808 million, up 3.9% year on year, operating profit totaled ¥16,166 million, down 62.2% year on year, ordinary profit was ¥20,003 million, down 58.4% year on year, and profit attributable to owners of parent was ¥14,778 million, down 45.1% year on year.

[Financial position]

Total assets at the end of the fiscal year under review amounted to ¥1,303,905 million, down ¥21,076 million (1.6%) compared to the end of the previous fiscal year. This was mainly due to decreases in merchandise and finished goods, as well as cash and time deposits.

Total liabilities amounted to ¥661,346 million, down ¥18,359 million (2.7%) compared to the end of the previous fiscal year. This was mainly due to a decrease in long-term loans payable.

Net assets amounted to ¥642,559 million, down ¥2,717 million (0.4%) from the end of the previous fiscal year. This was mainly due to the purchase of treasury stock. As a result, the equity ratio was 48.6% (up 0.5 point 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 ¥37,293 million, down ¥30,261 million (44.8%) 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 ¥49,792 million (¥51,566 million provided in the previous fiscal year).

This was mainly due to a decrease in notes and accounts receivable.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥32,867 million (¥35,144 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 ¥48,212 million (¥4,060 million used in the previous fiscal year).

This was mainly due to repayments of long-term loans payable and the purchase of treasury stock.

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

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Equity ratio (%)	51.6	47.6	47.8	48.1	48.6
Market value-based equity ratio (%)	25.0	25.4	23.6	22.5	26.7
Interest-bearing debt to cash flows (year)	11.3	7.3	5.8	6.3	6.2
Interest coverage ratio (factor)	14.8	29.8	31.9	22.4	15.5

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, 2026	
	Amount (Millions of yen)	Year-on-year comparison (%)
Consumer Electronics Segment	1,321,136	1.5
Housing Segment	330,850	13.1
Financial Segment	3,926	1.6
Environment Segment	25,795	30.9
Reportable segments total	1,681,707	3.9
Other	10,101	(10.3)
Total	1,691,808	3.9

Note: Intersegment transactions have been eliminated.

b. Sales per unit

	Year ended March 31, 2026	
	Amount	Year-on-year comparison (%)
Net sales - millions of yen	1,321,136	1.5
Sales floor space (average) - m ²	2,942,661	(0.2)
Sales per square meter - thousands of yen	449	1.7
Employees (average) - persons	22,923	(0.8)
Sales per employee - millions of yen	58	2.3

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 economic policies. On the other hand, the outlook still remains uncertain mainly due to heightened geopolitical risks, including soaring crude oil

prices resulting from escalating tensions in the Middle East, and uncertainties in the global situation and economy.

In the consumer electronics retail industry, sales of certain home appliances such as refrigerators and washing machines were sluggish amid continued cost-consciousness driven by rising prices. However, sales of PCs and cell phones grew significantly throughout the fiscal year, and air conditioners performed well due to rising demand for energy-efficient models as well as the emergence of early replacement demand linked to new energy-efficiency standards in 2027.

Under these circumstances, net sales during the fiscal year under review were ¥1,691,808 million (up 3.9% year on year). Gross profit was ¥441,648 million (down 3.4% year on year) mainly due to the implementation of the strategic inventory clearance.

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 ¥425,482 million (up 2.6% year on year) mainly due to an increase in rent, depreciation, and labor outlays resulting from promotion of enhancement of store development such as opening of new LIFE SELECT stores, despite continued reduction and control of expenses. As a result, operating profit was ¥16,166 million (down 62.2% year on year).

Other income for the fiscal year under review was ¥8,104 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 ¥8,692 million, profit was ¥15,578 million and profit attributable to non-controlling interests amounted to ¥800 million.

As a result, profit attributable to owners of parent decreased by ¥12,135 million to ¥14,778 million (down 45.1%) 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, 2026 were growth in net sales of 4.2% or higher and ordinary profit margin of 3.0% or higher. However, in the fiscal year under review net sales were up 3.9% and the ordinary profit margin was 1.2% due to the above-mentioned reasons. For the fiscal year ending March 31, 2027 as the second 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 5.2% 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
July 28, 2021	20,000	2,000	July 30, 2021 to July 31, 2026	(Note)
January 27, 2022	20,000	4,000	January 31, 2022 to January 31, 2027	(Note)
July 27, 2022	20,000	6,000	July 29, 2022 to July 30, 2027	(Note)
November 28, 2022	50,000	17,500	November 30, 2022 to November 30, 2027	(Note)
July 27, 2023	20,000	10,000	July 31, 2023 to July 31, 2028	(Note)
March 7, 2024	20,000	12,000	March 11, 2024 to March 31, 2029	(Note)
July 29, 2024	30,000	21,000	July 31, 2024 to July 31, 2029	(Note)
March 27, 2025	20,000	16,000	March 31, 2025 to March 31, 2030	(Note)
July 29, 2025	20,000	18,000	July 31, 2025 to July 31, 2030	(Note)
March 27, 2026	30,000	30,000	March 31, 2026 to March 31, 2031	(Note)

Notes: 1. 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.

2. 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.

Execution of Memorandum of Understanding Regarding Business Integration

Based on a resolution at the meeting of the Board of Directors held on June 5, 2026, the Company agreed with EDION Corporation to proceed with discussions and consideration regarding a business integration with mutual trust and equal partnership being as the basic policy, and entered into a memorandum of understanding.

The details are as described in “NOTES TO CONSOLIDATED FINANCIAL STATEMENTS” Note 32, entitled “SUBSEQUENT EVENTS.”

7. RESEARCH AND DEVELOPMENT

The total cost of the Group’s research and development activities during the fiscal year under review was ¥338 million. Such activities were mainly research and development activities for the housing-related businesses of the subsidiary Housetec 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 Sustainability Basic Policy 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 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 are as follows:

Position	Name	Board of Directors meeting (held 19 times)		Nomination and Remuneration Committee meeting (held 8 times)	
		Status of attendance		Status of attendance	
Representative Director, Chairperson and CEO	Noboru Yamada	17	89.5%	6	75.0%
Representative Director, President and COO	Yoshinori Ueno	19	100.0%	8	100.0%
Representative Director, Vice President and Executive Officer CHRO	Megumi Kogure	19	100.0%	8	100.0%
Director, Senior Managing Executive Officer CFO, and General Manager of Finance and Accounting Division	Kenichi Koyano	19	100.0%	—	—
Director, Executive Officer, Head of Integrated Corporate Planning Office	Tsuyoshi Nagano	19	100.0%	—	—
Independent outside Director	Tsukasa Tokuhira	18	94.7%	8	100.0%
Independent outside Director	Miki Mitsunari	19	100.0%	8	100.0%
Director who is a full-time Audit and Supervisory Committee Member	Makoto Igarashi	19	100.0%	—	—
Director who is a full-time Audit and Supervisory Committee Member	Kenji Yamazaki	19	100.0%	—	—
Independent outside Director who is an Audit and Supervisory Committee Member	Somuku Imura	19	100.0%	8	100.0%
Independent outside Director who is an Audit and Supervisory Committee Member	Kunimitsu Yoshinaga	19	100.0%	8	100.0%

Position	Name	Board of Directors meeting (held 19 times)		Nomination and Remuneration Committee meeting (held 8 times)	
		Status of attendance		Status of attendance	
Independent outside Director who is an Audit and Supervisory Committee Member	Hirohisa Ishii	19	100.0%	8	100.0%

(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 introduction of a remuneration system for Directors who are not Audit and Supervisory Committee members based on ESG metrics
- Determination of draft plans regarding change of the retirement benefit system
- Determination of draft plans regarding introduction of a new restricted stock incentive for the Employee Shareholding Association
- Determination of draft plans regarding structure and nomination of Directors and Executive Officers for the new fiscal year (FY2026)
- Determination of draft plans regarding revision of the executive remuneration table of the Group's operating companies
- 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 development of an organizational structure of the Group's operating companies
- Determination of draft plans regarding mid-term changes in Directors of the Group's operating companies
- Determination of draft plans regarding mid-term changes in Executive Officers of the Group's operating companies
- Matters related to structure and nomination of Directors and Executive Officers of the Group's operating companies for the new fiscal year (FY2026)

(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, 2026, 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 2026 to March 2026
 - 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

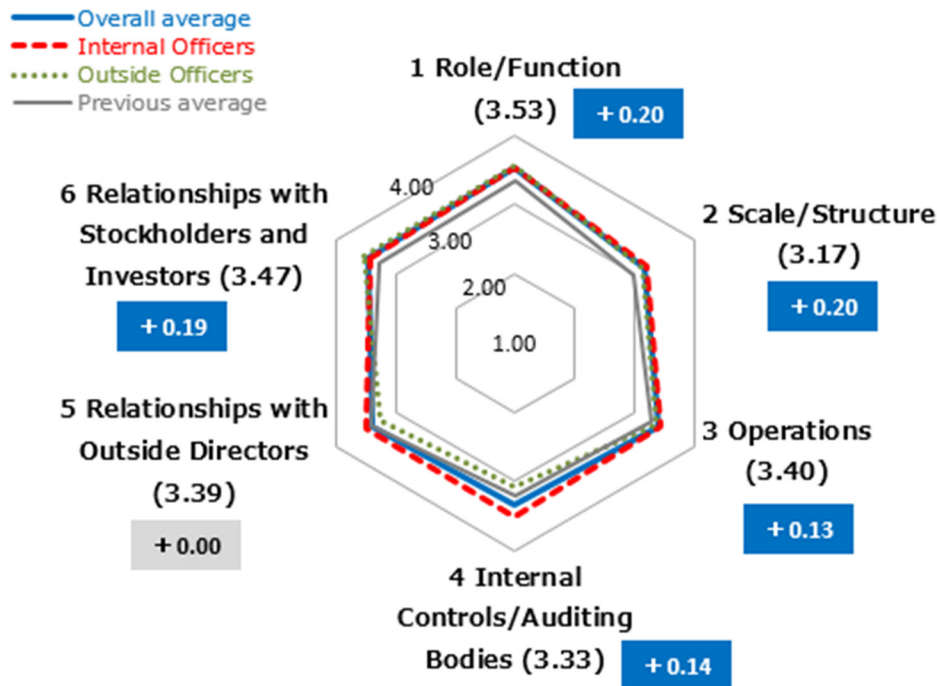
(b) Summary of Results

Overall Score: 3.40 (I. Internal Officers: [3.44] II. Outside Officers: [3.34])

As the score rose in five areas compared with the previous fiscal year, the overall score was kept high.

We evaluated the effectiveness of the Board of Directors is ensured, recognizing that the quality of the Board of Directors has improved given the facts that the chairperson conducts proceedings so that many people can express their opinions and that Directors actively provide their opinions, regardless of whether they are internal or outside members, among others.

On the other hand, we recognized the need to further strengthen ESG-related initiatives and enhance training and communication functions.



(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 of ESG Initiatives

To enhance exchange of opinions and deliberations with outside Directors at the Board of Directors meetings, we strive to update knowledge and promote understanding by providing management with sufficient information and explanations in advance as well as with ESG-related training.

Priority Issue 2: Appropriate Provision of Training Opportunities and Enhancement of Communication [Ongoing]

For outside Directors, we plan opportunities for site visits to sales offices and plants so that they understand initiatives of operating companies and the Company more, and set up an environment to ensure that they can deepen their understanding of the entire Group through communication with frontline employees.

(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) as of June 25, 2026 (filing date of the Annual Securities Report). 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 CO., LTD. and Director of Japan Accreditation Board. The Company is receiving advice on sustainability, etc. from FINEV inc. However, the amount of annual 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 CO., LTD. such as the purchase and sale of mainly electrical machinery and equipment. However, the amount of annual transactions with that company is small at less than 0.004% 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 EST Partners Law Office. Although the Company is receiving legal and other advice from him when necessary, because the scale of annual transactions was small at less than 0.001% of the Company's consolidated net sales, the Company believes that it is not significant enough to cause a conflict of interest. There is no special relationship between the Company and the entities at which he holds concurrent positions. Mr. Somuku Iimura 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.

In addition, the Company proposes "Election of Seven Directors (Excluding Those Who Are Audit and Supervisory Committee Members)" and "Election of Five Directors Who Are Audit and Supervisory Committee Members" as items to be resolved at the 49th Ordinary General Meeting of Shareholders to be held on June 26, 2026. If these items are approved and adopted, the number of the Company's outside directors will be five. The reasons for the election of new outside directors in the case where the items are approved and adopted are as follows:

Mr. Yasuaki Muto is recognized as a leading authority on sports management research in contemporary Japan. He is a frontrunner of knowledge who has systematized the strategies, governance, and finance necessary to elevate sports beyond mere "competitive athletics" and transform it into a "sustainable industry." His greatest strength lies in his "high-level integration of theory and practice," backed by his

exceptional career. After completing his graduate studies at the University of Tokyo, he joined the Mitsubishi Research Institute, Inc. As a senior research fellow, he was involved in corporate strategy and policy formulation for government agencies at the forefront of management consulting. He later moved to Waseda University, where he brought his meticulous analytical experience from the private sector to introduce “full-fledged business administration” to the Japanese sports world. His research spans a wide range of fields. In particular, his track record of holding key positions such as Chairman of the J.League Management Advisory Committee demonstrates that his proposals are not mere theoretical concepts, but rather “actionable strategies” grounded in a deep understanding of the pains and contradictions faced in the workplace. Furthermore, from his perspective as an educator, he excels at identifying and nurturing “the best in people,” and his suggestions are highly anticipated from the standpoint of human resource development. We believe that his objective industry analysis from a third-party perspective as an independent outside Director, along with his experience-based observations and advice to the Company’s management team, will be crucial for promoting the “Total-Living (Kurashi-Marugoto)” strategy that the Group is aiming for. Mr. Yasuaki Muto concurrently serves as Director of Japan Association of Private Employment Agencies, Advisor of Japan Society of Sports Management, Research Fellow of Sports Knowledge Research Association (NPO), and Advisor of Japan Association for Financial Planners (NPO). There is no special relationship between the Company and the entities at which he holds significant concurrent positions.

Ms. Arei Shirai is a specialist in women’s career support and she is a leading advocate for promoting diversity, equity, and inclusion in Japan’s labor environment. After joining the Ministry of Health, Labour and Welfare, she honed her skills in management strategy at McKinsey & Company and later served as head of global brand strategy at Shiseido Company, Limited. She has consistently focused on “maximizing individual potential within organizations” across the distinct fields of government, strategy, and business. Drawing on her personal experiences with various career barriers she faced, she launched “withbatons,” an inter-company mentoring service for women, as an intrapreneurial initiative after joining Benesse Corporation. Through this initiative, she supports many female employees in enhancing their sense of self-efficacy and advancing to corporate decision-making positions. From the perspective of human capital, she continues to powerfully lead organizational transformation in Japanese companies through her expertise and her realistic depiction of leadership. In addition, serving as an Outside Director (Audit and Supervisory Committee Member) at Paramount Bed Holdings Co., Ltd., her extensive experience and specialized knowledge, along with the appropriate advice and suggestions backed by such qualities, will strengthen the Group’s auditing functions. Ms. Arei Shirai concurrently serves as General Manager, DE&I Business Development Department, University and Working Adults Company of Benesse Corporation, Outside Director (Audit and Supervisory Committee Member) of Paramount Bed Holdings Co., Ltd., and Director of Benesse i-Career Co., Ltd. The Company has sales transactions with Paramount Bed Co., Ltd., a subsidiary of Paramount Bed Holdings Co., Ltd. involving electric beds and other products. However, the scale of annual transactions between the Company and the aforementioned company constitutes an insignificant amount that is less than 0.006% of the consolidated net sales of the Company. Additionally, Ms. Arei Shirai is the General Manager, DE&I Business Development Department, University and Working Adults Company of Benesse Corporation, and the Company hires instructors from that company for its employee training programs. However, the scale of annual transactions between the Company and the aforementioned company constitutes an insignificant amount that is less than 0.002% of the consolidated net sales of the Company. Therefore, the Company considers that there is no materiality that could cause relationships of special interest to arise between the Company and both companies.

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 Audit and Supervisory Committee of the Company 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 and Supervisory Committee met 13 times. The status of attendance of Audit and Supervisory Committee Members is as follows:

Position	Name	Audit and Supervisory Committee (held 13 times)	
		Attendance (times)	Attendance (rate)
Audit and Supervisory Committee Member	Makoto Igarashi	13	100%
Audit and Supervisory Committee Member	Kenji Yamazaki	13	100%
Outside Audit and Supervisory Committee Member	Somuku Imura	13	100%
Outside Audit and Supervisory Committee Member	Kunimitsu Yoshinaga	13	100%
Outside Audit and Supervisory Committee Member	Hirohisa Ishii	13	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 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
- Determination of the Audit and Supervisory Committee's opinion on various draft plans regarding nomination and remuneration from the Nomination and Remuneration Committee
- Matters related to non-assurance service agreements with the accounting auditor
- Matters related to audit remuneration for the accounting auditor
- Matters related to audit and interim review plans prepared by 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
- Reports from the accounting auditor on the quality management system
- Reports from the department in charge on risk management
- 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
- Hearing of reports and investigation regarding matters that are important for risk management
- 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

37 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, Hidenori Kawamura

(iv) Composition of Assistants in Auditing Operations

21 certified public accountants, 48 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, 2025		Fiscal year ended March 31, 2026	
	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	13	95	8
Consolidated subsidiaries	192	1	200	1
Total	287	14	295	9

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.

Fiscal year ended March 31, 2026

Non-audit services for which the Company paid remuneration to auditing certified public accountants, etc. consisted of financial due diligence services.

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, 2025		Fiscal year ended March 31, 2026	
	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	—	—	—	—
Consolidated subsidiaries	18	6	19	2
Total	18	6	19	2

Fiscal year ended March 31, 2025

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

Fiscal year ended March 31, 2026

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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
ASSETS			
Current assets:			
Cash and time deposits (Notes 8 and 10)	¥ 38,217	¥ 58,379	\$ 238,961
Notes receivable - trade (Note 10)	3,631	3,867	22,701
Accounts receivable - trade (Note 10)	92,248	96,998	576,802
Accounts receivable - completed construction contracts (Note 10)	2,087	893	13,050
Sub-total	97,966	101,758	612,553
Operating loans	14,683	14,756	91,812
Securities	-	9,997	-
Inventories (Note 13)	395,861	407,268	2,475,215
Other current assets (Notes 10 and 20)	67,807	64,024	423,978
Allowance for doubtful accounts	(791)	(931)	(4,946)
Total current assets	613,743	655,251	3,837,573
Non-current assets:			
Property and equipment:			
Buildings and structures, net (Notes 14, 15, 17 and 23)	226,522	210,734	1,416,385
Land (Notes 15 and 17)	211,379	204,720	1,321,695
Lease assets, net (Notes 14, 15 and 16)	9,029	12,693	56,459
Others, net (Notes 14 and 15)	22,918	26,567	143,300
Total property and equipment, net	469,848	454,714	2,937,839
Intangible assets (Note 15)	39,457	39,144	246,714
Investments and other assets (Note 15):			
Investment securities (Notes 10 and 11)	19,263	15,423	120,449
Long-term loans receivable	2,351	3,333	14,698
Guarantee deposits (Notes 10, 11, 20 and 31)	77,643	77,469	485,483
Net defined benefit asset (Note 22)	3,129	3,127	19,565
Deferred tax assets (Note 19)	54,349	54,780	339,832
Other assets	26,426	24,432	165,231
Allowance for doubtful accounts	(2,304)	(2,692)	(14,409)
Total investments and other assets	180,857	175,872	1,130,849
Total non-current assets	690,162	669,730	4,315,402
Total assets	¥ 1,303,905	¥ 1,324,981	\$ 8,152,975

CONSOLIDATED BALANCE SHEETS
YAMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries
As of March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable (Note 10):			
- Trade	¥ 87,346	¥ 84,530	\$ 546,150
- Construction contracts	15,567	14,671	97,337
Sub-total	102,913	99,201	643,487
Current portion of bonds payable	60	-	375
Short-term loans payable (Notes 10 and 17)	148,560	150,094	928,909
Current portion of long-term loans payable (Notes 10, 17 and 20)	54,160	49,772	338,645
Lease obligations (Notes 16 and 17)	5,716	6,017	35,742
Income taxes payable (Note 19)	4,470	13,129	27,948
Contract liabilities	49,668	48,564	310,564
Advances received on construction contracts in progress	23,674	21,479	148,031
Provision for bonuses	15,826	14,867	98,954
Other provisions (Note 21)	3,697	3,982	23,115
Other current liabilities (Notes 22 and 31)	57,416	62,297	359,008
Total current liabilities	466,160	469,402	2,914,778
Long-term liabilities:			
Bonds payable	30	-	188
Long-term loans payable (Notes 10, 17 and 20)	94,865	110,322	593,168
Lease obligations (Notes 16 and 17)	6,250	9,348	39,079
Deferred tax liabilities	614	61	3,842
Asset retirement obligations (Note 23)	46,306	45,015	289,540
Provision for directors' retirement benefits	486	336	3,040
Provision for product warranties	1,269	1,441	7,935
Other provisions (Note 21)	799	723	4,994
Net defined benefit liability (Note 22)	34,614	33,537	216,429
Other long-term liabilities (Notes 17 and 19)	9,953	9,520	62,233
Total long-term liabilities	195,186	210,303	1,220,448
Total liabilities	661,346	679,705	4,135,226
Contingent liabilities (Note 20)			
Net assets (Note 24):			
Common stock:			
authorized – 2,000,000,000 shares			
issued – 966,863,199 shares in 2026 and 2025	71,149	71,149	444,879
Capital surplus	74,828	74,774	467,881
Retained earnings	621,925	614,980	3,888,728
Treasury stock, at cost – 302,422,817 shares in 2026 and 274,300,235 shares in 2025	(142,031)	(129,118)	(888,082)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities, net of taxes (Note 11)	504	(341)	3,152
Foreign currency translation adjustments	2,640	2,418	16,508
Remeasurements of defined benefit plans (Note 22)	4,660	3,227	29,137
Subscription rights to shares (Note 25)	2,234	2,234	13,966
Non-controlling interests	6,650	5,953	41,580
Total net assets	642,559	645,276	4,017,749
Total liabilities and net assets	¥ 1,303,905	¥ 1,324,981	\$ 8,152,975

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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Net sales (Note 30):			
- Trade	¥ 1,691,803	¥ 1,628,595	\$ 10,578,400
- Non-consolidated subsidiaries and affiliated companies	5	475	30
Sub-total	1,691,808	1,629,070	10,578,430
Cost of sales (Notes 13 and 31)	1,250,160	1,171,710	7,816,923
Gross profit	441,648	457,360	2,761,507
Selling, general and administrative expenses (Notes 27 and 31)	425,482	414,539	2,660,424
Operating profit	16,166	42,821	101,083
Other income (expenses):			
Interest income	655	469	4,096
Interest expenses	(3,218)	(2,289)	(20,122)
Purchase discounts	1,673	2,102	10,458
Impairment loss (Note 15)	(5,245)	(6,280)	(32,795)
Others, net (Note 28)	14,239	6,044	89,033
Total other (expenses) income	8,104	46	50,670
Profit before income taxes	24,270	42,867	151,753
Income taxes (Note 19):			
Current	9,312	18,920	58,224
Deferred	(620)	(3,492)	(3,877)
Total income taxes	8,692	15,428	54,347
Profit	15,578	27,439	97,406
Profit attributable to non-controlling interests	800	526	5,002
Profit attributable to owners of parent	¥ 14,778	¥ 26,913	\$ 92,404
	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Basic earnings per share	¥ 21.95	¥ 38.90	\$ 0.14
Diluted earnings per share	21.78	38.60	0.14
Cash dividends applicable to the year	17.00	13.00	0.11

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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Profit	¥ 15,578	¥ 27,439	\$ 97,406
Other comprehensive income (loss), net of taxes (Note 29):			
Valuation difference on available-for-sale securities	846	(433)	5,287
Foreign currency translation adjustments	221	278	1,385
Remeasurements of defined benefit plans, net of tax	1,433	2,034	8,959
Share of other comprehensive loss of associates accounted for using equity method	0	8	0
Total other comprehensive income (loss)	2,500	1,887	15,631
Comprehensive income	¥ 18,078	¥ 29,326	\$ 113,037
Comprehensive income attributable to:			
Owners of parent	¥ 17,278	¥ 28,800	\$ 108,034
Non-controlling interests	800	526	5,003

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, 2026 and 2025

	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 22)	Subscription rights to shares (Note 25)	Non- controlling interests	Total net assets
Balance at April 1, 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
Cash dividends				(9,010)							(9,010)
Profit attributable to owners of parent				14,778							14,778
Purchase of treasury stock					(15,494)						(15,494)
Disposal of treasury stock			(35)		2,581						2,546
Change in scope of consolidation				1,177							1,177
Change in ownership interest of parent due to transactions with non- controlling interests			89								89
Other changes in the year, net ..						845	222	1,433		697	3,197
Balance at March 31, 2026	966,863	¥ 71,149	¥ 74,828	¥ 621,925	¥(142,031)	¥ 504	¥ 2,640	¥ 4,660	¥ 2,234	¥ 6,650	¥ 642,559

<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 22)</i>	<i>Subscription rights to shares (Note 25)</i>	<i>Non- controlling interests</i>	<i>Total net Assets</i>	
Balance at April 1, 2025	\$ 444,879	\$ 467,543	\$ 3,845,305	\$ (807,342)	\$ (2,134)	\$ 15,123	\$ 20,177	\$ 13,966	\$ 37,220	\$ 4,034,737
Cash dividends			(56,336)							(56,336)
Profit attributable to owners of parent			92,404							92,404
Purchase of treasury stock			(96,877)							(96,877)
Disposal of treasury stock		(217)	16,137							15,920
Change in scope of consolidation			7,355							7,355
Change in ownership interest of parent due to transactions with non- controlling interests		555								555
Other changes in the year, net				5,286	1,385	8,960			4,360	19,991
Balance at March 31, 2026	\$ 444,879	\$ 467,881	\$ 3,888,728	\$ (888,082)	\$ 3,152	\$ 16,508	\$ 29,137	\$ 13,966	\$ 41,580	\$ 4,017,749

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, 2026 and 2025

	Millions of yen		<i>Thousands of U.S. dollars (Note 1)</i>
	2026	2025	2026
Cash flows from operating activities:			
Profit before income taxes	¥ 24,270	¥ 42,867	\$ 151,753
Depreciation	29,319	26,457	183,323
Amortization of goodwill	474	558	2,966
Gain on negative goodwill	(266)	-	(1,661)
Increase (decrease) in allowance for doubtful accounts	(536)	(41)	(3,355)
Increase (decrease) in net defined benefit liability	1,006	1,550	6,292
Interest and dividend income	(1,199)	(867)	(7,499)
Interest expenses	3,218	2,290	20,122
Foreign exchange losses (gains)	3	(1,112)	21
Loss (gain) on sale of investment securities	(26)	(1,434)	(163)
Loss (gain) on sale and disposal of property and equipment, net	(10,034)	(164)	(62,740)
Impairment loss	5,245	6,280	32,795
(Increase) decrease in notes and accounts receivable	7,898	(17,331)	49,384
(Increase) decrease in accounts receivable	(2,259)	(3,612)	(14,126)
(Increase) decrease in operating loans receivable	72	(433)	451
(Increase) decrease in inventories	15,709	19,876	98,225
Increase (decrease) in notes and accounts payable	(859)	(14,772)	(5,370)
Increase (decrease) in advances received on construction contracts in progress	384	2,454	2,399
Increase (decrease) in contract liabilities	1,105	2,254	6,908
Other, net	(1,237)	(4,058)	(7,734)
Sub-total	72,287	60,762	451,991
Interest and dividend income received	909	783	5,683
Interest expenses paid	(3,216)	(2,298)	(20,111)
Income taxes paid	(20,188)	(7,681)	(126,228)
Net cash provided by operating activities	¥ 49,792	¥ 51,566	\$ 311,335

(Continued)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from investing activities:			
Payments into time deposits	¥ (1,072)	¥ (72)	\$ (6,705)
Proceeds from withdrawal of time deposits	970	136	6,067
Proceeds from sale of property and equipment	16,599	4,234	103,787
Proceeds from sales and redemption of investment securities	259	1,475	1,619
Payments for purchase of investment securities	(579)	(508)	(3,621)
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 9)	(190)	-	(1,185)
Proceeds from acquisition of shares in subsidiaries resulting in change in scope of consolidation (Note 9)	385	-	2,405
Purchase of investments in affiliated companies accounted for using the equity method	(2,595)	-	(16,228)
Payment of loans receivable	(106)	(55)	(663)
Collection of loans receivable	192	520	1,203
Purchases of property and equipment	(43,656)	(40,248)	(272,968)
Purchases of intangible assets	(1,101)	(997)	(6,886)
Payments for guarantee deposits	(6,412)	(4,892)	(40,089)
Proceeds from collection of guarantee deposits	4,565	4,729	28,545
Other, net	(126)	534	(789)
Net cash used in investing activities	(32,867)	(35,144)	(205,508)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(5,121)	18,256	(32,024)
Proceeds from long-term loans payable	52,357	58,241	327,372
Repayments of long-term loans payable	(64,757)	(65,922)	(404,906)
Purchase of treasury stock	(15,432)	(1)	(96,490)
Repayments of lease obligations	(5,807)	(5,666)	(36,310)
Cash dividends paid	(9,013)	(8,998)	(56,356)
Other, net	(439)	30	(2,742)
Net cash used in financing activities	(48,212)	(4,060)	(301,456)
Effect of exchange rate change on cash and cash equivalents	8	399	53
Net increase (decrease) in cash and cash equivalents	(31,279)	12,761	(195,576)
Cash and cash equivalents at beginning of year	67,554	54,351	422,395
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	1,018	-	6,365
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	442	-
Cash and cash equivalents at end of year (Note 8)	¥ 37,293	¥ 67,554	\$ 233,184
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, 2026 and 2025

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, 2026, which was ¥159.93 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 38 significant subsidiaries (together, the “Group”). Consolidated subsidiary Yamada Trading Co., Ltd. has been excluded from the scope of consolidation because of an absorption-type merger on June 1, 2025 whereby consolidated subsidiary YAMADA DENKI CO., LTD. becomes a surviving company. Consolidated subsidiaries Nishi Asakusa Hotel Management G.K., Fukuoka Tenjin Hotel Management G.K., JP Hotel Management G.K., and Asakusa Hanakawado Hotel Management G.K. have been excluded from the scope of consolidation because of the completion of liquidation. YAMADA FINANCE HOLDINGS CO., LTD., which was established on April 1, 2025, has been included in the scope of consolidation. TOWA GENERAL HOUSING Co., Ltd. has been included in the scope of consolidation as consolidated subsidiary YAMADA HOMES CO., LTD. acquired all shares of TOWA GENERAL HOUSING on November 21, 2025. TOCLAS CORPORATION and its three subsidiaries have been included in the scope of consolidation as the Company acquired them on February 27, 2026. Azuma Metal Co., Ltd. and Yamada Technical Service, INC, which were non-consolidated subsidiaries in the year ended March 31, 2025, have been included in the scope of consolidation due to increased materiality.

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 three affiliated companies have been accounted for using the equity method.

Paragon Urban Development Co., Ltd. has been included in the scope of the equity method because its shares were acquired by Hinokiya Group Co., Ltd., a consolidated subsidiary of the Company.

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 in 5 to 20 years from the year of generation.

The fiscal year-end of nine foreign consolidated subsidiaries and Nippon Aqua Co., Ltd. is at the end of December. The fiscal year-end of YAMADA HOUSING HOLDINGS CO., LTD. and other 19 consolidated subsidiaries in Japan is at the end of February, and that of YAMADA DENKI CO., LTD. and seven companies is at the end of March. The financial statements of these subsidiaries as of and for the years ended December 31, 2025 and 2024, February 28, 2026 and 2025, or March 31, 2026 and 2025, 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.

Effective from the year ended March 31, 2026, the fiscal year-end of consolidated subsidiaries Hinokiya Group Co., Ltd. and Fusion Asset Management Co., Ltd. was changed from the end of December to the end of March. In line with this change, the reporting period for consolidation for the year ended March 31, 2026 is 15 months from January 1, 2025 to March 31, 2026. For the period from January 1, 2026 to March 31, 2026, these consolidated subsidiaries reported net sales of ¥29,388 million (\$183,753 thousand), operating profit of ¥949 million (\$5,932 thousand), ordinary profit of ¥888 million (\$5,554 thousand), and profit before income taxes of ¥806 million (\$5,041 thousand).

(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. 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 loans payable. 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 Segment

In the Consumer Electronics Segment, 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 Segment

In the Housing Segment, 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 Segment

In the Financial Segment, 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 Segment

In the Environment Segment, 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, 2027 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, 2026

In the consolidated balance sheets, the Company recorded property and equipment of ¥417,655 million (\$2,611,486 thousand) related to the Consumer Electronics Segment as of March 31, 2026, which accounted for 32.0% of total assets as of March 31, 2026. In addition, the Company recorded property and equipment of ¥418,017 million 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 these amounts is comprised of property and equipment related to a small number of large stores.

In the consolidated statements of income, the Company recorded an impairment loss on non-current assets of ¥5,245 million (\$32,795 thousand) which included ¥5,093 million (\$31,847 thousand) related to the Consumer Electronics Segment for the year ended March 31, 2026. In addition, the Company recorded an impairment loss on non-current assets of ¥6,280 million which included ¥6,055 million related to the Consumer Electronics Segment for the year ended March 31, 2025.

(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, 2026, 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 appraisal method(s) and 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.

- Valuation of merchandise and finished goods

(1) Amount recorded on the consolidated financial statements for the year ended March 31, 2026

In the consolidated balance sheets, the Company recorded merchandise and finished goods of ¥316,151 million (\$1,976,811 thousand) and ¥336,661 million as of March 31, 2026 and 2025, respectively.

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

The Group mainly holds home electrical appliances, home information appliances, and housing-related products in the Consumer Electronics Segment as merchandise and finished goods. These merchandise and finished goods are primarily stated at the lower of moving-average cost or market value. If the year-end net selling price falls below the acquisition price, the carrying amount is written down to the net selling price. For merchandise and finished goods held for a period exceeding the normal operating cycle, the fact of profitability deterioration is reflected by regularly applying a certain write-down rate.

These estimates are based on the year-end net selling price and the estimated disposal value. However, in case where a change in market and consumer trends necessitates a revision, it may have a significant impact on the consolidated financial statements for the following year.

4. ACCOUNTING STANDARDS AND GUIDANCE ISSUED BUT NOT YET APPLIED

Accounting Standard for Leases, etc.

“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.

Accounting Standard for Subsequent Events, etc.

“Accounting Standard for Subsequent Events” (ASBJ Statement No. 41, issued on January 9, 2026)

“Implementation Guidance on Accounting Standard for Subsequent Events” (ASBJ Implementation Guidance No. 35, issued on January 9, 2026)

a) Outline:

For the “Accounting Standard for Subsequent Events,” etc., the priority challenge is to establish a comprehensive accounting standard which stipulates the definition, accounting treatment, and disclosure of subsequent events. The basic policy is to maintain, in principle, and transfer the accounting provisions set forth in the “Audit Treatment concerning Subsequent Events” (Japanese Institute of Certified Public Accountants, Auditing and Assurance Standards Committee, Statement on Auditing Standards No. 560, Practical Guideline No. 1) to the ASBJ. They stipulate accounting treatment and disclosure of subsequent events, such as requiring notes on approval for the publication of financial statements, as well as revising expressions and clarifying the evaluation period for subsequent events.

b) Planned date of application:

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

5. CHANGES IN PRESENTATION

Consolidated Balance Sheets

“Deferred tax liabilities,” which were included in “Other long-term liabilities” in “Long-term liabilities” for the year ended March 31, 2025, are presented individually for the year ended March 31, 2026 since their materiality in amounts has increased. To reflect this change, the consolidated financial statements for the year ended March 31, 2025 were reclassified.

As a result, in the consolidated balance sheets for the year ended March 31, 2025, ¥9,581 million presented in “Other long-term liabilities” in “Long-term liabilities” was reclassified as ¥61 million in “Deferred tax liabilities” and ¥9,520 million in “Other long-term liabilities.”

Consolidated Statements of Income

“Rent expenses on closed store” in “Other income (expenses),” which were presented individually for the year ended March 31, 2025, are included in “Others, net” in “Other income (expenses)” for the year ended March 31, 2026 since their materiality in amounts has decreased. To reflect this change, the consolidated financial statements for the year ended March 31, 2025 were reclassified.

As a result, in the consolidated statements of income for the year ended March 31, 2025, ¥598 million presented in “Rent expenses on closed store” in “Other income (expenses)” was reclassified as “Others, net.”

6. CHANGES IN ACCOUNTING ESTIMATES

Valuation of Merchandise and Finished Goods

YAMADA DENKI CO., LTD., a consolidated subsidiary, records merchandise and finished goods held for a period exceeding the normal operating cycle at a value reduced from its carrying amount on the consolidated balance sheets.

In the “Mid-Term Management Plan” formulated by the Group, the Group has identified “review of inventory strategy (optimization of inventory levels)” as one of its top management priorities. The Group is working to shift toward a product lineup that meets consumer needs and to implement efficient inventory control by focusing on “reviewing the product composition,” “expanding PB products,” and “developing SPA products.” In line with this management policy, during the year ended March 31, 2026, the Group established new sales promotion rules to enable flexible sales promotion and inventory clearance at its stores with the aim of optimizing inventory levels. Accordingly, in addition to the existing merchandise and finished goods valuation methods, the Group has added a method for writing down the carrying amount based on the estimated net selling price, which appropriately reflects the sales promotion rules and inventory control policies.

As a result of this change, for the year ended March 31, 2026, cost of sales increased by ¥1,763 million (\$11,023 thousand), while gross profit, operating profit, ordinary profit, and profit before income taxes each decreased by ¥1,763 million (\$11,023 thousand).

Additional Information

Disposal of own shares for Employee Shareholding Association Restricted Share Incentive Plan

The Company resolved to dispose of own shares as restricted share compensation (hereinafter referred to as “Disposal of Own Shares” or “Disposal”) with the YAMADA HOLDINGS Group Employee Shareholding Association (hereinafter referred to as the “ESA”) as the intended assignee, based on the Restricted Share Incentive Plan for the Employee Shareholding Association (hereinafter referred to as the “Plan”), at the meeting of the Board of Directors held on November 17, 2025. The procedure for the Disposal of Own Shares was completed on March 25, 2026. The details are described below.

a) Overview of the Disposal:

i) Disposal date	March 25, 2026
ii) Class and number of shares to be disposed	4,243,500 shares of common stock
iii) Disposal value	¥465.5 (\$2.9) per share
iv) Total amount of disposal	¥1,975,349,250 (\$12,351,337)
v) Disposal method (allottee)	By way of a third-party allotment (YAMADA HOLDINGS Employee Shareholding Association: 4,243,500 shares)

b) Purposes and reasons for the Disposal:

At the meeting of the Board of Directors held on November 17, 2025, the Company resolved to introduce the Plan to provide eligible employees of the Company and its subsidiaries who are members of the ESA the opportunity to acquire the Company’s common stock to be issued or disposed of by the Company as restricted shares through the ESA as a measure to enhance the welfare of the eligible employees. The Plan also aims to support the eligible employees in building their assets, providing them with incentives to contribute to the achievement of the Company’s medium-term management plan and the sustainable enhancement of the Company’s corporate value, and promoting greater value-sharing between the eligible employees and the Company’s shareholders.

7. BUSINESS COMBINATIONS

Business combinations through acquisition

Conversion of TOWA GENERAL HOUSING Co., Ltd. into a wholly owned subsidiary

Based on a resolution at a meeting of the Board of Directors held on October 13, 2025, YAMADA HOMES Co., LTD. (hereinafter referred to as “YAMADA HOMES”), a consolidated subsidiary of the Company, acquired all shares of TOWA GENERAL HOUSING Co., Ltd. (hereinafter referred to as “TOWA GENERAL HOUSING”) and made it a wholly owned subsidiary on November 21, 2025.

1. Summary of business combination

a) Name and description of business of the acquired company

Name of acquired company: TOWA GENERAL HOUSING Co., Ltd.
Description of business: Residential design, extension/remodeling, construction, and interior renovation work/contracting

b) Purpose of business combination

TOWA GENERAL HOUSING is a residential company that has earned the trust of many customers through its community-focused homebuilding. This business combination aims to combine YAMADA HOMES’ design and product strengths with TOWA GENERAL HOUSING’s community-focused strengths to deliver “safe and comfortable homes” to more customers.

c) Date of business combination

November 21, 2025 (deemed acquisition date: November 30, 2025)

d) Legal form of business combination

Acquisition of shares

e) Name of the company after business combination

The name will not be changed.

f) Acquired voting rights ratio

100%

g) Main reason for the determination of the acquiring company

YAMADA HOMES, a consolidated subsidiary of the Company, acquired 100% of the voting rights of TOWA GENERAL HOUSING, thereby making it a wholly owned subsidiary.

2. Period of financial results of the acquired company included in the Company’s consolidated financial statements

From December 1, 2025 to February 28, 2026

3. Acquisition cost and breakdown by type of consideration

	Millions of yen	Thousands of U.S. dollars (Note 1)
Consideration for the acquisition:		
Cash	¥ 1,800	\$ 11,255
Acquisition cost	¥ 1,800	\$ 11,255

4. Details and amount of major expenses for the acquisition

Due diligence expenses: ¥4 million (\$26 thousand)

5. Amount of goodwill generated, reason for generation of goodwill, and method and period of amortization

- a) Amount of goodwill generated
¥1,097 million (\$6,862 thousand)
- b) Reason for generation of goodwill
Future excess earning power expected to be derived from future business development
- c) Method and period of amortization
Straight-line method over seven years

6. Amount and breakdown of assets acquired and liabilities assumed on the date of business combination

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 3,937	\$ 24,615
Non-current assets	1,442	9,020
Total assets	<u>¥ 5,379</u>	<u>\$ 33,635</u>
Current liabilities	¥ 3,562	\$ 22,273
Non-current liabilities	1,115	6,969
Total liabilities	<u>¥ 4,677</u>	<u>\$ 29,242</u>

7. Approximate amount of the impact of the business combination on the consolidated statements of income for the year ended March 31, 2026 assuming the business combination was completed on the beginning date of the year ended March 31, 2026 and the calculation method

	Millions of yen	Thousands of U.S. dollars (Note 1)
Net sales	¥ 6,480	\$ 40,515
Operating loss	641	4,006

(Approximate amount calculation method)

The approximate amounts of the impact are the differences between net sales and income information obtained assuming the business combination was completed on the beginning date of the year ended March 31, 2026, and those in the consolidated statements of income of the acquiring company.

The Note has not been audited.

Conversion of TOCLAS CORPORATION into a consolidated subsidiary through share acquisition

Based on a resolution at a meeting of the Board of Directors held on January 30, 2026, the Company acquired shares of TOCLAS CORPORATION (hereinafter referred to as “TOCLAS”) and made it a consolidated subsidiary.

1. Summary of business combination

- a) Name and description of business of the acquired company
Name of acquired company: TOCLAS CORPORATION
Description of business: Planning and sales of residential equipment
- b) Purpose of business combination
The Group actively leverages its management resources through collaboration across its business segments - Consumer Electronics, Housing, Environment, Finance, and Other - as a corporate group supporting daily

life infrastructure with home appliance sales at its core. Among these, strengthening the management foundation of the Housing Segment is a key strategic priority, driving the Group's "Total-Living" Strategy.

TOCLAS has earned a strong reputation within the industry as a manufacturer of residential fixtures and appliances, building a solid customer base and a network of suppliers and subcontractors.

The Group includes multiple house builders, brands, and housing equipment manufacturers. TOCLAS possesses a high affinity with the Group's Housing Segment business, along with planning and design capabilities that rigorously pursue strict quality control and comfortable living. The Group believes that the growth of Housing Segment will be further accelerated by welcoming TOCLAS into the Group and creating multifaceted synergies.

c) Date of business combination

February 27, 2026 (deemed acquisition date: March 31, 2026)

d) Legal form of business combination

Acquisition of shares

e) Name of the company after business combination

The name will not be changed.

f) Acquired voting rights ratio

90%

g) Main reason for the determination of the acquiring company

The Company acquired 90% of the voting rights of TOCLAS in consideration for cash, thereby making it a consolidated subsidiary.

2.Period of financial results of the acquired company included in the Company's consolidated financial statements

As the deemed acquisition date is March 31, 2026, only the balance sheets were consolidated and the financial results of the acquired company were not included in the Company's consolidated statements of income.

3.Acquisition cost and breakdown by type of consideration

	Millions of yen	Thousands of U.S. dollars (Note 1)
Consideration for the acquisition:		
Cash	¥ 1,798	\$ 11,242
Acquisition cost	¥ 1,798	\$ 11,242

4.Details and amount of major expenses for the acquisition

Due diligence expenses: ¥32 million (\$199 thousand)

5.Amount of negative goodwill generated and reason for generation of negative goodwill

a) Amount of negative goodwill generated

¥266 million (\$1,661 thousand)

b) Reason for generation of negative goodwill

As the net amount of assets acquired and liabilities assumed from the acquired company exceeded the acquisition cost of the acquired company, the excess was recognized as gain on negative goodwill.

6. Amount and breakdown of assets acquired and liabilities assumed on the date of business combination

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 6,973	\$ 43,601
Non-current assets	5,903	36,909
Total assets	<u>¥ 12,876</u>	<u>\$ 80,510</u>
Current liabilities	¥ 7,979	\$ 49,888
Non-current liabilities	2,604	16,285
Total liabilities	<u>¥ 10,583</u>	<u>\$ 66,173</u>

7. Approximate amount of the impact of the business combination on the consolidated statements of income for the year ended March 31, 2026 assuming the business combination was completed on the beginning date of the year ended March 31, 2026 and the calculation method

	Millions of yen	Thousands of U.S. dollars (Note 1)
Net sales	¥ 27,037	\$ 169,056
Operating profit	578	3,612

(Approximate amount calculation method)

The approximate amounts of the impact are the differences between net sales and income information obtained assuming the business combination was completed on the beginning date of the year ended March 31, 2026, and those in the consolidated statements of income of the acquiring company.

The Note has not been audited.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2026 and 2025 in the consolidated statements of cash flows consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash and time deposits	¥ 38,217	¥ 58,379	\$ 238,961
Commercial papers included in “Securities” in current assets	-	9,997	-
Time deposits with maturities exceeding three months ..	(924)	(822)	(5,777)
Cash and cash equivalents	<u>¥ 37,293</u>	<u>¥ 67,554</u>	<u>\$ 233,184</u>

9. SUPPLEMENTAL CASH FLOW INFORMATION

Assets and liabilities acquired through finance leases for the year ended March 31, 2026 were ¥2,061 million (\$12,889 thousand) and ¥2,200 million (\$13,753 thousand), respectively. Assets and liabilities acquired through finance leases for the year ended March 31, 2025 were ¥3,935 million and ¥4,059 million, respectively.

Asset retirement obligations for the years ended March 31, 2026 and 2025 were ¥1,772 million (\$11,077 thousand) and ¥7,180 million, respectively.

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

As a result of the acquisition of shares of TOCLAS CORPORATION, during the year ended March 31, 2026, TOCLAS was included in the scope of consolidation. The breakdown of the assets and liabilities at the initial consolidation, the acquisition price, and proceeds from the acquisition are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 6,973	\$ 43,601
Non-current assets	5,903	36,909
Current liabilities	(7,979)	(49,888)
Non-current liabilities	(2,604)	(16,285)
Gain on negative goodwill	(266)	(1,661)
Non-controlling interests	(229)	(1,434)
Acquisition price of the shares	1,798	11,242
Cash and cash equivalents	(2,183)	(13,647)
Difference: Proceeds from acquisition of the shares	¥ 385	\$ 2,405

As a result of the acquisition of shares of TOWA GENERAL HOUSING Co., Ltd., during the year ended March 31, 2026, TOWA GENERAL HOUSING was included in the scope of consolidation. The breakdown of the assets and liabilities at the initial consolidation, the acquisition price, and the purchase of the investment are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 3,937	\$ 24,615
Non-current assets	1,443	9,020
Current liabilities	(3,562)	(22,273)
Non-current liabilities	(1,115)	(6,969)
Goodwill	1,097	6,862
Acquisition price of the shares	1,800	11,255
Cash and cash equivalents	(1,610)	(10,070)
Difference: Purchase of investment	¥ 190	\$ 1,185

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 Group periodically monitors the Group'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 Group 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.

(b) Details of Financial Instruments and Related Risk

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

Investment securities, which mainly comprise equity securities issued by those who have business relationships with the Group, 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 Group 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 Group 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 Group 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 Group’s sales management policy, each operating department of the Group periodically monitors the Group’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 consolidated subsidiaries also manage their credit risk in the above manner.

The Group 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 Group. For certain loans payable, the Group 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 Group 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 Group 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, 2026 and 2025:

	Millions of yen		
	2026		
	Book value	Fair value	Valuation gains/(losses)
Financial assets:			
(1) Accounts receivable - trade	¥ 92,248	¥	¥
Allowance for doubtful accounts (*2)	(131)		
	92,117	90,651	(1,466)
(2) Investment securities (*3)			
Available-for-sale securities	7,501	7,501	-
Equity securities of affiliated companies	602	594	(8)
	8,103	8,095	(8)
(3) Guarantee deposits (*4)			
(including current portion)	80,229		
Allowance for doubtful accounts (*2)	(8)		
	80,221	72,461	(7,760)
	¥ 180,441	¥ 171,207	¥ (9,234)
Financial liabilities:			
(1) Bonds payable			
(including current portion)	¥ 90	¥ 89	¥ (1)
(2) Long-term loans payable			
(including current portion)	149,025	146,569	(2,456)
	¥ 149,115	¥ 146,658	¥ (2,457)
Derivative transactions (*5):			
(1) Hedge accounting is not applied	¥ 258	¥ 258	¥ -
(2) Hedge accounting is applied	-	-	-
	¥ 258	¥ 258	¥ -

Thousands of U.S. dollars (Note 1)			
2026			
	Book value	Fair value	Valuation gains/(losses)
Financial assets:			
(1) Accounts receivable - trade	\$ 576,802	\$	\$
Allowance for doubtful accounts (*2)	(817)		
	575,985	566,815	(9,170)
(2) Investment securities (*3)			
Available-for-sale securities	46,902	46,902	-
Equity securities of affiliated companies	3,765	3,716	(49)
	50,667	50,618	(49)
(3) Guarantee deposits (*4)			
(including current portion)	501,650		
Allowance for doubtful accounts (*2)	(53)		
	501,597	453,078	(48,519)
	<u>\$ 1,128,249</u>	<u>\$ 1,070,511</u>	<u>\$ (57,738)</u>
Financial liabilities:			
(1) Bonds payable			
(including current portion)	\$ 563	\$ 556	\$ (7)
(2) Long-term loans payable			
(including current portion)	931,813	916,455	(15,358)
	<u>\$ 932,376</u>	<u>\$ 917,011</u>	<u>\$ (15,365)</u>
Derivative transactions (*5):			
(1) Hedge accounting is not applied	\$ 1,613	\$ 1,613	\$ -
(2) Hedge accounting is applied	-	-	-
	<u>\$ 1,613</u>	<u>\$ 1,613</u>	<u>\$ -</u>

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) Debt and credit attributed to derivative transactions are indicated as net amounts.

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	-
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	¥ -

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.

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)	
	2026	2025	2026	
	Book value			
Investment securities (*)				
(1) Equity securities of subsidiaries and affiliated companies				
Subsidiaries.....	¥	6,443	¥	6,467
Affiliated companies		2,550		72
(2) Available-for-sale securities				
Unlisted equity securities		2,158		1,722
				13,493

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			
	2026			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and time deposits.....	¥ 38,217	¥ -	¥ -	¥ -
Notes receivable - trade.....	3,631	-	-	-
Accounts receivable - trade	69,364	17,115	5,623	146
Accounts receivable - completed construction contracts	2,087	-	-	-
Guarantee deposits (*)	2,585	27,114	17,110	33,420
Total	¥ 115,884	¥ 44,229	¥ 22,733	¥ 33,566

	Thousands of U.S. dollars (Note 1)			
	2026			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and time deposits.....	\$ 238,961	\$ -	\$ -	\$ -
Notes receivable - trade.....	22,701	-	-	-
Accounts receivable - trade	433,716	107,012	35,161	913
Accounts receivable - completed construction contracts	13,050	-	-	-
Guarantee deposits (*)	16,167	169,535	106,984	208,964
Total ..	\$ 724,595	\$ 276,547	\$ 142,145	\$ 209,877

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

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

Millions of yen					
2026					
Fair value					
Category		Level 1	Level 2	Level 3	Total
Investment securities					
Available-for-sale securities ·····	¥	7,501	-	-	¥ 7,501
Derivative transactions					
Currency-related ·····		-	258	-	258
Total assets ·····	¥	7,501	258	-	¥ 7,759

Thousands of U.S. dollars (Note 1)					
2026					
Fair value					
Category		Level 1	Level 2	Level 3	Total
Investment securities					
Available-for-sale securities	\$	46,902	-	-	\$ 46,902
Derivative transactions					
Currency-related		-	1,613	-	1,613
Total assets	\$	46,902	1,613	-	\$ 48,515

Millions of yen					
2025					
Fair value					
Category		Level 1	Level 2	Level 3	Total
Investment securities					
Available-for-sale securities	¥	6,580	-	-	¥ 6,580
Derivative transactions					
Currency-related		-	35	-	35
Total assets	¥	6,580	35	-	¥ 6,615

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

Millions of yen					
2026					
Fair value					
Category		Level 1	Level 2	Level 3	Total
Accounts receivable - trade	¥	-	90,651	-	¥ 90,651
Investment securities		594	-	-	594
Guarantee deposits (including current portion)		-	72,461	-	72,461
Total assets	¥	594	163,112	-	¥ 163,706
Bonds payable (including current portion)	¥	-	89	-	¥ 89
Long-term loans payable (including current portion)		-	146,569	-	146,569
Total liabilities	¥	-	146,658	-	¥ 146,658

Thousands of U.S. dollars (Note 1)				
2026				
Fair value				
Category	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	\$ -	566,815	-	\$ 566,815
Investment securities	3,716	-	-	3,716
Guarantee deposits (including current portion)	-	453,078	-	453,078
Total assets	\$ 3,716	1,019,893	-	\$ 1,023,609
Bonds payable (including current portion)	\$ -	556	-	\$ 556
Long-term loans payable (including current portion)	-	916,455	-	916,455
Total liabilities	\$ -	917,011	-	\$ 917,011

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
Total assets	¥ 577	176,555	-	¥ 177,132
Long-term loans payable (including current portion)	¥ -	157,950	-	¥ 157,950
Total liabilities	¥ -	157,950	-	¥ 157,950

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.

Bonds payable (including current portion)

The fair value of bonds payable issued by consolidated subsidiaries 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.

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.

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	¥ -

The acquisition costs and book values of available-for-sale securities with available fair values as of March 31, 2026 and 2025 were as follows:

Millions of yen			
2026			
	Book value	Acquisition cost	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 5,013	¥ 4,220	¥ 793
Debt securities:			
Government bonds and others (*)	540	540	-
Sub-total	5,553	4,760	793
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	2,416	2,458	(42)
Debt securities:			
Government bonds and others (*)	-	-	-
Sub-total	2,416	2,458	(42)
Total	¥ 7,969	¥ 7,218	¥ 751

Thousands of U.S. dollars (Note 1)			
2026			
	Book value	Acquisition cost	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	\$ 31,344	\$ 26,382	\$ 4,962
Debt securities:			
Government bonds and others (*)	3,379	3,379	-
Sub-total	34,723	29,761	4,962
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	15,108	15,373	(265)
Debt securities:			
Government bonds and others (*)	-	-	-
Sub-total	15,108	15,373	(265)
Total	\$ 49,831	\$ 45,134	\$ 4,697

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 ¥2,158 million (\$13,493 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			
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)

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, 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, 2026 and 2025 were as follows:

		Millions of yen		
		2026		
		Sales amounts	Gain on sale	Loss on sale
Equity securities		¥ 91	¥ 26	¥ -
Total		¥ 91	¥ 26	¥ -
		Thousands of U.S. dollars (Note 1)		
		2026		
		Sales amounts	Gain on sale	Loss on sale
Equity securities		\$ 568	\$ 163	\$ -
Total		\$ 568	\$ 163	\$ -
		Millions of yen		
		2025		
		Sales amounts	Gain on sale	Loss on sale
Equity securities		¥ 1,458	¥ 1,434	¥ -
Total		¥ 1,458	¥ 1,434	¥ -

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, 2026 and 2025 were as follows:

	<u>Millions of yen</u>		<u>Millions of yen</u>		<i>Thousands of U.S. dollars (Note 1)</i>	
	<u>Notional Amount</u>					
	<u>Total</u>	<u>Due after one year</u>	<u>Fair value</u>	<u>Unrealized gains</u>	<u>Fair value</u>	<u>Unrealized gains</u>
At March 31, 2026:						
Foreign currency forward contracts:						
Buy, call	<u>¥ 6,993</u>	<u>¥ -</u>	<u>¥ 258</u>	<u>¥ 258</u>	<u>\$ 1,613</u>	<u>\$ 1,613</u>
Total	<u>¥ 6,993</u>	<u>¥ -</u>	<u>¥ 258</u>	<u>¥ 258</u>	<u>\$ 1,613</u>	<u>\$ 1,613</u>
	<u>Millions of yen</u>		<u>Millions of yen</u>			
	<u>Notional Amount</u>					
	<u>Total</u>	<u>Due after one year</u>	<u>Fair value</u>	<u>Unrealized gains</u>		
At March 31, 2025:						
Foreign currency forward contracts:						
Buy, call	<u>¥ 2,162</u>	<u>¥ -</u>	<u>¥ 35</u>	<u>¥ 35</u>		
Total	<u>¥ 2,162</u>	<u>¥ -</u>	<u>¥ 35</u>	<u>¥ 35</u>		

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

Derivative instruments which qualified as hedging instruments were as follows as of March 31, 2026 and not applicable as of March 31, 2025:

	Millions of yen		
	Notional amount		Fair value
	Total	Over one year	
At March 31, 2026:			
Interest rate swap contracts:			
Pay fixed, receive floating	¥ 384	¥ 358	¥ (*)
	<i>Thousands of U.S. dollars (Note 1)</i>		
	Notional amount		
	Total	Over one year	Fair value
At March 31, 2026:			
Interest rate swap contracts:			
Pay fixed, receive floating	\$ 2,398	\$ 2,235	\$ (*)

(*) The fair value of an interest rate swap contract is included in the fair value of the corresponding hedged long-term loans payable described under Note 10, entitled "FINANCIAL INSTRUMENTS," since such derivative contract is accounted for as component of the corresponding hedged long-term loans payable.

13. INVENTORIES

Inventories at March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Merchandise and finished goods	¥ 316,151	¥ 336,661	\$ 1,976,811
Real estate for sale	64,073	57,709	400,629
Work in process	2,193	999	13,716
Costs on construction contracts in progress	6,794	6,402	42,480
Raw materials and supplies	6,650	5,497	41,579
Total	¥ 395,861	¥ 407,268	\$ 2,475,215

The ending inventory is the amount after write-downs due to a decline in profitability. Cost of sales includes loss on valuation of inventories of ¥7,099 million (\$44,386 thousand) and ¥7,154 million for the years ended March 31, 2026 and 2025, respectively.

14. ACCUMULATED DEPRECIATION ON PROPERTY AND EQUIPMENT

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Accumulated depreciation	¥ 428,949	¥ 411,581	\$ 2,682,102

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, which in turn are based on the real estate appraisal value or the value assessed for property tax purposes for the year ended March 31, 2026 and the value assessed for property tax purposes for the year ended March 31, 2025. 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, 2026 and 2025.

The summary of impairment losses recorded for the years ended March 31, 2026 and 2025 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Buildings and structures	¥ 3,298	¥ 4,613	\$ 20,620
Land	30	322	190
Lease assets	1,052	423	6,575
Other tangible assets	735	638	4,594
Intangible assets	23	199	146
Investments and other assets	107	85	670
Total	<u>¥ 5,245</u>	<u>¥ 6,280</u>	<u>\$ 32,795</u>

Impairment losses for the year ended March 31, 2026 mainly relate to retail stores and a property for the Group's own business use located mainly in Tokyo and idle assets located mainly in Kanagawa Prefecture.

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.

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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Due within one year	¥ 13,689	¥ 21,234	\$ 85,597
Due after one year	70,704	57,748	442,091
Total	<u>¥ 84,393</u>	<u>¥ 78,982</u>	<u>\$ 527,688</u>

As Lessor

(i) Operating lease transactions

Future minimum lease receivables under non-cancelable operating leases as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Due within one year	¥ 416	¥ 225	\$ 2,601
Due after one year	2,271	214	14,197
Total	¥ 2,687	¥ 439	\$ 16,798

17. SHORT-TERM AND LONG-TERM DEBT

The weighted-average rates of interest for short-term loans payable were approximately 1.20% and 0.91% as of March 31, 2026 and 2025, respectively.

The weighted-average rates of interest for the current portion of long-term loans payable were approximately 1.29% and 0.97% as of March 31, 2026 and 2025, respectively.

The weighted-average rates of interest for long-term loans payable (excluding the current portion thereof) were approximately 1.30% and 0.94% as of March 31, 2026 and 2025, respectively. The long-term loans payable were due in 2027 through 2040 and 2026 through 2031 as of March 31, 2026 and 2025, 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 rate of interest for long-term accounts payable - other in other interest-bearing debt was approximately 2.03% as of March 31, 2026 and 2025. The long-term accounts payable - other (excluding the current portion thereof) in other interest-bearing debt were due in 2027 through 2030 and 2026 through 2030 as of March 31, 2026 and 2025, respectively.

The short-term and long-term debt as of March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Short-term loans payable	¥ 148,560	¥ 150,094	\$ 928,909
Long-term loans payable (due within one year)	54,160	49,772	338,645
Lease obligations (due within one year)	5,716	6,017	35,742
Other interest-bearing debt:			
Long-term accounts payable - other (due within one year)	36	10	223
Sub-total	208,472	205,893	1,303,519
Long-term loans payable (excluding amounts due within one year)	94,865	110,322	593,168
Lease obligations (excluding amounts due within one year)	6,250	9,348	39,079
Other interest-bearing debt:			
Long-term accounts payable - other (due after one year)	49	40	306
Sub-total	101,164	119,710	632,553
Total	¥ 309,636	¥ 325,603	\$ 1,936,072

The following assets were pledged as collateral for the liabilities listed below as of March 31, 2026 and 2025:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Buildings and structures	¥ 510	¥ -	\$ 3,192
Land	3,474	205	21,722

Note: As of March 31, 2026, buildings and structures and land were pledged as collateral at certain consolidated subsidiaries for customers' housing loans of ¥10 million (\$63 thousand), as well as for loans from financial institutions of ¥1,206 million (\$7,543 thousand). As of March 31, 2025, land was pledged as collateral at certain consolidated subsidiaries for customers' housing loans of ¥12 million, as well as for loans from financial institutions of ¥162 million.

The aggregate annual maturities of long-term loans payable as of March 31, 2026 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2027	¥ 54,160	\$ 338,645
2028	40,251	251,677
2029	27,717	173,306
2030	18,312	114,504
2031	8,332	52,096
Thereafter	253	1,585
Total	¥ 149,025	\$ 931,813

The aggregate annual maturities of long-term accounts payable - other as of March 31, 2026 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2027	¥ 36	\$ 223
2028	26	163
2029	10	67
2030	11	66
2031	2	10
Thereafter	-	-
Total	¥ 85	\$ 529

The aggregate annual maturities of finance lease obligations as of March 31, 2026 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2027	¥ 5,716	\$ 35,742
2028	3,178	19,872
2029	1,322	8,266
2030	830	5,188
2031	587	3,669
Thereafter	333	2,084
Total	¥ 11,966	\$ 74,821

The Company has entered into loan commitment agreements amounting to ¥50,000 million (\$312,637 thousand) with seven financial institutions. Under these credit facilities, no amount has been executed as of March 31, 2026 and 2025.

18. UNSECURED BONDS

The outstanding balance of unsecured bonds of TOWA GENERAL HOUSING Co., Ltd. as of March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
2 nd series of unsecured bonds (Note)	¥ 90	¥ -	\$ 563
Total	¥ 90	¥ -	\$ 563

Note: The outstanding balance as of March 31, 2025 is not described as TOWA GENERAL HOUSING became a consolidated subsidiary in the year ended March 31, 2026.

19. 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, 2026 and 2025.

Significant components of deferred tax assets and liabilities as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Deferred tax assets:			
Loss on valuation of inventories	¥ 2,966	¥ 2,839	\$ 18,544
Impairment loss	20,776	22,359	129,906
Loss on valuation of investment securities	621	645	3,882
Loss on valuation of stock of subsidiaries			
...	1,696	1,783	10,606
Provision for bonuses	5,640	5,125	35,265
Net defined benefit liability	10,350	9,998	64,717
Provision for directors' retirement benefits	169	114	1,059
Provision for product warranties	446	497	2,786
Other provisions	1,320	1,365	8,250
Asset retirement obligations	14,807	14,424	92,584
Contract liabilities	12,246	12,286	76,572
Tax loss carry-forward (Note 2)			
...	3,533	3,558	22,094
Others	13,170	13,432	82,351
Sub-total	87,740	88,425	548,616
Valuation allowance for tax loss carry-forward (Note 2)	(3,520)	(3,554)	(22,006)
Valuation allowance for total of deductible temporary differences	(15,564)	(16,411)	(97,321)
Valuation allowance (Note 1)	(19,084)	(19,965)	(119,327)
Total deferred tax assets	68,656	68,460	429,289
Deferred tax liabilities:			
Unrealized gains on valuation of land	(2,249)	(1,356)	(14,061)
Loss recognized corresponding to asset retirement obligations	(6,992)	(7,139)	(43,721)
Others	(5,680)	(5,246)	(35,517)
Total deferred tax liabilities	(14,921)	(13,741)	(93,299)
Net deferred tax assets (Note 3)	¥ 53,735	¥ 54,719	\$ 335,990

Notes: 1. Valuation allowance decreased by ¥881 million (\$5,510 thousand). The decrease is mainly because part of non-schedulable deductible temporary differences of impairment losses was deducted as a result of selling non-current assets, etc. at the Company and consolidated subsidiaries.

2. The expiration of tax loss carry-forward and the resulting deferred tax assets as of March 31, 2026 and 2025 were as follows:

	Millions of yen						
	2026						
	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)	¥ 800	¥ -	¥ 1,294	¥ 133	¥ 91	¥ 1,215	¥ 3,533
Valuation allowance	(800)	-	(1,294)	(133)	(91)	(1,201)	(3,519)
							(*2)
Deferred tax assets	-	-	-	-	-	14	14

<i>Thousands of U.S. dollars (Note 1)</i>							
<i>2026</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)	\$ 5,003	\$ -	\$ 8,091	\$ 832	\$ 572	\$ 7,596	\$ 22,094
Valuation allowance	(5,003)	-	(8,091)	(832)	(572)	(7,508)	(22,006)
							(*2)
Deferred tax assets	-	-	-	-	-	88	88

<i>Millions of yen</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)	¥ 647	¥ 694	¥ -	¥ 1,179	¥ 39	¥ 999	¥ 3,558
Valuation allowance	(647)	(694)	-	(1,179)	(39)	(996)	(3,555)
							(*2)
Deferred tax assets	-	-	-	-	0	3	3

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

(*2) As of March 31, 2026, deferred tax assets of ¥14 million (\$88 thousand) were recorded for tax loss carry-forward of ¥3,533 million (\$22,094 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 TOWA GENERAL HOUSING Co., Ltd. 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, 2025, deferred tax assets of ¥3 million were recorded for tax loss carry-forward of ¥3,558 million (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. 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, 2026 and 2025:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	<i>2026</i>	<i>2025</i>	<i>2026</i>
Non-current assets - Deferred tax assets	¥ 54,349	¥ 54,780	\$ 339,832
Long-term liabilities - Deferred tax liabilities	(614)	(61)	(3,842)

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, 2026 and 2025 were as follows:

	2026	2025
Statutory income tax rate.....	30.5%	30.5%
Per capita inhabitants taxes.....	3.8	2.1
Change in valuation allowance	(4.8)	(0.8)
Tax rate differences for net loss subsidiaries	2.2	0.8
Tax rate differences for consolidated subsidiaries	3.6	3.6
Entertainment and other non-deductible expenses	2.5	1.4
Effect of changes in tax rates	(2.5)	(2.2)
Effect of merger of subsidiaries	-	0.3
Others, net	0.5	0.3
Effective income tax rate.....	35.8	36.0

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).

20. CONTINGENT LIABILITIES

The Group was contingently liable for transferred accounts receivable of ¥8,532 million (\$53,350 thousand) to credit card companies as of March 31, 2026.

The Group was contingently liable for the following guarantees of debt as of March 31, 2026 and 2025:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Guarantees of debt made to home buyers and the like	¥ 1,850	¥ 1,615	\$ 11,569
Guarantees of debt made to employees	-	0	-

Receivables securitized through a self-created trust as of March 31, 2026 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	¥	\$
Other current assets	2,264	14,159
Guarantee deposits	4,657	29,117

The securitized receivables were accounted for as financial transactions, and the corresponding payables as of March 31, 2026 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	¥	\$
Current portion of long-term loans payable.....	2,183	13,647
Long-term loans payable	4,510	28,200

21. 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.

22. 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.

Defined benefit plans

(1) Changes in retirement benefit obligations for the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Beginning balance	¥ 34,477	¥ 35,429	\$ 215,575
Service costs	3,459	3,741	21,628
Interest cost	582	341	3,638
Actuarial gains and losses	(3,096)	(3,310)	(19,358)
Payment of benefit obligations	(1,398)	(1,724)	(8,739)
Increase due to new consolidation	2,018	-	12,616
Others	(0)	0	(2)
Ending balance	¥ 36,042	¥ 34,477	\$ 225,358

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

(2) Changes in pension assets for the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Beginning balance	¥ 4,067	¥ 4,535	\$ 25,429
Expected return on pension assets	4	5	26
Actuarial gains and losses	12	4	76
Contributions paid by the employer	71	71	447
Retirement benefits paid	(114)	(548)	(714)
Increase due to new consolidation	517	-	3,230
Ending balance	¥ 4,557	¥ 4,067	\$ 28,494

(3) Reconciliation of retirement benefit obligations and pension assets and net defined benefit liability (asset) for the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Funded retirement benefit obligations	¥ 1,773	¥ 1,272	\$ 11,087
Amount of pension assets	(4,557)	(4,067)	(28,494)
	(2,784)	(2,795)	(17,407)
Unfunded retirement benefit obligations	34,269	33,205	214,271
Total net defined benefit liability	¥ 31,485	¥ 30,410	\$ 196,864
Net defined benefit liability	34,614	33,537	216,429
Net defined benefit asset	(3,129)	(3,127)	(19,565)
Total net defined benefit liability	¥ 31,485	¥ 30,410	\$ 196,864

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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Service costs (*)	¥ 3,459	¥ 3,741	\$ 21,628
Interest cost	582	341	3,638
Expected return on pension assets	(5)	(5)	(27)
Amortization of actuarial differences	(1,069)	(461)	(6,684)
Amortization of prior service costs	157	156	978
Total net periodic retirement benefit costs	¥ 3,124	¥ 3,772	\$ 19,533

Note: Retirement benefit costs of certain consolidated subsidiaries calculated under the simplified method are recorded in service costs.

(5) Remeasurements of defined benefit plans for the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Prior service costs	¥ 157	¥ 156	\$ 978
Actuarial gains and losses	2,039	2,853	12,750
Total	¥ 2,196	¥ 3,009	\$ 13,728

(6) Accumulated remeasurements of defined benefit plans for the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Unrealized prior service costs	¥ 102	¥ 259	\$ 640
Unrealized actuarial gains and losses	(7,001)	(4,962)	(43,775)
Total	¥ (6,899)	¥ (4,703)	\$ (43,135)

(7) Pension assets as of March 31, 2026 and 2025

- (i) The percentages for each classification of total pension assets as of March 31, 2026 and 2025 were as follows:

	2026	2025
General accounts	33.7 %	25.2 %
Short-term assets	66.3	74.8
Total	100.0	100.0

- (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, 2026 and 2025

	2026	2025
Principal discount rate	2.70 %	1.80 %
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 ¥2,831 million (\$17,699 thousand) and ¥2,668 million for the years ended March 31, 2026 and 2025, respectively.

23. 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 3.28% with a term of 2–47 years.

Changes in asset retirement obligations for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Beginning balance	¥ 45,137	¥ 38,453	\$ 282,233
Increase due to purchase of property and equipment	1,158	923	7,237
Increase due to changes in estimate	-	5,770	-
Adjustments due to passage of time	614	487	3,840
Decrease due to implementation of asset retirement obligations	(646)	(524)	(4,038)
(Decrease) increase due to exchange translation of asset retirement obligations denominated in foreign currencies	5	28	32
Increase due to new consolidation	64	-	399
Ending balance	¥ 46,332	¥ 45,137	\$ 289,703

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.

24. 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 26, 2026, the shareholders approved cash dividends amounting to ¥11,295 million (\$70,628 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2026 as they are to be recognized in the period in which they are approved by the shareholders.

25. STOCK OPTIONS

There were no stock option expenses recognized for the year ended March 31, 2026 (¥60 million for the year ended March 31, 2025).

The stock options existing during the years ended March 31, 2026 and 2025 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* Exercise conditions*	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* (*4)	Issue price: ¥443 (*4)	Issue price: ¥452 (*4)	Issue price: ¥389 (*4)	Issue price: ¥466 (*4)
Exercise conditions*	(*5)	(*5)	(*5)	(*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)

	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, 2026. No change has occurred to these figures as of May 31, 2026.

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 ¥1 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, 2026 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, 2025 –								
Outstanding	-	-	-	-				
Granted	-	-	-	-				
Forfeited	-	-	-	-				
Vested	-	-	-	-				
March 31, 2026 –								
Outstanding	-	-	-	-				
<u>Vested</u>								
March 31, 2025 –								
Outstanding	275,800	259,900	439,100	565,000				
Vested	-	-	-	-				
Exercised	-	-	-	-				
Forfeited	-	-	-	-				
March 31, 2026 –								
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	\$ 2.57	¥ 291.0	\$ 1.82	¥ 404.0	\$ 2.53	¥ 452.0	\$ 2.83

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, 2025 –										
Outstanding	-	-	-	-						
Granted	-	-	-	-						
Forfeited	-	-	-	-						
Vested	-	-	-	-						
March 31, 2026 –										
Outstanding	-	-	-	-						
<u>Vested</u>										
March 31, 2025 –										
Outstanding	510,100	542,300	636,000	421,800						
Vested	-	-	-	-						
Exercised	-	-	-	-						
Forfeited	-	-	-	-						
March 31, 2026 –										
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>	<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	¥ 1	\$ 0.01
Average price at the exercise date	¥ -	\$ -	¥ -	\$ -	¥ -	\$ -	¥ -	\$ -	¥ -	\$ -
Fair value at the grant date	¥ 442.0	\$ 2.76	¥ 451.0	\$ 2.82	¥ 388.0	\$ 2.43	¥ 465.0	\$ 2.91		

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, 2025 –			
Outstanding	-	-	-
Granted	-	-	-
Forfeited	-	-	-
Vested	-	-	-
March 31, 2026 –			
Outstanding	-	-	-
<u>Vested</u>			
March 31, 2025 –			
Outstanding	472,100	579,500	595,600
Vested	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
March 31, 2026 –			
Outstanding	472,100	579,500	595,600

	U.S. dollars (Note 1)		U.S. dollars (Note 1)		U.S. dollars (Note 1)	
	Yen		Yen		Yen	
Price information:						
Exercise price	¥ 1	\$ 0.01	¥ 1	\$ 0.01	¥ 1	\$ 0.01
Average price at the exercise date	¥ -	\$ -	¥ -	\$ -	¥ -	\$ -
Fair value at the grant date	¥ 463.0	\$ 2.90	¥ 426.0	\$ 2.66	¥ 392.0	\$ 2.45

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, 2026 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.

26. REVENUE RECOGNITION

Disaggregation of revenue from contracts with customers

From the year ended March 31, 2026, the wholesaling and sales business of housing and construction materials and household equipment, which was previously included in “Others,” has been included in the “Consumer Electronics Segment” due to the merging of subsidiaries.

As a result of this change, disaggregation of revenue from contracts with customers for the year ended March 31, 2025 has been prepared based on the reportable segment classification for the year ended March 31, 2026.

Millions of yen							
2026							
Reportable segments					Others (Note)	Total	
Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Home electrical appliances & Home information appliances	¥ 1,114,300	¥ -	¥ -	19,030	¥ 1,133,330	¥ 7,632	¥ 1,140,962
Housing.....	68,913	329,212	1,952	-	400,077	-	400,077
Others.....	137,923	-	1,294	6,765	145,982	2,469	148,451
Revenue from contracts with customers...	¥ 1,321,136	¥ 329,212	¥ 3,246	¥ 25,795	¥ 1,679,389	¥ 10,101	¥ 1,689,490
Revenue from other sources	¥ -	¥ 1,638	¥ 680	¥ -	¥ 2,318	¥ -	¥ 2,318
Sales to external customers	¥ 1,321,136	¥ 330,850	¥ 3,926	¥ 25,795	¥ 1,681,707	¥ 10,101	¥ 1,691,808

Thousands of U.S. dollars (Note 1)							
2026							
Reportable segments					Others (Note)	Total	
Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Home electrical appliances & Home information appliances	\$ 6,967,421	\$ -	\$ -	118,992	\$ 7,086,413	\$ 47,719	\$ 7,134,132
Housing.....	430,896	2,058,477	12,205	-	2,501,578	-	2,501,578
Others.....	862,396	-	8,091	42,296	912,783	15,441	928,224
Revenue from contracts with customers...	\$ 8,260,713	\$ 2,058,477	\$ 20,296	\$ 161,288	\$ 10,500,774	\$ 63,160	\$ 10,563,934
Revenue from other sources	\$ -	\$ 10,240	\$ 4,256	\$ -	\$ 14,496	\$ -	\$ 14,496
Sales to external customers	\$ 8,260,713	\$ 2,068,717	\$ 24,552	\$ 161,288	\$ 10,515,270	\$ 63,160	\$ 10,578,430

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	¥ 9,073	¥ 1,148,496
Housing.....	70,637	291,060	1,953	-	363,650	-	363,650
Others.....	106,852	-	1,199	4,573	112,624	2,186	114,810
Revenue from contracts with customers...	¥ 1,301,784	¥ 291,060	¥ 3,152	¥ 19,701	¥ 1,615,697	¥ 11,259	¥ 1,626,956
Revenue from other sources	¥ -	¥ 1,401	¥ 713	¥ -	¥ 2,114	¥ -	¥ 2,114
Sales to external customers	¥ 1,301,784	¥ 292,461	¥ 3,865	¥ 19,701	¥ 1,617,811	¥ 11,259	¥ 1,629,070

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)
	2026	2025	2026
Receivables from contracts with customers (beginning balance)			
Notes receivable - trade	¥ 3,867	¥ 4,357	\$ 24,182
Accounts receivable - trade	96,998	78,455	606,504
Accounts receivable - completed construction contracts	893	232	5,583
Receivables from contracts with customers (ending balance)			
Notes receivable - trade	¥ 3,631	¥ 3,867	\$ 22,701
Accounts receivable - trade	92,248	96,998	576,802
Accounts receivable - completed construction contracts	2,087	893	13,050
Contract assets (beginning balance)	¥ 1,204	¥ 1,291	\$ 7,526
Contract assets (ending balance)	769	1,204	4,808
Contract liabilities (beginning balance)	¥ 79,302	¥ 76,558	\$ 495,853
Contract liabilities (ending balance)	82,436	79,302	515,449

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, 2026 that was included in the contract liability balance at the beginning of the year was ¥50,529 million (\$315,943 thousand).

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.

The amount of revenue recognized in the years ended March 31, 2026 and 2025 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)
	2026	2025	2026
Within one year	¥ 12,097	¥ 12,815	\$ 75,637
Over one year within two years	10,099	10,384	63,148
Over two years within three years	6,969	6,962	43,575
Over three years within four years	4,391	4,506	27,456
Over four years within five years	2,354	2,610	14,722
Over five years	2,931	3,202	18,325
Total	¥ 38,841	¥ 40,479	\$ 242,863

27. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The major components of “Selling, general and administrative expenses” for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Advertising	¥ 21,434	¥ 21,495	\$ 134,017
Salaries	124,885	118,478	780,872
Rent expenses	77,639	76,043	485,456
Depreciation	24,353	22,994	152,275
Others	177,171	175,529	1,107,804
Total	¥ 425,482	¥ 414,539	\$ 2,660,424

Total research and development expenses included in general and administrative expenses were ¥338 million (\$2,111 thousand) and ¥305 million for the years ended March 31, 2026 and 2025, respectively.

28. OTHER INCOME (EXPENSES)

“Others, net” in “Other income (expenses)” in the consolidated statements of income for the years ended March 31, 2026 and 2025 included the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Sales of electric power	¥ 1,819	¥ 1,811	\$ 11,377
Cost of sales of electric power	(443)	(449)	(2,772)
Gain on sale of non-current assets	11,379	1,770	71,150
Loss on disposal of non-current assets	(1,345)	(1,606)	(8,409)
Gain on sale of investment securities	26	1,434	163
Gain on negative goodwill	266	-	1,661
Others, net	2,537	3,084	15,863
Total	¥ 14,239	¥ 6,044	\$ 89,033

29. 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)
	2026	2025	2026
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 948	¥ (346)	\$ 5,926
Reclassification adjustments	(26)	-	(163)
Valuation difference on available-for-sale securities before related income taxes and tax effect	922	(346)	5,763
Related income taxes and tax effect	(76)	(87)	(476)
Valuation difference on available-for-sale securities, net of taxes	846	(433)	5,287
Foreign currency translation adjustments:			
Amount arising during the year	221	278	1,385
Reclassification adjustments	-	-	-
Foreign currency translation adjustments before related income taxes and tax effect	221	278	1,385
Related income taxes and tax effect	-	-	-
Foreign currency translation adjustments, net of taxes	221	278	1,385
Remeasurements of defined benefit plans:			
Amount arising during the year	3,108	3,314	19,434
Reclassification adjustments	(912)	(305)	(5,706)
Remeasurements of defined benefit plans before related income taxes and tax effect	2,196	3,009	13,728
Related income taxes and tax effect	(763)	(975)	(4,769)
Remeasurements of defined benefit plans, net of tax	1,433	2,034	8,959
Share of other comprehensive income (loss) of associates accounted for using equity method:			
Amount arising during the year	0	8	0
Reclassification adjustments	-	-	-
Share of other comprehensive income (loss) of associates accounted for using equity method	0	8	0
Total other comprehensive income (loss)	¥ 2,500	¥ 1,887	\$ 15,631

30. 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. From the year ended March 31, 2026, the wholesaling and sales business of housing and construction materials and household equipment, which was previously included in “Others,” has been included in the “Consumer Electronics Segment” due to the merging of subsidiaries.

As a result of this change, segment information for the year ended March 31, 2025 has been prepared based on the reportable segment classification for the year ended March 31, 2026.

3. 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					
2026					
Reportable segments					
	Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total
Net sales					
Sales to external customers .	¥ 1,321,136	¥ 330,850	¥ 3,926	¥ 25,795	¥ 1,681,707
Intersegment sales	8,290	3,017	784	17,041	29,132
Total	¥ 1,329,426	¥ 333,867	¥ 4,710	¥ 42,836	¥ 1,710,839
Segment profit (loss)	¥ 2,492	¥ 10,255	¥ 1,259	¥ 1,872	¥ 15,878
Segment assets	990,058	203,866	61,498	33,444	1,288,866
Other items					
Depreciation	23,982	3,790	102	625	28,499
Amortization of goodwill	-	312	162	-	474
Impairment losses	5,093	152	-	-	5,245
Gain on negative goodwill ..	-	266	-	-	266
Increase in property and equipment and intangible assets	36,234	4,365	19	8,480	49,098

Millions of yen				
2026				
	Others (Note 1)	Total	Adjusted amounts (Notes 2, 3)	Amount recorded in consolidated financial statements (Note 4)
Net sales				
Sales to external customers .	¥ 10,101	¥ 1,691,808	¥ -	¥ 1,691,808
Intersegment sales	17	29,149	(29,149)	-
Total	¥ 10,118	¥ 1,720,957	¥ (29,149)	¥ 1,691,808
Segment profit (loss)	¥ 177	¥ 16,055	¥ 111	¥ 16,166
Segment assets	6,294	1,295,160	8,745	1,303,905
Other items				
Depreciation	45	28,544	775	29,319
Amortization of goodwill	-	474	-	474
Impairment losses	-	5,245	-	5,245
Gain on negative goodwill ..	-	266	-	266
Increase in property and equipment and intangible assets	48	49,146	-	49,146

<i>Thousands of U.S. dollars (Note 1)</i>					
<i>2026</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 .	\$ 8,260,713	\$ 2,068,717	\$ 24,552	\$ 161,288	\$ 10,515,270
Intersegment sales	51,837	18,863	4,901	106,553	182,154
Total	<u>\$ 8,312,550</u>	<u>\$ 2,087,580</u>	<u>\$ 29,453</u>	<u>\$ 267,841</u>	<u>\$ 10,697,424</u>
Segment profit (loss)	\$ 15,584	\$ 64,120	\$ 7,872	\$ 11,704	\$ 99,280
Segment assets	6,190,568	1,274,723	384,530	209,116	8,058,937
Other items					
Depreciation	149,950	23,700	636	3,909	178,195
Amortization of goodwill	-	1,952	1,014	-	2,966
Impairment losses	31,847	948	-	-	32,795
Gain on negative goodwill ..	-	1,661	-	-	1,661
Increase in property and equipment and intangible assets	226,563	27,295	114	53,025	306,997

<i>Thousands of U.S. dollars (Note 1)</i>				
<i>2026</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 .	\$ 63,160	\$ 10,578,430	\$ -	\$ 10,578,430
Intersegment sales	108	182,262	(182,262)	-
Total	<u>\$ 63,268</u>	<u>\$ 10,760,692</u>	<u>\$ (182,262)</u>	<u>\$ 10,578,430</u>
Segment profit (loss)	\$ 1,107	\$ 100,387	\$ 696	\$ 101,083
Segment assets	39,359	8,098,296	54,679	8,152,975
Other items				
Depreciation	284	178,479	4,844	183,323
Amortization of goodwill	-	2,966	-	2,966
Impairment losses	-	32,795	-	32,795
Gain on negative goodwill ..	-	1,661	-	1,661
Increase in property and equipment and intangible assets	303	307,300	-	307,300

- Notes:
1. The “Others” category includes other business segment not included in reportable segments.
 2. The adjusted amounts of segment assets amounting to ¥8,745 million (\$54,679 thousand) resulted from corporate assets of ¥41,851 million (\$261,681 thousand) that have not been allocated to segments and elimination of intersegment transactions of ¥(33,106) million (\$ (207,002) thousand).
 3. The adjusted amounts of segment profit amounting to ¥111 million (\$696 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					
2025					
Reportable segments					
	Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total
Net sales					
Sales to external customers .	¥ 1,301,784	¥ 292,461	¥ 3,865	¥ 19,701	¥ 1,617,811
Intersegment sales	10,233	4,780	628	16,410	32,051
Total	¥ 1,312,017	¥ 297,241	¥ 4,493	¥ 36,111	¥ 1,649,862
Segment profit (loss)	¥ 30,205	¥ 9,372	¥ 1,307	¥ 1,634	¥ 42,518
Segment assets	1,016,507	191,731	62,388	24,639	1,295,265
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 .	¥ 11,259	¥ 1,629,070	¥ -	¥ 1,629,070
Intersegment sales	198	32,249	(32,249)	-
Total	¥ 11,457	¥ 1,661,319	¥ (32,249)	¥ 1,629,070
Segment profit (loss)	¥ 163	¥ 42,681	¥ 140	¥ 42,821
Segment assets	6,446	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

- 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 resulted from corporate assets of ¥39,823 million that have not been allocated to segments and elimination of intersegment transactions of ¥(16,553) million.
 3. The adjusted amounts of segment profit amounting to ¥139 million resulted mainly from elimination of intersegment transactions.
 4. Segment profit is adjusted with operating profit in the consolidated statements of income.

- **Supplemental Information on Reportable Segment**

Information about products and services for the years ended March 31, 2026 and 2025 is as follows:

		Millions of yen						
		2026						
Home electrical appliances & Home information appliances		Housing	Other		Total			
Sales to external customers	¥	1,140,962	¥	400,077	¥	150,769	¥	1,691,808
Thousands of U.S. dollars (Note 1)								
		2026						
Home electrical appliances & Home information appliances		Housing	Other		Total			
Sales to external customers	\$	7,134,132	\$	2,501,578	\$	942,720	\$	10,578,430
		Millions of yen						
		2025						
Home electrical appliances & Home information appliances		Housing	Other		Total			
Sales to external customers	¥	1,148,496	¥	363,650	¥	116,924	¥	1,629,070

Information about geographic area for the years ended March 31, 2026 and 2025 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, 2026 and 2025 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, 2026 and 2025 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							
		2026							
		Reportable segments					Others	Corporate/ elimination	Total
		Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Amortization.....	¥	-	¥ 312	¥ 162	¥ -	¥ 474	¥ -	¥ -	¥ 474
Unamortized balance.....		-	1,115	1,474	-	2,589	-	-	2,589
		Thousands of U.S. dollars (Note 1)							
		2026							
		Reportable segments					Others	Corporate/ elimination	Total
		Consumer Electronics Segment	Housing Segment	Financial Segment	Environment Segment	Total			
Amortization.....	\$	-	\$ 1,952	\$ 1,014	\$ -	\$ 2,966	\$ -	\$ -	\$ 2,966
Unamortized balance.....		-	6,975	9,216	-	16,191	-	-	16,191
		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

Note: Impairment loss of ¥199 million 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, 2026

For the year ended March 31, 2026, gain on negative goodwill of ¥266 million (\$1,661 thousand) was recognized in the “Housing Segment.” This is because the Company acquired shares in TOCLAS CORPORATION to make it a consolidated subsidiary.

For the year ended March 31, 2025

Not applicable.

31. RELATED PARTIES

Significant balances with related parties as of March 31, 2026 and 2025 and related transactions for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
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	\$ 480
Guarantee deposits (due within one year)	89	89	559
Guarantee deposits	1,144	1,233	7,153
Accounts payable	12	10	78
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	5,266
Payment of brokerage fees for real estate trading and leasing	44	66	278
Balances of the Company's consolidated subsidiary:			
Tecc Planning Co., Ltd., 100% directly owned by Noboru Yamada, Representative Director, Chairperson, and CEO, and his relatives:			
Accounts payable	¥ 3	¥ -	\$ 20
Principal transactions of the Company's consolidated subsidiary:			
Tecc Planning Co., Ltd., 100% directly owned by Noboru Yamada, Representative Director, Chairperson, and CEO, and his relatives:			
Payment of brokerage fees for real estate trading and leasing	31	-	197

32. SUBSEQUENT EVENTS

Execution of Memorandum of Understanding Regarding Business Integration

Based on a resolution at the meeting of the Board of Directors held on June 5, 2026, the Company agreed with EDION Corporation (hereinafter referred to as "EDION") to proceed with discussions and consideration relating to business integration with the basic policy of mutual trust and an integration of equals between them (hereinafter referred to as the "Business Integration"), and executed a memorandum of understanding (hereinafter referred to as the "Memorandum of Understanding").

1. Objectives of the Business Integration

The Company and EDION adopt mutual trust and an integration of equals as their fundamental principles, and believe that the Business Integration will enable further growth by fully leveraging their respective knowledge, human resources, and assets. Furthermore, there is a high degree of compatibility between the Company - which has advanced its “Total-Living” Strategy consisting of the consumer electronics segment as its core business, as well as housing, environment, financial, and other segments, while remaining closely attuned to customers’ daily lives - and EDION - which has aspired to be a company that “continually endeavors to support richness and abundance in its customers’ lives” and adopted “achieving the principle of ‘customers first’ through high-quality products and reliable service” as its management philosophy, with strengths in community-based operations, after-sales services, and remodeling business. As a result, the companies exhibit strong alignment in their management directions. They believe that by complementing each other, synergies such as those outlined below can be pursued, and they will continue discussions to develop specific measures going forward.

(1) Pursuit of economies of scale by leveraging size

If the Business Integration is realized, the companies will be able to achieve improved efficiency through reductions in purchase costs through joint purchasing by leveraging their business scale. In addition, they will explore the possibility of reducing various types of costs, such as electronic payment fees, by leveraging their scale.

(2) Expansion of business domains centered on “living”

By leveraging big data, including purchasing data derived from the robust customer bases, the companies are promoting the development of PB products, the creation of new businesses and services, and the development of optimal solutions for customers. Through the Business Integration, they will establish a framework to mutually utilize their respective customer touchpoints and strengthen their available big data. This is expected to enable a more accurate understanding of customer needs and, as a result, further upgrade service levels.

(3) Other

Through the Business Integration, the companies will consider various growth strategies, including strengthening of the nationwide distribution network, optimization of the supply chain, consolidation and enhancement of group management functions, strengthening of capabilities of gathering information, and development and expansion of their private brands.

2. Summary of the Business Integration

(1) Method of the Business Integration

Subject to the approval by resolutions of the shareholders’ meetings of the companies, and acquisition of permits and approvals of relevant authorities necessary for the Business Integration, the companies will consider and discuss the method of the Business Integration while maintaining the basic policy of establishing a holding company (hereinafter referred to as the “Integrated Company”) by way of joint share transfer and making the companies wholly owned subsidiaries of the Integrated Company (hereinafter referred to as the “Share Transfer”) and eventually, they will determine the method by the time the definitive agreement on the Business Integration (the “Definitive Agreement”) is executed.

(2) Policy regarding listing of the Integrated Company where the Share Transfer is conducted

Where the Share Transfer is conducted, an application for a new listing (technical listing) on the Prime Market of Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”) will be filed with regard to shares of the Integrated Company. In addition, as the companies will become wholly owned subsidiaries of the Integrated Company as a result of the Share Transfer, they are scheduled to be delisted upon the listing of the Integrated Company; however, following the listing of shares of the

Integrated Company, the shareholders of the companies are expected to be able to continue trading, on the Tokyo Stock Exchange, the shares of the Integrated Company that will be delivered upon the Share Transfer. The listing date of shares of the Integrated Company and the delisting date of the companies will be determined in accordance with the rules of the Tokyo Stock Exchange.

(3) Schedule of the Business Integration where the Share Transfer is conducted

Where the Share Transfer is conducted, the companies will consider and discuss the schedule of the Business Integration going forward based on the schedule set forth below. However, if any change to the schedule of the Business Integration becomes necessary due to factors such as the negotiations for a share transfer plan as set forth in Articles 772 and 773 of the Companies Act concerning the Share Transfer (hereinafter referred to as the “Share Transfer Plan”) and the Definitive Agreement, the progress of procedures for obtaining clearances, approvals, and permits required under competition laws and other applicable laws and regulations, the status of investigations by relevant authorities, or other reasons, the companies may change the schedule upon further discussions.

- | | |
|------------------------------------|---|
| (i) June 5, 2026: | Execution and announcement of the Memorandum of Understanding |
| (ii) May to June 2027 (scheduled): | Preparation of the Share Transfer Plan and execution of the Definitive Agreement, as well as announcement thereof |
| (iii) June 2027 (scheduled): | Resolutions of the companies’ annual shareholders’ meetings on approval of the Share Transfer Plan |
| (iv) October 1, 2027 (scheduled): | Effectuation of the Share Transfer and listing of the shares of the Integrated Company |

(4) Share transfer ratio where the Share Transfer is conducted

Where the Share Transfer is conducted, the companies will discuss and determine the share transfer ratio by preparation of the Share Transfer Plan based on the results of due diligence, the results of calculation of the integration ratio by third-party valuation agencies appointed by the companies, respectively, and market share prices.

Damage Caused by the 2026 Kumamoto Earthquake

Due to the Kumamoto Earthquake in July 2026, the Company and the Group’s stores in the affected areas suffered damage, including damage to merchandise and buildings. The impact of this event on the consolidated financial statements is currently under investigation.

Transfer of a Specified Subsidiary in China (Sale of Equity Interest)

The Company resolved at a meeting of the Board of Directors held on September 19, 2026, to transfer its entire equity interest in Yamada Denki (Shenyang) Co., Ltd., a specified subsidiary and wholly owned subsidiary of the Company. As a result of this transfer of equity interest, Yamada Denki (Shenyang) Co., Ltd. will no longer be a specified subsidiary of the Company. The Company had been considering the appropriate disposal of the asset of Yamada Denki (Shenyang) Co., Ltd., which is its specified subsidiary, since the complete closure of its stores in June 2020. As part of the sale of non-core business assets, the Company has resolved to transfer all equity interest owned, following an agreement on the terms with a local Chinese company that had been considering the acquisition of the asset in question. The impact of this transaction on the Company’s consolidated financial statements is currently being assessed.

* * * * *



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, 2026 and 2025, the consolidated statements of 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, 2026 and 2025, 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 of public interest entities 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.

Emphasis of Matter

We draw attention to Note 32 to subsequent events. Based on a resolution at the meeting of the Board of Directors held on June 5, 2026, the Company agreed with EDION Corporation to proceed with discussions and consideration relating to business integration with the basic policy of mutual trust and an integration of equals between them, and executed a memorandum of understanding. Our opinion is not modified in respect of this matter.

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 ¥417,655 million belonging to the Consumer Electronics Segment in the consolidated balance sheet as of March 31, 2026, which accounted for 32.0% of total assets. 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	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: (1) Internal control testing 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 consulting a specialist within our firm; and ● We also assessed whether there was any indication of impairment other than a significant decline in market prices.

caused a significant decline in the market price or any events which otherwise indicated 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 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.

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, 2026 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/ Hidenori Kawamura
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Kitakanto Office, Japan
September 30, 2026

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.