

Yamada Denki Group

INTEGRATED REPORT 2019



Our Management Philosophy

Creation and Challenge

With Appreciation and Trust, Yamada Denki aims to be a strong company, to increase corporate value on a company-wide scale for the sake of contributing to society.



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Editorial Policy

The Yamada Denki Group publishes the Yamada Denki Group Integrated Report, which provides an integrated report of financial and non-financial information in order to gain a deeper understanding of the Group's corporate value for the benefit of its investors and other stakeholders.

The CSR activities especially attracting stakeholders' attention, such as those relating to ESG, are introduced in this report and are also available on our website.

Scope of Activities Covered by the Report

This report generally covers the entirety of the Yamada Denki Group however, some data refers only to the activities of YAMADA DENKI CO., LTD.

Period Covered by the Report

April 1, 2018 - March 31, 2019 (FY2019)
(Some activities in fiscal 2020 also included.)

Published

September 2019

(Previous issue: September 2018, next issue scheduled: September 2020)

Guidelines Referred to

- The Global Reporting Initiative's Sustainability Reporting Standards (2016)
- The International Integrated Reporting Framework (IIRC)

Disclaimer

Information stated in this report, except for historical facts, is based on various presumptions and premises made as of March 31, 2019. By its nature, this information is not guaranteed to turn out to be true in the future, and there may possibly be a significant gap from actual outcomes or the information itself may be objectively incorrect, which may be caused by a number of factors leading to uncertainties and risks. Contained future plans, numerical goals, and measures are not necessarily guaranteed to be achieved or implemented.

Actual performance may differ from planned numerical goals depending on changes in the business environment or other diverse uncertain factors. The content of this report is for the purpose of providing information and is not for the purpose of soliciting investment. Officers and employees of YAMADA DENKI CO., LTD. and other Group companies assume no responsibility for any direct, indirect or secondary damage or loss resulting from the use of this report or arising from the content thereof.

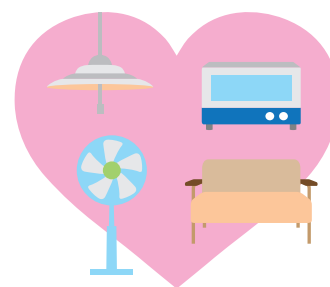
Yamada Denki Group at Present

As a leading company in the home appliance mass merchandiser industry, the Yamada Denki Group has kept in mind environmental problems and social changes such as the declining birthrate and aging population, and has proactively been taking measures from the perspectives of environment, social and governance (ESG), thereby contributing to the sustainable development of society.

Existing Businesses



The Yamada Denki Group recorded the largest turnover as a home appliance mass merchandiser in Japan in 2001. It then became the first home appliance mass merchandiser to achieve a turnover of 1 trillion yen in 2005, and a turnover of 2 trillion yen in 2010. Since 2001, the Group has maintained its leading position, and its market share in the home appliance mass merchandiser industry has been approx. 30%.
(Source: Industry Map 2019, Nikkei Shimbun)



SPA Products

Total of **864** items

From marketing to planning, development and retailing, the Yamada Denki Group has been systemically developing its YAMADA SELECT series of SPA products (specialty store retailer of private label apparel). Working on product development under the concept of functional, rather than high-performance, products that customers prefer, the Group is actively promoting product development from a customer perspective by incorporating the necessary features and improving energy saving performance. As of the end of March 2019, there are a total of 606 items in the categories of consumable goods and home appliances. SPA products have also been developed in the category of interior goods and 258 items have been launched so far.



Since its foundation in 1973, the Yamada Denki Group has expanded its business nationwide starting from its original home in Gunma Prefecture, opening and operating suburban large scale stores and urban-type stores. In 2005, it became the first and only home appliance mass merchandiser to have a nationwide store network with stores in all 47 prefectures.



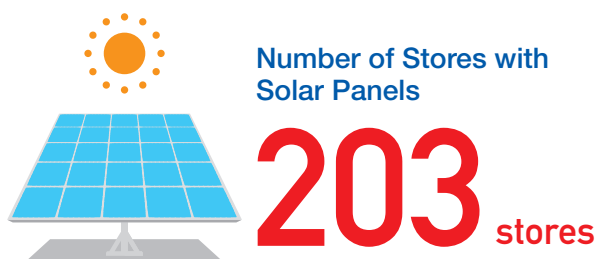
Number of Certified Home Appliance Advisors and Smart Masters

Total of **8,430** employees

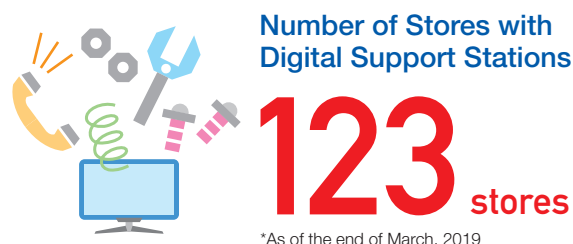
*As of the end of March, 2019

A certified home appliance advisor is a private qualification issued by the Association for Electric Home Appliances. The knowledge required to advise or answer questions from customers in store concerning home appliances is tested, as well as knowledge of relevant laws and regulations such as the Act on Recycling of Specified Kinds of Home Appliances. A person who has obtained both a qualification for audio visual digital home appliances such as TVs and computers, and a qualification for domestic electrical appliances, such as refrigerators and air conditioners, and who satisfies certain requirements, may obtain a qualification as a General Advisor. In recent years, consumers are increasingly interested in smart houses, wherein energy equipment and home appliances are IT networked and energy consumption is optimized. The Yamada Denki Group encourages employees to obtain the Smart Master qualification, which certifies that the person has a diverse knowledge on smart houses.

ESG Management



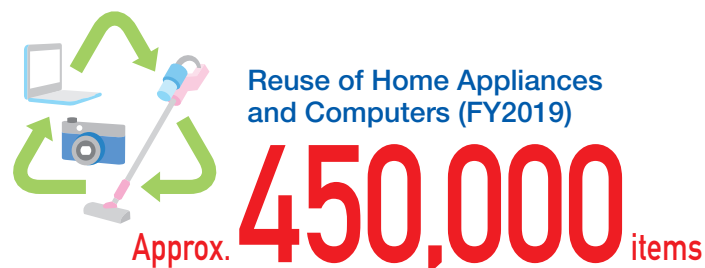
The Yamada Denki Group has been using the rooftops of its stores to install solar power systems. As of the end of March 2019, solar panels were installed at 203 stores as a means to promote each store's eco-friendly activities.



Since 2016, the Yamada Denki Group has steadily been setting up digital support stations within the Group to offer extensive support on computers and other digital devices. This service, which covers everything from consultations to repair of digital equipment, has contributed to improving customer service as well as customer satisfaction.



Yamada Denki recognizes that women taking an active role are an essential element for future development. In response to the enactment of the Act of Promotion of Women's Participation and Advancement in the Workplace in April 2016, Yamada Denki once again conducted an understanding of the current situation as well as an analysis of the issues based on the outcome of its female leadership training program, which it had carried out to foster female managers, and formulated a five-year action plan up to the year 2021.



The Yamada Denki Group began a home appliance reuse business in 2001 and a computer reuse and recycling business in 2007. With the aim of reducing environmental impact, we are promoting the reuse and recycling business in collaboration with our Group companies. Home appliances that are no longer used are collected and then re-sold as reusable products after the process of cleaning, dismantling, and testing, or they are recycled so that the parts can be used again.



Yamada Denki promotes company-wide participation in management and has set up the Improvement Proposal System to encourage employees to actively make proposals from an on-site perspective so that they can fulfill their duties more efficiently. In fiscal 2019, 4,683 proposals were made with the aim of improving customer and employee satisfaction, supporting sales activities or reducing costs. 98 proposals were newly adopted.



Yamada Denki established the Basic Rules on Risk Management in 2008 (revised in 2015) which provide for the development of a risk management system to prevent possible risks that may happen in the course of business and the action to be taken to any risks. The Risk Management Committee meets once a month to manage problems faced by each department and revises manuals as necessary in accordance with actual circumstances.

History of Value Creation

The Yamada Denki Group has maintained growth by actively promoting a business approach which looks towards future management, strengthening its financial position through steady implementation of capital policies, and strengthening the base of its management resources.

Henceforth, in addition to its existing business centered on the sale of home appliances, the Group will promote the development of new businesses, including all sorts of solutions-based businesses which seek to broaden and deepen their areas of business.

1970s— Foundation & First Start-up Period

From a small electrical store to multi-manufacturer retailer



Yamada Denka Service founded

Second store



The history of Yamada Denki begins with the founder and chairperson Noboru Yamada. While working at the Maebashi Plant of Victor Company of Japan, Limited (JVC), he learned a lot about quality control and went on to open the Yamada Denka Service in Maebashi City, Gunma Prefecture in 1973. Mr. Yamada and his wife started the business as a small local electric goods store having a floor space of just over 25 m². From the time of its foundation, Creation and Challenge was proclaimed as the business' management philosophy. During the period of the oil crises of the 1970s and the introduction of the floating rate system which caused the appreciation of the yen, the Company expanded its business, and in 1978 five stores were operating with annual sales of over 600 million yen. The time from its foundation to the first half of the 1980s was the Company's first start-up period.

1980s— Second Start-up Period

Number one for sales in Japan

The period from the first half of the 1980's to the first half of the 2010's, known as the second start-up period, saw the Company shift from an electric store selling goods from various manufacturers to a mass merchandiser.

YAMADA DENKI CO., LTD. was established in 1983 and expanded its business through the development of franchise chains, the opening of large scale general home appliance stores known as Tecc Land, the introduction of low price strategies, and by setting up distribution centers. Then, amid the turmoil of the bursting bubble economy, the Company offered shares to the public in 1989 consequentially achieving sales of 100 billion yen in 1997. In 2005, the Company became the first home appliance mass merchandiser to establish a national chain in Japan and through the expansion of the urban large scale store LABI became the first home

Suburban store (Tecc Land)



The first Tecc Land store



Urban large scale store, LABI





2010s—

Third Start-up Period

From just home appliances,
the challenge to move into new areas



In the third start-up period from the early 2010s, the Yamada Denki Group established a long-term vision aiming to be an IoT company with the largest service network in Japan. Amid a rapidly changing market environment, and in collaboration with Group companies, the Company endeavors to broaden and deepen its areas of business with the sale of home appliances at its heart. The Group is developing innovative solutions-based businesses based on customers' perspectives and downstream thinking.

Based on this long-term vision, the Group acquired BEST DENKI CO., LTD., which had a large market share in Kyushu, as a subsidiary in 2012. In 2015 the Group reopened Concept LABI, a store which showcases the latest concepts and ideas, and in 2017 LABI LIFE SELECT Senri, an interactive store with home displays, was reopened. Furthermore, as a means to strengthen the Group's housing sector, SxL Co., Ltd. and Housetec Inc. were acquired and made subsidiaries in 2011 and 2012, respectively. YamadaWoodHouse Co., Ltd. was established in 2013, and the house business was integrated in 2018 with the foundation of Yamada Homes Co., Ltd. In 2017 the Kaden Sumairu Kan was opened, a new type of store which offers a total housing approach and which aims to create a whole new business model. Based on its management philosophy of Creation and Challenge, Yamada Denki will continue to create a strong system for the future not bound by past results.

appliance mass merchandiser to achieve a turnover of 1 trillion yen in the same year. The first turnover of 2 trillion yen was achieved in 2010 and overseas store expansion was pushed to the fore.

Since the 1990s, the Yamada Denki Group began to focus on building relationships of trust with its various stakeholders. In 1994, the Company started its comprehensive maintenance service called, The Anshin. In 1997, CIC Inc. was established to handle discarded home appliances and resell salvageable products. The Group actively carried out activities aiming to improve customer satisfaction by designating 2003 the start of its promotional initiative. Recognizing the importance of social responsibility in tandem with the growth of the Company, in 2007, the Group newly incorporated the words Appreciation and Trust to define its management philosophy and set up the CSR Office.

Reuse & outlet
specialty store



LABI LIFE
SELECT



Kaden Sumairu Kan

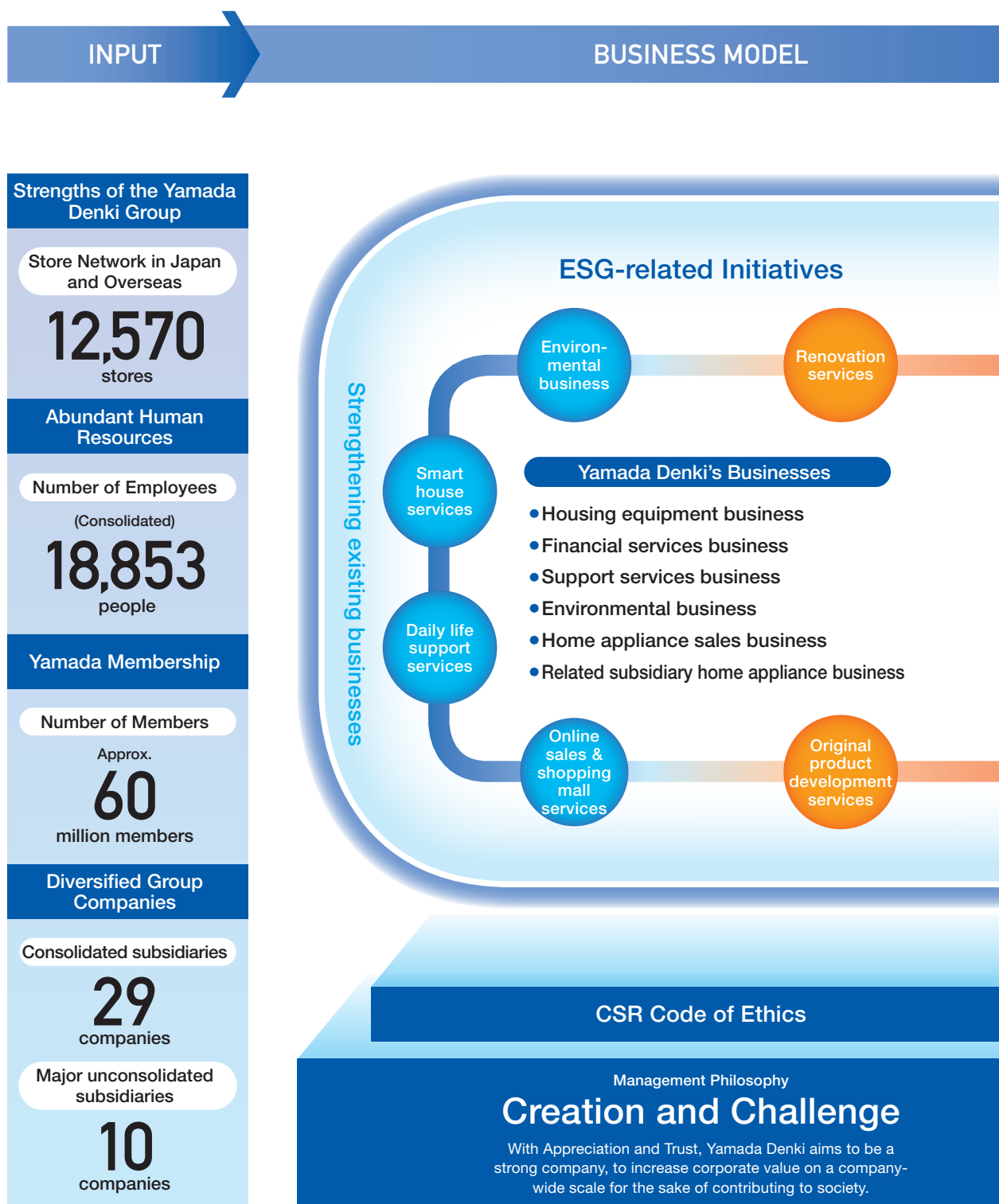


Process of Enhancing Corporate Value

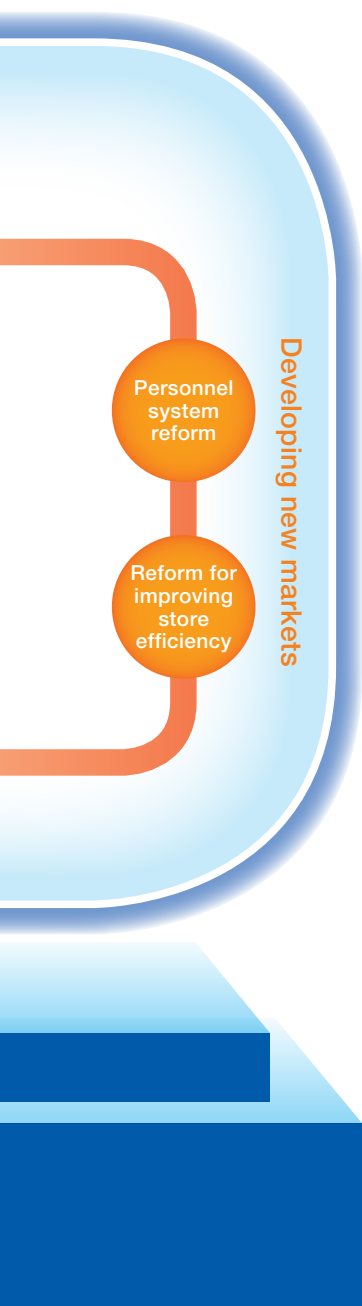
Towards Sustainable Enhancement of Corporate Value

The Yamada Denki Group has been carrying out various business activities using diverse funding for solving environmental and social problems.

In anticipation of social changes and issues we will endeavor to further enhance the social value of the Yamada Denki Group through the development of a solutions-based business that leverages synergies of the Group.



(As of March 31, 2019)



Products and Services	Value to Offer
Home Appliance Sales	Realize a fulfilling life for the elderly
Interior & Renovation	Achieve high quality of life
Repair & Support	Provide all-round comfortable living
Reuse & Recycling	Achieve safe and comfortable IT life
Housing & Real Estate	Give consideration to the global environment
Finance & Insurance	

Stakeholders

Shareholders and Investors

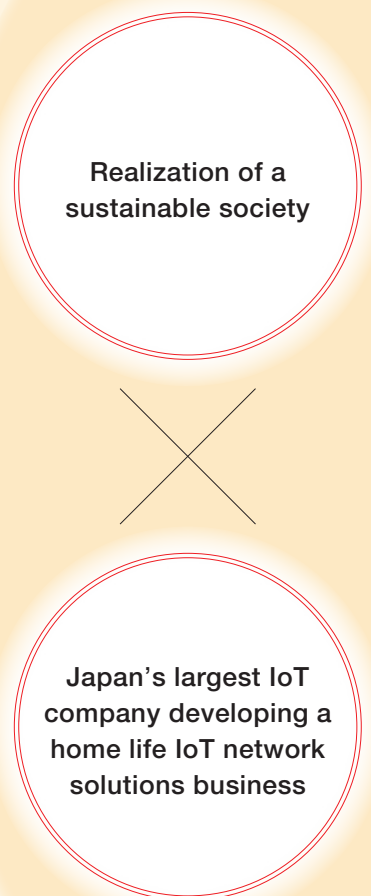
Customers

Employees

Suppliers and Business Partners

Local Communities

Government and Administrative Authorities



Towards a company that continues to generate profits through continuous reform and innovation

The fruits of Kaden Sumairu Kan at the center of our reforms

The Yamada Denki Group has been focused on creating a sustainable society while it carries on with its aim of unflagging growth and development as a company with its management philosophy of Creation and Challenge, and Appreciation and Trust. In recent years, the business environment surrounding our company has been rapidly changing. We are seeing a decrease in the number of customers due to the declining birthrate, aging population and with the popularity of online sales. The home appliance industry faces a difficult situation with the rise in consumption tax scheduled for October 2019 expected to cause a last-minute surge in demand.

In response to these drastic changes, the most important thing is for the Company itself to change with them. In recent years therefore, we have been working on structural reforms centered on the Kaden Sumairu Kan, which offers a complete coordination package from home appliances through to comfortable living spaces, with the goal of developing new markets in addition to strengthening our existing businesses.

In the fiscal year ended March 31, 2019, the Group promoted Kaden Sumairu Kan initiatives in order to optimize and maximize management resources more effectively by continuing to strengthen the housing part of our food, clothing and housing business with home appliances at its core. More specifically, the basic format for refurbishing existing stores into the Kaden Sumairu Kan concept was created after the trial of 74 Kaden Sumairu Kan stores had ended in March 2019. By proactively establishing a system to promote sales will, I believe, finally bring us to the point of generating profits.

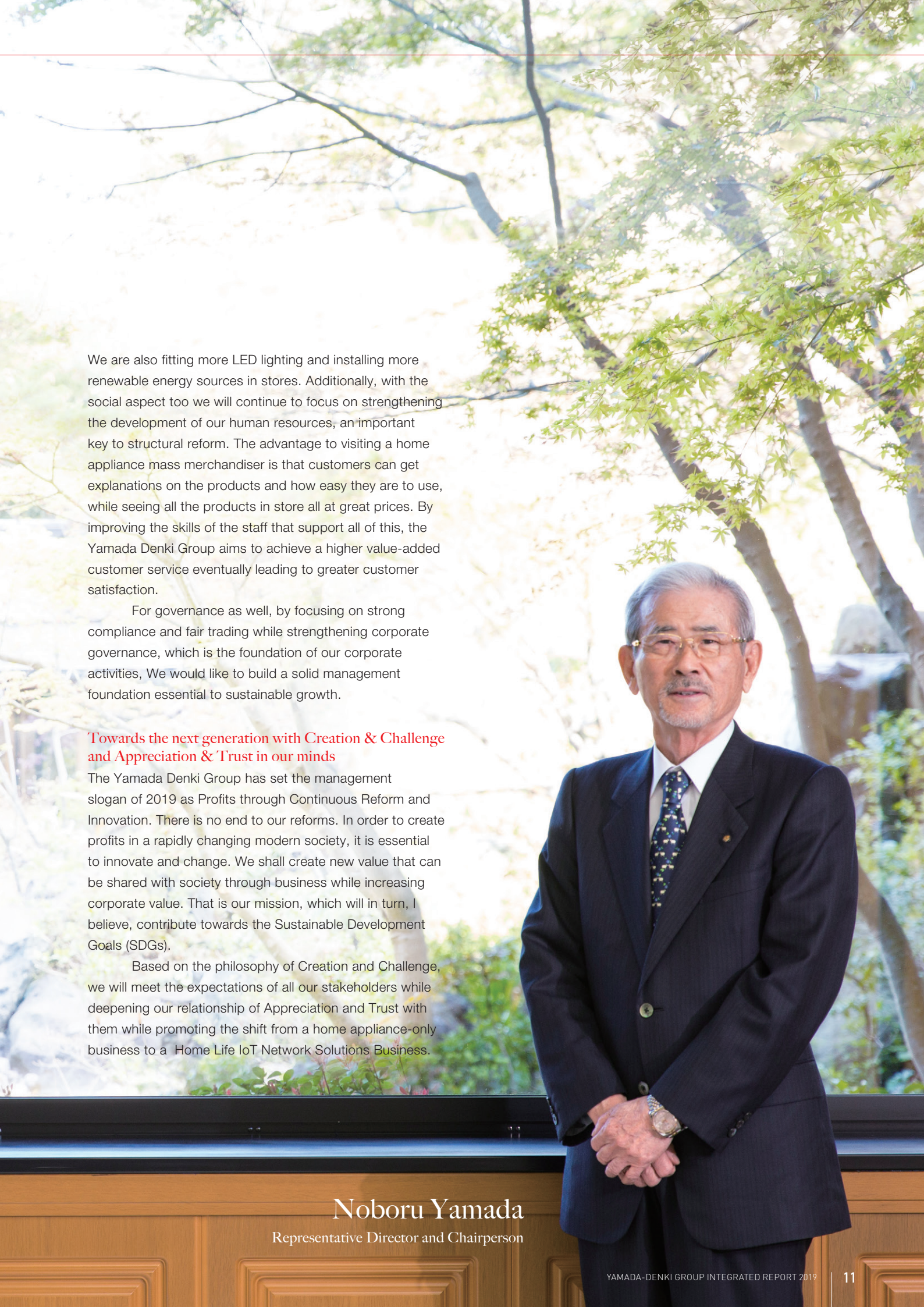
With regards to the internet business, we have been

experimenting to discover a range of possibilities including how best to operate our distribution system combining online and real stores based on the knowledge that the way we do business in the future will significantly change. In the future, we will continue to do all sorts of experiments and trials, and in the next few years, we intend to expand the internet business with the goal of exceeding 15% of total sales. With regards also to our SPA (specialty store retailer of private label apparel) initiatives, we have focused on developing housing-related products, while working with home appliance manufacturers, pushing forwards with expanding these kinds of products.

With regard to consolidated business results for the fiscal year ended March 2019, although the mainstay home appliance business remained steady, supported by demand for the replacement of major products, sales increased 1.7% from the previous fiscal year, but operating profit and ordinary profit decreased substantially leading to very poor results. However, in the third and fourth quarters, reforms to the new earnings model that we promoted as mentioned above have been successful, and a framework which aims for a V-shaped recovery, including a dramatic improvement to ordinary profits, has been set up. In the fiscal year ending March 31, 2020, we will aim to achieve substantial results and profit based on these efforts, and we will continue to make continuous reforms to create new solutions-based businesses.

Always changing, always evolving

We are also accelerating our initiatives on ESG (environment, social and governance) which support the businesses of the Yamada Denki Group. With regards to the environment, in April 2018, we started accepting small household appliances for recycling at approximately 1,000 stores nationwide.



We are also fitting more LED lighting and installing more renewable energy sources in stores. Additionally, with the social aspect too we will continue to focus on strengthening the development of our human resources, an important key to structural reform. The advantage to visiting a home appliance mass merchandiser is that customers can get explanations on the products and how easy they are to use, while seeing all the products in store all at great prices. By improving the skills of the staff that support all of this, the Yamada Denki Group aims to achieve a higher value-added customer service eventually leading to greater customer satisfaction.

For governance as well, by focusing on strong compliance and fair trading while strengthening corporate governance, which is the foundation of our corporate activities, We would like to build a solid management foundation essential to sustainable growth.

Towards the next generation with Creation & Challenge and Appreciation & Trust in our minds

The Yamada Denki Group has set the management slogan of 2019 as Profits through Continuous Reform and Innovation. There is no end to our reforms. In order to create profits in a rapidly changing modern society, it is essential to innovate and change. We shall create new value that can be shared with society through business while increasing corporate value. That is our mission, which will in turn, I believe, contribute towards the Sustainable Development Goals (SDGs).

Based on the philosophy of Creation and Challenge, we will meet the expectations of all our stakeholders while deepening our relationship of Appreciation and Trust with them while promoting the shift from a home appliance-only business to a Home Life IoT Network Solutions Business.

Noboru Yamada
Representative Director and Chairperson



Tsuneo Mishima

Representative Director and President

Creating new schemes for the home appliance industry with Creation and Challenge in mind

Aiming to integrate home appliances, renovations and interiors

Since becoming the President of Yamada Denki in June 2018, I have been working on reforms for the future of the home appliance industry along with the Company's founder and Chairperson, Noboru Yamada.

As is well-known with the declining birthrate, aging population and popularity of online sales in recent years, the retail industry as a whole, not just the home appliance industry, is contracting in size. I have been involved in the home appliance industry for about 30 years before joining Yamada Denki, and I have seen a period of continued upward growth, but as competition over price intensifies year by year, I have often thought about the direction the retail industry should take. In answer to this, I have gained experience of growing a business to sales of around 50 billion yen through launching the industry's first renovation business at another home appliance mass merchandiser.

After that, I resigned from my previous job with a sense of satisfaction having made a number of achievements, but I felt a tinge of regret that I could not get the renovation business to take root in home appliance mass merchandiser. It was at this time that I was heartily invited by the Company's Chairperson who had been warming up to the idea of integrating the home appliance, renovation and interior businesses, and so I wanted to try again to create a new arrangement in the home appliance industry. This is how the Kaden Sumairu Kan business was born, a business which aims to achieve a complete coordination package integrating home appliances, renovations and interiors.

Strengthening our ability to make proposals is the key to success

Home appliances make up the most part of current demand and renovations is said to have market potential. Compared with home appliances that tap into new sources of demand with new product releases and discounting, fitted kitchens and bathrooms fluctuate little in price and are not easily broken which is why customers are less inclined to replace existing units. Nevertheless, I believe that if we can stimulate demand based on our

ability to make proposals, it has the potential to change how home appliance mass merchandiser themselves operate.

Yamada Denki aims to provide comfortable living spaces through a complete coordination package of home appliances, interiors, and renovations, different to the renovation businesses that exist today. This has been borne from our Company which puts the management philosophy of Creation and Challenge into practice and continues to create the future of the home appliance industry. There are many issues, but in order to strengthen our ability to make proposals to shake up the current home appliance industry, we shall be looking to overcome a number of challenges such as the establishment of SPA for developing color coordinated home appliances and interiors, and encouraging all employees to gain interior coordinator qualifications to further improve our complete coordination capabilities.

To be a chosen presence at all times

It is said that retailing is a business that forever needs to respond to the changing world. It's important to constantly adapt to changes in consumer demands and their values. As we aim to offer ideas throughout the whole living environment by way of the Kaden Sumairu Kan, we will have to be more responsive than ever before to each and every one of our customers. The business alliance with OTSUKA KAGU announced in February 2019, is one of the measures to that end. We intend to create a win-win relationship through learning from one another such as by benefiting from the staff at OTSUKA KAGU who are themselves interior professionals, for training employees at our Company.

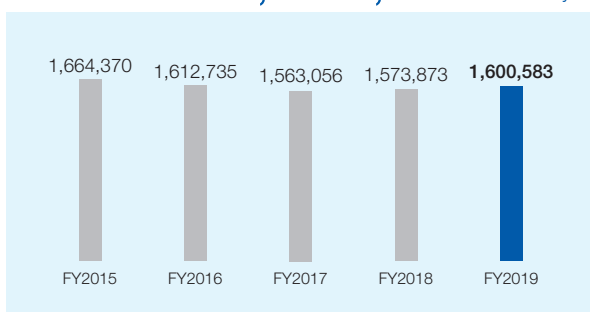
When customers' values are changing, we won't limit ourselves to one field but rather always think about what it is that our Company can do, repeating the mantra of Creation and Challenge as our guide towards the future. While there are many options out there such as other companies and online sales, we must nurture this Kaden Sumairu Kan into a business that captures the needs of the world and increases corporate value in order to keep our Company as a store that customers choose more than ever before.

Financial & Non-Financial Highlights

Financial Information

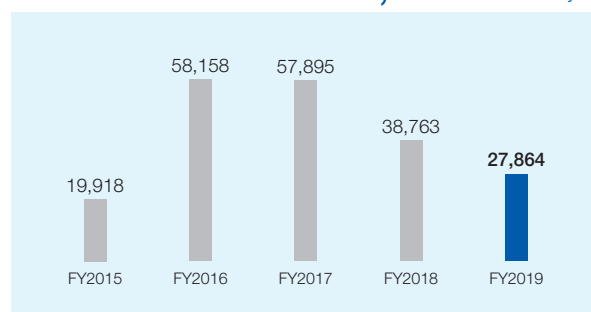
Consolidated Net Sales (million yen)

1,600,583 million yen



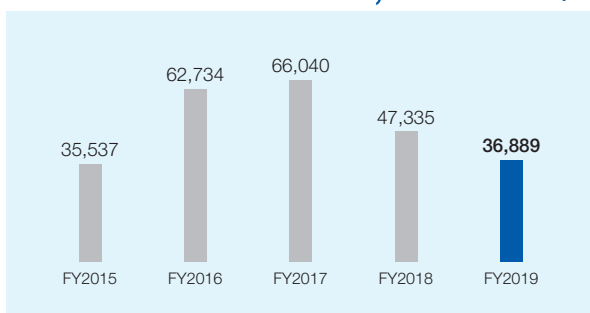
Consolidated Operating Profit (million yen)

27,864 million yen



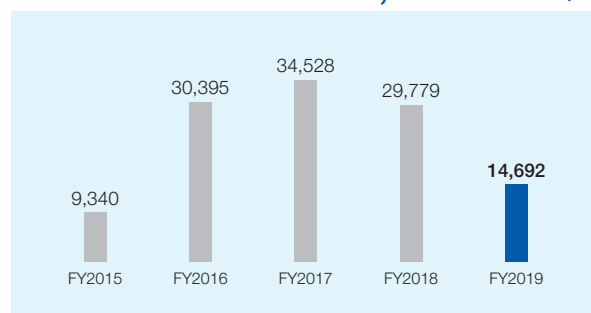
Consolidated Ordinary Profit (million yen)

36,889 million yen



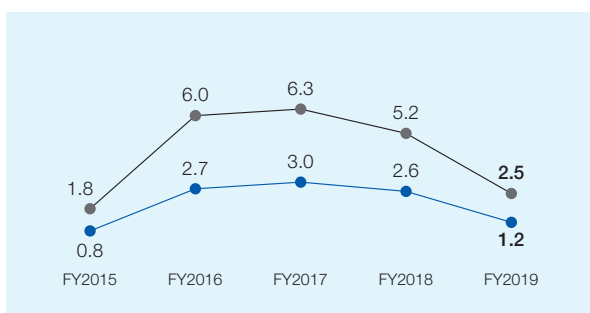
Consolidated Profit Attributable to Owners of Parent (million yen)

14,692 million yen



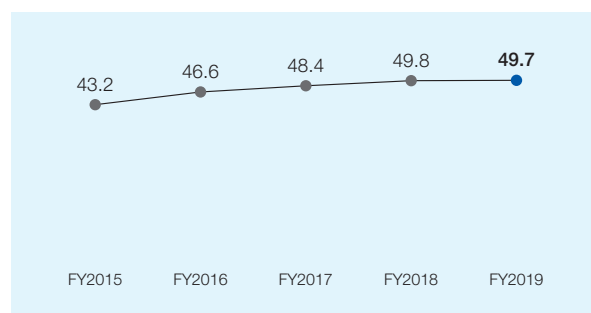
Consolidated ROA, ROE (%)

ROA 1.2% ROE 2.5%



Consolidated Equity Ratio (%)

49.7%

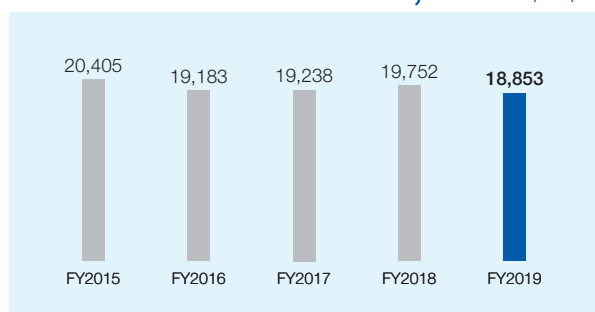


Non-Financial Information

Consolidated Number of Employees (Full-time*)

As of each fiscal year ended March 31

18,853 people

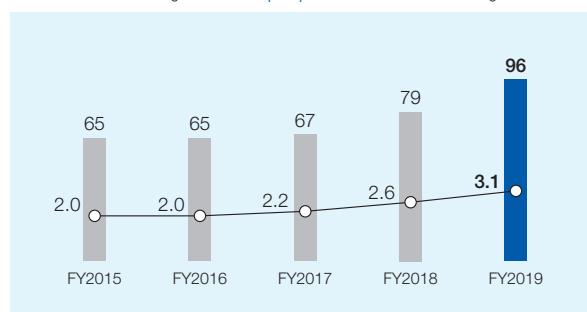


*Excluding average number of temporary employees

Non-Consolidated Number and Ratio of Female Managers (people, %)

As of each fiscal year ended March 31

Number of female managers: 96 people Ratio of female managers: 3.1%

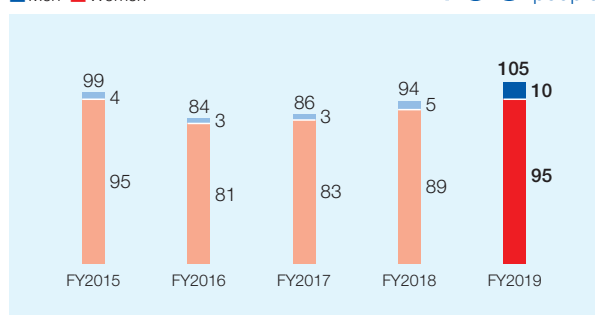


*Full-time employees only

Non-Consolidated Number of Employees Taking Childcare Leave

Men Women

105 people

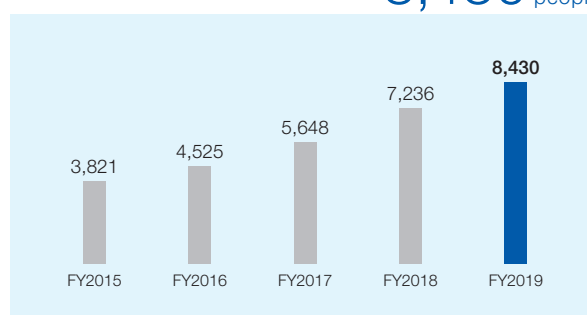


*Full-time employees only

Consolidated Total Number of Certified Home Appliance Advisors and Smart Masters

As of each fiscal year ended March 31

8,430 people



Consolidated CO₂ Emissions from Electricity Use (10,000t-CO₂)

332,000 t-CO₂

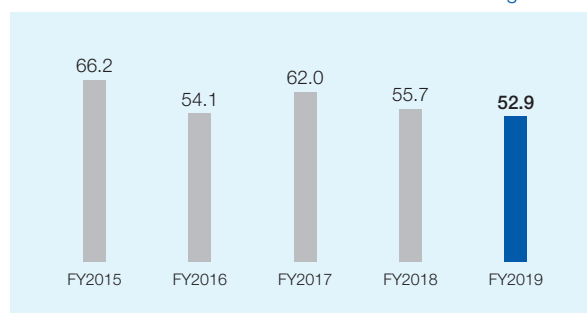


*1 CO₂ emission coefficient: 0.55kg-CO₂/kWh

*2 See P28 for range of data totals

Consolidated CO₂ Emissions per Floor Area (kg-CO₂/m²)

52.9 kg-CO₂/m²



*1 CO₂ emission coefficient: 0.55kg-CO₂/kWh

*2 See P28 for range of data totals

Business Activity Report

Risks and Opportunities in the Business Environment

Risks

- Contracting home appliance market due to declining birthrate and aging population
- Labor shortage in home appliance retail industry
- Decrease in number of new build homes

Opportunities

- Growing online sales
- Last minute demand due to consumption tax hike in October 2019
- Use of a nationwide store network and big data from 60 million plus membership
- Growing market for home renovations

Business Overview

The Yamada Denki Group provides high quality products and various services through its main home appliance sales business, and contributes to a better way of life and improved convenience for customers throughout the country. Taking advantage of its network that meets the needs of its customers from urban and suburban to community-based stores all over Japan, the Group is continuing to tackle various challenges toward sustainable growth and development in the future. In recent years in particular, the Group has been focusing on the development and expansion of a new home-style store, Kaden Sumairu

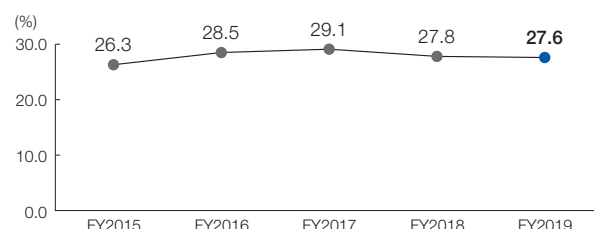
Kan, complete with finance and real estate service desks, and cafe, etc. in addition to its projects on home appliance-centric houses, renovations, fitted kitchens, bathrooms and other furniture connected to the living space. Moreover, the Group shall work to improve profitability and corporate value by actively working to make the most of its management resources, such as by consolidating online sales by making use of its nationwide store network and service network, and strengthening development of SPA (specialty store retailer of private label apparel) products.

Earnings

In the fiscal year ended March 31, 2019, the economy continued to show a moderate recovery as corporate earnings, employment and income conditions continued to improve. Amidst such a business environment in the home appliance distribution market, sales of high-priced products, such as 4K (Ultra HD) TVs, OLED TVs and mobile phones, remained steady, propped up by strong replacement demand for major products such as air conditioners, refrigerators and washing machines. Sales in computers remained sluggish. As a result, Yamada Denki's consolidated financial results for the fiscal year ended March 31, 2019 were: net sales of 1,600.5 billion yen, operating

profit of 27.8 billion yen, ordinary profit of 36.8 billion yen, and profit attributable to owners of parent of 14.6 billion yen.

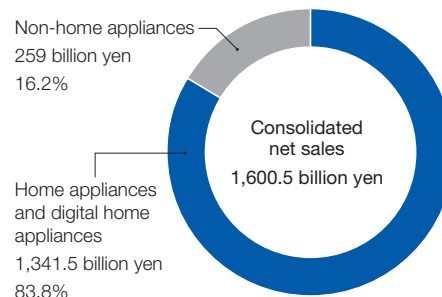
Changes in Gross Profit Ratio



Consolidated Financial Data (million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019
Net Sales	1,664,370	1,612,735	1,563,056	1,573,873	1,600,583
Operating profit	19,918	58,158	57,895	38,763	27,864
Ordinary profit	35,537	62,734	66,040	47,335	36,889
Profit attributable to owners of parent	9,340	30,395	34,528	29,779	14,692
ROA (%)	0.8	2.7	3.0	2.6	1.2
ROE (%)	1.8	6.0	6.3	5.2	2.5
Equity ratio (%)	43.2	46.6	48.4	49.8	49.7

Sales by Product Category



Major Initiatives in Fiscal 2019

To strengthen the home appliance business, the Yamada Denki Group worked to strengthen existing businesses and reform new revenue models by utilizing the Group's

nationwide network of stores and data from its 60 million plus membership.

01 Kaden Sumairu Kan — The New Type of Store

With a focus on the development and expansion of Kaden Sumairu Kan, a new type of store which began in 2017, the Company refurbished 74 stores (54 in the fiscal year ended March 31, 2019) by the end of March 2019. Since opening the first store, different types of Kaden Sumairu Kan were remodeled in various commercial areas over a period of one and half years and a basic format was established true to the store's concept as a result of repeated trials and verifications.

02 Renovation Business Expansion

In addition to the merger of the subsidiary Nakayama Co., Ltd. in April 2018, four companies were merged in October into a consolidated subsidiary, with Yamada SxL Home Co., Ltd. (now Yamada Homes) as the surviving company, as a means to expand the renovation business. Moreover, in line with the expansion of Kaden Sumairu Kan, the Yamada Denki Group promoted development of furniture and interior-related SPA products and collaborated with OTSUKA KAGU, LTD., and the Group entered into a capital and business partnership with IEMAMORI HOLDINGS CO.,LTD. to expand its idea of total housing.

03 New Business Model

In addition to Yamada Denki's online store, Yamada Web Com, the Yamada Denki Group has worked to strengthen and promote online sales which leverage the strengths of its distribution and store network by opening up online stores on Rakuten and Wowma!. In order to expand the financial business, in addition to acquiring stock in Personal Small Amount Short Term Insurance Co., Ltd. (now YAMADA SMALL AMOUNT SHORT TERM INSURANCE CO.,LTD.), and establishing Yamada Life Insurance Co., Ltd., the Group pushed forwards with the diversification of cashless payment systems such as PayPay and LINE Pay and the nationwide expansion of WeChat Pay, a payment system for travelers to Japan, sowing the seeds that have led to the construction of a new business model while improving convenience and customer satisfaction.



Challenges and Prospects for Fiscal 2020

Due to the demand accompanying the consumption tax hike scheduled for October 2019 and the resultant drop, the home appliance distribution market is expected to see a slight increase.

Within this market environment the Yamada Denki Group has set its 2019 management slogan as Profits through Continuous Reform and Innovation and will focus on the development and expansion of the Kaden Sumairu Kan's basic format created in the previous year to open new stores and refit approximately 100 stores in the year. In addition also to its existing home appliances and renovation business, the Group will expand its ideas

of total housing through strengthening development of furniture and interior-related SPA products, expansion of its home build one-stop service, Iemamori Station, and the running of its home IoT service, Yamada Smart Home.

By continuing with its reforms to a new revenue model that doesn't rely solely on sales of home appliances, and by continuing to consolidate stores and bolster online sales leveraging the strengths of its online, store and distribution networks, the Group will promote the shift to the Home Life IoT Network Solutions Business.

Business Activity Report

TOPIC

01 Merger of Consolidated Subsidiaries and Change of Trading Name Gives Rise to Yamada Homes Co., Ltd.

Yamada Homes Co., Ltd. was established on October 1, 2018, through the merger of four Yamada Denki consolidated subsidiaries; Yamada SxL Home Co., Ltd., Yamada WoodHouse Co., Ltd., Housing Works Co., Ltd., and SxL Jyukou Corp., with Yamada SxL Home Co., Ltd. as the surviving company.

Inheriting the founder's spirit of home philosophy, Yamada SxL Home Co., Ltd. provides specialty housing borne from the traditions, individuality and innovative spirit that has been developed in the Company's history over the past 60 years. In addition, Yamada WoodHouse Co., Ltd. offers high-quality custom homes with long-term guarantees for peace of mind all at reasonable prices. The purpose of the merger is to consolidate the management resources of the Yamada Denki Group by combining

their respective technologies and expertise, to further expand the housing business and to further strengthen the management base.

In the future, Yamada Homes Co., Ltd. will provide safe and secure housing with the best technology at the right price based on the concept of "living in a Smart House will change your life for the better." Through proposals that make use of the strengths of the Yamada Denki Group, the Group will more than ever before create homes that want to be lived in.



Major Initiatives in 2018-19

2018

April 1

Nakayama Co., Ltd. Merger

Improved efficiency of the Group's management and strengthened business bases and sales strategies through expansion of its renovation business, integration of headquarters functions and various infrastructures.

July 14

Expanded Lineup of FUNAI Products Exclusive to the Yamada Denki Group



Renewed lineup of FUNAI branded products exclusive to the Group. Launched sales of 14 models in total of OLED TVs and 4K LCD TVs in 6 series and 6 models of Blu-ray Disc recorders in 3 series.

September 1

Completed Subsidiary of Yamada SxL Home Co., Ltd.



Made Yamada SxL Home Co., Ltd., a subsidiary listed on the First Section of the Tokyo Stock Exchange, a wholly-owned subsidiary through exchange of shares.

October 1

Yamada Homes Co., Ltd. Born from Merger of 4 Consolidated Subsidiaries and Change of Trading Name

Integrated the technology and expertise of consolidated housing subsidiaries to expand the housing business and strengthen management base.

2018
April

May

June

July

August

September

October

May 10

Announced Appointment of President Mishima

At the Board of Directors meeting held on May 10, 2018, the then-president, Mitsumasa Kuwano was promoted to Vice Chairperson, and Vice-President Tsuneo Mishima assumed the position of Representative Director, President and COO (appointed as Representative Director at the General Meeting of Shareholders on June 28).

August 8

Subsidiary Acquisition and Change of Trading Name through Acquired Stock in Personal Small Amount Short Term Insurance Co., Ltd.

Personal Small Amount Short Term Insurance Co., Ltd. was acquired to develop various insurance products closely compatible with the Group's total housing proposals. The company name was also changed to YAMADA SMALL AMOUNT SHORT TERM INSURANCE CO.,LTD.

August 27

Established Yamada Life Insurance Co.,Ltd. as a Family Finance Consulting Service for Customers Nationwide.

Supporting the realization of a fruitful life through the offering and sale of life insurance and indemnity insurance products. The Company plans to expand its financial business along with YAMADA SMALL AMOUNT SHORT TERM INSURANCE CO.,LTD.

02 Yamada Smart Home - Home IoT Services Changing the Way We Live

In cooperation with Encored Japan Inc., a SoftBank Corp. subsidiary, the Yamada Denki Group started the Yamada Smart Home IoT service in all Yamada Denki stores from April 11, 2019.

Yamada Smart Home is a service that utilizes Encored's energy IoT platform, ENERTALK. By getting energy data each



second via ENERTALK, which is connected to the home's distribution board, users can see the amount of electricity being used at home in real time. Using the smartphone app, users can also set how much energy they want to use and see their own power usage and get advice on saving energy.

The Yamada Smart Home also comes with the Smart Kaden remote control which can control home appliances remotely and the ENERTALK TOUCH with multiple sensors for measuring the temperature, humidity, lighting and acceleration inside the home. The device detects the opening and closing of doors and changes in temperature and humidity, etc., and because it sends notifications when the family comes home or when there is some unusual behavior, it can be used as a monitor for children or the elderly, as well as being able to operate the home's electronic appliances while out of the house. Looking to the future, Yamada Homes Co., Ltd., a group company of Yamada Denki, plans to market Yamada Smart Home for the purpose of providing safe and secure housing utilizing IoT technology.

2019

November 28

Signed Merchant Deals with InComm Japan K.K. And WeChat Pay

WeChat Pay (Weixin), a digital payment service from China provided by InComm Japan, launched at approximately 950 stores from December 1.



February 15

Business Tie-up with OTSUKA KAGU, LTD.

Taking advantage of each other's strengths in home appliances and furniture, started business alliance to further improve corporate value by sharing our mutual expertise.

March 29

LINE Pay Simultaneous Rollout across Approx. 950 Stores

Simultaneous rollout of LINE Pay following the Alipay and WeChat Pay QR / barcode payment services already introduced in all stores.

LINE Pay

December 25

Established Social Mobility, Inc. Joint Venture

Established a joint venture with the cutting-edge battery technology provider 3DOM Inc. to promote electric vehicle and smart house related business.



February 18

Concluded Capital and Business Partnership Agreement with IEMAMORI HOLDINGS CO.,LTD.

Concluded a capital and business partnership agreement with IEMAMORI HOLDINGS, which handles a wide range of housing-related services such as construction quality inspections and maintenance inspections, as a service that fully maintains the asset value of housing.

April 11

Launched Home IoT Service, Yamada Smart Home

Offering a safer and better way of life through power saving tips and the monitoring of our lives and homes.

Complete Coordination of the Living Environment

Kaden Sumairu Kan Initiatives

Kaden Sumairu Kan - offering comfortable living spaces fully integrating home appliances, furniture, and renovations. Messages from each division on the stores' unique strengths and future activities.

From Home Appliances to Renovations, a One-Stop Shop Supporting the Making of Your Home

The Yamada Denki Group's new initiative, Kaden Sumairu Kan is a department-type store with a new concept that meets the various needs of creating a home. We are opening 74 stores nationwide as a "supporter of comfortable living spaces" where customers can get advice on everything from home appliances to furniture and renovations. Professional staff such as home appliance advisors, interior coordinators and architects, offer a complete coordination package that combines state-of-the-art home appliances, well designed and priced furniture, and sound renovations.



Achieving Increased Customer Footfall through Integration around Home Appliances

The Kaden Sumairu Kan offers not only the latest home appliances but also a complete living environment package including furniture, household goods and home renovations. Take for example a customer who has purchased a TV, we can recommend a sofa perfect for the size of the TV, or if they are not happy with their current living room, we can recommend some ways to improve the living space, giving ideas and tips to make watching TV at home more fun.

All employees in charge of home appliances, furniture, and renovations are, backed by sound product knowledge, making efforts each and every day to support customers in every way with creating their own home. Yamada Denki recommends that employees go beyond their regular duties and get qualified either as home appliance advisors, Smart Masters or interior coordinators.

Many of the Kaden Sumairu Kan stores have seen an increase in customer numbers of about 10% compared to before the time stores were fitted out, making us feel very confident about what lies ahead. In the future, we shall also focus on the layout and visual appeal of the stores as well as the cafe space, and aim to create a store in which customers will want to come back again and again. We will continue to make efforts combining furniture and renovations so that customers who visit Yamada Denki will know they can get ideas and advice on not just home appliances but everything to do with their homes.

Ryuji Ubukata

Executive Officer
General Manager of Sales
and Marketing Division,
Sales and Marketing
Division
Manager of Home
Appliance Sales Division

Providing Customers with New Interior Experiences

It's important to create an effective sales floor when selling furniture and interior goods. We have worked to provide customers with an "experience" by putting sofas in the TV section of the Kaden Sumairu Kan, and creating examples of interior coordination in store. Results are beginning to emerge in terms of customer service and human resource development with the business alliance with OTSUKA KAGU, LTD. in February 2019.

There is a big advantage for customers who can shop for home appliances and furniture under one roof in the Kaden Sumairu Kan since they can save time shopping and get their products delivered in one go. We believe customers derive a greater enjoyment in their living space through our furniture and interior products which suit well with renovations and home appliances. Although there are still challenges with being SPA (specialty store retailer of private label apparel), we are working on the development of worthwhile products by taking advantage of our economies of scale. We will continue to pursue the unique appeal of real stores and improve our knowledge and recommendations to deliver the best products for each and every customer.

Furniture



Akihiro Natori

Associate Executive Officer
Head of Interior Product
Planning Office,
General Manager, Interior
Development Division

Home Appliances



—Complete Coordination—

Utilizing the Best Expertise in the Renovations Industry

By teaming up with the industry's leading renovations company in 2018, we have expanded our business and we are making proposals that make use of our expertise in Kaden Sumairu Kan stores across the country. As well as kitchen and bathroom plumbing, staff also received training on all-electric homes.

Our guiding thoughts when doing renovations is that, once the job is done, the customer has a feeling of "I'm glad we went with Yamada Denki". That's why, as well as providing the best proposals, employees qualified as architects place emphasis on economical aspects, such as post-job comfort and the cost of utilities, etc. creating suitable plans for large-scale renovations, including extensions. We have also introduced computer graphics which allow customers to experience what the completed job will look like and simulations which outline the anticipated utility expenses.

To ensure that the Kaden Sumairu Kan is widely recognized as the place to go to change one's living space, we aim to be the best renovations business in Japan in terms of sales and our employees' dedication. All employees will work together to create a more satisfying living space integrated with home appliances and furniture.

Renovations



Junichi Nishino

Senior Associate Executive Officer,
Sales and Marketing Division
General Manager, Renovations
Business Division,
Head of Renovations Sales Office

Developing Human Resource to Carve out Yamada Denki's Future

As a leading company in the home appliance mass merchandiser industry, Yamada Denki has always advocated a hands-on approach. Yamada Denki's human resources development is discussed among 5 people made up of four customer service professionals who lead the way on the sales floors around the country and the General Manager of the Human Resources and General Affairs Division.



Building an Education System which Aims for a Customer Service based on Recommendations

— What challenges are involved with energizing the sales floor and developing human resources?

Tanoue: My customer service starting point begins with the time when I was a Yamada Denki customer and was served by an experienced salesperson in the audio section. After debating for some time which product to buy I was impressed with the customer service I received and went home very happy with my purchase. It is this kind of customer service that now guides me as a Yamada Denki employee. The current market is in competition with online sales at the moment so customer service tends only to boil down to price. It's important that customers can shop with a good feeling for them to be a real supporter of in-store shopping. Sometimes we just need to go back to the customer service basics of smiles and greetings

Takeda: Although the number of customers coming to shop in-store seems to have dropped because of online sales, I feel that we are actually spending more time with the customer. In particular, many elderly customers come to the store just to talk and it's possible for us to make suggestions on how to have a more comfortable lifestyle during these conversations. I sometimes feel like we need

to keep up-to-date with world news to always provide a flexible customer service.

Yamasaki: There are all sorts of people on the sales floor, from managerial to part-time workers, but regardless of their title or position, some people are just not that good with customers. So it's important to raise the level of customer service in order to increase sales in-store. I think we need to educate employees on specific things required on the sales floor, such as coming up with gimmicks for sales promotions and how to set prices, etc.

Kon: In recent years it's been more and more difficult to find new employees who stay on. Because of the lack of salespeople, it's difficult to give enough training to employees and we end up relying on each employee's own abilities. Sometimes I have too much work on myself to help others so I feel the need for an efficient and



systematic training program.

Kogure: Since taking on the role of Head of Human Resources Development Office a year ago, we have been working on improving the development of our human resources. Yamada Denki is a company that has strengths in its hands-on approach but the reality is that on the job training is difficult as labor shortages become apparent. To address this issue, we will create a high-quality customer service guide for all salespeople on the sales floor, with the aim of a customer service based on recommendations, and plan to roll this out during training in all stores in the future. As we also give support in the form of improved training frameworks, such as by aiming to raise overall awareness through customer service contests, we will make steady strides forward on every sales floor.

Perfecting the Hands-on Approach

— What are you specifically working on right now?

Yamasaki: Well, there is a big difference in price between high-performance and popular air conditioners, but there is also a difference in their energy saving performance. In the long run, there are cases where it's better to choose a high-performance machine. To make these kinds of recommendations naturally at the point of sale is where the salesperson's skill comes in, and is also for the benefit of our customers. We are aiming to improve levels of customer service by using good examples of this kind of selling in other sales areas.

Kon: Where I work many of the customers are older people and they don't want to know about all the product's functions in detail. Basically, while the customer is trying the product out for themselves, I focus on answering 100% of their questions without giving an overly detailed explanation. As a result, in most cases my service to the customer is finished just by talking with the customer, and if they enjoy that then they'll come back again.

Tanoue: A key role of the salesperson is to recommend additional products when the customer purchases something, so when a customer buys an additional product, that makes me want to give even better recommendations. By making sales on recommendations tailored to the customer I hope to create a win-win situation between the buyer and seller.



Takeda: In the long run, it's important to increase the number of loyal customers rather than selling them cheap products to increase sales. If you have gained the customer's trust you naturally want to be of help and customers are more likely to buy products if they are products that you recommend. I think to show younger colleagues my sincerity to the customer is my hands-on approach.

Gaining Insights from the Store to Make Reforms

— Please tell us your goals for the future?

Kon: When it comes to customer service, my motto is diligence and fun. I'd like to focus on this more in the future and strive to share my skills with my colleagues.

Yamasaki: What has been gained from each store is very useful. As with this discussion, I think it would be good to increase the opportunities for exchanging different opinions from other stores.

Takeda: Nowadays, young employees say that they want to have a level of customer service like me so female employees are also becoming more appreciated. I'll continue to improve my customer service skills by gaining deeper and broader product knowledge so that I can continue to be a good example for my junior colleagues.

Tanoue: I'm glad I could share with you all what I felt were only my own concerns. I'd like to take what I gained today back to the workplace to help improve future sales.

Kogure: I'd like to use the valuable opinions from every one of you in the workplace for the benefit of developing our human resources. There are many challenges, such as improving the store manager's managerial skills, the appointment of female managers, a qualification system suited to the current day, and a system for taking in opinions from the workplace, but I believe we will solve all of these one by one.



Megumi Kogure

Director and Senior Executive Officer,
General Manager of the Human
Resources and General Affairs Division



Masaki Kon

Tecc Land New Kitami Store
Super Advisor



Yushi Yamasaki

Tecc Land The Mall Shunan Store
Super Advisor



Noriko Takeda

Tecc Land Kokura Main Store
Super Advisor



Masafumi Tanoue

Tecc Land Kagoshima-Kita Store
Super Advisor

Yamada Denki's CSR

Based on its CSR philosophy and ESG approach, the Yamada Denki Group, as a leading company in the home appliance mass merchandiser industry, is constantly working on realizing a sustainable society while keeping abreast of social changes such as the environment, the declining birth rate and aging population.

Management Philosophy and Approach to ESG

The Yamada Denki Group declares Creation and Challenge as its management philosophy, and is engaged in various businesses and initiatives for the growth and development of society and companies. With the aim of being a corporate Group that continues to grow with society, the Group is promoting CSR activities based on Appreciation and Trust with respect to its stakeholders.

Furthermore, in order for the Yamada Denki Group to continue to be a company that contributes to solving social issues and improving corporate value, the Group recognizes that consideration to the environment, social and governance (ESG) is essential. By actively working within and outside the Group companies, the Group will contribute to the realization of a sustainable society.

CSR Code of Ethics and Code of Conduct

Yamada Denki promotes CSR activities based on its CSR Code of Ethics and Code of Conduct.

1. Building Trust

- (1) To be a trusted company by duly honoring promises to customers and agreements with business partners, no matter the size or insignificance.
- (2) To recognize our social responsibility and properly manage information in order to create trust so that customers can shop with confidence.
- (3) To release proper and transparent financial reports in accordance with the Financial Instruments and Exchange Act (also known as the J-SOX law).
- (4) To retain stakeholders' confidence by disclosing corporate information in a timely and appropriate manner.
- (5) To strive for sound and appropriate management through all of our operations to establish an unflinching trust from society.

2. Ensuring a Customer First Approach

To strive to provide products and services that best fit the needs of its customers with a wealth of product knowledge and courteous customer service in mind to ensure support and satisfaction for its customers based on an approach of the customer always comes first.

3. Complying with Laws, Regulations and Social Customs

To conduct corporate activities in a fair and conscientious manner in compliance with all laws, rules and regulations

4. Fair Trading

To always trade fairly and not simply in the interests of Company profit when dealing with business partners. To strive to adopt a decent and considerate attitude to increase its understanding so that any misunderstandings may be prevented when dealing with customers.

5. Respect for Human Rights

To create a corporate culture where each other's personality and individuality is respected and which is free from sexual harassment and bullying.

6. Protecting the Environment

To actively engage in environmental programs for saving energy, recycling and other goals while recognizing that environmental challenges are a serious issue common to all humanity which should be addressed as a matter of urgency.

7. Contributing to Local Communities

To co-exist with the people of the region to contribute to the culture of local communities because Yamada Denki is aware that stores exist within community and rely on the appreciation and support of the local community for their survival.

CSR Promotion System

The Yamada Denki Group has set up a CSR Committee, chaired by the Head of CSR Promotion Office, in order to promote CSR activities. In addition, the Compliance Committee, the Work Environment Improvement Subcommittee, the CS Improvement Subcommittee, and the Environment Related Subcommittee are held weekly

to discuss the content of individual activities and confirm targets for future activities. Details of these committee meetings are reported to executive officers once a month. The Group CSR Meeting is also held 11 times a year to report on the content of each Group company's activities and share information.

Contributions Towards SDGs



In September 2015, the United Nations Sustainable Development Summit declared the Sustainable Development Goals (SDGs) consisting of 17 goals and 169 targets for UN member states to achieve by 2030. Not only national governments but also private companies are expected to actively participate towards achieving these goals.

The Yamada Denki Group is actively working to contribute to achieving the SDGs in the fields of the economy, society, the environment, human rights and governance, through its business activities.

Engagement with Stakeholders

The Yamada Denki Group believes that the essence of CSR is to build a relationship of mutual appreciation and trust with all its various stakeholders, including customers, shareholders and investors, suppliers, business partners, employees and local communities. The Group shall continue to deepen its ties with its stakeholders over the long term by fulfilling its responsibilities in response to the expectations and demands from all the different stakeholders.



Shareholders and Investors

The Yamada Denki Group aims to maintain sustainable growth and increase corporate value in order to meet the trust and expectations of its shareholders. The Group also makes efforts to ensure active communication by disclosing information in an appropriate, timely and fair manner.

Customers

The Yamada Denki Group is pursuing management based on its customer first approach. The Group strives to continuously improve services, including employee training, in order to gain customer feedback and to ensure customer satisfaction throughout the organization.

Employees

The Yamada Denki Group believes that people are the most important element of its management. As such the Group provides a system that enables employees to feel satisfied in their work and promotes fair and proper performance appraisals. At the same time, the Group is working to develop employee skills and improve the working environment.

Suppliers and Business Partners

The Yamada Denki Group strives to maintain sound and transparent relationships with manufacturers and business partners, and aims for coexistence and co-prosperity based on the establishment of a long-term trust relationship.

Local Communities

The Yamada Denki Group has a close relationship with everyone in the community through its nationwide store network, and it can say that the local community is the very foundation of the Group. As a good corporate citizen, the Yamada Denki Group strives to live in harmony with the local community and deepen its relationship of trust.

Government and Administrative Authorities

The Yamada Denki Group maintains appropriate relationships with the government, relevant ministries and agencies, and local government, to facilitate the running of its business.



Environmental Conservation

The Yamada Denki Group believes that harmony with the global environment is the basis of sustainable social and economic development. The Group is therefore actively engaging in efforts to protect the environment through its core business, trying to reduce the environmental impact from its business operations.

Environmental Management

In August 2010, Yamada Denki formulated its Environmental Policy which sets out the Company's basic stance towards its environmental activities. The Company has been working on environmental activities using this Environmental Policy and ISO 14001 certification as its specific code of conduct.

Yamada Denki's Environmental Policy (established August 2010)

(Code of Conduct)

1. We shall comply with environmental laws and regulations and promote business activities aimed at global environmental protection and reducing our environmental impact based on our own social responsibility.
2. We shall monitor the environmental impact through all our business activities and endeavor to make continuous improvements and prevent pollution to reduce the environmental impact from our business activities.
3. We shall promote services and the sale of products through our core businesses that contribute to society-wide efforts to protect the global environment.
4. We shall make it possible for each and every person to act responsibly and on their own initiative through learning about environmental issues.
5. We shall promote activities to protect the global environment and actively disclose information while working closely with our customers and local communities.

● Material Flow (Non-consolidated)

Energy	
Electricity	501,939 thousand kWh
Gasoline	597.6 kℓ
Kerosene	50.6 kℓ
Light Oil	18.1 kℓ
LNG (Propane)	30 thousand m ³
City Gas	3,510 thousand m ³
Cold Water	20,440 GJ
Hot Water	1,195 GJ



CO ₂ Emissions	
276 thousand t-CO ₂	
Waste Emissions	
Industrial Waste	15,982 t
Non-Industrial Waste	21,034 t

ISO 14001 Certification

In January 2011, Yamada Denki obtained environmental management system ISO 14001 certification for its headquarters in Takasaki City. Furthermore, in order to reduce the environmental impact from its operational activities, the Group has been working on initiatives to save energy and resources at its stores such as with the introduction of renewable energy. In 2017, the Company obtained ISO14001:2015 certification.



ISO14001:2015
本社機能認証取得

Major Initiatives in Fiscal 2019

Yamada Denki places great importance on environmental consideration in its business activities and provides sales and services of products with energy saving and good environmental performance, and also promotes the reuse and recycling of products. As part of our efforts to reduce the environmental impact from its businesses, the Company has been continuing to promote the Smart House Business and the reuse and recycling of home appliances and computers achieved through collaboration with its Group companies (CIC, Azuma Metal, and INVERSENET). In stores as well, the Company is promoting measures to reduce its environmental impact based on quantitative goal setting and management in accordance with the ISO 14001 certification obtained for its headquarters in Takasaki City. The progress of which is reported at the weekly meeting of the Environmental Measures Subcommittee with the latest information published monthly on our website.



Major Initiatives, Targets and Results for Fiscal 2019

Major Initiatives		Fiscal 2019 Goals	Fiscal 2019 Results
Reduction of environmental impact through core business	Reuse of home appliances (TVs, refrigerators, washing machines and dryers)	113,000 units	95,760 units
	Reuse of computers	336,900 units	352,047 units
	CO ₂ reduction:	29,792 t	CO ₂ reduction: 31,347 t
	CO ₂ reduction through the recycling and sale of used ink cartridges	1,000,000 cartridges	930,329 cartridges
Reduction of environmental impact through business activities	CO ₂ reduction:	75.7 t	CO ₂ reduction: 70.4 t
	CO ₂ reduction at stores with demand controllers* ¹	Less than 96.2% compared to FY2018	CO ₂ reduction: 1,682 t
	CO ₂ reduction:	6,779 t	
	Amount of green power used (at headquarters)* ¹	Less than 95.5 % compared to FY2018	CO ₂ reduction: 5,420 t
	CO ₂ reduction:	5,187 t	
	Amount of green power used (excluding headquarters)* ¹ 78 stores	Less than 97.2 % compared to FY2018	CO ₂ reduction: 968 t
	CO ₂ reduction:	987 t	
	CO ₂ reduction from solar power (Takasaki, Senri)* ²	CO ₂ reduction: 6.186 t	CO ₂ reduction: 5.692 t
	Contribution to CO ₂ reduction from rooftop solar power (203 stores)	Power generated: 46,383,452 kWh	Power generated: 46,508,336 kWh
	CO ₂ reduction from improved efficiency in distribution	—	87.4 t-CO ₂

*1 CO₂ emission coefficient: 0.55kg-CO₂/kWh

*2 Calculated using the coefficient of 314.5 g-CO₂/kWh based on estimated annual power generation in a typical area

Reduction of Environmental Impact through Core Business

The Yamada Denki Group is supporting the promotion of energy conservation, creation and storage at home through the sale of energy-efficient home appliances and solar power systems and is working to reduce the environmental impact of its customers and society as a whole by building a system to reuse and recycle used home appliances.

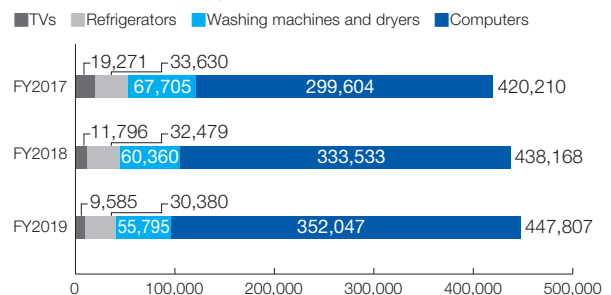
Reuse of Home Appliances and Computers

The Yamada Denki Group began a home appliance reuse business from fiscal 2002 and a computer reuse and recycling business from fiscal 2008. In fiscal 2019, the Group handled around 96,000 home appliances (TVs, refrigerators, washing machines and dryers) and around 350,000 computers in the reuse business.

In order to ensure that customers can purchase reused home appliances with confidence, the Group has established a system of recycling and reselling products together with its Group company CIC. With a thorough clean and check to ensure products work properly, the Group offers a service that gives its customers peace of mind and a warranty of up to 24 months from the day the product is purchased.

The Group also provides personal computer reuse and recycling services in cooperation with another Group company INVERSENET.

Number of Home Appliances Reused



Recycling of Ink Cartridges and Mobile Phones

The Yamada Denki Group donates 10 yen for every used ink cartridge deposited at one of its reusable ink cartridge collection boxes in each of its stores. In fiscal 2019, the Group collected around 930,000 cartridges and donated 6,233,180 yen to the Foundation for Orphans from Automobile Accidents. Going forward, the Group will continue to promote a circular economy through the collection of used ink cartridges.

The Group also collects used mobile phones in cooperation with one of its Group companies INVERSENET and work to extract the rare metals for reuse.

Number of Collected Ink Cartridges and Mobile Phones

	FY2017	FY 2018	FY 2019
Ink cartridges	970,275	981,993	930,329
Mobile phones	4,520	4,546	5,491

Environmental Conservation

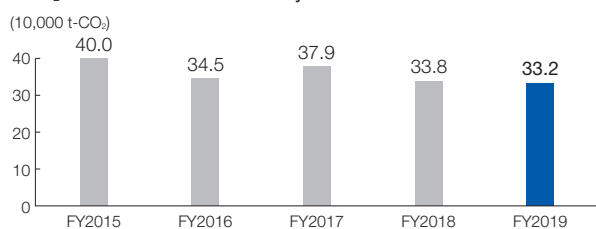
Reduction of Environmental Impact from Business Activities

Yamada Denki has been promoting activities aimed at reducing CO₂ emissions and the environmental impact from its stores and distribution.

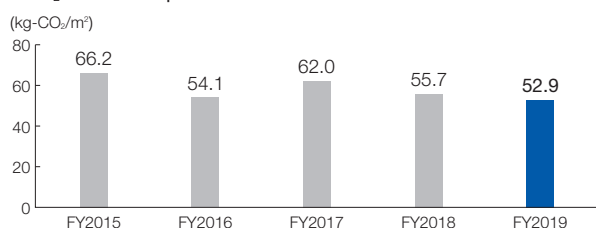
CO₂ Emissions from Electricity Use

The Yamada Denki Group is continually working to reduce CO₂ emissions associated with its business activities.

• CO₂ Emissions from Electricity Use*



• CO₂ Emissions per Floor Area*



*1 CO₂ emission coefficient: 0.55kg-CO₂/kWh

*2 Scope of data collected: Yamada Denki, 13 domestic consolidated subsidiaries and 10 non-consolidated subsidiaries, 24 in total

Promotion of Energy Conservation at Stores

▶ CO₂ Emission Reduction through the Introduction of Demand Controllers

In order to save energy in each store, demand controllers have been installed to compare CO₂ emissions at respective stores to analyze the amount of electricity used per hour and per equipment. As of March 31, 2019, demand controllers have been installed in a total of 382 stores.

▶ Shift to LED Lighting

Since the latter half of fiscal 2014, Yamada Denki has been gradually installing LED lighting in its stores. 474 stores are using LED lighting as of March 31, 2019, contributing to energy conservation.



CO₂ Emission Reduction through Environmental Education

Yamada Denki has incorporated environment-related matters into its qualifications system and has been encouraging employees to gain qualifications as certified home appliance advisors and Smart Masters, with the aim of raising their awareness about limiting the impact on the environment.

Introduction of Renewable Energy to Stores

▶ Continuous Use of Green Power

Yamada Denki has been using green power since fiscal 2009. 79 stores in fiscal 2019 used a total of 11,166,731 kWh of green power. The headquarters in Takasaki City uses green power for 100% of its power consumption.

These contributions to promoting the spread of green power have been valued and as such Yamada Denki has been selected as an Excellent Partner of the Green Energy Partnership.

▶ Solar Power Installations

The Yamada Denki Group has been using the rooftops of its stores to install solar power systems. As of the end of March 2019, solar panels were installed at 203 stores generating a total of 46,508,000 kWh in fiscal 2019.



Logistics Initiatives

In order to promote environmental efforts in its distribution, Yamada Denki has requested its outsourcing and partner companies to turn off their idling engines while out delivering products.

Over 98% of drivers have complied with this initiative in fiscal 2019 maintaining a high level since the initiative began in 2010.

Reducing Waste

In accordance with relevant laws, the Yamada Denki Group properly disposes of waste material from its stores as well as discarded home appliances from customers not covered by the Home Appliance Recycling Act.

In fiscal 2019, the Group worked to ensure proper waste disposal in accordance with the law.

• Amount of Industrial Waste Disposed

	FY2017	FY2018	FY2019
Amount of disposed industrial waste (t)	26,189	24,879	18,162
Number of stores involved*1	678	686	698

• Amount of Non-Industrial Waste Disposed

	FY2017	FY2018	FY2019
Amount of disposed non-industrial waste (t)*2	31,225	29,445	24,233
Number of stores involved*1	678	686	698

*1 Yamada Denki, Okinawa Yamada Denki, Kyushu Tecc Land

*2 Non-recyclable waste

Household Energy Conservation Partnership Agreement with Tokyo

Yamada Denki signed a partnership agreement with the Tokyo Metropolitan Government to further promote energy conservation in the home. As a first concrete step under this agreement, the Company cooperated on a campaign from March to December 2018 to promote an energy conservation movement among households through a shift to LED bulbs. The Company has replaced two or more light bulbs and one LED bulb at 40 stores in Tokyo, and provided a total of 32,247 LED bulbs to homes.

Through working on the Tokyo household energy conservation project, the Company has been able to promote a sense of limiting its impact on the environment by saving energy at home, and has contributed to more environmentally friendly efforts than ever.

Group Company Initiatives

Housetec Inc.

Housetec is a comprehensive manufacturer of high-quality kitchens, bathrooms, gas water heaters, and septic tanks, etc.

Spread of Energy-Saving Products based on Environmentally Friendly Product Assessment System

Housetec conducts an environmentally friendly product assessment at each stage of the product life-cycle to reduce the impact products have on the environment. Products are certified as environmentally friendly if they meet certain criteria based on such evaluation points as reduced weight of components and use of recycled materials, etc. Housetec continues to develop products with less environmental impact and bolsters its manufacturing in consideration of the environment.

Reduction of CO₂ Emissions

In consideration of the emission reduction goals set out in the Kyoto Protocol, Housetec established its goal of reducing its CO₂ emission intensity* to 68% by the end of fiscal 2020 and has been promoting the reduction of CO₂ emissions through energy conservation at its manufacturing sites.

In fiscal 2019, Housetec achieved a 53% reduction, almost reaching its target of 54%. Housetec will continue to further reduce CO₂ emissions and, with the help of its customers, work to prevent global warming from the perspective of not just its manufacturing facilities but the entire product life cycle too.

* CO₂ emission intensity = CO₂ emissions / sales (compared to fiscal 1991 level)

TES Co., Ltd.

TES provides home and business air conditioning installations, electrical work, home appliance repairs (at home), as well as air conditioning and house cleaning services.

Initiatives to Reduce Environmental Impact

TES is working towards a paperless office environment, and is working to reduce its impact on the environment by reducing the amount of waste it generates. The company has developed and introduced an at home repair management system, and is steadily reducing the amount of fax paper etc. it uses. Similarly, the company has begun developing its own system for work which supports everyday life. Furthermore, the company uses low fuel consumption and low emission company vehicles.



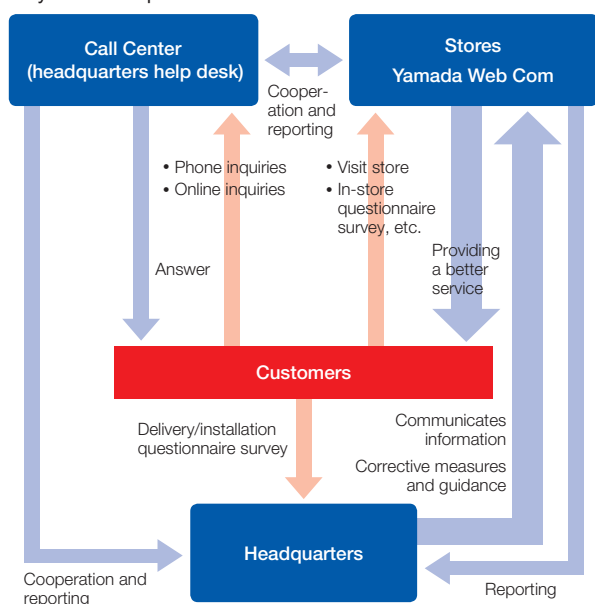
Together with Customers

Always placing the utmost importance on our Customer First approach to business, Yamada Denki endeavors to provide customers with a totally satisfying service from start to finish, not just with our in-store customer service but right up to the point when customers use their products bought from us.

Efforts to Improve Customer Satisfaction

Yamada Denki strives to ensure a wide range of goods, a kind and courteous customer service, all at reasonable prices. The Company believes it is essential not only to improve levels of customer satisfaction at stores but also right up to and beyond the time customers start using our products, including after-sales services too such as product delivery, installation, repair, and support services. Furthermore, the Company takes on board opinions and ideas from the sales floor and listens to customer feedback to improve its service for the better.

• System to Improve Customer Satisfaction



- Follow-up on advice given to stores
- Examine and expand measures to prevent problems occurring again
- Sharing of information and situations within the Company
- Incorporate info into training and manuals, etc.

System to Utilize Store and Customer Feedback for Improvement

Feedback from Stores

In order to increase levels of customer satisfaction across the whole of Yamada Denki, feedback is collected from the sales floors through visits by headquarters office staff and by way of an improvement proposal system. In this way, the Yamada Denki Group is making efforts for continual improvement through its reporting back to headquarters and incorporating feedback into training and manuals.

Customer Help Desk

The Yamada Denki Group has set up a range of call centers to fully maximize customer feedback and receives many opinions from customers. From January 2019, the help desk was moved to the headquarters and a system is being created to respond quickly to important inquiries. Regular meetings are held from once a week to once a month with reports on the drafting of specific improvement plans, and the status of implementation and improvement efforts being reported to executive officers.

Tablet POS

Yamada Denki has started to use a highly flexible tablet POS system for increasing customer convenience. Every salesperson has the POS capability on their device making it possible to offer even better recommendations in line with its customers' wide ranging needs. Before the introduction of this system, it took time to follow necessary procedures and check inventories on the computer. This system however, has reduced customer waiting times and facilitated the flow of customer services through to payment.

Yamada Denki will continue to strengthen its customer service and sales support and improve work efficiencies while integrating in-store and online sales.



Education and Training System

Education and Training for Improved Sales Ability

In order to improve sales and service skills, practical training is provided with a focus on OJT (on-the-job training), as well as systematic training through group training and e-learning. In order to also further improve



the quality and accuracy of services, the Yamada Denki Group conducts customer questionnaire surveys in stores and on deliveries and after-service using the information gathered for training purposes.

● Tiered Sales Training Scheme

Types of Training	Topics
Internal OJT	OJT from senior colleagues
	Next-generation leader education
	On-site training from area manager and headquarters trainer
External qualification training	Follow-up training for home appliance advisors and Smart Master qualifications
	Study sessions and previews with suppliers
	Training for Meister qualification
Self-study tools	Self development contents for mobile/computer learning

▶ Encouraging Home Appliance Advisor and Smart Master Qualifications

When customers purchase home appliances, employees need to have the relevant expertise in order to provide appropriate advice on such things as how the product works, what it can do, when to use it, where to install it, and other preferences. The Yamada Denki Group is focusing on encouraging employees to get externally qualified as home appliance product advisors or as Smart Masters.

As well as a 60 lesson (a 25-minute lesson) e-learning program to be taken during work hours, the Group has also established the Yamada Comprehensive Learning Site, which can be accessed any time from personal devices. The number of qualified employees is steadily increasing thanks to a number of measures including practical training sessions with experts from the manufacturing companies.

● Number of Qualified Employees*

Qualification	FY2017	FY 2018	FY 2019
General Home Appliance Advisor	2,999	3,379	3,733
Home Appliance Advisor (audio visual)	1,474	1,832	2,069
Home Appliance Advisor (domestic appliances)	1,094	1,584	1,870
Smart Master	81	441	758
Total	5,648	7,236	8,430

*Total number within the Yamada Denki Group

▶ Area Manager Training

From May 2018, area managers have come together at headquarters once a week to check and assess whether training on certain evaluation points is being carried out to strengthen the training programs in the workplace. These training meetings have also been used as a good opportunity for area managers to communicate with one another. Onsite training is carried out by 61 area managers with training given about once every 3 months to those stores where sales expected to be improved.

Education and Training for Improved Delivery and Installation

▶ Training to Certify CS Managers

In order to standardize efforts to improve CS (customer satisfaction) in product delivery and installation, Yamada Denki requests its partner companies to train as Yamada Denki certified CS Managers. This is to certify the person in charge at the respective companies with guidance on the standards that Yamada Denki expects with respect to customer satisfaction, manners, how they operate, product delivery and installation. Training sessions consist of educational training, group discussions and a written test. Under this system, Yamada Denki certifies the people in charge at partner companies with the aim of maintaining their CS levels to the same level as the employees of Yamada Denki.

● Training Sessions Held in Fiscal 2019

Types of Training	Number of Participants
Training to Certify New CS Managers	123
Refresher Training for CS Managers	462

▶ New Recruit Training on Home Appliance Delivery and Installation

Yamada Denki launched a new recruit training program from fiscal 2020 to enable new employees to carry out installation work for home appliances such as air conditioners, etc. This program has been set up to develop employees who are able to sell and deliver products so as to respond to the heavy demands delivery staff face especially at peak times during the summer, over the New Year period, and at the end of the business year. In the future, the Company plans to roll out programs where employees can gain more advanced qualifications, including that of electrician.

Together with Customers

Annual Awards Based on Customer Questionnaire Survey

The Yamada Denki Group conducts a customer questionnaire survey on employees in charge of delivery and installation. Every year, those highly evaluated by customers are given one of four awards; the grand prix, excellence award, prime award, or incentive award. The results are compiled at the end of March with the awards ceremony being held in June. In fiscal 2019, the ninth awards ceremony was held and a total of 346 employees received awards, including 2 for the grand prix, 11 for the excellence award, 323 for the prime award, and 10 for the incentive award. In the future, the Group shall work to improve customer satisfaction by helping to improve employee motivation and sharing information.

TOPIC

Letter of Appreciation from the Association for Electric Home Appliances for Actively Promoting Smart Master

The Smart Master qualification is a certification of expertise on smart houses, which minimize energy consumption through IoT and AI technology, energy saving devices, and fuel cells. At the Smart Master Ceremony in May 2018 sponsored by the Association for Electric Home Appliances, a letter of appreciation for actively promoting of the Smart Master qualification was presented to Yamada Denki and one of the Group companies, Yamada SxL Home (now Yamada Homes). As a leading company in the industry, Yamada Denki Group employees are required to have a wide range of knowledge beyond home appliances including housing, renewable energy, and the latest ICT. In order to further contribute to the rise of the highly anticipated smart houses, the Group will make efforts to foster employees and continue to encourage them to gain qualifications as Smart Master.



Group Company Initiatives

Yamada Homes Co., Ltd.

Yamada Homes offers high quality homes to more customers through its smart house, renovations and real estate businesses.

10 Year Housing Guarantee

Yamada Homes offers a 10-year extended guarantee for its customers of new build homes. This extended 10-year guarantee valid from the date of moving into the new home goes beyond the manufacturer's usual guarantee period of 1 to 2 years, and applies to housing products including built-in kitchens and bathrooms, lavatory and wash basin units, toilets, water heaters, and air conditioners, etc. Repair and replacement costs (parts, work and travel, etc) for any defective housing products are free of charge. The company also handles water, glass and key problems with our 24/7 emergency call-out service. With the concept of "We will be there for customers in time of need" and in turn its longer than standard extended guarantee has been well received by customers.

*Terms and conditions apply to this service and warranty

Best Denki Co., Ltd.

Best Denki develops a wide range of services, including a home improvement business, an overseas business, franchise business, and staffing services, based around its retail and after-sales service business for home appliances.

Universal Manners Test

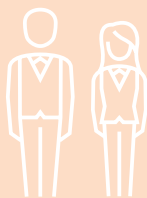
In order to further improve customer satisfaction, Best Denki is working to enhance training to improve the skills of its employees. Throughout the year in fiscal 2019 the company promoted the first initiative in the home appliance mass merchandiser industry to support all employees, including temporary and part-time workers, to pass the Universal Manners Test. Over 150 people have already passed the test where they learn from instructors how to fundamentally talk to the elderly and people with disabilities and learn communication skills with a range of customer perspectives in mind.

Best Denki is also working to improve customer satisfaction through a wide range of training programs,



including management-related training for executives and other personnel, as well as home improvement and product training aimed at specialist development.

Training for the Universal Manners Test



Social

Together with Employees

The Yamada Denki Group promotes the creation of a work environment where everyone is motivated to work and where each and every employee can demonstrate their diverse personalities.

Human Resource Management

Human Resource Policy

The Yamada Denki Group believes that the most important thing in management is people. Because of this, the Group is constantly working to improve the system that enables employees to feel satisfied in their work. As well as developing human resources and developing skills and improving the working environment, the Group strives to create a corporate culture in which each person's personality and individuality can be harnessed regardless of gender, age, or physical differences.

Securing, Training and Appraising Human Resource

Recruiting New Graduates

In April 2019, Yamada Denki recruited 148 new graduate students and worked to re-energize the organization. The Yamada Denki Group is recruiting and training young, new talent with the ability to cope with the introduction of new types of stores such as the Kaden Sumairu Kan. In the future, the Company will continue to hire human resources with specialized knowledge, including talent for new businesses and systems aimed at strengthening headquarters operations.



Employee Appointment System

Yamada Denki has established a system for the appointment of non-regular and contracted employees as full-time employees in cooperation with its internal qualification system. In fiscal 2019, 144 employees were appointed as full-time employees.

Human Resource Development

Yamada Denki regards its employees as an essential

management resource for the sustainable development of the Company and is working to enhance human resource development so that human resources with diverse experiences and values, regardless of gender, nationality, age, can demonstrate their abilities, grow and flourish.

Next-Generation Leader Education Program

In order to achieve sustainable corporate growth, Yamada Denki is continuing to implement the Next-Generation Leader Education Program, from the viewpoint that it is necessary to train young people regardless of gender. The Company places leaders at each store to educate the employees and work to achieve such results as improved employee productivity, improved customer/employee satisfaction, and female manager training. Also in May 2019, talented employees from each store came together at the headquarters where a customer service contest was held. After sharing experiences and expertise during the contest, including customer service ideas, how to recommend products, and current issues, etc. employees took back what they had learned to their workplace to help with future efforts, and videos of the contest winners were shared with all the stores.



Human Resources and Performance Appraisal System

As well as emphasizing a merit system not based on seniority, Yamada Denki has built a fair, impartial, and transparent performance appraisal system.

The Company introduced a fair and transparent performance appraisal system to improve the quality of customer service for employees and improve customer satisfaction through gaining wider product knowledge. The purpose is to raise awareness of the importance of improving customer satisfaction and personal development as well as to clarify the appraisal points and enhancing the appraisal's transparency, in addition to the individual performance and practical skill scores of the salespeople. Employees are appraised with the employee's job type, qualifications, CS (customer service), and improvement proposal evaluations being factored into the appraisal system (performance and business appraisal) twice a year. Approximately 100 different kinds of external qualifications are factored into the appraisal system.

Together with Employees

Annual Employee Commendation Program

Each year, Yamada Denki commends stores and corporate sales offices which have made large sales in relation to their size, and top sales individuals. In fiscal 2019, a total of 78 individuals and 24 stores and sales offices were recognized for their efforts.



Promoting Diversity

Basic Approach

The Yamada Denki Group is working to promote diversity in order to create a company where all employees can work comfortably and demonstrate their abilities to further enhance the Company's competitiveness.

●(Non-consolidated) Data on Employees (as of March 31 each fiscal year)

Type of Employee		FY 2017	FY 2018	FY 2019
Female employees (%)		13.4	12.9	13.2
Women in managerial positions (%)		2.2	2.6	3.1
Number of employees with disabilities		423	414	428
Employees with disabilities (%)		2.24	2.27	2.29
Number of retirees reemployed		25	34	34
Retirees reemployed (%)		86.2	89.5	82.9
Number of foreign employees	Men	69	59	69
	Women	47	38	65
	Total	116	97	134

Approach to Promoting Women in the Workplace

Yamada Denki recognizes the necessity of an environment in which women can play an active role so as to achieve sustainable corporate development. With the enactment of the Act of Promotion of Women's Participation and Advancement in the Workplace in April 2016, the Company is making steady progress in establishing and promoting an action plan to increase career opportunities for women.

●Action Plan

Duration

April 1, 2016 - March 31, 2021 (5 years)

Challenges for the Company

1. Low percentage of women in managerial positions
2. The percentage of women engaged in its main business of home appliance sales is slightly less compared to men, and the percentage of women aiming for managerial positions is also less than men

Target

To increase the percentage of women promoted to managerial positions to 15%, the same male to female employee ratio.

FY 2019 Initiatives and Timings

1. Work to improve awareness of equality for men and women in work roles and eliminate gender differences in the proportion of people engaged in home appliance customer service roles
 April - Compiled and quantified number of employees in each position for all stores by region
 May - Shared results with relevant divisions in the company and carried out reshuffle accordingly
 October - Recompiled data (thereafter continue to compile data once a year and share information)
2. Complete managerial candidate training and increase the number of female employees to be approved candidates
 April - Announced last year's approved candidates, shared gender ratio by region within the Company
 From October - Started current year candidate training
 April 2019 - Announced approved candidates (Continues as above hereafter)
3. Carry out career training for female managerial candidates
 From April - Carried out training for female managerial candidates in each area
 February 2019 - Conducted group training at headquarters for promoted and soon to be promoted employees (Continues as above hereafter)

The Company has been working to achieve a 15% target of women promoted to managerial positions, and in

fiscal 2019, 24 (11.8%) female managers were newly appointed. As the 2020 target is soon to be achieved, the Company will review the target and work to revise the plan as the number of female employees in managerial positions increases.

Candidates, including female employees, for managerial positions participated in manager training classes sponsored by Nikkei Business Publications, Inc., and learned about the skills required for managerial positions.

In addition, the first female director was appointed in fiscal 2019. The Company will continue to raise awareness of female managers.

► New Female Manager Training

Yamada Denki conducts education and training for female employees who are promoting to managerial positions. In February 2019, at headquarters the company conducted the training for promoted female managers at each store that how to create store environment and how to work as managers. We planned this training to improve their motivation and ability as managers.

Recruiting Foreign Employees

Yamada Denki has been working on recruiting foreign nationals to its stores in response to the increase in foreign tourists. The Company places importance on recruiting whatever the nationality without setting any particular criteria for recruitment and will continue to secure the most talented employees while diversifying its human resources within the Company.

Employing People with Disabilities

The stores and headquarters at Yamada Denki are accessible throughout for people with disabilities. The Company is therefore striving to create an environment where all employees with disabilities can work with peace of mind. The employment rate for people with disabilities in fiscal 2019 continues to meet the statutory employment rate.

Reemployment System for Retirees

Retirement age for full-time employees at Yamada Denki is 60 years-old but the Company has introduced a re-employment system that allows employees to work up to the age of 75. Senior employees with sophisticated skills and knowledge play an active role by using their careers and experience to lead other employees.

Creating a Good Working Environment

Promoting a Good Work-Life Balance

In order to achieve a workplace where employees feel comfortable, Yamada Denki believes it is important to provide a work environment that respects a good work-life balance.

By improving its childcare and nursing care support system, the Company has created a system that makes it easy for employees to coordinate work and life even during certain life events such as raising young children and looking after loved-ones.

●(Non-consolidated) Main Support Systems (as of April 2019)

Type	System	Description
Child-care	Childcare leave	May be taken up until child reaches 3 years old (until the age of 1 by law)
	Shorter working hours for childcare	May be taken up until child graduates from elementary school (until child enters elementary school by law)
	Maternity leave	8 weeks before delivery (14 weeks for multiple births), 8 weeks after delivery
	Time off for childcare	5 days leave may be taken for a child yet to enter elementary school (10 days for 2 children or more) in cases where time off is needed to look after a sick child, or for vaccinations or medical check-ups, up until the time child starts elementary school
Nursing care	Nursing care leave	Up to 184 days leave may be taken to care for a family member
	Time off for nursing care	5 days leave may be taken per year to care for a family member (10 days for 2 or more family members)
Other	Long break shift system	It is possible to leave work for a longer period of time than the set break time for personal reasons. The shift system may be used when the total number of hours worked before and after the long break is the same of more than the number of predetermined hours in the working day.
	Menstrual leave	When a female employee finds it too difficult to work on a menstruation day, they may request leave and receive normal pay
	Accumulation of expired annual paid leave	Up to 60 days of annual paid leave which has expired after a period of time may be accumulated. After annual paid leave has been used up any accumulated paid leave can be used by prior request for taking absence for illness or caring for a family member
	Hometown human resources	Employees who work in regular positions may be transferred to locations around the country. After working for a certain period of time at the new location transferred employees may return back to the original location
	Consecutive leave	One 3 day leave and one 4 day leave may be taken each year
	Special leave for female workers to receive health guidance or medical checkups in accordance with the Maternal and Child Health Act	Up to the 23rd week of pregnancy, one day of leave may be taken every 4 weeks; from the 24th to 35th week of pregnancy, one day of leave every 2 weeks; and from the 36th week until childbirth, one day every week may be taken

Together with Employees

• (Non-Consolidated) System Usage Data (Full-time employees only)

Type		FY 2017	FY 2018	FY 2019
Average years of service(years)	Men	11.8	12.8	13.3
	Women	8.9	10.1	10.0
	Total	11.4	12.5	12.8
Turnover rate (%)		4.1	4.1	5.0
Paid leave taken (%)	Total	19.6	22.0	26.5
Number of employees taking childcare leave	Men	3	5	10
	Women	83	89	95
	Total	86	94	105
Number of employees taking shorter hours for childcare	Men	2	1	1
	Women	68	85	89
	Total	70	86	90
Number of employees taking nursing care leave	Men	3	2	1
	Women	1	1	1
	Total	4	3	2

Introduction of Area Employee System

Yamada Denki has been implementing an area employee system from April 2017 so that employees with childbirth,

childcare or nursing care needs do not have to relocate. The system enables employees to choose a working style in line with their own life plan or family environment whether for childbirth, looking after children or elderly parents, etc. for a more stable way of life. Unlike general work positions where employees may be relocated anywhere across the country, employees remain at work within their local area with this system.

Introduction of Work Intervals

In 2019, Yamada Denki introduced a work interval system which ensures at least 10 hours of rest between the end and the start of the following work day with the aim of improving work efficiency and reducing the amount of overtime work. With the introduction of this system, the Company aims to reform the work-style while reducing overtime hours.

Corporate Defined Contribution Pension, CoDeCo

In October 2017, the Yamada Denki Group launched a corporate defined contribution pension system called the Yamada CoDeCo for the purpose of securing employees' retirement income and supporting voluntary efforts to stabilize their everyday lives. It is a system to save for the future, taking advantage of tax and investment benefits. Taxes and social insurance premiums are deducted from salaries but not from CoDeCo premiums, thereby having a tax-saving benefit. In terms of investment, fixed deposits



A Childcare Leave System which Employees can Use with Confidence

Hayato Takizawa

Section chief
TV Shopping Dept.,
Sales and Marketing Division

Three years ago, I took advantage of the childcare leave system when my wife was hospitalized because of schizophrenia after having our baby. I took about four months off work.

Despite this sudden change in circumstances and with very little handover I, as a middle manager, was able to take time off because of the help from my colleagues. My boss understood my situation and colleagues filled in for me. I'm very grateful I was able

to take time off without having to worry about it, even after coming back to work.

In my case, I had no choice but to take time off and I still think it was good to do this. I realized how difficult it is to look after children and deepened my understanding of taking time off work. The other day, one of my junior colleagues took childcare leave which I recommended him to do so. In recent years, there has been much talk of work-life balance and work-style reforms. The Company has been providing information on welfare programs and there have been less negative opinions regarding taking time off work.

However, there are still many people who do not know about the leave system and feel pained to take an extended period of time off work. We have a firm system in place which the Company fully supports so employees should feel comfortable taking time off work. I think that framework and sense of feeling are really important.

VOICE

are currently at around 0.01% interest per year, but CoDeCo users have an average return on investment of 2.44%, which is further tax-free.



Healthy Labor-Management Relations

76.8% of Yamada Denki contracted employees are members of the labor union. Labor-management meetings are held once a month to promote dialogue between labor and management. Information is shared between management and the union, solutions to issues on working conditions are discussed, and activities are reported on. In fiscal 2019, discussions were held what to do in times of disaster, stamping out harassment, the employment system, working conditions, and work-style reform, etc.

Internal Questionnaire Survey

Yamada Denki conducts in-house questionnaires every year at all of its stores for full-time employees, contracted employees, and part-time workers (except casual or short part-time workers, and temporary employees). The main questions are about employees' willingness to work, job satisfaction, the working environment, the training system, and CSR initiatives. In 2018, the questionnaire survey was carried out in June at 798 stores for 19,400 people. 92.3% of stores and 79.6% of participants responded to the questionnaires. The Company recorded the highest number yet seen for employees' willingness to work, and job satisfaction for women has improved.

Health and Safety at Work

Basic Approach

Based on the philosophy that maintaining and improving a healthy and safe work environment and promoting health for all employees forms the basis of the Company's survival, Yamada Denki works to ensure health and safety at work, creates a comfortable work environment,

facilitates job performance and improved productivity, and manages employee health.

Health and Safety Policy (extract)

1. To continue to have zero injuries in the workplace through good communication with employees.
2. To comply with relevant laws and regulations, and ensure employee safety based on internal regulations and standards.
3. To continue to implement guidance on preventing falls and slips down through store patrols.
4. To establish a responsible system for infrequent work and perform post-work checks.
5. To work to prevent mental health issues.
6. To carry out and improve awareness of training and other activities, and request development and cooperation from supporting companies.
7. To continue to promote qualification as health managers.

System to Promote Health and Safety at Work

Yamada Denki holds a Health and Safety Committee once a month at every store. A theme for the year is determined (based on important matters and matters for consultation) and activities and discussions take place around the theme each month with the results being submitted to the labor department at headquarters for administration.

The annual theme of the Health and Safety Committee in fiscal 2019 is Safety, Environment and Health Management, and activities are carried out at each store including creating near hit reports to prevent work-related accidents, in-store inspections (temperature, ventilation, illumination etc.), stress checks, and checking annual non-scheduled working hours, among other things.

Main Initiatives to Prevent Accidents at Work

Matters of priority have been determined and various measures taken to ensure no accidents occur in the workplace. In order to eliminate risks that lead to serious injury etc., Yamada Denki has been working to prevent recurrences by preparing near hit reports and examining individual cases. The Company also carries out disaster prevention drills at each store in the event of emergencies such as earthquakes or fire to ensure an initial response while securing the safety of its customers.

Together with Employees

Accidents at Work

There were no major accidents in fiscal 2019. In the event of an accident, the Health and Safety Committee, which meets once a month at each store, requires that a report which includes improvements be submitted. Yamada Denki will strive to improve levels of safety management throughout the Company.

Health Management and Mental Health

Yamada Denki provides awareness and guidance on health management and mental health so that employees can make the most of their abilities and engage in their jobs.

In terms of physical health, the Company carries out regular health checks for the purpose of preventing lifestyle-related diseases, and carries out specific health guidance based on the results.

With regard to mental health, the Company conducts stress checks based on laws and regulations, and works to reduce the risk of mental illness by raising awareness of employees' own levels of stress. The Company has also established a consultation desk (toll free number) in cooperation with a medical institution so that employees can talk to someone if they need to. Furthermore, in order to gain the right knowledge about mental health and how to handle any issues in case of emergency, managers and supervisors have received life-care training from occupational health physicians. In fiscal 2019, the Company held four TV study sessions to exchange ideas and opinions, and deepened understanding of health in general, including mental health.

• (Non-Consolidated) Stress Tests Taken (%)

FY 2017	FY 2018	FY 2019
93.4	92.7	91.2

Group Company Initiatives

CIC Inc.

CIC is engaged in the collection, transportation and processing of waste and the reuse business with the keyword of 'environment' in mind, and aims to be a recycling based society of the 21st century.

Efforts to Promote Employment for the Disabled

CIC is actively working to promote the employment of people with disabilities. The employment rate in fiscal 2019 was 2.47%, exceeding the statutory rate of 2.2%. Moreover, as a place of training which accepts people from vocational training schools and special needs schools, CIC trains people in the basic manners and rules required as members of society, as well as on health and safety. CIC continues to bolster the numbers of people it takes in and continues to promote the employment of people with disabilities.

Yamada Homes Co., Ltd.

Certified by Osaka City as a Leading Company in Efforts to Support Women

Osaka City, the birthplace of Yamada Homes, certifies companies in accordance with certain standards including creating an organization where motivated women can continue to be active, supporting a work-life balance, and supporting male employees in participating in parenting, household chores, and community activities, etc. By certifying companies as Leading Companies in Efforts to Support Women, these organizations as well as their initiatives are recognized by the public and help spread such initiatives more widely. Yamada Homes was certified as a two-star leading company (highest level) and as ikumen (fathers playing an active role in parenting) support company, in its efforts to support women in the workplace.

Yamada Homes has also been recognized for its pro-women activities for over 10 years with such things as product development using feedback from women, and encouraging male employees to take childcare leave. In 2017, Yamada Homes received the award of excellence from the Mayor of Osaka as a Leading Company in Efforts to Support Women. Yamada Homes was listed in the 2018 edition of the Osaka City Leading Company in Efforts to Support Women as a company which increases opportunities for fathers to take a more active role in parenting, household chores, and community activities.





Together with Business Partners

By maintaining sound and transparent trading relationships with business partners Yamada Denki aims to achieve co-existence and co-prosperity based on fair business practices.

Fair Trading

Basic Approach

Yamada Denki revised its Trading Policy for business partners in 2014 and is working on fair and impartial business transactions as a major pillar of its CSR-focused management. Yamada Denki deals with various business partners, including domestic major home appliance manufacturers and household product manufacturers, as well as wholesalers. Among these, home appliance manufacturers, in particular, have excellent expertise concerning CSR with a large number of companies making advanced efforts. By leveraging both parties' knowledge, Yamada Denki aims to build sound partnerships with business partners while mutually deepening understanding of each other's CSR activities and sharing information on corporate social responsibility.

Yamada Denki Trading Policy (extract) (Established in 2011, revised in 2014)

1. Compliance - To comply with all applicable laws, regulations and international rules
2. Respect for human rights - To respect the human rights and dignity of everyone involved in corporate activities and not to harass or engage in any inhumane activities
3. Labor and employment - To pay an appropriate wage for labor based on the minimum wage in accordance with local laws and regulations
4. Environmental protection - To strive to reduce the impact on the environment and prevent pollution while complying with environmental laws
5. Fair trading - To trade fairly and transparently, and compete freely and properly
6. Product safety - To strive to ensure and improve the quality and safety of products and manufactured products
7. Information handling - To give due consideration to the handling and management of information and prohibit any unauthorized use
8. Working with local communities - To maintain good relationships with and promote activities that contribute to local communities

Business Partner Questionnaire

These days, emphasis is placed on compliance throughout the whole value chain. The Yamada Denki Group promotes compliance with environmental, social and ethical laws and regulations based on the Yamada Denki CSR Code of Ethics. Products and services of the

Yamada Denki Group are provided to customers via a number of domestic and foreign corporations, however, the Group would like to provide environmentally, socially and ethically acceptable products and services which comply with all relevant laws and regulations at every step. The Yamada Denki Group therefore conducts a questionnaire survey once a year targeting major business partners (first level and second level) based on the Yamada Denki Trading Policy. The results from the responses are collated and analyzed, and hearings or requests for improvement are carried out if any companies are deemed to be high risk.

Business Partner Questionnaire Results of FY 2019

In fiscal 2019, the Yamada Denki Group conducted a questionnaire survey for major customers and SPA product manufacturers based on the eight points of the Trading Policy. 95.9% of those surveyed responded. In the future, the Group will communicate its Trading Policy to more business partners and at the same time expand the number of surveyed companies to fulfill its social responsibility with them.

•Number of Companies and Response Rate

Items	Main Business Partners	SPA Product Manufacturers	Total
Number of companies	48	25	73
Response rate (%)	93.8	100	95.9

•Questionnaire results

(1st Level Business Partners)

Over 90% of companies adhered to all Trading Policy points with a 100% adherence to labor and employment, product safety, and information handling, in particular. The future challenge is to further improve adherence to environmental protection and working with local communities.

(2nd Level Business Partners)

Overall average adherence was lower than that of first level business partners at less than 80%. Product safety and compliance were adhered to by a large proportion of companies however issues which need to be addressed in the future include environmental protection and working with local communities, the same challenges as for first level business partners. The Yamada Denki Group will strengthen its efforts throughout the Group, as well as with its first and second level business partners, to contribute to the environment and local communities.



Social

Together with Shareholders and Investors

Yamada Denki believes that its mission is to maintain sustainable growth to increase corporate value and contribute to society, endeavoring to make active communications by disclosing information to shareholders and investors in a timely and appropriate manner.

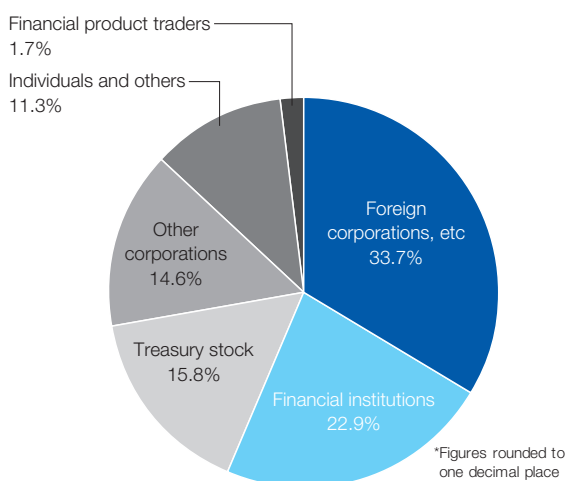
Timely and Appropriate Disclosure of Business and Financial Information

Yamada Denki discloses IR information, such as earnings data and press releases, as well as information on the development of new products or the commencement of new initiatives, on its website to shareholders, investors and other stakeholders, thereby endeavoring to deepen their understanding of Yamada Denki.

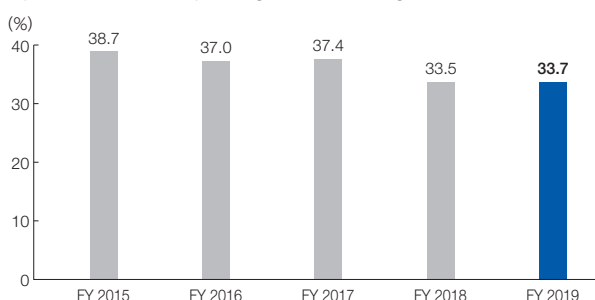
Communication with Shareholders and Investors

As the foreign shareholding ratio has remained on a par with previous years, Yamada Denki has a number of opportunities to explain its business performance and management policies from a global perspective. The Company holds meetings on business strategies and CSR activities with investors and analysts around 200 times annually within and outside Japan.

•Shareholding Ratio (as of March 2019)



•(Non-Consolidated) Foreign Shareholdings



General Meeting of Shareholders

Yamada Denki holds a regular general meeting of shareholders in June each year. Notices to call shareholders to the meeting are sent out early in an effort to allow all shareholders to fully discuss the items on the agenda. In response to questions from shareholders, Yamada Denki endeavors to provide easy-to-understand explanations so that shareholders may understand its initiatives undertaken.

IR Activities

For all of Yamada Denki's investors, in addition to the financial results briefing aimed at analysts and institutional investors, a briefing aimed at individual investors has been held for the past 16 years with Yamada Denki's business philosophy and policies, current performance and future business strategies explained directly from top management each year for further understanding.



Briefing for individual investors

•Details of IR Activities

Target audience	IR Activity
Domestic institutional investors and analysts	Quarterly briefings Financial results briefings Separate visits
Overseas institutional investors	Separate visits Conferences participation for overseas investors
Individual shareholders and investors	Briefings for individual investors

•Number of Meetings with Investors

Fiscal Year	Number of Meetings
FY 2017	194
FY 2018	192
FY 2019	221



• Briefings for Individual Investors

Date	Location	Number of Attendees
Sep 2016	Tokyo	297
Sep 2017	Tokyo	267
Sep 2018	Tokyo	300

Basic Policy on Distribution of Profits

Regarding the distribution of profits, Yamada Denki's primary policy is to pay dividends to shareholders in a stable and consistent manner

The Company believes it is essential to build up internal reserves in order to achieve stable growth through enhancing future corporate value and strengthening the management base, and also to increase and maintain market share in the industry, while improving capital efficiency to achieve sustainable growth into the future.

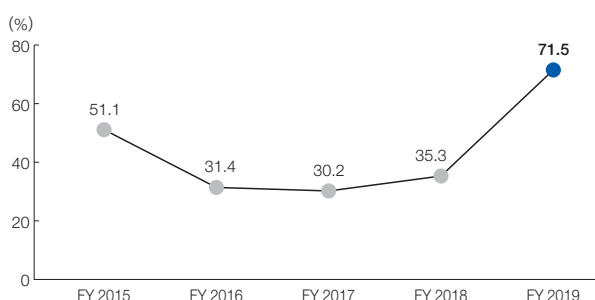
Yamada Denki aims for a consolidated dividend payout ratio of at least 30% and determine the dividend amount taking into account financial conditions and business performance for the fiscal year under review.

The Company will continue to aim for sustainable dividends based on stable profit growth.

• (Non-Consolidated) Dividend per Share



• (Consolidated) Payout Ratio



Economic Relationship with Key Stakeholders

The economic relationship with key stakeholders is as follows. For more details, please refer to the Summary of Financial Statements and Securities Report.

www.yamada-denki.jp/ir/

• Economic Relationship with Key Stakeholders (billion yen)

Stakeholder	Calculation Method	FY 2017	FY 2018	FY 2019
Shareholders	Dividend payments to shareholders	10.46	10.40	10.57
Employees and executives	Total of personnel costs and executive remuneration out of sales and general administrative expenses	153.91	156.99	157.72
Administrative authorities	Corporate income tax, resident tax, and business tax	20.97	12.10	14.34

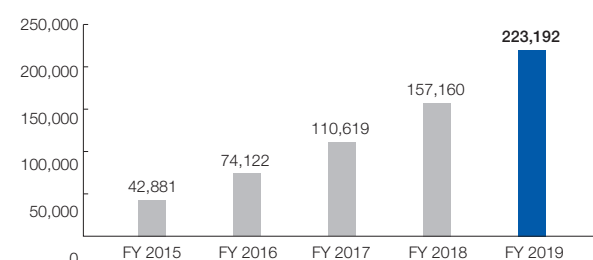
*Please refer to pages 42-43 for activities aimed at local communities

The Shareholder Special Benefit Plan

In appreciation of the support given to Yamada Denki by existing shareholders, the Company has established a shareholder special benefit plan with the aim of improving the appeal of investing in its shares and increasing long-term shareholders. The plan offers benefits depending on the number of shares and the length of time the shares are held for. Complimentary vouchers are provided twice a year to shareholders as of the end of March and the end of September.



• Number of Individuals Shareholders





Together with the Local Community

Retail companies are required to contribute to the growth of local communities through corporate activities deeply rooted therein, while obtaining people's understanding and support. As a member of the community, Yamada Denki continuously makes efforts to develop together with local people and communities to deepen the relationship of mutual trust.

Social contribution

Collecting Donations for Disaster Relief

In fiscal 2019, massive natural disasters occurred in various parts of Japan. Yamada Denki collected donations at Group stores and offices so that those affected could get back on their feet.

Donations were made to people affected by the season's 7th typhoon and the heavy rainfall that occurred extensively in western Japan in June, as well as to those affected by the season's 21st typhoon and the Hokkaido Eastern Iburi Earthquake, both occurring in September. A total of 4,714,912 yen was raised with the whole amount being donated to the Japanese Red Cross Society.

Yamada Denki deeply appreciates once again the warm support from everyone in the country, and prays for a quick recovery to those areas affected.

Donations

•For season's 7th typhoon and floods in western Japan

- Collection periods:
Donation I: July 10-22
Donation II: July 24 - Aug 5
Donation III: Aug 9 - Sep 2

• Total donations: 3,590,016 yen

•For some clean-up activities for the season's 21st typhoon, and the Hokkaido Eastern Iburi Earthquake

- Collection periods: Sep 7-30
- Total donations: 1,124,896 yen



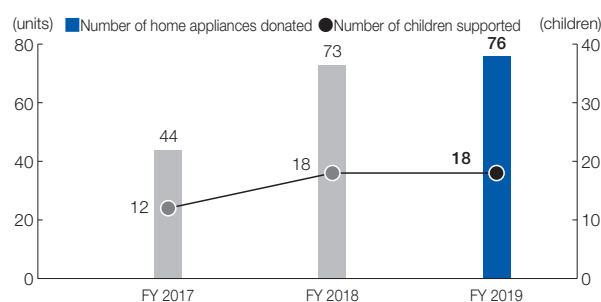
Supporting Children from Children's Homes to Gain Independence

The Yamada Noboru Memorial Foundation, established by the founding father of Yamada Denki and Yamada Denki, have been providing home appliances necessary for daily life free of charge since fiscal 2017 to children from orphanages and homes to help them start out in life by themselves. Children who grow up in these social care facilities must leave after the age of 18 (on graduating high school). These young people starting out by themselves face a big cost in terms getting set up domestically. This support goes some way to helping them on life's journey.

In fiscal 2019, the third year this support has been given, a total of 76 home appliances (16 refrigerators, 13 washing machines, 15 microwave ovens, 15 rice cookers, and 17 vacuum cleaners) were donated to 18 young people (13 from orphanages and 5 from support homes).

The Yamada Noboru Memorial Foundation will continue this initiative so as to support children's independence.

• Number of Home Appliances Donated and Children Supported



Co-hosted Relay Marathon on Theme of Personal Interaction

In December 2018, the 8th Yamada Denki Cup, Takasaki City Elementary Student's Relay Road Race and Marathon and Great East Japan Earthquake Relief Charity Relay Road Race, was held on the running track at the Hamagawa Stadium in Takasaki City, Gunma Prefecture (co-sponsored with Takasaki City Athletics Association).

As well as promoting the health and physical strength of elementary school students in Takasaki City, this customary event held each year in winter also had the theme of personal interaction. Each year, under the name of Earthquake Relief Charity Relay Race, and with the



cooperation of the Gunma Diamond Pegasus (professional baseball team in the Baseball Challenge League of Japan), Yamada Denki invites baseball teams from Fukushima Prefecture to participate in the long-distance relay race. The whole experience of runners working together with one sash (as a relay baton) to cross the line provides an opportunity for inter-cultural exchange, so to speak, for local elementary school students, and it also serves as an opportunity to broaden their horizons.

After the event, demonstrations by athletes from the Yamada Denki Athletics Club take place to promote track and field. Yamada Denki will continue to contribute to the community by promoting sports and nurturing talent through these events.



Athletics Class for Deaf Children

The Yamada Noboru Memorial Foundation, established for the healthy development of children, held a deaf athletics class at Shinmachi Junior High School (Takasaki City, Gunma Prefecture) in December 2018 to show children with hearing impairments the joys of running.

The class was run by one of Japan's foremost hurdlers, Hiroki Fudaba (Yamada Denki Athletics Club), and Akihisa Shitara, 4 x 100m relay gold medal winner in the 2017 Deaflympics. Fudaba displayed his top level skills in front of the 15 participants (3 kindergarten students, 10 elementary school students, 1 junior high school student and 1 high school student), while teaching in sign language the techniques needed to run fast. Shitara talked about his own experiences at the Deaflympics and conveyed the joys of sport to the children.

This workshop-type event is seen as a valuable opportunity for top athletes and children to interact. The Yamada Noboru Memorial Foundation will continue to promote the building of local culture rooted in sports.



Hiroki Fudaba



Group Company Initiatives

CIC Inc.

Keeping the Environment Beautiful Together with the Local Community

CIC participated in the Creation of Beautiful Hometown, Gunma project promoted by Gunma Prefecture, where CIC is based. Six employees participated in each of the cleaning activities in cooperation with the local government during the Spring Cleanup Campaign (May-June) and Autumn Cleanup Campaign (September-October). These campaigns aim to prevent illegal dumping, reduce waste, and encourage the planting of trees. As a member of the local community, CIC will continue these activities to help keep the environment looking beautiful.



Yamada Homes Co., Ltd.

In Charge of Design Classes at Technical College under Industry-Academia Collaboration

Following on from fiscal 2018, in fiscal 2019 also, Yamada Homes was in charge of urban housing design classes held at the Kamata Campus of Nihon Kogakuin College. Yamada Homes helps students acquire design techniques using energy and eco-smart skills by providing challenges, helping with design sketches, and making final assessments, and will continue to support the practical development of human resource in fiscal 2020 as well.





Corporate Governance

Yamada Denki aims to conduct sustainable corporate activities in a transparent and fair manner in order to be a company trusted by society.

Yamada Denki Executives



(as of June 27, 2019)

① Representative Director and Chairperson

Noboru Yamada Born on February 11, 1943

Sep. 1983 Representative Director and President
Jun. 2008 Representative Director, Chairperson and CEO
Jun. 2013 Representative Director, President and CEO
Apr. 2016 Representative Director, Chairperson and Chairperson of the Board of Directors
Jun. 2019 Representative Director, Chairperson (present post)

② Representative Director, Vice Chairperson and CEO

Tadao Ichimiya Born on August 13, 1955

Jul. 1986 Director
May 1987 Managing Director
May 1988 Senior Managing Director
Apr. 1995 Vice President and Director
Jun. 2008 Representative Director, President and COO
Jun. 2013 Representative Director, Vice President and COO
May 2014 Representative Director, Vice President and COO, General Manager of Sales and Marketing Division
Dec. 2014 Representative Director, Vice President and COO, General Manager of Merchandise Division
Apr. 2016 Representative Director, Vice Chairperson and CEO (present post)

④ Director, Executive Officer and Vice Chairperson

Mitsumasa Kuwano Born on December 19, 1954

Dec. 2005 Executive Officer, Head of Soseijuku (in-house training institution)
Jun. 2006 Director, Managing Executive Officer, Deputy General Manager of General Affairs Division
Jun. 2008 Director, Senior Managing Executive Officer, Deputy General Manager of General Affairs Division
Aug. 2010 Director, Senior Managing Executive Officer, General Manager of General Affairs Division, Head of Soseijuku (in-house training institution)
Apr. 2012 Director, Senior Managing Executive Officer, General Manager of General Affairs Division
Jun. 2013 Director, Managing Executive Officer, General Manager of General Affairs Division
Jan. 2014 Director, Managing Executive Officer, General Manager of General Affairs Division, Head of Human Resource Restructuring Office
Mar. 2015 Director, Managing Executive Officer, General Manager of General Affairs Division
Apr. 2016 Representative Director, President and COO
Jun. 2018 Director, Executive Officer and Vice Chairperson (present post)

⑤ Representative Director, President and COO

Tsuneo Mishima Born on September 10, 1959

Jan. 2017 Advisor to the Chairperson
Jun. 2017 Executive Officer, Vice President
Jun. 2018 Representative Director, President and COO (present post)

⑥ Director, Executive Officer and Vice President

Hiroyasu Iizuka Born on January 18, 1965

Apr. 1991 Manager of Information Processing Division
Jun. 1993 Director, General Manager of Information System Division
Oct. 2000 Managing Director
Jul. 2002 Senior Managing Director
Jul. 2004 Director, Senior Managing Executive Officer
Dec. 2004 Director, Senior Managing Executive Officer, General Manager of Information System Division
Jun. 2008 Director, Executive Officer and Vice President, CIO, General Manager of IT Business Division, General Manager of Information System Division
Jun. 2013 Director, Senior Managing Executive Officer, CIO, General Manager of IT Business Division, General Manager of Information System Division, General Manager of Domestic Internet Sales Division
Mar. 2015 Director, Senior Managing Executive Officer, CIO, General Manager of IT Business Division, General Manager of Information System Division
Jan. 2016 Director, Senior Managing Executive Officer, Head of New Business Development Office
Apr. 2018 Director, Executive Officer and Vice President, Head of New Business Development Office, General Manager of Internet Business Division
Jun. 2018 Director, Executive Officer and Vice President, Head of New Business Development Office (present post)

⑥ Director and Senior Managing Executive Officer

Jun Okamoto Born on April 28, 1956

Jan. 2006 Advisor to the President
 Jun. 2006 Director, Senior Managing Executive Officer
 Jun. 2007 Director, Senior Managing Executive Officer, Head of Corporate Planning Office
 Jun. 2008 Director, Senior Managing Executive Officer, Head of Corporate Planning Office
 Apr. 2012 Director, Executive Officer and Vice President, Head of Corporate Planning Office, Head of Management Office for SxL, Head of CSR Promotion Office
 Jun. 2013 Director, Senior Managing Executive Officer, Head of Corporate Planning Office, Head of Management Office for SxL, Head of CSR Promotion Office
 Apr. 2016 Director, Senior Managing Executive Officer, Head of Corporate Planning Office, Head of CSR Promotion Office (present post)

⑦ Director and Managing Executive Officer

Tatsuo Kobayashi Born on July 6, 1964

Jun. 2007 Managing Executive Officer, Head of Sales Planning Office
 Jun. 2008 Director, Managing Executive Officer, Senior Manager of Sales and Marketing Division
 Feb. 2010 Director, Managing Executive Officer, General Manager of Sales and Marketing Division 1
 Apr. 2012 Director, Managing Executive Officer, General Manager of Sales Promotion Division and General Manager of Sales Division 1, Sales and Marketing Division
 Jun. 2013 Director, Senior Executive Officer, General Manager of Sales Promotion Division and General Manager of Sales Division 1, Sales and Marketing Division
 Dec. 2013 Director, Senior Executive Officer, Head of Sales Promotion Office and General Manager of East Japan Sales Division, Sales and Marketing Division
 Jun. 2014 Director, Senior Executive Officer, General Manager of Corporate Sales Division
 Jun. 2016 Director, Managing Executive Officer, General Manager of Corporate Sales Division
 Sep. 2017 Director, Senior Managing Executive Officer, General Manager of Sales and Marketing Division
 Oct. 2017 Director, Senior Managing Executive Officer, General Manager of Home Appliance Division
 Apr. 2018 Director, Senior Managing Executive Officer, General Manager of Segmented Business Division
 Jun. 2018 Director, Managing Executive Officer, General Manager of Information Systems Division
 Jan. 2019 Director, Managing Executive Officer, General Manager of IT Business Division, General Manager of Internet Business Division (present post)

⑧ Director and Managing Executive Officer

Haruhiko Higuchi Born on March 9, 1960

Jun. 2005 Director, Managing Executive Officer, Head of Legal Affairs Consultation Office
 Jun. 2008 Director, Managing Executive Officer, Head of Legal Affairs Office
 Jun. 2013 Director, Senior Executive Officer, Head of Legal Affairs Office
 Jun. 2016 Director, Managing Executive Officer, Head of Legal Affairs Office (present post)

⑨ Director and Managing Executive Officer

Yoshinori Ueno Born on December 2, 1971

Apr. 1990 Joined BEST DENKI CO., LTD.
 Mar. 2010 Deputy Manager of Promotion Office for the New Medium Term Management Plan
 Jun. 2010 Deputy Manager of Sales Promotion Division
 Apr. 2014 Joined YAMADA DENKI CO., LTD., Head of Sales Strategy Office, Sales and Marketing Division
 Apr. 2016 General Manager of Sales Strategy Division
 Jun. 2016 Director, Senior Executive Officer, General Manager of Sales Strategy Division, Head of Housing Collaboration Sales Strategy Office
 Oct. 2017 Director, Senior Executive Officer, Head of Sales and Merchandise Strategy Office, Home Appliance Division
 Apr. 2018 Director, Managing Executive Officer, General Manager of Merchandise Division (present post)

⑩ Director and Senior Executive Officer

Takayuki Fukuda Born on August 30, 1974

Jun. 2003 Head of Legal Affairs Consultation Office
 Apr. 2009 Associate Manager of Store Management Division, Store Development Division
 Feb. 2011 Manager of Store Management Division, store Development Division
 Apr. 2012 Junior Executive Officer, Manager of Store Construction Division, Store Development Division
 May 2013 Associate Junior Executive Officer, Manager of Store Construction Division, Store Development Division
 Jun. 2016 Director, Senior Executive Officer, Manager of Store Construction Division, Store Development Division
 Apr. 2018 Director, Senior Executive Officer, General Manager of Store Development Division, Manager of Store Construction Division (present post)

⑪ Director and Senior Executive Officer

Megumi Kogure Born on October 18, 1976

May 2011 Deputy Manager of Secretary Office
 May 2012 Manager of Secretary Office
 Apr. 2016 Associate Junior Executive Officer, Head of Secretary Office
 May 2017 Junior Executive Officer, Head of Secretary Office
 Apr. 2018 Executive Officer, Head of Secretary Office, Head of Human Resources Development Office
 Jun. 2018 Director, Senior Executive Officer, Head of Secretary Office, Head of Human Resources Development Office
 Apr. 2019 Director, Senior Executive Officer, Head of Secretary Office, General Manager of the Human Resources and General Affairs Division (present post)

⑫ Director and Senior Executive Officer

Akira Fukui Born on June 6, 1965

Jun. 2017 Executive Officer, Deputy General Manager of Corporate Sales Division
 Sep. 2017 Managing Executive Officer, General Manager of Corporate Sales Division
 Apr. 2018 Managing Executive Officer, General Manager of Corporate Sales, Segmented Business Division
 Jun. 2018 Director, Senior Executive Officer, General Manager of Corporate Sales, Sales and Marketing Division
 Aug. 2018 Director, Senior Executive Officer, General Manager of Administration Division (present post)

⑬ External Director

Tsukasa Tokuhira* Born on May 3, 1954

Apr. 1974 Joined Hanbai Noritsu Zoshin Honbu Co., Ltd.
 Apr. 1984 Manager of Guidance Division at Hanbai Noritsu Zoshin Honbu Co., Ltd.
 Feb. 1987 Representative Director and President of Fic Limited (present post)
 Jul. 2007 Representative Director and President of Cross Co., Ltd. (present post)
 Jun. 2014 External Director at YAMADA DENKI CO., LTD. (present post)

⑭ External Director

Hiroyuki Fukuyama* Born on December 15, 1942

Apr. 1965 Joined Hitachi, Ltd.
 May 1990 Managing Director of Hitachi Air Conditioning Products (M) Sdn. Bhd.
 Apr. 1999 Commissioner, General Manager of Home Appliance Sales Division, Hitachi, Ltd.
 Apr. 2000 Director and President of Hitachi GE Lighting, Ltd.
 Nov. 2002 Commissioner, General Manager of Corporate Quality Assurance Division, Hitachi, Ltd.
 Apr. 2007 Vice-President and Executive Officer in charge of Quality Assurance and Production Engineering, Hitachi, Ltd.
 Mar. 2008 Retired from Hitachi, Ltd.
 Apr. 2008 Representative of Hiroiyuki Fukuyama Professional Engineer Office (present post)
 Jun. 2015 External Director at YAMADA DENKI CO., LTD. (present post)

⑮ Full-time Internal Auditor

Makoto Igarashi Born on August 4, 1964

Jun. 1999 Director, Manager of Accounting Division
 Apr. 2001 Managing Director, Deputy General Manager of Merchandise Division
 May 2003 Senior Managing Director, General Manager of Administration Division
 Jun. 2004 Director, Senior Managing Executive Officer, General Manager of Administration Division
 Jun. 2007 Director, Senior Managing Executive Officer, General Manager of Administration Division, Head of Management Office for Affiliated Companies
 Jun. 2008 Director, Senior Managing Executive Officer, Head of Overseas Business Strategy Office
 Mar. 2010 Director, Senior Managing Executive Officer, Head of Overseas Business Strategy Office, Head of LABI Development Office
 Apr. 2012 Director, Senior Managing Executive Officer, CFO, General Manager of Administration Division
 Jun. 2013 Director, Managing Executive Officer, CFO, General Manager of Administration Division
 Jun. 2014 Full-time Internal Auditor (present post)

⑯ External Auditor

Masamitsu Takahashi* Born on February 9, 1955

Mar. 1985 Certified as a tax accountant
 Jul. 1985 Representative of Takahashi Masamitsu Tax Accountant Office
 Mar. 1987 Registered as a Small and Medium Enterprise Management Consultant
 Dec. 1990 Representative of Takahashi Tax and Management Consulting Office (present post)
 Jun. 2007 Auditor at YAMADA DENKI CO., LTD. (present post)
 Jan. 2009 Representative Partner at Hikari Tax Accountant Corporation (present post)

⑰ External Auditor

Somuku Iimura* Born on April 14, 1953

Apr. 1986 Certified as an attorney, Joined Masuda & Ejiri Law Firm
 Oct. 1988 Temporarily transferred to Rogers & Wells Law Firm (now Clifford Chance Law Firm) in the United States
 Jul. 1991 Returned to Masuda & Ejiri Law Firm
 Jan. 1992 Partner at Masuda & Ejiri Law Firm
 Jul. 2007 Joined Nishimura & Asahi Law Firm as a result of merger, Partner at Nishimura & Asahi Law Firm
 Jun. 2014 External Director at Maruha Nichiro Corporation (present post)
 Jun. 2016 Auditor at YAMADA DENKI CO., LTD. (present post)
 Feb. 2017 External Auditor at Nachi-Fujikoshi Corporation (present post)
 Jan. 2019 Employed at Nishimura & Asahi Law Firm (present post)

*Independent officers under the Tokyo Stock Exchange listing rules

Corporate Governance

Basic Approach

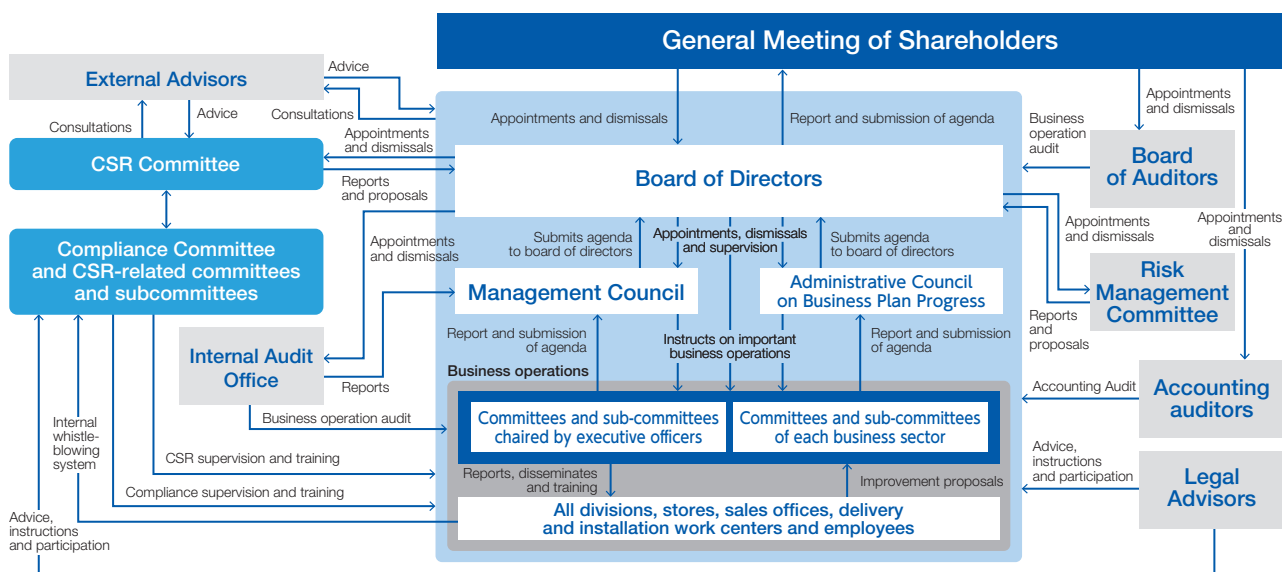
Yamada Denki works to clarify management responsibilities, make quick management decisions, maintain and improve corporate value and shareholder value while enhancing management transparency and conducting fair corporate activities.

Corporate Governance System

As a company with auditors, Yamada Denki has adopted a board of auditors system under which the execution of business is supervised and monitored by the board of directors and the board of auditors. Additionally, a

business operation system by way of each executive officer has been introduced so as to enable quick responses to changes in the business environment by clarifying the functions of management decision making and supervision, and the function of business operations. The top management team is comprised of the following three: Representative Director, Chairperson; Representative Director, Vice Chairperson and CEO; and Representative Director, President and COO. Management responsibilities are made clear through the various business divisions and meetings of the committees and subcommittees, as well as executive officers in charge of specific business operations, under the top management team.

Corporate Governance Organization Chart



Board of Directors

The Board of Directors is composed of directors and holds regular meetings once a month. Extraordinary meetings of the Board of Directors are also held when required where all important matters are discussed and business results are promptly addressed.

Management Council

The Management Council, in principle, convenes every week, excluding weeks when a board meeting is held. Management issues and the progress of each executive officer's business operations are reported on with any necessary actions taken promptly.

Board of Auditors

Each auditor attends meetings of the Board of Directors and all the various committee meetings, and as well as expressing their views in terms of legitimacy and appropriateness, auditors carry out surveys on the status of business operations, and regularly exchange opinions with directors and executive officers. Furthermore, in coordination with the Internal Audit Office and an auditing firm, audits are carried out to ensure soundness in management.

Internal Audit Office

The Internal Audit Office, which reports directly to the Vice-President, has been set up to enhance internal audits. Seven full-time employees are engaged in internal checks and internal audits, such as routine audits and overseeing inventories. In addition, auditors and an auditing firm exchange information and actively cooperate with each other to conduct audits from the perspective of whether corporate activities are conducted in an appropriate and efficient manner.

● Corporate Governance System Overview (as of June 27, 2019)

Main Items	Number of People
Type of organization	Company with auditors
Number of directors	17
Number of external directors (of which are independent directors)	2(2)
Number of executive officers (of which are directors and hold other posts)	21(11)
Number of auditors	3
Number of external auditors (of which are independent auditors)	2(2)
Number of female executives	1
Term of directors	2 years

● Main Committee Meetings (FY 2019)

Committee	Number of Meetings	Average Attendance of External Officers
Board of Directors	21	100%
Board of Auditors	12	100%

Assessment of Board's Effectiveness

At Yamada Denki, each director carries out a self-evaluation by way of a progress check on the business plan, and the effectiveness of the whole Board of Directors is analyzed and assessed based on the views of external directors and auditors. The Company will continue to improve corporate value and improve managerial effectiveness based on these assessments.

Internal Control System

Yamada Denki operates a more effective governance system by strengthening compliance, information management and risk management based on the Company's Internal Control System Basic Policy.

Executive Remuneration

Yamada Denki's executive remuneration is determined by the Board of Directors in accordance with regulations and within the total amount of remuneration approved at the general meeting of shareholders, taking into consideration the degree of contribution, the financial situation and the economic climate. Remuneration for auditors is determined by consultation among the Board of Auditors within the total amount of remuneration approved at the general meeting of shareholders.

● Total Remuneration for Each Executive Class, Total by Type of Remuneration, and Number of Eligible Executives

Executive Class	Directors (excluding external directors)	Auditors (excluding external auditors)	External Executives
Total remuneration (million yen)	946	21	20
Total by type of remuneration (million yen)	Fixed remuneration	606	21
	Performance-linked remuneration	—	—
	Stock options	340	—
Number of eligible executives	15	1	4

Management Policy Presentation

In January each year, the Yamada Denki Group holds a meeting at the Yamada Denki headquarters to present its management policy. Yamada Denki executives, representatives of respective divisions, area managers, and representatives of Group companies participate in this annual meeting. The Group's Representative Directors present the policy for the following fiscal year, review yearly action plans of each division and Group company, and check progress reports and future goals.





Compliance & Risk Management

Recognizing compliance and risk management as important issues in corporate management, Yamada Denki, and its Group companies, endeavor to ensure thorough compliance and effective risk management.

Compliance Promotion

Yamada Denki conducts education, training and awareness activities for its employees throughout the year to establish and ensure compliance.

Compliance Promotion System

The Compliance Subcommittee, chaired by the director in charge, has been established and meets weekly to ensure that matters of compliance are made well known. The subcommittee sets a strengthening topic each month, identifies problems and discusses improvement measures. Information is then shared and any appropriate measures taken.

●Compliance Subcommittee Topics (FY 2019)

	Topic
2018	April: Act against Unjustifiable Premiums and Misleading Representations
	May: Construction Business Act
	June: Construction Business Act
	July: Bullying
	August: Sexual harassment
	September: Consumption tax hike
	October: Long working hours
	November: Protection of personal information
	December: Insider trading
2019	January: Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
	February: Construction Business Act
	March: Act on Prohibition of Private Monopolization and Maintenance of Fair Trade

Internal Whistle-Blowing System

In order to prevent compliance violations, Yamada Denki operates a whistle-blowing system as a way for receiving reports from inside and outside the Company. As well

as compliance-related matters, reports and information concerning human rights including harassment and discrimination are also welcomed. The Rules on the Internal Whistle-Blowing System have been established to protect whistle-blowers so that people may come forward anonymously without suffering any form of disadvantage. The content of any reports are handled in cooperation with relevant divisions. In addition, the Board of Directors regularly reports on the number of reports, case summaries, results of responses to the reports, and the progress of those reports not yet fully addressed. The number of whistle-blowing reports received in fiscal 2019 was 104. All reports were properly dealt with.

Compliance Training

Compliance training is held when required, mainly for employees in the Merchandise Division who deal largely with business partners. Training is conducted with reference to past cases of companies that have violated the Antimonopoly Act or the Act Against Delay in 'Payment, Etc.' to Subcontractors.

●Main Compliance Training (FY 2019)

Topic	Training for	Training Method
Act against Unjustifiable Premiums and Misleading Representations	Store managers	Video conferencing
	Headquarters Merchandise Division	Group training from external lawyers

Respect for Human Rights

Basic Approach

With the progress of globalization, companies are trying to get to grips with international norms such as the World Declaration on Human Rights, the ILO's Fundamental Principles and Rights at Work, and the United Nations' Guiding Principles on Business and Human Rights and are required to address human rights issues of various stakeholders affected by business activities as well as within the organization. Yamada Denki has established the concept of respect for human rights in Article 5 of its CSR Code of Ethics, and strives to fulfill its responsibility for respecting human rights in all of its business activities.

Human Rights Initiatives

As part of its compliance training, Yamada Denki focuses on various topics including workplace harassment, promoting an understanding of LGBT issues, and human rights issues within its business operations. Among the Yamada Denki Group, each company shares a management approach that respects human rights, such as by clearly stating management's stance towards respecting human rights in the code of conduct of each company. Questionnaires from our business partners are also conducted to confirm the status of human rights issues such as the labor environment of our business partners.

► See Page 39 -Business Partner Questionnaire

Risk Management

Yamada Denki has established and operates a management system to respond appropriately to risks that affect business activities.

Risk Management Rules

Yamada Denki has established the Risk Management Basic Rules for the management system to prevent risks and for addressing any risks that have arisen. Each division prepares and uses a risk management manual based on these rules.

Risk Management System

At Yamada Denki, a Risk Management Committee, chaired by the General Manager of General Affairs Division, is held once a month to identify business risks, formulate countermeasures, and share necessary information to prevent any risks from occurring. Furthermore, the status of these activities is reported to the Board of Directors.

Information Security

Yamada Denki has formulated and thoroughly implemented an information security basic policy in order to continuously promote efforts to properly manage the personal information of its many customers.

The headquarters has also obtained International Standard ISO/IEC 27001 certification for its Information

Security Management System (ISMS), and has established a management system based on this ISMS throughout the whole Group. The Group also requests that companies directly and indirectly commissioned to conduct its business operations establish and operate a management system similar to Yamada Denki by appointing managers in charge of personal information and information security.



Dealing with Disaster Risks

In order to ensure proactive action to minimize damage, Yamada Denki has built a system based on the Basic Policy on Disaster Prevention Measures and the Disaster Response Manual as a Business Continuity Plan (BCP) in the event of a large-scale disaster. Based on the experiences of the Great East Japan Earthquake, the Company has implemented measures which assume large-scale disasters such as with a system that confirms employee's safety using mobile phones during disasters.

Group Company Compliance & Risk Management Initiatives

Yamada Denki receives reports on compliance from each Group company and regularly reports to the Compliance Committee. In risk management also, the Company is promoting activities in line with the basic policies established by each Group company. Going forward, Yamada Denki will work to strengthen compliance and risk management across the Yamada Denki Group as a whole and continue to work on these issues.

Major Financial Data for 10 Years

	33 rd	34 th	35 th	36 th *3
	FY2010	FY2011	FY2012	FY2013
Profit and Loss				
Consolidated Net sales*1	2,016,140	2,153,259	1,835,454	1,701,489
Consolidated operating profit	87,303	122,764	88,978	33,930
Consolidated ordinary profit	101,586	137,847	102,225	47,906
Profit attributable to owners of parent	55,947	70,754	58,265	22,203
Assets				
Net assets	406,381	470,849	526,743	555,391
Total assets	899,612	929,010	937,841	1,138,389
Cash Flow				
Cash flow from operating activities	133,718	93,071	34,259	△12,789
Cash flow from investing activities	△108,218	△25,237	△38,063	△39,232
Cash flow from financing activities	8,555	△45,940	△24,361	47,174
Cash and cash equivalents at end of year	83,045	104,814	76,344	77,906
Financial Indicators				
Stated capital (100 million yen)	710	710	710	710
Equity ratio (%)	45.0	50.5	55.4	46.8
Price earnings ratio (times)	11.61	7.47	8.36	18.22
ROA (%)	6.7	7.7	6.2	2.1
ROE (%)	14.8	16.2	11.8	4.2
Share Information				
Net assets per share (yen)	4,297.29	4,978.38	5,516.15	565.33
Basic earnings per share (yen)	594.26	751.03	618.46	23.56
Diluted earnings per share (yen)*2	593.84	—	—	—

(million yen)

	37 th	38 th	39 th	40 th	41 st	42 nd
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	1,893,971	1,664,370	1,612,735	1,563,056	1,573,873	1,600,583
	34,265	19,918	58,158	57,895	38,763	27,864
	50,187	35,537	62,734	66,040	47,335	36,889
	18,666	9,340	30,395	34,528	29,779	14,692
	553,354	509,397	557,722	585,547	588,740	591,593
	1,196,288	1,122,407	1,146,722	1,159,456	1,175,568	1,184,042
	45,148	22,982	△23	43,855	61,689	36,023
	△38,606	△20,232	△13,437	△15,279	△12,668	△8,469
	△7,646	△41,487	4,732	△24,382	△32,920	△27,461
	77,754	39,691	30,664	34,981	51,326	51,175
	710	710	710	710	710	710
	44.2	43.2	46.6	48.4	49.8	49.7
	17.01	42.18	13.92	12.91	17.35	30.02
	1.6	0.8	2.7	3.0	2.6	1.2
	3.5	1.8	6.0	6.3	5.2	2.5
	592.17	643.03	666.03	697.46	731.57	723.55
	20.21	11.73	38.22	43.00	36.77	18.18
	20.21	11.72	38.16	42.89	36.65	18.07

Notes: 1. Net sales do not include consumption tax.

2. Diluted earnings per share for the 34th, 35th and 36th business years are not indicated because there were no securities with dilutive effects.

3. Yamada Denki conducted a 10-for-1 stock split on common stock as of October 1, 2013. Net assets per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the 36th business year.

Consolidated Balance Sheets

(million yen)

	The previous fiscal year (March 31, 2018)	The current fiscal year (March 31, 2019)
Assets		
Current assets		
Cash and time deposits	52,040	51,681
Notes and accounts receivable	45,968	62,848
Merchandise and finished goods	372,682	379,290
Work in process	5,657	3,856
Raw materials and supplies	5,121	4,311
Other current assets	49,868	58,015
Allowance for doubtful accounts	△1,840	△1,540
Total current assets	529,500	558,463
Non-current assets		
Property and equipment		
Buildings and structures (net)	216,556	210,307
Land	187,827	189,002
Lease assets (net)	9,558	8,817
Construction in progress	678	763
Others (net)	13,446	11,732
Total property and equipment	428,068	420,623
Intangible assets	40,287	34,901
Investments and other assets		
Investment securities	9,182	9,398
Long-term loans receivable	3,510	3,112
Net defined benefit assets	1,845	1,558
Deferred tax assets	27,166	30,533
Guarantee deposits	102,080	95,219
Other assets	36,221	32,211
Allowance for doubtful accounts	△2,295	△1,981
Total investments and other assets	177,711	170,053
Total non-current assets	646,067	625,578
Total assets	1,175,568	1,184,042

(million yen)

	The previous fiscal year (March 31, 2018)	The current fiscal year (March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable	98,550	114,006
Short-term loans payable	84,581	95,930
Current portion of bonds	—	100,016
Current portion of long-term loans payable	45,215	41,150
Lease obligations	2,541	2,694
Income taxes payable	4,757	10,701
Provision for bonuses	8,455	8,274
Provision for directors' bonuses	118	116
Provision for point card certificates	7,835	12,172
Provision for warranties for completed construction	592	667
Provision for losses on liquidation of subsidiaries	302	282
Other current liabilities	54,269	50,501
Total current liabilities	307,221	436,515
Long-term liabilities		
Bonds	100,116	—
Long-term loans payable	88,594	66,428
Lease obligations	10,232	9,024
Provision for directors' retirement benefits	465	476
Provision for product warranties	9,637	7,973
Provision for losses on interest repayments	97	49
Provision for gift certificates, etc.	206	155
Net defined benefit liabilities	26,287	28,114
Asset retirement obligations	31,685	32,803
Other long-term liabilities	12,283	10,907
Total long-term liabilities	279,606	155,933
Total liabilities	586,827	592,448
Net assets		
Shareholders' equity		
Stated capital	71,058	71,058
Capital surplus	84,608	79,403
Retained earnings	500,164	503,700
Treasury stock	△73,704	△67,952
Total shareholders' equity	582,127	586,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,854	539
Foreign currency translation adjustments	△814	312
Remeasurements of defined benefit plans	2,351	1,420
Total of accumulated other comprehensive income	3,391	2,273
Subscription rights to shares	1,153	1,493
Non-controlling interests	2,068	1,616
Total net assets	588,740	591,593
Total liabilities and net assets	1,175,568	1,184,042

Consolidated Statements of Income

(million yen)

	The previous fiscal year (from April 1, 2017, to March 31, 2018)	The current fiscal year (from April 1, 2018, to March 31, 2019)
Sales	1,573,873	1,600,583
Cost of sales	1,135,758	1,159,592
Gross profit	438,114	440,990
Selling, general and administrative expenses	399,351	413,126
Operating profit	38,763	27,864
Non-operating income		
Interest income	970	899
Purchase discounts	4,312	4,501
Foreign exchange gains	649	—
Rent income	4,216	3,935
Sales of electric power	2,005	2,002
Others	3,491	4,511
Total other income	15,646	15,850
Non-operating expenses		
Interest expenses	1,318	1,242
Foreign exchange losses	—	144
Rent expenses	3,514	3,081
Rental expenses	476	205
Cost of sale of electric power	784	822
Others	978	1,328
Total non-operating expenses	7,073	6,825
Ordinary profit	47,335	36,889
Extraordinary income		
Gain on sale of non-current assets	—	454
Gain on sales of investment securities	—	556
Others	—	113
Total extraordinary income	—	1,123
Extraordinary loss		
Loss on disposal of non-current assets	552	582
Impairment loss	5,515	9,965
Others	1,253	2,367
Total extraordinary loss	7,321	12,915
Net income before taxes	40,014	25,097
Corporation tax, resident tax and enterprise tax	12,103	14,341
Deferred corporation taxes	△1,018	△4,038
Total corporation taxes	11,084	10,302
Current net profit	28,930	14,794
Current net profit belonging to non-controlling interests or current net loss belonging to non-controlling interests (△)	△849	101
Profit attributable to owners of parent	29,779	14,692

Consolidated Statements of Comprehensive Income

(million yen)

	The previous fiscal year (from April 1, 2017, to March 31, 2018)	The current fiscal year (from April 1, 2018, to March 31, 2019)
Current net profit	28,930	14,794
Other comprehensive income		
Valuation difference on available-for-sale securities	582	△1,315
Foreign currency translation adjustments	△337	1,127
Remeasurements of defined benefit plans	88	△931
Share of other comprehensive income of associates accounted for using equity method	0	△0
Total of other comprehensive income	332	△1,119
Comprehensive income	29,263	13,674
(breakdown)		
Comprehensive income attributable to owners of parent	30,273	13,574
Comprehensive income attributable to non-controlling interests	△1,010	100

Consolidated Statement of Changes in Shareholders' Equity, etc.

(million yen)

The previous fiscal year (from April 1, 2017, to March 31, 2018)

	Shareholders' equity				
	Stated capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	71,058	73,734	480,846	△67,213	558,426
Changes in the year					
Cash dividends			△10,462		△10,462
Profit attributable to owners of parent			29,779		29,779
Purchase of treasury stock				△15,996	△15,996
Disposal of treasury stock		△2		14	12
Purchase of shares of consolidated subsidiaries		10,876		9,491	20,367
Other changes in the year (net)					
Total changes in the year	—	10,874	19,317	△6,490	23,701
Balance at end of year	71,058	84,608	500,164	△73,704	582,127

(million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income			
Balance at beginning of year	1,221	△485	2,161	2,897	843	23,380	585,547
Changes in the year							
Cash dividends							△10,462
Profit attributable to owners of parent							29,779
Purchase of treasury stock							△15,996
Disposal of treasury stock							12
Purchase of shares of consolidated subsidiaries							20,367
Other changes in the year (net)	632	△329	189	493	310	△21,311	△20,508
Total changes in the year	632	△329	189	493	310	△21,311	3,192
Balance at end of year	1,854	△814	2,351	3,391	1,153	2,068	588,740

(million yen)

The current fiscal year (from April 1, 2018, to March 31, 2019)

	Shareholders' equity				
	Stated capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	71,058	84,608	500,164	△73,704	582,127
Changes in the year					
Cash dividends			△10,404		△10,404
Profit attributable to owners of parent			14,692		14,692
Purchase of treasury stock				△3	△3
Disposal of treasury stock		0		0	0
Decrease by merger			△751		△751
Purchase of shares of consolidated subsidiaries		△5,205		5,755	550
Other changes in the year (net)					
Total changes in the year	—	△5,205	3,536	5,751	4,083
Balance at end of year	71,058	79,403	503,700	△67,952	586,210

(million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income			
Balance at beginning of year	1,854	△814	2,351	3,391	1,153	2,068	588,740
Changes in the year							
Cash dividends							△10,404
Profit attributable to owners of parent							14,692
Purchase of treasury stock							△3
Disposal of treasury stock							0
Decrease by merger							△751
Purchase of shares of consolidated subsidiaries							550
Other changes in the year (net)	△1,314	1,127	△931	△1,118	340	△452	△1,230
Total changes in the year	△1,314	1,127	△931	△1,118	340	△452	2,852
Balance at end of year	539	312	1,420	2,273	1,493	1,616	591,593

Consolidated Statements of Cash Flows

(million yen)

	The previous fiscal year (from April 1, 2017, to March 31, 2018)	The current fiscal year (from April 1, 2018, to March 31, 2019)
Cash flow from operating activities		
Profit before income taxes	40,014	25,097
Depreciation	19,621	18,925
Impairment loss	5,515	9,965
Amortization of goodwill	86	516
Increase (decrease) in provision for point card certificates (△ represents a decrease)	△2,955	4,337
Increase (decrease) in provision for product warranties (△ represents a decrease)	△2,046	△1,663
Increase (decrease) in allowance for doubtful accounts (△ represents a decrease)	△2,982	△536
Increase (decrease) in net defined benefit liabilities (△ represents a decrease)	1,715	1,182
Interest and dividend income	△1,087	△1,100
Interest expenses	1,318	1,242
Foreign exchange losses (△ represents a gain)	△597	324
Loss (gain) on sale of investment securities (△ represents a gain)	△0	△556
Loss (gain) on sale and disposal of property and equipment (△ represents a gain)	552	128
Increase (decrease) in notes and accounts receivable (△ represents an increase)	11,198	△16,951
Increase (decrease) in advances received (△ represents a decrease)	687	△2,730
Increase (decrease) in inventories (△ represents an increase)	△3,155	△4,197
Increase (decrease) in notes and accounts payable (△ represents a decrease)	13,483	15,729
Increase (decrease) in accounts receivable (△ represents an increase)	△2,698	△2,109
Increase (decrease) in consumption taxes, etc. payable (△ represents a decrease)	371	△3,063
Increase (decrease) in other current assets (△ represents an increase)	426	△431
Increase (decrease) in other current liabilities (△ represents a decrease)	19	1,668
Others	2,508	△495
Sub-total	81,996	45,282
Interest and dividend income received	303	400
Interest expenses paid	△1,332	△1,249
Income taxes paid or refunds (△ represents payment)	△19,277	△8,409
Net cash provided by operating activities	61,689	36,023

(million yen)

	The previous fiscal year (from April 1, 2017, to March 31, 2018)	The current fiscal year (from April 1, 2018, to March 31, 2019)
Cash flow from investing activities		
Payments into time deposits	△494	△228
Proceeds from withdrawal of time deposits	336	338
Purchases of property and equipment	△10,049	△13,172
Proceeds from sale of property and equipment	283	1,586
Purchases of intangible assets	△345	△603
Payments for guarantee deposits	△996	△1,767
Proceeds from collection of guarantee deposits	8,234	9,142
Payments for purchases of investment securities	△3,647	△1,626
Proceeds from sales and redemption of investment securities	38	1,590
Purchases of investments in subsidiaries and affiliated companies	△10	△767
Proceeds from acquisition of shares in subsidiary resulting in change in scope of consolidation	137	—
Proceeds from sale of shares in subsidiary resulting in change in scope of consolidation	540	—
Payment of loans receivable	△7,697	△8,486
Collection of loans receivable	1,389	4,122
Others	△387	1,403
Net cash used in investing activities	△12,668	△8,469
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable (△ represents a decrease)	6,457	11,348
Proceeds from long-term loans payable	50,000	21,269
Repayments of long-term loans payable	△60,173	△47,499
Purchase of treasury stock	△15,996	△3
Proceeds from disposal of treasury stock	0	0
Repayments of lease obligations	△2,716	△2,735
Proceeds from sales and leasebacks	218	622
Cash dividends paid	△10,461	△10,460
Others	△248	△3
Net cash used in financing activities	△32,920	△27,461
Effect of exchange rate change on cash and cash equivalents	243	△244
Net increase (decrease) in cash and cash equivalents (△ represents a decrease)	16,345	△151
Cash and cash equivalents at beginning of year	34,981	51,326
Cash and cash equivalents at end of year	51,326	51,175

Corporate Data

As of March 31, 2019

Yamada Denki Corporate Profile

Company name	YAMADA DENKI CO., LTD.
Headquarters address	370-0841, 1-1, Sakae-cho, Takasaki-shi, Gunma
Founded	April 1973
Organized	September 1983
Stated capital	71 billion yen (Consolidated)
Total assets	1,184 billion yen (Consolidated)
Capital adequacy ratio	49.7% (Consolidated)
Number of employees	18,853 people* (Consolidated) 10,432 people (Non-consolidated)

* Excluding average number of temporary employees

Stock Information

Total number of authorized shares	2,000,000,000
Total number of issued shares	966,489,740
No. of shareholders	229,207
Listed stock exchange	Tokyo Stock Exchange
Shareholder register administrator	Mizuho Trust & Banking Co., Ltd.

Major Shareholders

Shareholder Name	Address	Number of shares held (thousand shares)	Shareholding ratio (%)
TECC PLANNING Co., Ltd.	1-1 Sakaemachi, Takasaki-shi, Gunma	65,327	8.03
Goldman Sachs International (Standing agent: Goldman Sachs Securities Co., Ltd.)	133 FLEET STREET LONDON EC4A 2BB U.K. (6-10-1 Roppongi, Minato-ku, Tokyo)	59,769	7.35
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-1 Harumi, Chuo-ku, Tokyo	49,580	6.10
SoftBank Group Corp.	1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo	48,324	5.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	36,304	4.46
Noboru Yamada	Maebashi-shi, Gunma	28,924	3.56
MLI for Client General Omni Non Collateral Non Treaty-PB(Standing agent: Merrill Lynch Japan Securities Co., Ltd.)	MERRILL LYNCH FINANCIAL CENTRE, 2 KING EDWARD STREET, LONDON EC1A 1HQ (1-4-1 Nihonbashi, Chuo-ku, Tokyo)	19,627	2.41
State Street Bank West Client - Treaty 505234 (Standing agent: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	17,544	2.16
The Gunma Bank, Ltd.	194 Motososhacho, Maebashi-shi, Gunma	17,410	2.14
CGML PB CLIENT ACCOUNT / COLLATERAL (Standing agent: Citibank, NA Tokyo Branch)	CITIGROUP CENTRE, CANADA SQUARE, CANARY WHARF, LONDON E14 5LB (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	15,760	1.94

Notes: 1. Yamada Denki holds 153,169 thousand shares of treasury stock, excluded from the above shareholders.
2. Shareholding ratios are calculated excluding treasury stock.

List of Group Companies

Consolidated subsidiaries

Okinawa Yamada Denki Co., Ltd.
CIC Corporation
INVERSENET INC.
Cosmos Berry's Co., Ltd.
Matsuya Denki Ltd.
Seidensha Co., Ltd.
Yamada Financial Co., Ltd.
Kyushu Tecc Land Co., Ltd.
Project White Co., Ltd.
Y's Select Co., Ltd.

YAMADA HOMES Co.,LTD.
ACE HOME Co., Ltd.
Conglo Co.,Ltd.

BEST DENKI CO., LTD.
Best Service Co., Ltd.
Repair Depot Co., Ltd.
J Staff Co., Ltd.
Best Credit Service Co., Ltd.
BPC Co., Ltd.
Kurokawa Denki Co., Ltd.

Housetec Inc.
Nikka Maintenance Co., Ltd.
Chubu Nikka Service Co., Ltd.

Yamada Denki (Shenyang) Commercial Co., Ltd.
Yamada Denki (China) Investment Co., Ltd.
BEST DENKI MALAYSIA SDN.BHD.
BEST DENKI (SINGAPORE) PTE.LTD.
YAMADA TECHNOLOGY CORPORATION
NAKAYAMA RESOURCES & DEV'T. CORP.

Major unconsolidated subsidiaries

Y・JUST Co., Ltd.
TES Co., Ltd.
Gunma Sogo-Setsubi Co., Ltd.
Azuma Metal Co., Ltd.
YAMADA FINANCE Co., Ltd.
Yamada Trading Co., Ltd.
YAMADA REAL ESTATE CO., LTD.
YAMADA SMALL AMOUNT SHORT TERM INSURANCE CO.,LTD
Yamada Life Insurance Co.,Ltd.
IEMAMORI HOLDINGS CO.,LTD.

Affiliated companies

Y.U-mobile Co., Ltd.
Stream Co., Ltd.
BEST IT BUSINESS Co., Ltd.
Social Mobility, Inc.

Store Network

Total number of stores in Japan and overseas

12,570

Stores

Japan

Number of directly operated stores: 955 stores

Number of FC stores: 11,571 stores

Overseas

Number of directly operated stores: 20 stores

Number of FC stores: 24 stores

Japan

Koshinetsu and Hokuriku

Directly operated stores : 75
FC stores : 1,007

Kansai

Directly operated stores : 112
FC stores : 1,253

Chugoku

Directly operated stores : 67
FC stores : 802

Kyushu and Okinawa

Directly operated stores : 222
FC stores : 2,109

Hokkaido

Directly operated stores : 51
FC stores : 758

Tohoku

Directly operated stores : 80
FC stores : 1,071

Kanto

Directly operated stores : 226
FC stores : 2,420

Tokai

Directly operated stores : 82
FC stores : 1,636

Shikoku

Directly operated stores : 40
FC stores : 515

Overseas

China

Directly operated stores : 1

Malaysia

Directly operated stores : 8

Singapore

Directly operated stores : 11

Indonesia

FC stores : 24



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