



Yamada Denki Group

Integrated Report 2020

YAMADA DENKI CO.,LTD.

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We support you living a delightful life.
Entirely.

Yamada Denki will change.
To create a range of services that support everything in our lives,
and to reach more people than ever before,
Yamada Denki is taking on numerous challenges
beyond the normal scope of a consumer electronics retailer.
“We support you living a delightful life. Entirely.”
This is where Yamada will focus its resolve for the future.

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Editorial Policy

The Yamada Denki Group publishes the Yamada Denki Group Integrated Report, providing 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 all its stakeholders, including shareholders and investors. This report introduces the sustainability activities, and their progress, the Group has been able to contribute towards in line with its priorities for the SDGs identified in fiscal 2020. Details of each activity are available on the Yamada Denki 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, 2019 - March 31, 2020 (FY2020)
(Some activities in fiscal 2021 also included.)

Published

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Guidelines Referred to

- The Global Reporting Initiative's Sustainability Reporting Standards 2016
- The International Integrated Reporting Framework (IIRC)
- The Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation

Disclaimer

Information stated in this report, except for historical facts, is based on various presumptions and premises made as of March 31, 2020. 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.

Noboru Yamada

Representative Director and
Chairperson



Chairperson's Message

Our aim is for sustainable growth as a corporate group, that fully supports 'total-living'.

Looking back on the business environment and the fiscal year ended March 31, 2020

Achieved a significant increase in profits through structural reforms

In recent years, the Yamada Denki Group has been promoting its 'total-living' strategy which, with home appliances at its core, provides for a comfortable living space. This has been done while working on structural reforms with our goals of strengthening existing businesses and developing new markets in order to realize sustainable growth for the Group.

The year ended March 31, 2020 saw a continuation of our structural reforms from those of the previous year. Even though supply chains were significantly affected by the coronavirus pandemic which swept across the world, the Group's consolidated performance was up slightly by 0.7%. Operating profits increased by 37.5% and profit attributable to owners of parent rose by 67.5%, a significant increase.

The reason why we saw such strong profits is, I believe, the result of a series of thorough efforts we made to improve profitability. These efforts include the high-level inventory control we have been working on since the previous year, and the introduction of our branch system in October 2019 which divided Yamada Denki as a standalone company into 13 branches.

A holding company structure

Improved Group governance, increasing corporate value

The Yamada Denki Group plans to move to a holding

company structure, as Yamada Holdings, on October 1, 2020.

Our company began as a small electrical store in Maebashi City in Gunma Prefecture. Over the 47 years since then, we went from selling goods from various manufacturers to a mass retailer, until becoming the first consumer electronics retailer to have stores in every prefecture in Japan. The consumer electronics industry was a new industry born after the war, but now it has become an indispensable part of society, a basic infrastructure for daily life. During all this time however, I was continually asking myself what kind of service consumer electronics should be providing and what the best business model should be.

Yamada Denki's move to break away from its "electronics-only" business properly started in 2011 when it made a subsidiary acquisition of the custom-home builder, SxL. From that, the idea to develop business with a focus on the housing aspect of food, clothing and housing blossomed. Lots of trial and error took place searching for possibilities unique to Yamada Denki, until finally we arrived at the current business, broadly divided into the five segments of Housing, Environmental Resources Development, Finance, Services, and Consumer Electronics at the center, espousing the concept of 'total-living'.

The reason behind our intention to become a holding company is because I would like to further increase our corporate value. This can be done as a holding company by encouraging more self-directed business activities in the five segments and by separating business execution from the management and supervision of operations, thereby improving the management efficiency and governance of the entire Group. We also need to further strengthen Group governance so the

Chairperson's Message

Yamada Denki Group can contribute to the creation of a sustainable society, an increasingly important role companies must play in recent years for solving social issues. So that we can move ahead faster than ever with our 'total-living' strategy, I believe that moving to a holding company structure is a change we must make.

Moving forwards with our 'total-living' strategy Making the most of our nationwide network

The fiscal year ended March 31, 2020 was a year in which the Yamada Denki Group made a number of clearly discernible advances in promoting its 'total-living' strategy.

Advances which include over 100 Kaden Sumairu Kan stores from fiscal 2018 and the rollout of new sales floors at some large inner-city stores developed in collaboration with the Yamada Denki subsidiary, Otsuka Kagu. That these changes, for which we have been aiming for, have now become clearly visible to our customers is, I believe, a hugely important event in the sense of gaining the understanding of our shareholders and other stakeholders. The new series of TV commercials which began in November 2019, with the catchphrase "We support you living a delightful life. Entirely.", was also a good opportunity for us to publicize the changes the Yamada Denki Group has made.

As a part of strengthening existing businesses, we have also been making efforts to make the best use of our extensive and diverse store network.

As a fresh venture, our new type of store expanding across the country, YAMADA web.com, has not only a formidable range of products and real-time pricing linked to Yamada Denki's official online store, but it also provides a sales engineer service where the same professional staff member handles everything from dealing with customers, to delivery installation, and after-sales service. From this venture we are developing an unprecedented proposal-based service that brings the convenience of online shopping into the community while utilizing the distribution network we have built up over the years. YAMADA web.com provides a service that no other online shopping store can provide. I believe it has great potential as the latest kind of store able to respond to the new lifestyles of our customers.

We can't get away from the fact that Japan is in the midst of a super-aged society, and that is why

we, as an infrastructure which society can't do without, must provide services that support the concept of 'total-living' for everyone, including the elderly. Developing different types of stores, such as Kaden Sumairu Kan and YAMADA web.com which meet the peculiarities of the community, is something I would like to pursue as a consumer electronics retailer in the internet age.

From the perspective of developing new markets, we are steadily moving ahead with the 'total-living' strategy. It is natural to think that home appliances and homes go hand in hand, but in the highly competitive housing industry, many people wondered how a latecomer such as Yamada Denki could make its mark. However, as a result of continually challenging ourselves for 10 years, the concept of a home, with all the characteristics of the Yamada Denki Group, was born, and this differentiation has finally led to profits.

Because of this business development making the most of the Yamada Denki Group's, and renovations and finance services', expertise and store network built up over many years, I believe we have now entered the stage where we can expect to see even more growth.

Building a circular economy Promotes the creation of reuse and recycle systems

Environmental considerations are essential when espousing a 'total-living' strategy. Our mainstay electrical appliances are durable consumer goods. They are essential for daily life but at the same time they inevitably need to be replaced. I believe that building a circular economy where previously sold home appliances can be collected and recycled without impacting the environment is an important obligation for the consumer electronics industry.

The Yamada Denki Group has already established a coherent flow for the reuse and recycling of home appliances and computers, etc. by utilizing its network of stores across the country. But looking ahead, I believe we will need to improve the quality of this flow by forging ahead with recycling, creating a system in the future that enables us to handle waste that cannot be recycled. Based on this idea, YAMADA Environmental Resources Development Holdings Co., Ltd. was newly established in March 2020. Going forward, we will promote the environmental resources development business as part

of our 'total-living' strategy with this new company at its heart, and we will continue to lead the industry toward building a circular economy of the future.

Beyond Creation and Challenge Aiming to achieve the SDGs through sustainable growth

In order to be a Yamada Denki Group valued in the future as an infrastructure that supports everyone's lives, we find ourselves in an era where business activities are required to not only address environmental issues but to solve various social issues too.

In this era, we should not be the kind of consumer electronics retailer that simply sells any kind of manufactured product, but rather, in this era we need to have the attitude where we can be honest with the customer and think about what happens to the product after it has been sold. This is the reason why we sometimes plan and release our own originally manufactured products.

In December 2019, the Yamada Denki Group identified its important issues for achieving the SDGs as a Group-wide guideline for building a sustainable society. The three tasks identified by the Yamada Denki Group are "Provision of comfortable living space and establishment of a social system," "Developing employees and improving the work environment," and "Building a circular economy and protecting the global environment". All of these are issues that the Yamada Denki Group must fulfill because

they have been needed by everyone for a long time. We will help achieve the SDGs by firstly imparting the significance of these issues to everyone throughout the Group, establishing a system and working environment to do this, and making steady, incremental efforts through our business.

The Yamada Denki Group has always faced head on changes in the environment and its own challenges in the process of the company's growth. I have said before that our strength lies in our network of stores throughout the country, but I believe also that it is the presence of our approximately 60 million members who prove our strengths from many different angles. Providing safe, secure, and convenient services across the living spectrum by making the most of the network we have created, including our sales, distribution, and reuse/recycling systems, is similar to building a single economic zone. Of course, that involves great responsibility, and under a strong governance system, we must listen more closely to the voices of our stakeholders and reflect these ideas back into our business.

The basis of our management philosophy of Creation and Challenge, which was established in the second year after the company's foundation, is the clear-cut goal to increase corporate value and contribute to society. The Yamada Denki Group will continue to strive for sustainable growth as a corporate group that supports everyone's lives by confronting these times of change and helping to solve issues in society with Creation and Challenge in mind.



Businesses of the Yamada Denki Group

The Yamada Denki Group will continue to grow by creating social value through a range of services from housing, furniture and interiors, to renovations, real estate, insurance and finance, in addition to sales of its mainstay consumer electronics, providing customers with a ‘total-living’ package.



The Consumer Electronics Segment & The Subsidiary Consumer Electronics Segment

We have rolled out a network of consumer electronics stores, such as urban and suburban stores, as well stores in smaller areas, with differing concepts in relation to the size of the commercial area both in Japan and overseas. These stores handle not only sales of home appliances, furniture, and interior products, etc., but are also engaged in the SPA (Specialty retailer of Private label Apparel) business model, selling originally manufactured products. Since 2017 we have been accelerating the opening of a new type of store, the Kaden Sumairu Kan, which offers a complete coordination package for the home. Furthermore, our subsidiaries, including Best Denki, are also engaged in the business of consumer electronics on a more locally-based level.



The Housing Segment

Utilizing Yamada Denki’s network of stores, we are aiming to achieve an eco-friendly society by providing all-inclusive smart homes at low cost. As well as new build sales and rebuild homes, we cover the complete spectrum in terms of renovations, from housing quality inspection and maintenance, the manufacture and sale of housing products, through to kitchens and bathrooms as well as interior and exterior products, supporting the creation of enjoyable homes for everyone.



The Environmental Resources Development Segment

From selling and providing services for energy-saving, eco-friendly products centered around our home appliances and computers, to the sales of outlet products, and the reuse and recycling of products, we are working together with all departments in the Group to develop a one-stop business. We will also contribute to reducing our impact on the environment by embarking on new reuse-recycle schemes including the collection, transportation, and reuse of waste.



The Finance Segment

As part of our ‘total-living’ service package, we are developing a range of financial products, including mortgages, non-life insurance products, life planning, and payment services. We meet the diverse needs of our customers through proposal-based sales unique to the Yamada Denki Group.



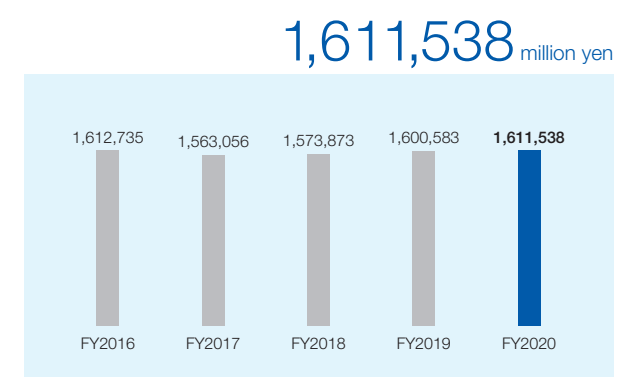
The Services Segment

The segment caters for the services that allow customers to relax and enjoy their shopping, the services that supply safe and secure household electrical appliances and products for the home that have been purchased or contracted, such as services in the restaurant and travel businesses, house builders for materials and equipment, the delivery and installation of home appliances, as well as machinery and building services work, etc.

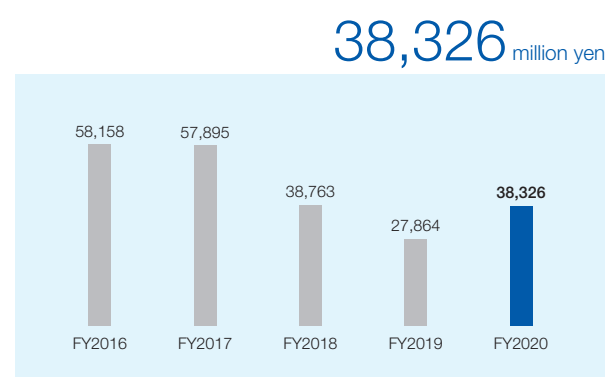
Financial & Non-Financial Highlights

Financial Information

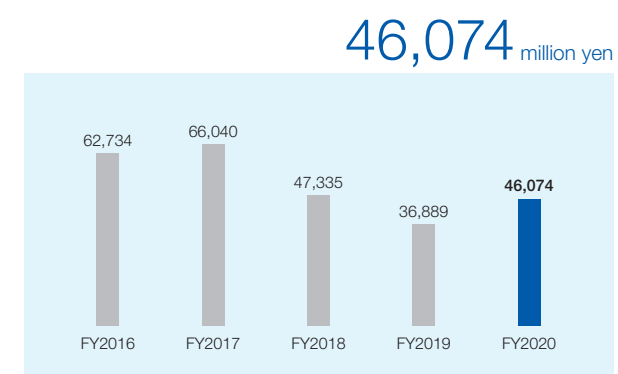
Consolidated Net Sales (million yen)



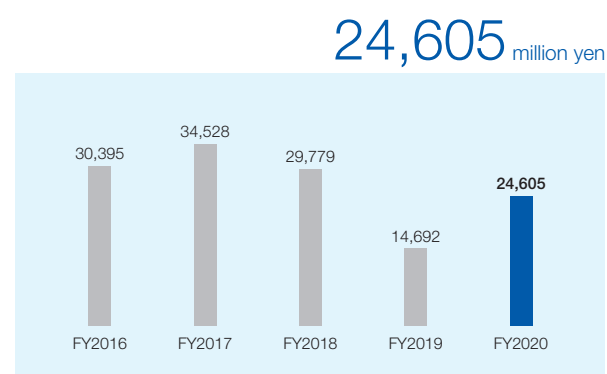
Consolidated Operating Profit (million yen)



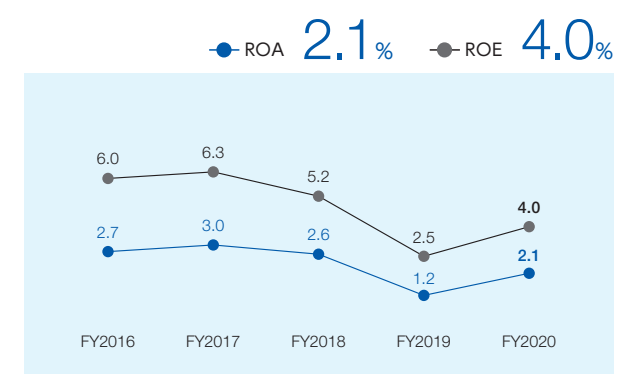
Consolidated Ordinary Profit (million yen)



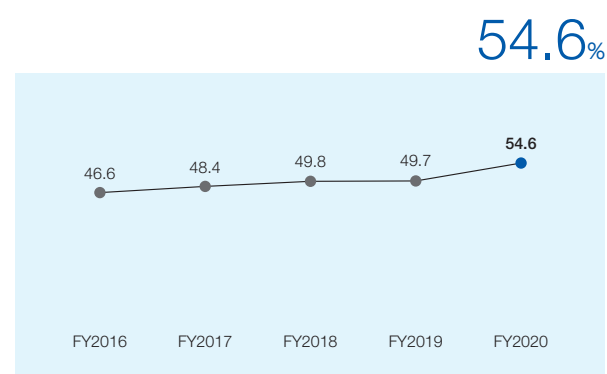
Consolidated Profit Attributable to Owners of Parent (million yen)



Consolidated ROA, ROE (%)



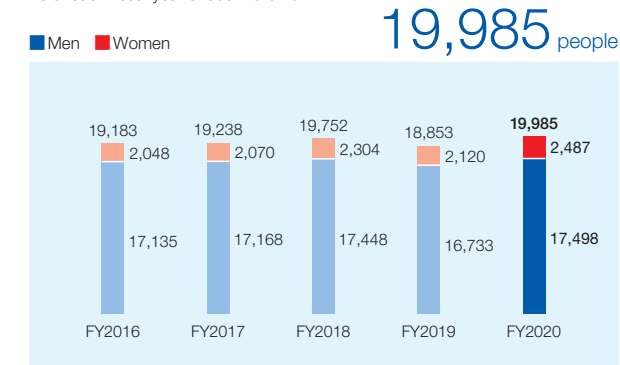
Consolidated Equity Ratio (%)



Non-Financial Information

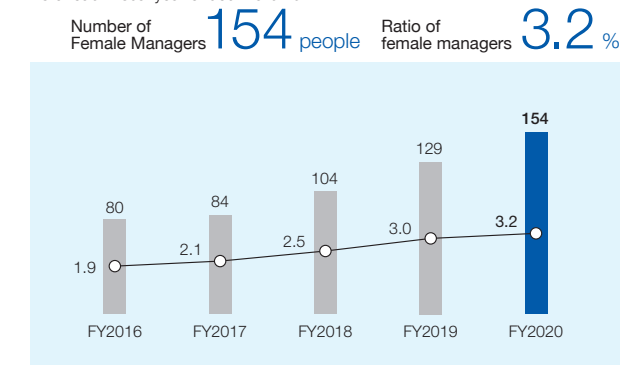
Consolidated Number of Full time Employees

As of each fiscal year ended March 31



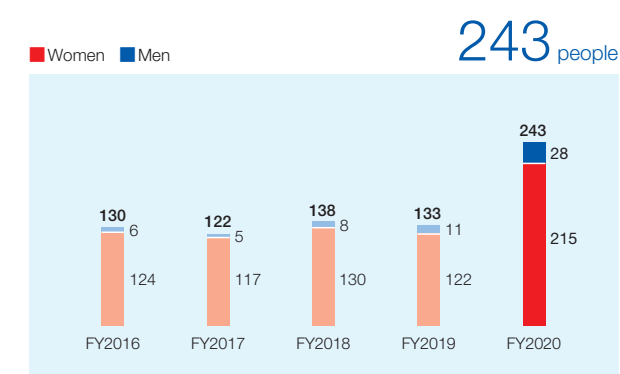
Consolidated Number and Ratio of Female Managers (people, %)

As of each fiscal year ended March 31



*Full-time employees only

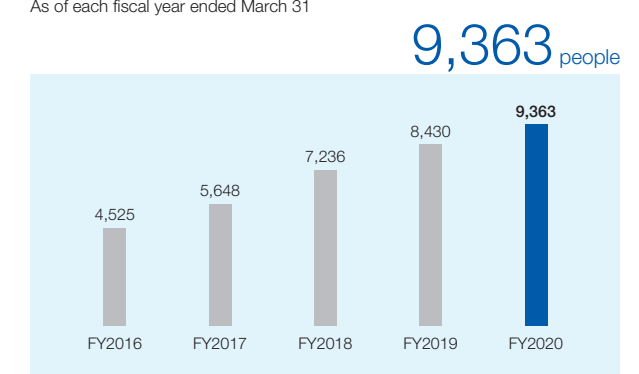
Consolidated Number of Employees Taking Childcare Leave



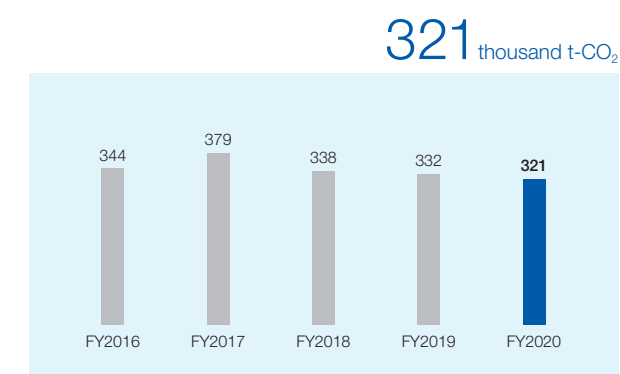
*Full-time employees only

Consolidated Total number of Certified Home Appliance Advisors and Smart Masters

As of each fiscal year ended March 31

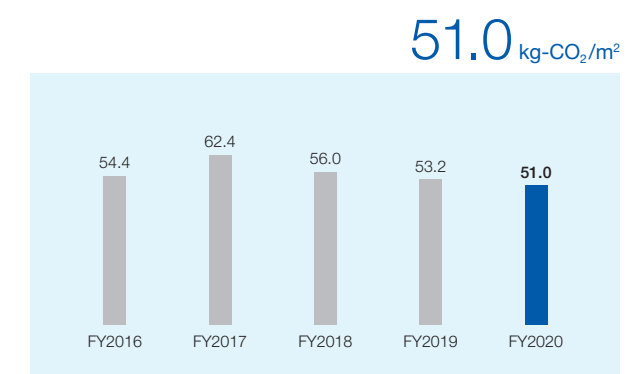


Consolidated CO₂ Emissions from Electricity Use (thousand t-CO₂)



*1 CO₂ emission coefficient: 0.55kg-CO₂/kWh
*2 See P.34 for scope of aggregation

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



*1 CO₂ emission coefficient: 0.55kg-CO₂/kWh *2 See P.34 for scope of aggregation
*3 Previous years' values retroactively revised to improve accuracy

A History of Value Creation

With its management philosophy of Creation and Challenge in mind, 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.

The Group will continue to monitor closely the changing times, creating systems for the future not bound by its results, and working hard to build on the next Creation and Challenge.



1970s—

From a small electrical store to multi-manufacturer retailer

The history of Yamada Denki begins with the founder and chairperson Noboru Yamada when he opened the Yamada Denka Service electronics store in Maebashi City, Gunma Prefecture. With a store area of just 26m², the small electrical store started by husband and wife expanded its business during the time of the yen's appreciation due to the oil crises of the 1970s and the introduction of the floating rate system. By 1978 the company had five stores and was operating with annual sales of over 600 million yen.

1980s—

Number one for sales in Japan

After establishing Yamada Denki Co., Ltd. in 1983, the company had been striving to expand its business through the development of franchise chains and low price strategies. By 1989 the company had gone public, and in 2005 had established a nationwide chain of stores becoming the first domestic consumer electronics retailer to achieve sales of 1 trillion yen. In 2010, the company made 2 trillion yen and pushed on with its expansion of its overseas stores.

2010s—

Striving to move from just consumer electronics into new areas

As the Group entered the 2010s it promoted the rollout of its solutions business centered around home electrical appliances, with a long-term vision aiming to be an IoT company with the largest service network in Japan. And in 2019, with its 'total-living' strategy, the Group drastically changed its business model, moving away from consumer electronics only into businesses that solve living and lifestyle problems.

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.

Our Management Philosophy

■ Sales

* Unconsolidated up until fiscal 2002, consolidated thereafter

FY2020 Sales

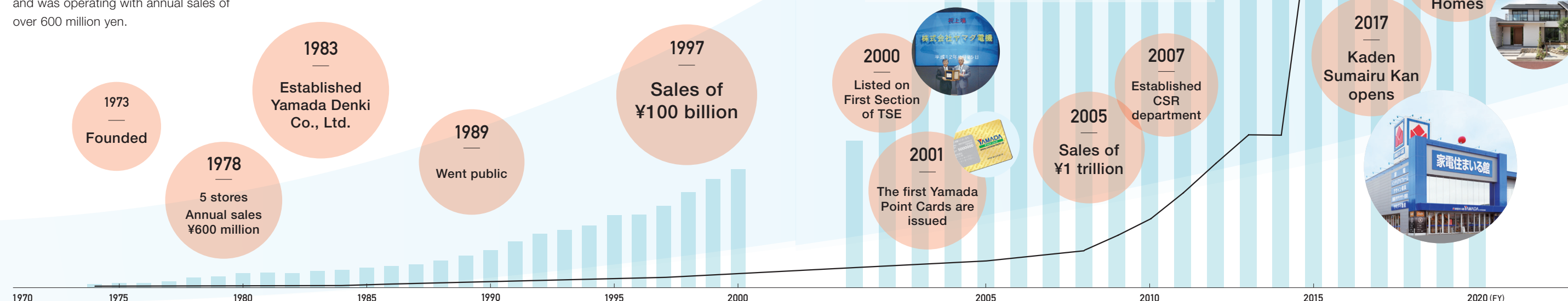
¥1611.5 billion

● Number of Stores

* Since 2014, we have changed the method of counting the franchised stores from the number of member stores to the number of bases.

Number of Stores as of March 31, 2020

12,858



Changing Times

- | | | | | | |
|--|--|--|---|--|---|
| 1971 NHK starts broadcasting all programs in color | 1982 Joetsu Shinkansen bullet train line opens | 1991 The bubble economy bursts | 2000 Large-scale retail store location law comes into force | 2008 Bankruptcy of Lehman Brothers and financial crash | 2015 70 years after the end of World War II |
| 1973 The first oil crisis | 1986 Equal Employment Opportunity Law is enacted | 1995 The Great Hanshin-Awaji Earthquake | 2002 FIFA World Cup is held in Japan and Korea | 2011 The Great East Japan Earthquake | 2019 First year of the Reiwa era |
| 1978 Narita Airport opens | 1989 Consumption tax starts at 3% | 1996 Number of mobile phone contracts exceeds 10 million | 2003 Start of digital terrestrial TV broadcasting | 2011 Analog broadcasting ends | 2019 Consumption tax rises to 10% |

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 issues.

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.

Social Issues

Declining birthrate and aging population

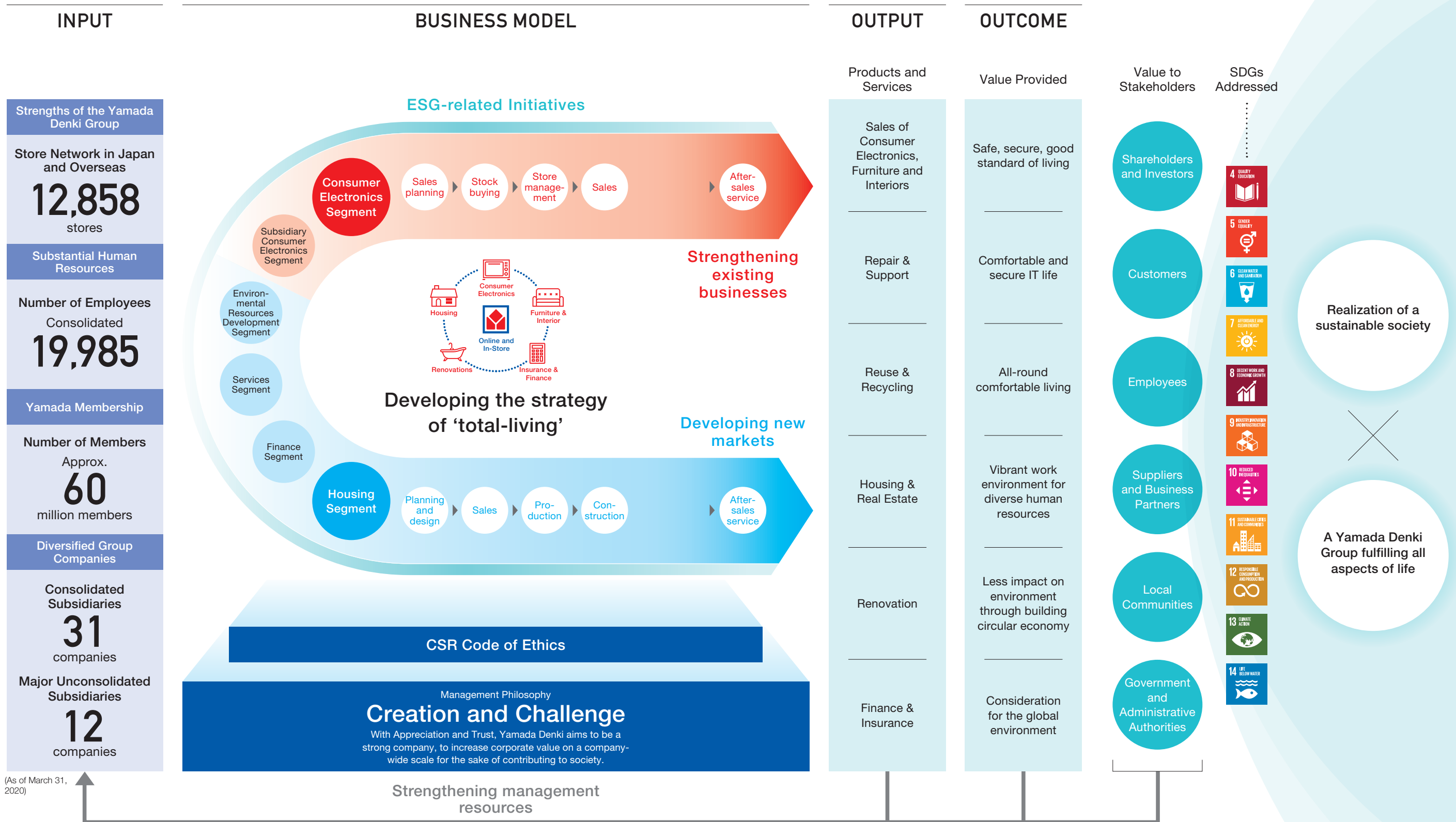
Population decrease

Making people feel more affluent

Balancing eco-friendliness and comfort

Dealing with an increasingly complex IT society

Global warming



Executive Messages by Business Segment

The Consumer Electronics Segment



Tsuneo Mishima

YAMADA DENKI CO., LTD.
Representative Director and President

Promoting strategies that utilize our nationwide network

Since breaking into the housing business in 2011, Yamada Denki has been developing a store format to meet the diverse needs of customers and the market environment while continuing with management reforms in response to changes in our society, such as the declining birthrate, aging population, and popularity of IoT (Internet of Things). The new types of stores include our Kaden Sumairu Kan providing ‘total-living and comfortable living spaces’, our large-scale urban stores known as LABI, and our specialty reuse and outlet stores, YAMADA web. com. This diverse and extensive store network is our greatest strength. As the Yamada Denki Group moves forward to becoming a holding company in October 2020, the businesses of Yamada Denki will be specialized into the management of the consumer electronics business. It is under this new framework that we want to put the finishing touches on our concept of ‘total-living, comfortable living space’.

Yamada Denki used to place ‘low cost’ in front of everything. However, as consumer attitudes move away from a “want” based consumption to a consumption based more on “needs”, an important point for us to consider is to what extent we can discover the needs of our customers so as to provide products for them. The customer service contest, which was based on the high-

quality customer service guide we newly introduced in 2019, and the job descriptions of our sales engineers, are measures for us to value customer service more than ever before. I believe this symbolizes a shift towards a business that emphasizes not just ‘low cost’, but also ‘quality of service’.

A Yamada Denki that always lives up to its customers’ expectations

Even during the recent coronavirus pandemic, many customers visited our suburban stores. These stores carry many products that make life easier for those having to stay home or work from home, showing us once again how significant we are as a company. As such, Yamada Denki will continue to strive to be a company that lives up to the expectations of its customers. The Yamada Denki Group will also contribute to building a sustainable society by focusing its efforts on achieving the “Provision of comfortable living space and establishment of a social system”, one of its important issues toward achieving the Sustainable Development Goals (SDGs) the Group announced in December 2019.

The Subsidiary Consumer Electronics Segment



Koji Ono

BEST DENKI CO., LTD.
Representative Director and President

A Best Denki supporting the local community

Since its founding in 1953, Best Denki has always run its consumer electronics business with a ‘customer first’ spirit, opening stores mainly in the Kyushu, Okinawa, and Yamaguchi areas, as well as expanding overseas. Since becoming a part of the Yamada Denki Group in 2012, we have focused on running our stores at a local level, making efforts to increase the share of the Group’s sales. On assuming the position of director of the subsidiary consumer electronics segment, I have been working to find synergies between the Group’s companies.

Currently, due to the coronavirus pandemic we have entered an unprecedented recession in our home base of Kyushu. The serious economic situation continues in the transportation and warehouse sectors, as well as in the hotel, tourism, and restaurant industries leading to a drop in sales and increased costs associated with fighting the virus. It is difficult to predict how the future will pan out, but no matter how it evolves we would like to continue to support local communities through, not only sales of our home electric appliances, essential for daily life, but also through our ongoing activities sponsoring children’s events and promoting sports, etc.

Helping to build a circular economy as a whole Group

In the consumer electronics business, we believe that it is not just price but, because they interact directly with customers, it is the quality of service our employees give that is of the utmost importance. We encourage our employees to gain external qualifications, such as the home appliance advisor certification, to develop employees into consumer electronic specialists. To help them take these qualifications employees are given support in the form of grants, etc. In addition, we will make efforts to create a work environment in which employees can work comfortably, a place where employees can work to their full potential regardless of gender, somewhere where employees can create their own action plan to strike the right work-life balance.

In December 2019, the Yamada Denki Group established its important issues toward achieving the Sustainable Development Goals. As a company, we believe that further development in terms of the reuse and recycling of consumer electronics is one of the important objectives for us. The Yamada Denki Group already has the environment in place where everything from sales to buy backs and recycling, as well as the sale of reused products and recycling of used parts can be completed. By focusing on our business activities, including at our outlet stores, we will help achieve one of these important issues, namely “Building a circular economy and protecting the global environment.”

Executive Messages by Business Segment

The Housing Segment



Fumihiko Masuda

YAMADA HOMES Co., LTD.
Representative Director and Chairperson

Expanding business by utilizing the Group's ability to respond

The Yamada Denki Group offers a wide variety of services that embody its concept of 'total-living', which include housing, consumer electronics and finance, etc. The Group's ability to respond quickly is a feature that sets it apart from other companies. How to attract customers in the housing segment is an important point in terms of business expansion. As such, we recognize that utilizing the strengths of the Yamada Denki Group, which boasts an overwhelming ability to attract customers, is a major strength.

The housing segment is a business area that can contribute to the construction of high-quality social infrastructure by providing services that are closer to the needs of customers, and homes, that form the basis of our daily lives. In other words, it is a segment where business and social contribution are directly connected. We believe that we will be able to provide even more value to our customers by more carefully utilizing the stock assets we have accumulated over the years, including the homes we have built and our relationships with our customers. We will continue to do this in a straightforward manner, without sacrificing our policy of delivering products of value to our customers.

The Finance Segment



Kenichi Koyano

YAMADA FINANCE SERVICE Co., Ltd.
Representative Director

Proposal-based sales that meet a wide range of financial needs

In order to support the Yamada Denki Group's strategy of 'total-living' from a financial perspective, the finance segment is developing services in six areas: new build homes, renovations, payment services, insurance products, life planning proposals, and real estate information. Along with providing customer-focused financial products in each area, such as with our Yamada Flat 35 for new build homes and the Yamada Living Loan for renovations, we aim to put into practice a proposal-based style of sales that addresses customers' financial needs in many different ways.

Each company in the finance segment has only a short history and, up until now, we have been individually seeking ways to expand our respective businesses. So that we can make the finance business' catchphrase of "A partner to make customer dreams come true" a reality with a certain amount of speed, it will be necessary for us to integrate the finance business in the future. We believe that it will be possible to meet a wide range of financial needs only if we can do this, which is why we are currently aiming to become a comprehensive financial company. Looking to the future, we will continue to secure an assortment of financial products and superiority in terms of their conditions not found at other consumer electronics retailers, so that we can develop the financial business as a powerful weapon in the Yamada Denki Group's style of proposal-based sales.

The Environmental Resources Development Segment



Mitsumasa Kuwano

YAMADA Environmental Resources Development Holdings Co., Ltd.
Representative Director and President

Striving to build a circular economy as a whole Group

In the Environmental Resources Development segment we are developing businesses with the three pillars of product reuse & recycling, waste reduction, and the use of recycled materials to build a circular economy. The foundation of which is the consumer electronics business, the backbone of the Yamada Denki Group. Here, used appliances are reused and, if they cannot be resold, they are recycled and their parts reused. Products that are difficult to recycle are compacted and disposed of. We believe our greatest mission in this business is to build a system and infrastructure that enables this cycle to be completed as a whole.

Furthermore, the Yamada Denki Group has the added dimension as a manufacturer through its YAMADA SELECT brand. As such, we want to fulfill our social responsibilities as a manufacturer and retailer by building and commercializing an infrastructure within the Group that can complete the two product lifecycles of; manufacturing-sales-collection-reuse-resale and, manufacturing-sales-collection-recycling-recommercialization-manufacturing.

The Services Segment



Akihiko Iwai

Yamada Trading Co., Ltd.
Representative Director and President

Bringing together different services to create synergies

The service segment includes a diverse lineup of businesses, including the trade businesses of house building materials and housing equipment, as well as the service industries of construction, wholesale, restaurants and travel. For example, an important role for Yamada Trading is to keep in close contact with each company of the Yamada Denki Group so that we can propose products that meet the needs of each company, as well as procuring requested products efficiently, helping to keep costs down. We understand that building a collaborative service system to maximize synergies for the entire services segment is a major challenge for the future.

In the services segment, we will actively work to solve social issues through our business. A case in point being when we worked with other segments to purchase masks and other hygiene products which had become scarce due to the spread of the coronavirus, putting them into the hands of many people. In this segment we will continue to seek out things we can do for society, moving quickly to contribute to the development of the Group as well as to a sustainable society.

Risks and Opportunities in the Business Environment

Risks

- Slowdown in consumer spending in line with increased needs to protect household budgets
- Economic recession due to pandemic
- Drop in inbound demand
- Contracting market due to slowing Chinese economy
- Intensifying competition across sectors and industries

Opportunities

- Increased demand for 5G equipment
- Increased demand for services and equipment due to more people working from home
- ‘total-living’ proposals with all our products and services
- Growing market for home renovations
- Growing online sales

Business Overview

The Yamada Denki Group provides high quality products and a variety of services through its mainstay consumer electronics business, contributing to a better way of life and improved convenience for customers. In recent years, we have been developing various businesses based on the concept of ‘total-living’ which brings together electrical appliance-centric houses, renovations, fitted kitchens, bathrooms and other furniture connected to the living space, with our finance and real estate services. Along with utilizing the strengths of our store network, from urban and suburban to local stores all over Japan,

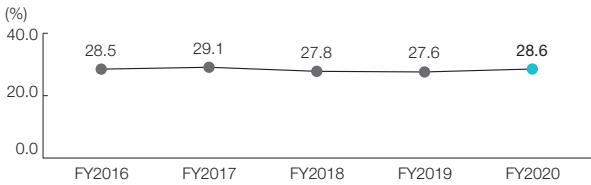
that meet the diverse needs of our customers, the Group is also working on incorporating online sales as well as strengthening the development of SPA (originally manufactured and retailed) products. In October 2019, we introduced a branch manager system that focuses on improving profit margins. Going forward, we will continue to make proactive efforts to maximize the management resources of the Yamada Denki Group in line with changes in society, striving to achieve sustainable growth and increase corporate value.

Earnings

In the fiscal year ended March 31, 2020, overall sales remained strong despite temporary impacts from the frequent natural disasters and recoil from the consumption tax hike. Of these overall sales, our mainstay consumer electronics remained firm, due in most part to higher priced TVs, refrigerators, and washing machines, against the backdrop of a last minute surge in demand prior to the rise of the consumption tax rate. In addition, replacement demand for digital devices such as personal computers remained strong. As a result, consolidated financial

results for the fiscal year ended March 31, 2020 were: sales of 1,611.5 billion yen, operating profit of 38.3 billion yen, ordinary profit of 46 billion yen, and profit attributable to owners of parent of 24.6 billion yen.

Changes in Gross Profit Ratio

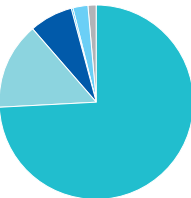


Consolidated Financial Data

(million yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Sales	1,612,735	1,563,056	1,573,873	1,600,583	1,611,538
Operating profit	58,158	57,895	38,763	27,864	38,326
Ordinary profit	62,734	66,040	47,335	36,889	46,074
Profit attributable to owners of parent	30,395	34,528	29,779	14,692	24,605
Equity ratio(%)	46.6	48.4	49.8	49.7	54.6
ROA(%)	2.7	3.0	2.6	1.2	2.1
ROE(%)	6.0	6.3	5.2	2.5	4.0

Sales results by business segment



- Consumer Electronics Segment
¥1,397.8 billion
- Subsidiary Consumer Electronics Segment
¥269.7 billion
- Housing Segment
¥134.3 billion
- Finance Segment
¥2.4 billion
- Environmental Resources Development Segment
¥46 billion
- Services Segment
¥13 billion

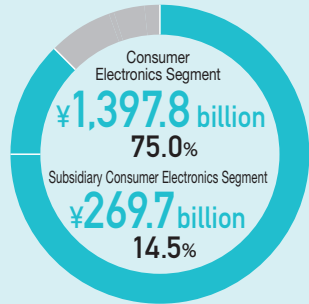
* Some actual results include figures for non-consolidated subsidiaries, etc. In addition, transactions within the group have not been offset, so figures differ from those reported in closing accounts.

The Consumer Electronics Segment & The Subsidiary Consumer Electronics Segment

Major Initiatives in Fiscal 2020

Amid an expected sharp decline in consumer spending following the consumption tax hike in October 2019, the consumer electronics business pushed through with reforms on a new profit model to strengthen the business more quickly. Specifically, we continued to work on our inventory with a focus on selling through, something which we started to do in fiscal 2019, in a bid to improve our profit margin. In addition, we shifted to sales centered around our concept of ‘total-living’ with home appliances at the heart of this lifestyle framework, also completing the subsidiary acquisition of OTSUKA KAGU, LTD. as one means to strengthen this sales shift.

Sales Composition



* Figures differ from consolidated financial statement

01 Subsidiary Acquisition of Otsuka Kagu

In December 2019 we made Otsuka Kagu, with its expertise in furniture sales, a subsidiary in order to strengthen our ‘total-living’ strategy. In February 2020, in line with the renewal of four existing stores, we started the rollout of our lifestyle-type sales floors in collaboration with Otsuka Kagu. And by March the Otsuka Kagu stores had started selling household electrical products. Going forward, we will continue to seek further developments in order to create synergies that leverage the strengths of each business.



02 SERIE NOIR - A New Series in Home Appliances

Yamada Denki’s SPA (originally manufactured and retailed) product range, YAMADA SELECT, now boasts the SERIE NOIR series of carefully designed home appliances combining functionality with design. The first line in the series released in January 2020 comprises of the Cooking Pot, Hot Plate mini (A4 size hot plate), and Cooking Pot mini (mini grill pan), all featuring a high-quality design and functionality perfect for the kitchen/dining experience. In the future, we will continue to expand the series and develop SPA products that go beyond the limits of ordinary home appliances.



Challenges and Prospects for Fiscal 2021

Tough times are expected because of a drop in consumer spending on the back of dented consumer confidence, as well as a decrease in inbound demand, as a result of the coronavirus pandemic. Under these circumstances, the consumer electronics segment aims to improve profitability through continuous reforms. Furthermore, in addition to our aim to create synergies by promoting displays at existing stores which combine home appliances with furniture and interior products from both Yamada Denki and Otsuka Kagu, we will strengthen the development of SPA products, creating some good ideas for spending an enjoyable time at home, something which we all have to do more of in light of the coronavirus pandemic. We will also expand the number of YAMADA web.com stores, our latest type of store giving an online presence and sales outlet.

Housing Segment

Major Initiatives in Fiscal 2020

The business environment continues to face a difficult time with the downturn after the consumption tax hike having a major impact on the renovations division, as well as with delays in construction due to the many natural disasters such as typhoons. Under these circumstances, we have taken steps to maximize synergies from the restructuring of business groups. In March 2020 also, as a means to strengthen our ‘total-living’ strategy, NAC CO., LTD. became a core company in the housing business, and it was announced that the nationwide custom-home builder LEO HOUSE CO., LTD. (now YAMADA LEO HOUSE, CO., LTD.) had become a subsidiary.

Sales Composition



* Figures differ from consolidated financial statement

01 Subsidiary Acquisition of Leo House

Becoming a subsidiary in May 2020, Yamada Leo House is a house builder providing custom-design, tailor-made homes with its promise of “together, building a home to make your life better.” In providing satisfaction to customers for its tailor-made homes, apparent from its first place in the category of ‘Value for Money’ in the Oricon Customer Satisfaction Rankings for three years running (2016-2018), the company can be expected to create synergies in line with the Yamada Denki Group’s ‘total-living’ strategy.



02 Subsidiary Acquisition of IEMAMORI HOLDINGS

In February 2019, we entered into a capital and business alliance with Iemamori Holdings, a business engaged in a wide range of home-related services from quality inspections of new homes to the service and maintenance of existing homes, and residential remortgages. We acquired a majority shareholding in the company, making it a subsidiary of Yamada Denki. As well as seeking out potential demand for home renovations by making full use of Iemamori Holdings’ wealth of over 150,000 home inspections, we will develop a variety of services that carefully addresses the needs of consumers while effectively utilizing the network of the Yamada Denki Group.

Challenges and Prospects for Fiscal 2021

Although the number of new home-build starts has been declining in recent years, the renovation market is expected to hold firm in the medium to long term. However, because of the coronavirus pandemic, we are already seeing signs of a hold back from buying homes due to uncertainties about work and the future of the economy. As such, it is expected that this difficult business environment will continue. In the housing segment, we will aim to provide and propose services that make use of the Yamada Denki Group’s unique ability to provide a complete package in order to further promote and build on our ‘total-living’ strategy from last year. In addition, we will strive to expand the size of the housing segment by promoting long-term quality housing expounded by our ‘disaster-proof’ concept, as well as by leveraging economies of scale such as with the subsidiary acquisition of Leo House.

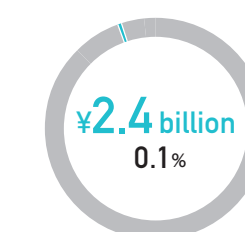
Finance Segment

Major Initiatives in Fiscal 2020 and Future Prospects

In order to promote “proposal-based sales,” a pillar of the Yamada Denki Group’s growth strategy, it is essential to create our own proprietary financial business. As such, we are engaged in the development and sales of various financial products, forming the structures and gaining the relevant qualification to bring these products to market. We will become “A partner to make customer dreams come true” as soon as we possibly can. Highlights for each financial business in fiscal 2020 are as follows.

- 1 Mortgages: Cumulative total of 1,300 Flat 35 loans with loan amount exceeding 40 billion yen
- 2 Renovation Loans: Over 15,000 in total. Sales started at Otsuka Kagu.
- 3 Damage Insurance: Began sales of the Yamada Disaster Relief Insurance, the industry’s first for natural disasters
- 4 Insurance Agency: Develop a life plan nationwide through in-house financial planners (100 employees)
- 5 Credit: Improved customer convenience by starting on-the-spot credit and 3 year interest free credit
- 6 Real Estate: Accelerated store openings nationwide in partnership with CENTURY 21 REAL ESTATE OF JAPAN LTD. Going forward, we will explore ways to expand our business while urgently improving the systems of each company within the finance segment.

Sales Composition



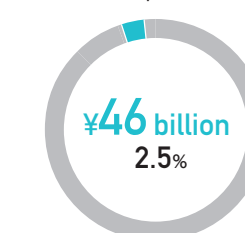
* Figures differ from consolidated financial statement

Environmental Resources Development Segment

Major Initiatives in Fiscal 2020 and Future Prospects

In the reuse business, the buying of used home appliances at our home electronics retail stores did not proceed as expected with the number of reuse units having decreased. From now on, we will take measures to strengthen our buying of used home appliances, with for example, our purchase assessment service where we check, at the time of product delivery to the customer’s home, whether an item is defective or not, as well as implementing the use of touch-based customer service terminals (T-POS) in stores as a means to assess purchases. In the recycling business, we have been preparing for the expansion of existing facilities, including obtaining the relevant permits and licenses. Also, in March 2020, we established YAMADA Environmental Resources Development Holdings Co., Ltd., whose main business is reuse and recycling in the Yamada Denki Group. In the future, we will support business expansion and new business development as an environmental resources development segment.

Sales Composition



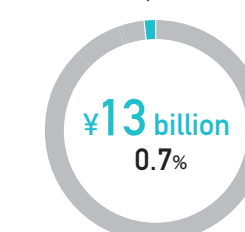
* Figures differ from consolidated financial statement

Service Segment

Major Initiatives in Fiscal 2020 and Future Prospects

Sales in the service segment were favorable in fiscal 2020. In the trading business, we worked with YAMADA HOMES Co., LTD. to set standard equipment for the NEXIS disaster-resistant houses, and worked to improve loading rates for all equipment. Due to the impacts of the coronavirus pandemic which has shaken the world in 2020, results decreased because of shortages and delivery delays with building materials and housing equipment, but the impact has been negligible thanks to the start of orders and sales of new products. However, the food business and service businesses such as travel agencies are struggling, meaning the business environment is expected to remain challenging. As a measure against the tough environment, we will build new sales pillars free from conventional product groups, working to stabilize and improve our business.

Sales Composition



* Figures differ from consolidated financial statement

CSR Management

Based on its CSR philosophy and ESG approach, the Yamada Denki Group, as a leading company in the consumer electronics industry, is constantly working to realize a sustainable society while keeping abreast of social changes such as the environment, the declining birthrate and aging population.

Sustainability

Basic Approach

The Yamada Denki Group's management philosophy is Creation and Challenge. The Group is engaged in various businesses and initiatives for its own growth and development of society. With the aim of being a corporate Group that continues to grow with society, Yamada Denki is promoting CSR activities based on 'Appreciation and Trust' with respect to its stakeholders in accordance with its specific guidelines, the CSR Code of Ethics. Furthermore, in order for the Yamada Denki

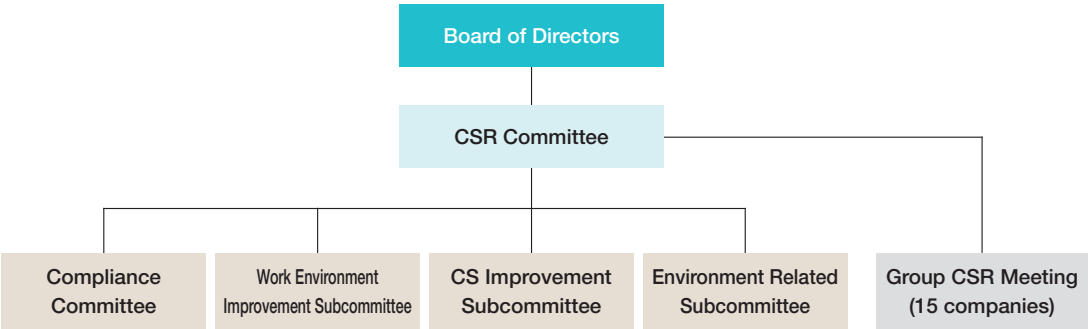
Group to continue to be a company that contributes to solving social issues and improving corporate value, the Group recognizes that consideration to environmental, social and governance (ESG) factors is essential. By actively working both inside and outside the company, the Group will contribute to the realization of a sustainable society.

» CSR Code of Ethics
<https://www.yamada-denki.jp/csr/csrethics.html>

System to Promote CSR

The Yamada Denki Group has set up a CSR Committee as a place to check the progress of its CSR-related KPIs, and strengthen its CSR activities, including those of its Group companies. Members of the committee are composed of directors in charge and are chaired by the Head of the Sustainability Promotion Office. In addition, four committees under the CSR Committee, namely the Compliance Committee, the Work Environment Improvement Subcommittee, the CS Improvement Subcommittee, and the Environment Related Subcommittee, discuss the content of individual

activities and confirm targets for future activities. With regards to Group company CSR activities, Group CSR meetings are held 11 times a year to report and share details on initiatives at each Group company. To continue to be a company that contributes to the realization of a sustainable society, we recognized that it is essential that we achieve social issues through our business, and as such, in October 2019, we changed the previous CSR Department of the CSR Promotion Office to the SDGs Promotion Department of the Sustainability Promotion Office.



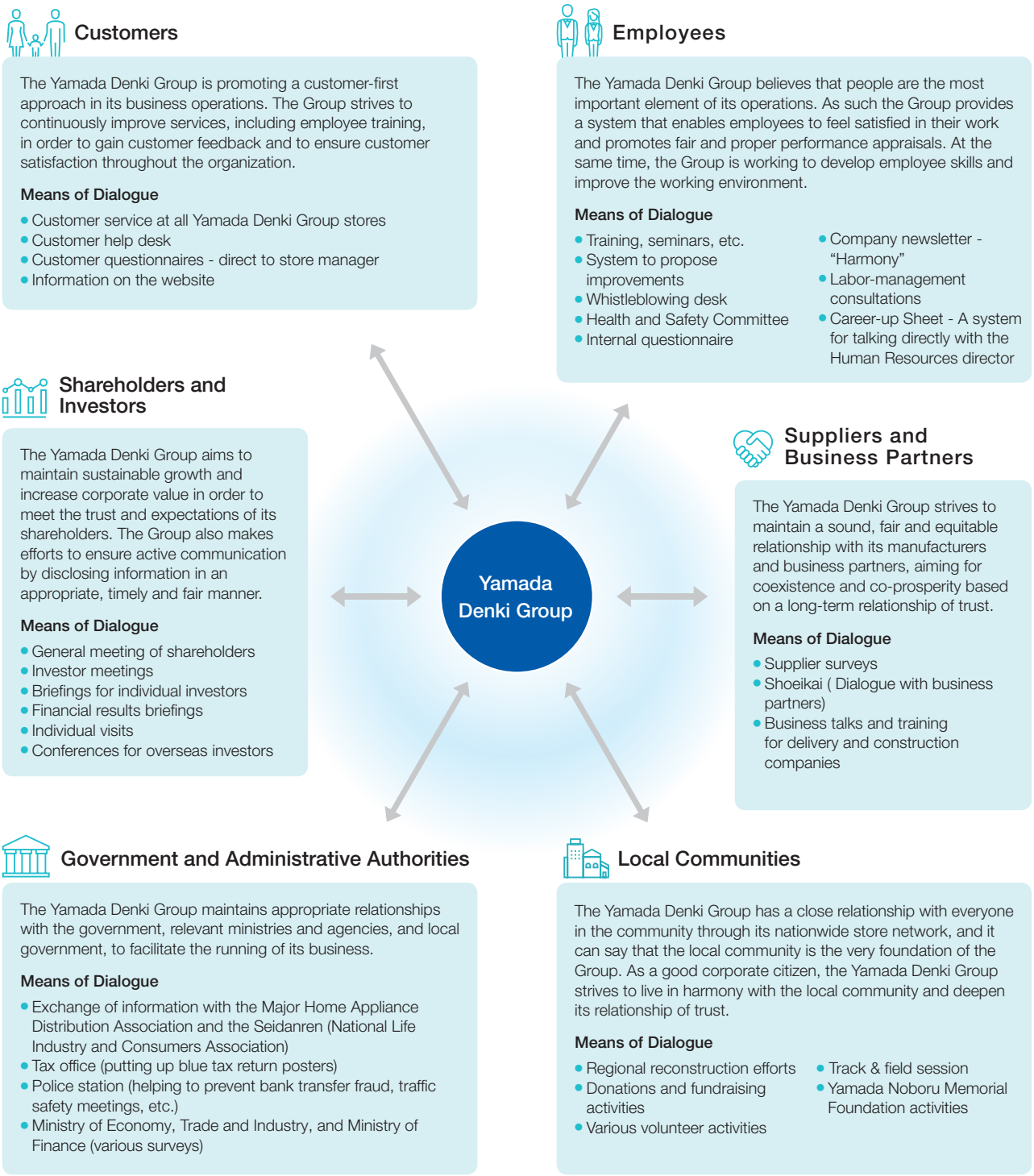
CSR Training & Education

An SDGs seminar was held in October 2019 at the Yamada Denki headquarters for executives of Yamada Denki and affiliated companies. On the day participants deepened their understanding and learned about the essential qualities of the SDGs, what companies should be doing through the goals, and the issues our businesses can help contribute towards. Going forward, the Yamada Denki Group will work as a whole to broaden the scope of its targets and further awareness its CSR.



Stakeholder Engagement

The Yamada Denki Group is working to increase corporate value by building a relationship of mutual appreciation and trust through a healthy dialogue with all its various stakeholders, including its customers, all its shareholders and investors, all its suppliers and business partners, and its employees and local communities.



Priorities Toward Achieving the SDGs

Through its business activities, the Yamada Denki Group is actively working to achieve the Sustainable Development Goals (SDGs).

Sustainability

The Process to Define Our Priorities Toward Achieving the 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 working to promote understanding and penetration of the SDGs in line with the SDG Compass. In fiscal 2020 we set out our important issues for achieving the SDGs in order to make further contributions.



STEP 1

Understanding the SDGs

As a first step, we are making the following efforts to familiarize ourselves internally with the SDGs.

- 1. Carrying out training on the SDGs
- 2. Handing out SDGs badges
- 3. Sending out information in our newsletter
- 4. Prominent messages and posters in the headquarters

STEP 2

Defining priorities

We assessed our business and CSR activities for the 17 goals and 169 targets. We then selected 11 of the SDGs that we will focus on from the following five perspectives, setting out the priorities for achieving them.

- 1. Consistency with management philosophy
- 2. Level of contribution to achieving SDGs
- 3. Can the Yamada Denki Group make any unique contributions?
- 4. Industry trends
- 5. Consistency with the implementation guidelines set out by the Japanese government

STEP 3

Setting goals

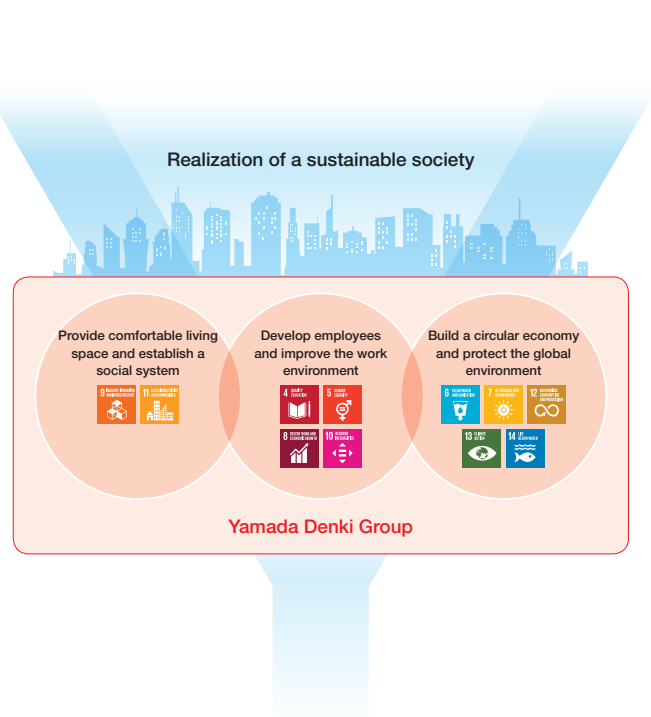
We will set specific efforts and KPIs for the important issues that we have set, and carry out a PDCA cycle.

STEP 4 / STEP 5

- Integrating into business
- Reporting and communicating

Since fiscal 2020 we have been incorporating our specific efforts and their KPIs into our management plan. We will report the progress on a regular basis, thereby promoting dialogue with our stakeholders.

Priorities Toward Achieving the SDGs



Provide comfortable living space and establish a social system

By offering not only consumer electronics, furniture and renovations, but also a 'total-living' package, we will become a necessary part of society and will be able to become a Yamada Denki Group supporting customers' living spaces.



» P. 28

Special Feature
Yamada Denki Group's
'Disaster-Proof Homes'

Build a circular economy and protect the global environment

By reusing and recycling second-hand home appliances and furniture, we will contribute to the formation of a circular economy, and will focus our efforts on using renewable energy as well as developing and selling eco-friendly products.



» P. 32

- Environmental Management
- Reducing Waste
- Preventing Global Warming

Develop employees and improve the work environment

We believe that people are the most important factor in our business operations. As such, we will educate our employees, promote diversity, and build a work environment that maintains a good work-life balance to achieve sustainable business development.



» P. 36

- Securing, Developing and Appraising Human Resources
- Promoting Diversity
- Promoting a Good Work-life Balance
- Health and Safety at Work
- Respect for Human Rights

Medium to Long-term Policies

Priorities Towards Achieving the SDGs	Initiative	Medium to Long-term Policy
Provide comfortable living space and establish a social system	Improve Customer Satisfaction	Continue to implement proposals that support customers' living spaces
Build a circular economy and protect the global environment	Reduce Waste	Work on waste reduction and resource recycling through reuse and recycling systems
	Prevent Global Warming	Reduce impact on the environment by using energy efficiently and using renewable energy
Develop employees and improve the work environment	Secure, Develop and Appraise Human Resources	Conduct human resource management that values 'people' as the most important part of business through developing human resources and their abilities
	Promote Diversity	Strengthen management of diversity so that a diverse group of human resources can maximize their abilities
	Promote a Good Work-life Balance	Enhance system for good work-life balance and improve the work environment
	Health and Safety at Work	Promote the safety and health of employees and maintain a work environment where employees can work with enthusiasm and peace of mind
	Respect for Human Rights	Establish and operate a system for fostering awareness of human rights

Yamada Denki Group's 'Disaster-Proof Homes'

Yamada Denki Group jumped into the housing business with both feet in August 2011.

One of the triggers to this was the Great East Japan Earthquake that struck in March of the same year.

Against the backdrop of the increasing need to save power after the earthquake, we started efforts to protect everyone's safety and security by showcasing houses built with solar power and storage batteries at our stores around the country.

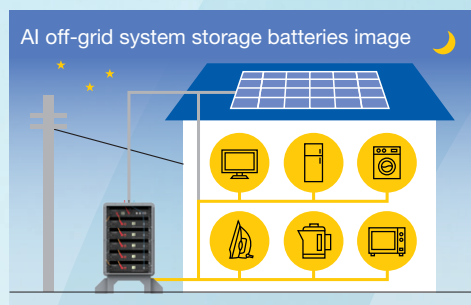
The 'disaster-proof home' which Yamada Denki Group has been pursuing for the nine years since then has been embodied in NEXIS, a new custom-built home that is self-sufficient both in terms of electricity and drinking water.



1

Stored electricity to
power the home

Solar Power + Storage Battery System



Social Issue 1

In residential solar power systems, electricity generated from solar panels installed on the roof is generally used at home, with any excess electricity being sold back to the power company. But the solar panels themselves cannot store electricity, the disadvantage being that the amount of electricity generated depends on the weather and time of day. This is a problem in terms of being able to provide electricity when disaster strikes or when there is a power-cut.

Initiative 1

Yamada Homes' custom-built house NEXIS is built with a solar power system and an AI off-grid system storage battery. By charging the large-capacity storage battery without selling excess electricity back to the power company, NEXIS becomes a 'disaster-proof' home able to use electricity throughout the night or during power-cuts. The storage battery has a large capacity of 10kWh that can handle power consumption for a family of four at peak times without the need to purchase power from the grid*. With a standard power storage system, there is a limit to the number of electrical appliances that can be used during a power outage. But since NEXIS can supply 6.0kVA (equivalent to a 60A contract) of electricity from the storage battery to the home, all electrical appliances can be used as normal. Not having to worry about electricity, one of our most important lifelines, is no doubt a great relief during any disaster fraught with uncertainty.

* The AI off-grid system storage battery allows for living off-grid, but requires a basic contract with a power company as an emergency power source.

2

Protect the most important
lifelines when disaster strikes

Water Generator, Making Water from Air



Social Issue 2

What would have most serious impact on our lives due to the disruption of lifelines in the event of a disaster is undoubtedly water. Water is used for so many things, including drinking, washing, toilets, brushing teeth, and bathing. It can take days to restore the water supply once it is damaged, which is why looking after our water supply is the most important thing we can do to prepare ourselves for a disaster.

Initiative 2

Being equipped with a water generator, able to make water from air, at a time when our water supplies may be disrupted, is how NEXIS protects our most important lifeline. It works by removing dust and dirt particles from the drawn-in air using a high-performance filter. It then heats the air to create condensation, making drinkable water. By filtering the water, it is possible to produce about 16 to 25 liters of safe drinking water every day. Furthermore, the water produced is periodically circulated to prevent deterioration, thereby maintaining a constant supply of safe drinking water*. A water generator that uses air as a water source is a technology that is not only extremely useful in the event of a disaster, but it is also expected to help solve water problems around the world.

* Filter needs to be changed once a year.
The water generator has undergone, and passed, the same tests to those of the Ministerial Ordinance on Water Quality Standards of the Water Supply Act, and the strictest Article 51 Inspections specified by the Ministry of Health, Labor and Welfare as defined by the quality standards for tap water.

3

Responding to Disasters in Japan,
a Land of Earthquakes

Earthquake Resistant Structures and Shelters



Social Issue 3

Living in the earthquake-prone country of Japan means that preparing for an earthquake is an issue that everyone should constantly be aware of. The damage caused by an earthquake is especially dangerous when furniture falls over or when the building itself collapses. It is therefore extremely beneficial to choose a house with an earthquake-resistant structure to counter against these dangers.

Initiative 3

NEXIS has achieved the highest technical specifications in four performance criteria of the 'long-life quality housing' as recognized by the Ministry of Land, Infrastructure, Transport and Tourism. One of these specifications is for resistance to earthquakes. More specifically, we have made use of a seismic structure that is strong against earthquakes, and used disaster-prevention roof tiles which are resilient in the event of earthquakes and typhoons. For more than 60 years, we have been able to give peace of mind to families with our technology that can completely safeguard against partial or total collapse in an earthquake. Furthermore, we have also developed an original earthquake-resistant shelter (seven square meters size) as one option for our custom-built homes. The shelter can withstand a load of 100 tons, equivalent to approximately three 2-story wooden-framed houses*, giving an added sense of security in an emergency. Yamada Homes will continue to create homes strong in the face of disaster based on the knowledge that disasters will always happen.

* According to company test results

Yamada Disaster Relief Insurance, the Industry's First Product for Natural Disasters

As well as creating a home with safety and security in mind, Yamada Denki believes that a home is only 'disaster-proof' if it is prepared for any emergency. The Yamada Disaster Relief Insurance provided by YAMADA SMALL AMOUNT SHORT TERM INSURANCE compensates for damage to buildings, consumer electronics, furniture, household goods, as well as for injuries and severe disabilities to all members of the family due to natural disasters caused by earthquakes, water, wind, hail, snow, and lightning, etc. It is the industry's first insurance product that has the same insurance premium across the country regardless of the structure of the building and the area in which you live, and covers in the event of earthquakes, typhoons and heavy rainfall, events that have frequently occurred in recent years. And only with Yamada can customers pay their insurance premiums using Yamada points.

VOICE

Providing safety and security to support our daily lives

Yamada Homes' NEXIS is one completed version of our 'disaster-proof' homes that was developed in response to the Great East Japan Earthquake. From the standpoint of preparing for the ever increasing number of natural disasters, we believe that this is a house that accurately meets the needs of society. By combining the strengths of having Yamada Denki, the largest retailer in the consumer electronics industry, as its parent company, with the expertise and commitment that only a long-established custom-home builder can provide, we are creating a package where safe and secure quality is worth more than price. What's more, as a member of the Yamada Denki Group, which develops business to solve the problems of housing and living, this package allows for a sales structure where the services of insurance and home quality inspections, etc., can be provided as a one-stop-shop. Yamada Homes will continue to strive to build homes that support the safety and security of our customers' lives for a long time to come.



YAMADA HOMES Co., LTD.
Representative Director and
President

Hideki Matsumoto

What a Yamada Denki's Sales Engineer Can Do

Yamada Denki is consolidating the training of its sales engineers in order to more seamlessly and actively develop proposals for a 'total-living' befitting of these times. Here, we introduce the important role our sales engineers' play in the cycle of product sales, from in-store product advice to delivery and installation.

1 What is a Sales Engineer?

The role of sales engineer was newly created in 2019 as a specialist job unique to Yamada Denki. The role consists of handling everything from dealing with customers in-store, to delivery, installation, and after-sales service. Yamada Denki currently has 65 sales engineers (as of May 2020) working in its stores with 50 new graduate recruits preparing for the role in 2020. Not only do the sales engineers handle the delivery and installation of home appliances, installing goods in customers' homes, but they also take on a 'total-living' consulting role, giving all sorts of advice from electrical appliances, furniture and interiors to renovations, etc. to make the customer's life more comfortable.

▶The Sales Engineer's Work Flow



LABI1 LIFE SELECT TAKASAKI
Sales Engineer
Sho Ueda



2 Training our Sales Engineers

To develop our sales engineers to be responsible for dealing with customers, sales, and delivery, Yamada Denki has set up an education and training system for acquiring the necessary skills and qualifications.

1 Class-Based and Practical Training

On joining the company in April, trainees learn the basics of a sales engineer's role from an expert instructor at the training centre. The basics include, etiquette when visiting customers' homes, delivery training and the skills required for installation work. And at the on-site training home, trainees acquire the skills needed to work on-site by learning about the products Yamada Denki handles, as well as learning how to install them.

2 Gaining Qualifications

It's vital for sales engineers to obtain the Second Class Electric Works Specialist's license, a national qualification required for professional engineers to do wiring work, etc. at homes and stores. For this reason, and in conjunction with practical training, we systematically prepare trainees for the written and proficiency tests held in June and October. In the future also, we plan to support trainees in gaining further qualifications such as with the more advanced First Class Electric Works Specialist's and the Refrigerant Recovery Engineer's license.



3 Practical Training

Trainees are repeatedly accompanied by installation engineers to learn the right way of doing the job when visiting homes, such as with etiquette, delivery and installation, getting items into the home, and cleaning up, etc.



4 In-Store Work

Trainees are assigned to the store after training for about 3 months. And, even after training has finished, follow-ups continue from colleagues and seniors.



A Job Close to the Customer

After joining Yamada Denki in April 2019, I spent about 6 months training up as a sales engineer at the company's headquarters in Takasaki. I have now been working in my current role since September 2019. It was difficult to remember so much of the work that's involved during training, but with one-on-one help from all the instructors and seniors I was able to learn the basics of the job. I tried myself to understand what I had been taught by using the electrical appliances at home. Because I've actually used the products at home, I can explain to customers in an easy-to-understand way, and I think this has given me confidence to talk with customers. The job of the sales engineer, engaged in everything from in-store sales to delivery and installation, as well as dealing with customers' concerns, is a very rewarding one. As a sales engineer, I feel the importance of taking responsibility for each and every action and word, and I enjoy the close contact which I get with customers every day.

Everyone Providing a Service Customers Can Trust In.

Along with big changes in customer lifestyles and attitudes, as well as changes in society, the way people are purchasing consumer electronics is also becoming more diversified. As a store dedicated to the needs of our customers we have launched the role of sales engineer to give added value and satisfaction to customers. With these sales engineers we are able to provide a service like no other company. We address our customers' needs, from sales at stores and delivery installation to installation work for air conditioners, giving advice and recommendations in response to problems in everyday life. We train our sales engineers to help them become trusted by our customers, to the extent that customers would say "Mr/Mrs. XX was great. Thank you!" before they are qualified. In an aging society, we will strive to further improve our services so that customers can always count on our sales engineers.

Associate Executive Officer and Head of Human Resources
Development Office, Human Resources & General Affairs Division
Ryo Ayusawa



Building a Circular Economy and Protecting the Global Environment



Environmental Management

The Yamada Denki Group is working to solve environmental issues throughout its business activities based on the idea that harmony with the global environment leads to sustainable social and economic development. With the Environmental Policy and ISO14001 certification acting as specific action guidelines, we are proactively promoting initiatives to reduce our impact on the environment such as with activities to reduce CO₂ emissions through reuse and recycling schemes.

Basic Policy

Yamada Denki Group's Environmental Policy https://www.yamada-denki.jp/csr_e/environmental_policy.html

Major Initiatives, Targets and Results for Fiscal 2020

	Major Initiatives	Fiscal 2020 Targets	Fiscal 2020 Results	Fiscal 2021 Targets
Reduce Waste	Reuse of 4 household appliances (TVs, refrigerators, washing machines and dryers)	93,251 units	55,685 units	96,536 units
	Reuse of computers	355,700 units	395,363 units	384,900 units
Prevent Global Warming	Percentage of renewable energy* out of total power consumption	—	1.85 %	Increase on previous year
	CO ₂ reductions from improved efficiencies in distribution	—	75.66 t-CO ₂	Improvement on previous year

* Amount of green power used (amount of biomass power)

►FY2020 Material Flow (Non-consolidated)

Energy	
Electricity*	479,364 thousand kWh
Gasoline	1,696 kℓ
Kerosene	37 kℓ
Light Oil	150 kℓ
LNG (Propane)	5,000 m ³
City Gas	3,129 thousand m ³
Cold Water	13,782 GJ
Hot Water	699 GJ

* Emission factor used for each electric utility

Yamada Denki



CO₂ Emissions

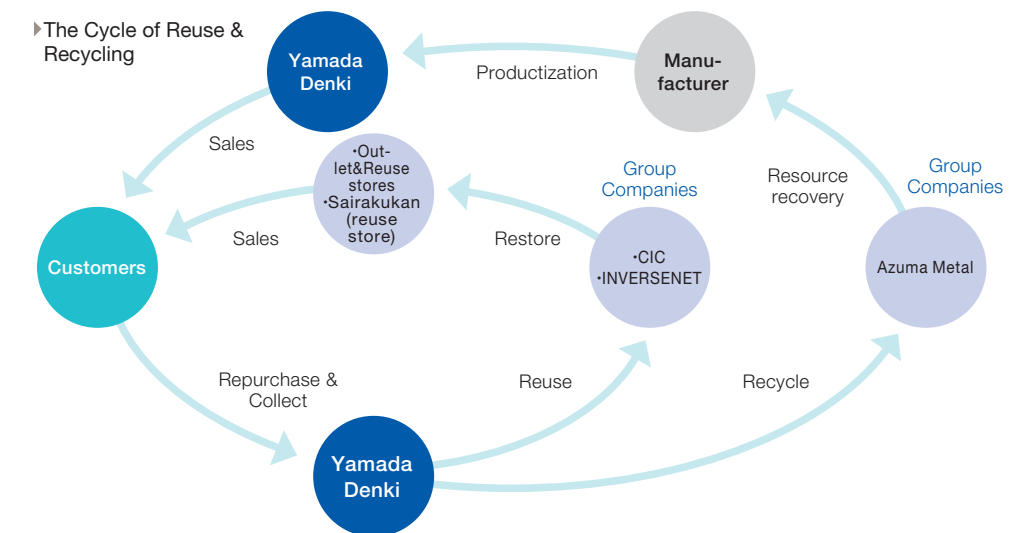
240,877 t-CO₂

Waste Emissions

Industrial Waste	17,744 t
Non-Industrial Waste	23,104 t

Reducing Waste

The Yamada Denki Group has helped to reduce its impact on the environment in society as a whole by completing the product life cycle within the group. This has been done by constructing a system to reuse, recycle, remanufacture, and resell used electrical appliances collected from customers.



• Major Initiatives in Fiscal 2020

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 2020, the Group worked to ensure proper waste disposal in accordance with the law.

► Amount of Industrial Waste Disposed

	FY 2018	FY 2019	FY 2020
Amount disposed (t)	24,879	18,162	20,875
Number of stores involved*1	686	698	716

► Amount of Non-Industrial Waste Disposed

	FY 2018	FY 2019	FY 2020
Amount disposed (t)*2	29,445	24,233	27,505
Number of stores involved*1	686	698	716

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

*2 Non-recyclable waste

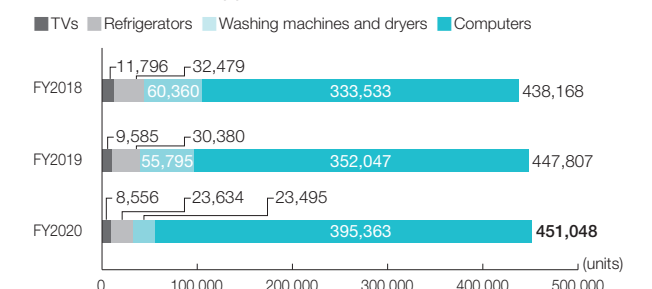
• Reuse & Recycling

The Yamada Denki Group reuses and recycles products, developing both a home appliance reuse business and computer reuse/recycling business. In fiscal 2020, we reused about 56,000 household appliances (TVs, refrigerators, washing machines and dryers) and about 395,000 personal computers.

Regarding the reuse of home appliances, we are building, together with one of our Group companies, CIC, a complete distribution network for the reuse of home appliances, from the repurchase of quality products through to recycling and sales. Our two recycling centers provide a service that allows customers to purchase reused home appliances with peace of mind by giving every product a thorough clean, check and repair, as well as a warranty of up to 24 months from the day the product is purchased.

And for the reuse and recycling of computers, the Group works together with one of its Group companies, INVERNET, to recycle old computers, or dismantle those that cannot be recycled by reusing them as raw materials (material recycling) or fuel (thermal recycling). Looking ahead, we will continue to make the most of our advanced technological capabilities to improve how much we can reuse and recycle.

► Number of Home Appliances Reused



Building a Circular Economy and Protecting the Global Environment



● Recycling Ink Cartridges

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 2020, we collected approximately 1.06 million cartridges, donating 11,397,040 yen to the Foundation for Orphans from Automobile Accident. We were also able to reduce the amount of carbon emissions by 80.4t through the collection and sale of ink cartridges. Going forward, we will continue to make efforts toward a circular economy through the collection of ink cartridges.

▶ Number of Collected Ink Cartridges

	FY 2018	FY 2019	FY 2020
Ink Cartridges	981,993	930,329	1,061,896

Preventing Global Warming

Yamada Denki has been promoting activities aimed at reducing CO₂ emissions from its stores and distribution and reducing its environmental impact based on quantitative target setting and management.

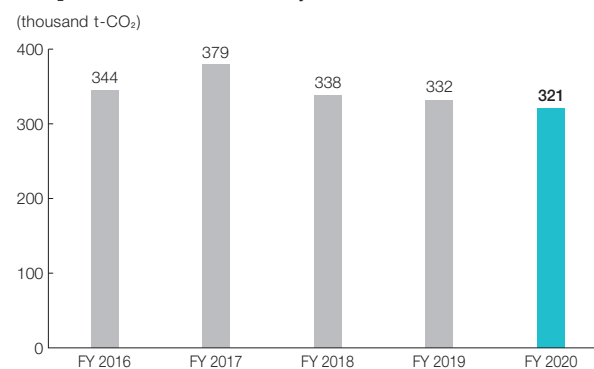
We are also focusing on efforts to reduce CO₂ at the customer product use stage by promoting replacement energy-saving home appliances.

● CO₂ Emissions from Electricity Use

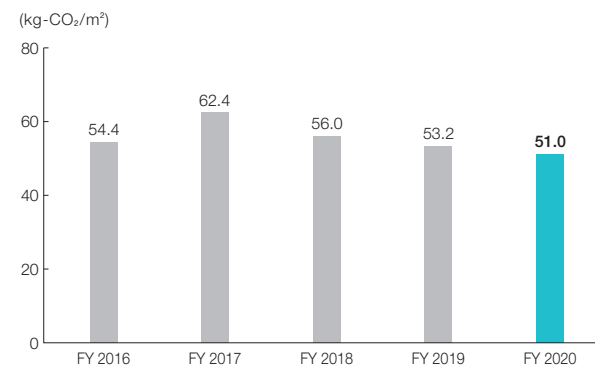
The Yamada Denki Group is continually working to reduce CO₂ emissions as-associated with its business activities.

Renewable energy covers 1.85% of CO₂ emissions from electricity use.

▶ CO₂ Emissions from Electricity Use*



▶ CO₂ Emissions per Floor Area*



* CO₂ emission coefficient: 0.55kg-CO₂/kWh

* Scope of FY2020 data collected: Yamada Denki, 16 domestic consolidated subsidiaries and 12 non-consolidated subsidiaries, 29 in total

* Previous years' values have been retroactively revised to improve accuracy

● Promotion of Energy Conservation at Stores

▶ Reduced CO₂ Emissions with 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, 2020, demand controllers have been installed in a total of 343 out of 689 stores.

▶ Shift to LED Lighting

Since the latter half of fiscal 2014, Yamada Denki has been gradually installing LED lighting in its stores. As of March 31, 2020, 541 of 689 stores are using LED lighting to promote energy conservation.



● Environmental Education

Along with incorporating environment-related matters into its qualifications system, Yamada Denki has been encouraging employees to gain qualifications as Smart Masters and home appliance advisors as certified by the Association for Electric Home Appliances, with the aim of raising their awareness about limiting the impact on the environment. We also share environment-related information through our in-house newsletter and intranet to raise awareness of environmental issues and stimulate our initiatives.

● Renewable Energy Initiatives

▶ Continuous Use of Green Power

Yamada Denki has been using green power since fiscal 2009. 77 stores in fiscal 2020 used a total of 10,847 thousand 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 2020, solar panels were installed at 203 stores generating a total of 43,830 thousand kWh in fiscal 2020.



● Promotion of Energy Conservation in Distribution

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 2020 maintaining a high level since the initiative began in 2010.

TOPIC

Kanto Region Electricity Usage Rationalization Committee Chairman's Award

In February 2020, Yamada Denki received the first prize in the Kanto Region Electricity Usage Rationalization Committee Chairman's Award. This award was established by the Kanto District Electricity Usage Rationalization Committee, which shares, promotes, and carries out PR activities for the efficient use of electricity, in order to raise awareness for the rational use of electricity. In February, or "Energy Saving Month," each year, the award is given to factories, business sites, businesses, and individuals who have made outstanding achievements in the effective use of electricity, the promotion of energy saving, or load factor improvements.

Yamada Denki has traditionally been

implementing various measures to promote energy savings. In particular, the efforts we made in fiscal 2019 to replace lighting equipment at 60 stores to LED lighting, and our efforts to improve the operation system for energy management were highly commended. With these efforts we were able to achieve a reduction in annual power consumption of 4,435 MWh compared to the time before the initiatives were implemented.

Going forward, we will continue to make efficient use of energy, fulfilling our corporate responsibilities by reducing our impact on the environment.



Group Company Initiatives

Housetec Inc.

● Development and Distribution of Eco-Friendly Septic Tanks that Meet Social Demands

Housetec, which has housing and environmental equipment as one of its core businesses, is engaged in the water environment business and is focusing on the development and sale of septic tanks. The installation of septic tanks for new home builds is stipulated in law in Japan. As such, single-type septic tanks that handle only wastewater from toilets, and combined-type septic tanks that treat all domestic wastewater, including from the kitchen and bathroom, have become widely used. The revised septic tank law that came into effect in 2020 encourages existing single-type septic tanks to be converted into combined-type tanks. Housetec's latest model launched in May 2020 saves on space, so in addition to extending the potential of conversion to a merger-type tank, it also has excellent energy saving performance thereby contributing to society's demand to realize a low carbon society. Housetec will continue its efforts to develop and popularize eco-friendly septic tanks, aiming to further improve the water environment both in Japan and overseas.



Developing Employees and Improving the Work Environment



Sustainability

Basic Approach

The Yamada Denki Group regards its employees as an essential management resource for the sustainable development of the Company. As such, the Group is working to create an environment in which its human resources with all of its diverse experiences and values can maximize their abilities, flourish and play an active role, regardless of gender, nationality, or age. Yamada Denki is working to develop and improve the abilities of its employees through securing and nurturing human resources and through appraisals. It is actively working to secure a safe and secure working environment that respects diversity and individuality, making it a healthy and easy place to work.

2020 Targets

Major Initiatives	Target
Develop Human Resources	Continue training with learning support tools
Promote Diversity	Increase number of female managers
Promote a Good Work-life Balance	Encourage more use of paid leave
Health and Safety at Work	Increase number of health checks
Respect for Human Rights	Promote understanding and awareness of basic ideas regarding respect for human rights

Securing Human Resources

Recruiting New Graduates

In April 2020, Yamada Denki recruited 403 new graduate students, helping to re-energize the organization. With an increasing range of products and services, such as consumer electronics, furniture and renovations, the Yamada Denki Group is working to develop new, young talent along with recruiting human resources who have the ability to meet the wide range of customer needs. Human resources with specialized knowledge, including talent for new businesses and systems aimed at strengthening headquarters operations will continue to be hired in the future.

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 2020, 97 employees were appointed as full-time employees.

Developing Human Resources

Education and Training System

At Yamada Denki, as well as establishing a system that allows employees to take on the type of work that is right for them, we are working to enhance our education and training system so that each individual can demonstrate their abilities, flourish and play an active role in the company. New recruits learn the skills needed to be a Yamada Denki employee, including fostering teamwork through group discussions and training camps, and acquiring basic knowledge of products by using the products themselves. Following basic training, new recruits become fully fledged employees after the end of a training period in the workplace. We are also working to develop talented human resources through education based on a system specific to each person.

Next-Generation Leader Development Program

In order to achieve sustainable corporate growth, Yamada Denki continues to implement its Next-Generation Leader Development Program from the viewpoint that it is necessary to train young people, both male and female. By setting self-assessments that lead to improved

business performance, the program aims to develop human resources who can achieve the goals set for the whole department. In fiscal 2020, we provided training focused on fostering awareness of business improvement to 12 employees working at headquarters. A report on activities, decided by the employees themselves, which lead to Company development, are regularly reported the progress to external directors for one year. The extent to which goals have been achieved is then verified through goal setting and tracking the progress of these goals. Results are announced at the end of the fiscal year, and the effectiveness of the program overall is also checked and improved upon.

TOPIC

Customer Service Contest

Yamada Denki aims to standardize and establish a customer service style in line with its high-quality customer service guide which was created with the aim of providing a customer service based on proposals and which also serves as a guideline for all sales staff on the sales floor. Using this customer service style and guide, a customer service contest is held twice a year in order to find the very best employees and develop our human resources. In fiscal 2020, renovations advisors as well as consumer electronics sales staff were judged on their customer service techniques, the way they recommended products, current issues and their overall proposal-based customer service, determining the best employees.



Human Resources and Performance Appraisals

Building a Performance Appraisal System

Yamada Denki emphasizes a merit system not based on seniority, and as such is building a fair, impartial, and transparent performance appraisal system. Yamada Denki aims to build and operate such a performance appraisal system while reviewing appraisal criteria as necessary, and improving customer satisfaction through ensuring its employees gain a wider product knowledge to constantly and continually improve the quality of its customer service.

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 individuals with the highest annual sales. In fiscal 2020, a total of 48 individuals and 15 stores and sales offices were recognized for their efforts.



Promoting Diversity

The Yamada Denki Group is working to promote diversity in order to create a company with equal career opportunities for all and where all employees can work comfortably to support sustainable growth.

Employee Data (Consolidated)

Type		FY 2018		FY 2019		FY 2020	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Number of full-time employees	Male	17,448	8,852	16,733	9,055	17,498	9,153
	Female	2,304	1,309	2,120	1,377	2,487	1,386
	Total	19,752	10,161	18,853	10,432	19,985	10,539
Full-time female employees (%)		11.7	12.9	11.2	13.2	12.4	13.2
Females in managerial positions (%)		2.5	2.6	3.0	3.1	3.2	3.0
Average number of years service	Male	—	12.8	—	13.3	—	13.0
	Female	—	10.1	—	10.0	—	10.8
	Total	10.9	12.5	11.8	12.8	12.7	12.7
Turnover rate (%)		3.6	4.1	4.3	5.0	5.6	4.0
Number of employees with disabilities		533	414	569	428	612	427
Number of retirees reemployed		95	34	105	34	128	47
Retirees reemployed (%)		88.1	89.5	81.8	82.9	82.9	82.5
Number of foreign employees	Male	63	59	73	69	103	88
	Female	40	38	67	65	121	95
	Total	103	97	140	134	224	183

(As of March 31 each year)

Developing Employees and Improving the Work Environment



Supporting the Success of Women in the Workplace

Yamada Denki recognizes that creating an environment in which women can play an active role is an essential measure for promoting diversity. Furthermore, with the enactment of the Act of Promotion of Women's Participation and Advancement in the Workplace in April 2016, the Company has established and is promoting a success for women action plan to steadily carry out initiatives in line with the law. Based on the action plan, the Company has been working to achieve a 15% target of women promoted to managerial positions. In fiscal 2020, five women took managerial roles. From fiscal 2020, we are also focusing on training female sales engineers so that both males and females can demonstrate their abilities. Of the 19 employees who have undergone training, three women have become sales engineers. Following our first female director appointed in fiscal 2019, we will continue to improve the working environment so that more women can play active roles in the Company.

Success for women in the workplace action plan https://www.yamada-denki.jp/csr/female_success.html

Appointing Foreign Employees

Yamada Denki has been working on recruiting foreign nationals so as to strengthen its ability to assist the many different customers who visit its stores. The Company places importance on recruiting whatever the nationality without setting any particular criteria for recruitment. Yamada Denki will continue to secure the most talented employees while diversifying its human resources within the Company.

Employing People with Disabilities

The stores, offices 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 2020 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

reemployment 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.

Promoting a Good Work-life Balance

In order to create a comfortable workplace environment, Yamada Denki believes it is important to provide a work environment that respects a good work-life balance. As such, we have established a comprehensive work-life balance system so that employees can choose a flexible working style especially during times of need with childcare and nursing care, etc.

Main Support Systems (Non-consolidated)

Type	System	Description
Childcare	Childcare leave	May be taken up until child reaches the age of 3 (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 employees	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	Up to 7 consecutive days leave
	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

(As of April 2020)

System Usage Data by Full-time employees (Consolidated)

Type		FY 2018		FY 2019		FY 2020	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Paid leave taken (%)	Total	—	22.0	—	26.5	—	28.9
Number of employees taking childcare leave	Male	8	5	11	10	28	18
	Female	130	89	122	95	215	75
	Total	138	94	133	105	243	93
Number of employees taking shorter hours for childcare	Male	1	1	1	1	10	7
	Female	118	85	134	89	350	59
	Total	119	86	135	90	360	66
Number of employees taking nursing care leave	Male	2	2	1	1	4	3
	Female	1	1	2	1	5	2
	Total	3	3	3	2	9	5

(As of March 31 each year)

Introduction of Area Employee System

Yamada Denki has been implementing an area employee system since April 2017 so that employees 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, with this system employees remain at work within their local area.

Healthy Labor-Management Relations

On the whole, all employees signed up to Yamada Denki's labor agreement are members of the labor union. The labor union has a membership rate of 76.4%. 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 2020, discussions were held on equal pay for equal work, the work interval system, and awareness of the appraisal system.

Corporate Defined Contribution Pension, CoDeCo

The Yamada Denki Group runs 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 pension system to save for the future that takes 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 are currently at around 0.01% interest per year, but CoDeCo users have an average return on investment of 2.08%, which is further tax-free.



Work Interval System

Yamada Denki has been running a work interval system since fiscal 2020 which ensures at least 10 hours of rest between the end and the start of the following work day. The aim of the system is to improve work efficiency and reduce the amount of overtime work. From fiscal 2021, Yamada Denki will in principle secure at least 11 hours of rest between shifts. Through this system, the Company aims to reform work-styles while reducing overtime hours.

Internal Questionnaire Survey

Yamada Denki conducts in-house questionnaires every year for full-time employees, contracted employees, and part-time workers. The main questions are about employees' willingness to work, job satisfaction, the working environment, the training system, and CSR initiatives, etc. In fiscal 2020, the questionnaire survey was carried out at 807 stores for 19,057 people in June. 80.6% of participants responded to the questionnaires, a higher rate than that of last year. From the survey employees' willingness to work continued to be at a record high following on from last year, and job satisfaction improved for all those who responded.

Developing Employees and Improving the Work Environment



Sustainability

Health and Safety at Work

Basic Approach

Based on the idea 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
<https://www.yamada-denki.jp/company/005.html>

System to Promote Health and Safety at Work

Yamada Denki has established a Health and Safety Committee chaired by the store manager and held once a month at each store. The committee also sets a theme for the year (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 to be managed. The annual theme of the Health and Safety Committee in fiscal 2020 is Safety, Environment and Health Management. Activities are carried out at each store including; creating unsafe incident reports to prevent work-related accidents, in-store inspections (temperature, ventilation, illumination etc.), stress tests, and checking annual non-scheduled working hours, etc.

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 unsafe incident 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.

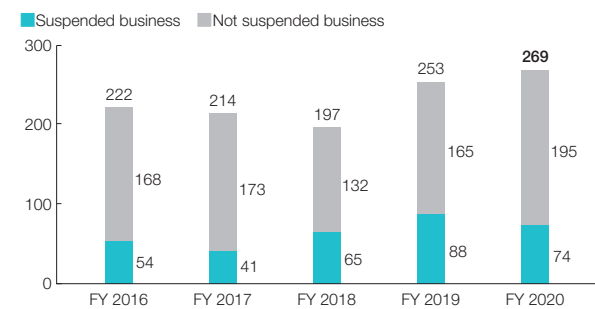
Accidents at Work

In fiscal 2020, there were 269* accidents (74 where business was suspended and 195 where not) at work with no major accidents. In the event of an accident, the Health and Safety Committee requires that a report,

with remedial measures included, be submitted. The committee then decides on a response. Yamada Denki will strive to improve levels of safety management throughout the Company.

*Including minor accidents such as stumbles and slips

▶ Number of Accidents at Work (Non-consolidated)



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 tests 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 2020, the Company held four video study sessions to exchange ideas and opinions, and deepened understanding of health in general, including mental health.

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

FY 2018	FY 2019	FY 2020
92.7	91.2	94.5

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. As such we are required to address human rights issues of various stakeholders affected by our business activities, and not just within the organization. Under these circumstances, Yamada Denki has reviewed the content of its respect for human rights in the CSR Code of Ethics, clarifying its basic approach to respect for human rights and its attitude towards tackling the issues. We will continue to strive to fulfill our responsibilities in terms of respect for human rights in all our business activities.

Human Rights Initiatives

The Yamada Denki Group conducts CSR training on the theme of various human rights issues that arise in business execution, with the aim of raising awareness and building a culture of respect for human rights. In fiscal 2020, we invited outside lecturers to give some training on the basic ideas of respect for, and raising awareness of, human rights for the benefit of executives in the Yamada Denki Group. The Yamada Denki Group shares a management approach with all Group companies, including placing importance on respect for human rights. Questionnaires to our business partners are also conducted to check any human rights issues, such as with their own labor environment, etc.

Group Company Initiatives

Cosmos Berry's Co., Ltd.

Received Silver Health Award with Focus on Health Management

Cosmos Berry's provides new business through sales of consumer electronics and its solutions business, supporting stores in various regions. The company is also working on health management with the understanding that each employee can perform at their best if they are able to maintain a healthy and fulfilling mind and body. As a result of introducing the health bus which allows its employees to have a health check at a time that suits

them, not only has the number of checkups increased but employee's awareness of their own health has also improved. Furthermore, the company's efforts to improve employee health have been well received, such as with the RIZAP program where personal trainers are invited to the office to give seminars. In 2019, Cosmos Berry's received the Silver Award for the Health Declaration Excellent Business Office as recognized by the Aichi Branch of the Japan Health Insurance Association. The company has also been recognized as a Health & Productivity Management Organization in 2020 (for SMEs).



Kyusyu Tecc Land Co., Ltd.

Employing People with Disabilities at All Stores

Kyusyu Tecc Land is focusing on promoting employment with a view to realizing a society in which people with disabilities can play an active role. Based on its 1 person 1 store policy, Kyusyu Tecc Land is making efforts throughout the company, such as by making it easier to take on staff with disabilities where all store managers have the same sense of purpose. As a result, the employment rate of people with disabilities in fiscal 2020 was 4.6%, significantly higher than the legal standard of 2.2%.

Improving Customer Satisfaction

Always placing the utmost importance on our Customer First approach to business, the Yamada Denki Group 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.

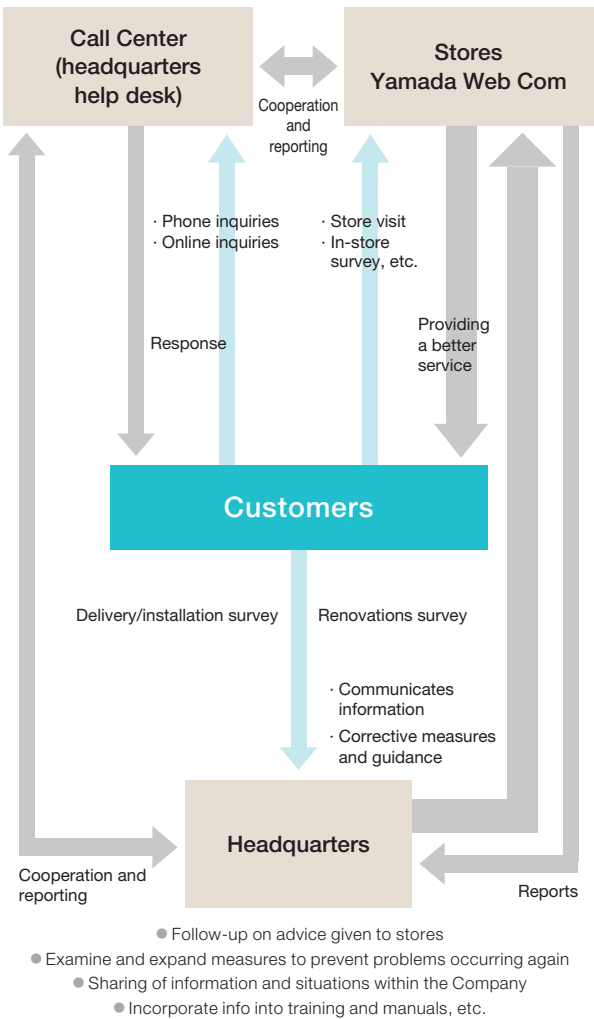
Sustainability

Customer Satisfaction Initiatives

Support System

Yamada Denki strives to offer a wide range of products, all at reasonable prices, with a kind and courteous customer service. The Company is working hard to satisfy customers not only at the time of purchase, but also right up to and beyond the time customers start using our products, including the after-sales services of product delivery, installation, repair, and support. The Company also listens to feedback from the sales floor and from customers to improve its service for the better.

System to Improve Customer Satisfaction



Customer Help Desk

So that it can make the most of customer feedback, the Yamada Denki Group has set up a range of call centers, receiving many ideas and opinions from its customers. From January 2019, the help desk was moved to the headquarters where a system was set up to quickly respond 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. Training has also begun for call center staff, and we are working to improve our service by responding well to customers and getting their feedback.

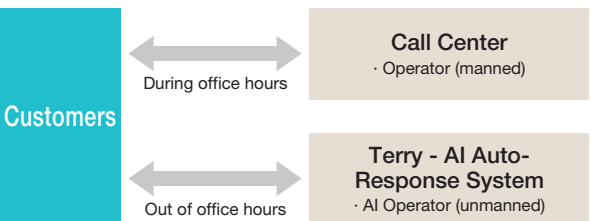


Training for call center staff

Out of Office Hours Repair Service with AI Auto-Response System

Yamada Denki has started an out of office hours repair service using an AI-based voice recognition system known as "Terry". The system is offered by Hmcomm-Inc. and is well regarded for its speech recognition and practicability. Using the AI auto-response system to take calls on repairs during the night or out of office hours enables Yamada Denki to meet the needs and lifestyle of its customers more than ever before. The system also acts as a back up when lines are busy during office hours ensuring all customers can get through on the phone at peak times. Going forward, we will continue working to further enhance and improve the convenience of our after-sales services.

Call Center Process



Tablet POS*

Yamada Denki has started to use a highly flexible tablet POS system for the convenience of its customers. 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.



* POS: Point of Sale, a system that collects and analyzes data on the sale situation of products

Yamada Pay - Facial Recognition Payment Service

In February 2020, Yamada Denki introduced its facial recognition payment service, Yamada Pay, at five YAMADA web.com stores for LABI card members who have registered to use their mobile phones for payment. This system was developed based on the AI image recognition platform byTripleize Co., Ltd. As well as being able to confirm ID by recognizing the customer's gender, age and emotions, etc., customers can visit the store and have a hands-free shopping experience. Yamada Denki will be the first consumer electronics retailer to introduce this system, providing customers with a safer and more secure shopping experience.



Human Resource Development and Training in Response to Customer Feedback

Improving Customer Service

In order to improve customer service skills, practical training is provided with a focus on on-the-job training (OJT), 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, on deliveries and during after-service, using the results for training purposes.

Tiered Sales Training Scheme

Training	Topic
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

Gaining External 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 advisors*1 or as Smart Masters*2. The number of qualified employees is steadily increasing thanks to a number of measures including practical training sessions with experts from the manufacturing companies. Following on from the previous year, as the number of qualified employees increased in fiscal 2020, the opportunities for employees to play an active role also increased, leading to improved customer satisfaction.

*1 A qualification for professionals in sales and customer service of home appliances, giving accurate advice for customers on product selection, use, and troubleshooting.

*2 A qualification related to smart houses, giving a wide understanding of homes, home appliances, housing equipment, and energy management, to support the construction of smart houses that meet customers' needs.

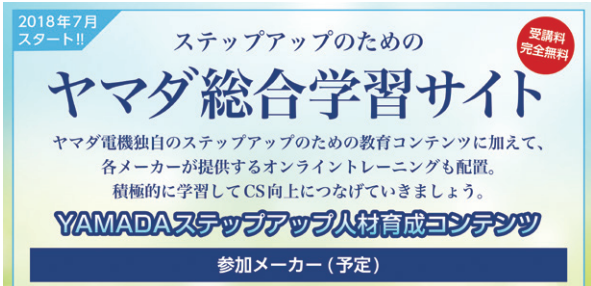
▶Number of Qualified Employees*

Qualification	FY 2018	FY 2019	FY 2020
General Home Appliance Advisor	3,379	3,733	4,056
Home Appliance Advisor (audio visual)	1,832	2,069	2,159
Home Appliance Advisor (domestic appliances)	1,584	1,870	2,080
Smart Master	441	758	1,068
Total	7,236	8,430	9,363

*Total number within the Yamada Denki Group

➤Enhanced Learning Support Tools

Yamada Denki is developing and enhancing its own learning support tools to improve customer satisfaction. As well as about 60 e-learning lessons (25 minutes each), taken annually by employees during work hours, the Group has also established the Yamada Comprehensive Learning Site, which can be accessed any time from personal devices. In fiscal 2020, we expanded the contents of our learning tools to assist with gaining qualifications as home appliance advisors or Smart Masters. In addition, as a customer service assistance tool for providing the very best in customer service, we provide learning tools for the benefit of sales floor customer service, such as showing the various selling points of products on a tablet POS, etc. We are also making efforts to raise the level of customer service across the entire Group, such as by sending out videos showing the very best of our customer service as chosen from our customer service contest.



➤Area Manager Training

To strengthen training programs in the workplace, area managers come together at headquarters once a week to check and assess whether training on certain evaluation points is being carried out. These training meetings have also been used as a good opportunity for area

managers to communicate with one another. On-site training is carried out by 58 area managers with training given about once every 3 months to those stores where sales improvements are needed. In October 2019, we introduced a branch manager system, dividing Yamada Denki into 13 branch offices, with a system in place for each branch manager to provide area manager training.

●Improving Delivery and Installation

➤Training to Certify CS Managers

In order to standardize efforts to improve customer satisfaction (CS) 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 2020

Training	Participants	Qualified
Training to Certify New CS Managers	139	132
Refresher Training for CS Managers	600	519

* The number of participants in the refresher training for CS managers includes those who have passed the new CS manager training.

➤Developing Sales Engineers

Yamada Denki is strengthening the training of its sales engineers who handle everything from product sales to delivery, installation work, and collecting old products. In addition to supporting delivery staff during the summer, the year-end and New Year holidays, and at times when there are an increased number of deliveries, the sales engineers aim to make customers' lives more comfortable as an engineer and advisor able to recommend everything from home appliances and furniture to interiors and home renovations.

As part of developing the sales engineers, from fiscal 2020 Yamada Denki started training new employees to learn air conditioner installation work, etc. As well as further recruitment from industrial high schools, we are also focusing on training female sales engineers.

In fiscal 2020, 15 out of 16 people qualified as Second Class Electric Works Specialists. The pass rate was 93.7%, higher than the national pass rate of 52.7%.

●Improving our Ability to Make Proposals

➤Strengthening Proposals for Renovations

The Yamada Denki Group is working to strengthen its proposals for renovations to improve the comfort and convenience of customers' lives. We make proposals not only for home appliances but also for kitchens and bathrooms, interiors and exteriors, as well as for furniture. We are giving improved training to our interior, home appliance, and renovations advisors so they can give more detailed advice with regard to customers' homes, and making efforts to improve their skills through the in-house customer service contest held in November 2019. Moreover, employees qualified as architects give pertinent proposals to meet the needs of customers looking to extend or make improvements to their homes.



TOPIC

Annual Awards Based on Customer Questionnaire Survey

Yamada Denki conducts customer surveys for its delivery and installation staff. Results were compiled at the end of March after which highly evaluated employees received either the grand prix, excellence award, prime award, or incentive award in June. In fiscal 2020, the tenth awards ceremony was held where a total of 307 employees received awards, including 2 for the grand prix, 10 for the excellence award, 11 for the prime award and 284 for the incentive award. Going forward, we will strive to improve customer satisfaction by sharing good work practices across all fields in the Group as well as encouraging our employees to be more motivated.



Aiming to improve our service by going for the top award

KADEN Service Co., Ltd.
Assistant Manager

Makoto Maruyama

Because I want the products we deliver directly to our customers' homes to be used for a long time, I make suggestions and recommendations to the customer from a professional perspective when installing so they can use the product easily. When dealing with customers I always want them to go away with a good feeling, a sense of getting great value, so when the customer gives me some kind words that's the biggest motivation for me. It was a huge surprise to win the grand prix award in the customer survey annual awards. I don't want to win the award just once, but I want to keep on winning by encouraging everyone in the Company to improve their skills so we can provide a better service to our customers.

Group Company Initiatives

YAMADA HOMES Co., LTD.

●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. It 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 is free of charge. The company also takes care of any problems with water, glass or house keys with its 24/7 emergency call-out service. The Yamada Homes wish is "to be there for customers in time of need". This, coupled with an extended guarantee, has been very well received by customers.

*Terms and conditions apply to this service and warranty

Local and Social Contribution Activities

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 work together with local people and communities to deepen the relationship of mutual trust.

Sustainability

Major Initiatives in Fiscal 2020

- **The 9th Yamada Denki Cup Takasaki City Elementary Student's Relay Road Race and Marathon, and Great East Japan Earthquake Charity Relay Road Race**

In December 2019, the 9th Yamada Denki Cup, co-sponsored with Takasaki City Athletics Association, was held on the running track at the Hamagawa Stadium and Sports Park in Takasaki City, Gunma Prefecture.

The purpose of the Takasaki City Elementary Student's Relay Road Race and Marathon is to develop strong minded elementary school students in Takasaki City by helping them to enjoy running and competing to improve their health and physical strength. Also, at the Great East Japan Earthquake Charity Relay Road Race, with the help of the Gunma Diamond Pegasus (professional baseball team in the Baseball Challenge League of Japan), we invited again this year a baseball team from Fukushima Prefecture to run in the race.

After the race, a track and field session was put on by the athletes of the Yamada Denki Track and Field Team, where they performed some of their speed drills and exploits. Yamada Denki will continue to promote sports and contribute to local communities through the Yamada Denki Track and Field Team.



- **Yamada Denki Sponsors the Osaka Ekiden in Nagai and 22nd National Road Relay Race for the Visually Impaired**

Hosted by the Japan Blind Marathon Association, the Osaka Ekiden in Nagai and 22nd National Road Relay Race for the Visually Impaired was held in Yanmar Stadium Nagai and the Nagai Park (in Osaka) in November 2019. As with last year, Yamada Denki was a special sponsor of this event.

On the day of the race, 28 visually impaired teams, 9 regular teams, 7 mixed teams, and 5 teams from schools for the blind took part. The visually impaired runners also ran the 20km course with their guide runners. Many guest runners who have been involved in international events such as the Olympics and Paralympics also enjoyed the races with the runners, cheering them on and making for a very enjoyable event.

As well as this event the Japan Blind Marathon Association also helps to normalize the visually impaired into society through other events such as the Meiji Shrine Outer Gardens Road Race and training for guide runners, etc. Yamada Denki will continue to contribute to the community through activities such as these.



- **The 6th Yamada Denki Elementary School Soccer Session & AED Workshop**

In May 2019, the 6th Yamada Denki Elementary School Soccer Session & AED Workshop was held on the Maebashi Ikuei High School soccer field (Takasaki City, Gunma Prefecture).

We welcomed Kosuke Yamada, the Maebashi Ikuei Senior High School soccer coach who took the school team on to win the 2017 All Japan High School Soccer Tournament, as guest coach for the day. The elementary school students were divided into groups, students from the lower grades with their parents and students from the higher grades, with everyone enjoying a

great time playing soccer. Also during the AED workshop, participants learned how to use an automated external defibrillator (AED) and got some pointers about chest compressions when trying to resuscitate someone. Yamada Denki will continue to promote sports and activities that raise awareness of basic life support through the use of an AED.



- **Held the 21st Gunma Environment Festival**

In October 2019, the 21st Gunma Environment Festival was held, Yamada Denki providing space at the LABI1 LIFE SELECT GATE on the 4th floor of LABI1 LIFE SELECT Takasaki and the LABI1 LIFE SELECT GARDEN outside on the 1st floor. The Gunma Environment Resource Creation Association organizes the festival, held every year with the aim of deepening understanding of current environmental problems, as well as efforts to address these issues, in and outside of Gunma Prefecture.

On the day of the event, there were exhibitions and hands-on booths put on by various groups such as the local government, NPOs, and private companies, providing a place for many visitors to deepen their understanding of global warming and the natural environment. Going forward, Yamada Denki will continue to contribute to the local community through activities, and support, for reducing our impact on the environment and building a circular economy.



Group Company Initiatives

BEST DENKI CO., LTD.

- **Supporting the Growth of Children Responsible for the Future of our Communities**

Best Denki is supporting local activities for the further development of its local area, Fukuoka. In fiscal 2020, Best Denki sponsored the Mini Fukuoka event for the sixth time. Hosted by Fukuoka City and organized by the Fukuoka-based Kodomo Bunka Community, a not for profit arts and culture organization for children, this event brings together local elementary and junior high school students where they get to experience the life of working, learning and playing in the virtual city of "Mini Fukuoka", created at the venue with the help of the children. The event is also a place for children to develop their ability to think and act on their own. Looking to the future, Best Denki will continue to contribute to the local community by helping the present generation of younger people, responsible for the next, to develop and grow.

Azuma Metal Co., Ltd.

- **Sharing the Importance of Recycling through Exhibiting at the Ota City Industrial Environment Festival**

Working in all areas of the recycling industry, from the collection of recyclable waste including home appliances, to its separation, crushing, and reuse, Azuma Metal has always exhibited at the Ota City Industrial Environment Festival (Gunma Prefecture). The event is held every year with the aim of revitalizing the local economy and promoting industrial development for the next generation, as well as helping to raise awareness about the environment. With the theme of recycling small, commonplace household appliances, in fiscal 2020 the company illustrated in an easy-to-understand way, using models and pictures, the recycling process, factory equipment, and the amount of waste the company handles (720,000 units and 6,300 tons annually). By continuing these types of events and making declarations for the SDGs, we will send the message of the importance of recycling to local governments and local people, thereby helping to reduce our impact on the environment.



Compliance & Risk Management

Recognizing compliance and risk management as important matters for management, Yamada Denki, as a Group, endeavors to ensure thorough compliance, fair and impartial trading, and highly effective risk management.

Business fundamentals

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 topic to focus efforts on each month, identifies problems and discusses improvement measures. Information is then shared and any appropriate measures taken.

Compliance Subcommittee Topics (FY 2020)

Topic		
2019	April	Act against Unjustifiable Premiums and Misleading Representations
	May	Confidentiality
	June	Revisions to the Civil Code (law of obligations)
	July	Protection of personal information
	August	Antimonopoly law
	September	Workplace bullying and harassment law
	October	Revisions to the Civil Code (law of obligations)
	November	Check and improve internal control system
	December	Check and improve internal control system
2020	January	Revisions to the Civil Code
	February	Revisions to the Civil Code
	March	Revisions to the Civil Code

Internal Whistle-Blowing System

In order to prevent compliance violations, Yamada Denki operates a whistle-blowing system by setting up a point of contact as a means to receive 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 any person may be able to 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 received, case summaries, results of responses to the reports, and the progress of those reports not yet fully addressed. 107 whistle-blowing reports were received in fiscal 2020 and 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. Compliance training is an opportunity to learn correct store management and gain knowledge based on legal compliance. In fiscal 2020, we conducted e-learning compliance tests for 2,923 store managers. Managers are assessed on how much they understand through tests, as well as through training, and depending on scores further tests are given. In this way, Yamada Denki is working to ensure a thorough awareness of all compliance matters.

Fair and Impartial Trading

Basic Approach

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

Business Partner Questionnaire

Among its emphasis on compliance efforts throughout the entire value chain, the Yamada Denki Group promotes compliance in areas such as the environment, society, and ethics 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 its major suppliers (first-tier and second-tier) 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.

» Yamada Denki Trading Policy
https://www.yamada-denki.jp/contact/trading_policy_en.html

Business Partner Questionnaire Results for FY 2020

In fiscal 2020, the Yamada Denki Group conducted a questionnaire survey for its major suppliers and SPA product manufacturers based on the eight points of the Trading Policy such as compliance with laws and respect for human rights, etc. In the future, the Group will communicate its Trading Policy to more suppliers and at the same time increase the number of companies it surveys to fulfill its social responsibilities with its business partners.

Number of Companies and Response Rate

	Main Business Partners	SPA Product Manufacturers	Total
Number of companies	48	18	66
Response rate (%)	89.6	100	92.4

Questionnaire Results

First-Tier Suppliers

Adherence rate* of over 95% for all points of the Trading Policy, achieving a 100% adherence to those points relating to legal compliance and the handling of information. Regarding labor and employment, although it was down from the previous year, an adherence rate of over 99% was maintained. The challenge for the future is to further strengthen labor and employment.

Second-Tier Suppliers

The overall average adherence was lower than that of first-tier suppliers at less than 80%. Items where the adherence rate exceeded 80% were legal compliance, respect for human rights, and ensuring product safety. The challenges for the future are information handling, and working with and contributing to local communities.

* The percentage of first-tier and second-tier suppliers who responded that they adhere to the items as set out in each of the eight points

Risk Management

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

Risk Management Promotion System

Yamada Denki holds the Risk Management Committee once a month, chaired by the General Manager of the General Affairs Division. The committee identifies business risks, formulates countermeasures, and shares necessary information to prevent any risks from occurring. The status of these activities is also reported to the Board of Directors. The Risk Management Basic Rules have been established as a system for preventing risks and as a means for addressing any risks that have arisen. Each division operates in accordance with these rules.

Addressing Information Security

Yamada Denki has formulated and thoroughly enforces an information security basic policy in order to properly manage the personal information of its many customers. The Takasaki 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 all contracting companies (including subcontractors) establish and operate a management system similar to that of Yamada Denki by appointing managers in charge of personal information and information security.

Dealing with Disaster Risks

As a business continuity plan (BCP) in the event of a large-scale disaster, Yamada Denki has built a system based on its Basic Policy on Disaster Prevention Measures and its Disaster Response Manual in order to ensure prior action to minimize damage, taking such measures as introducing an employee safety check system using mobile phones. Furthermore, as a preventive measure against the coronavirus, Yamada Denki is also taking specific measures in accordance with guidelines established by the Major Home Appliance Distribution Association.

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.

Business fundamentals

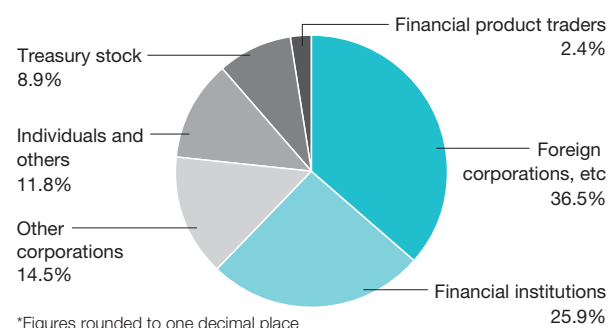
Timely and Appropriate Disclosure of Business and Financial Information

Yamada Denki provides IR information to its stakeholders, including shareholders and investors, through its website. Yamada Denki is working to encourage a deeper understanding of the Company by disclosing new product development and new initiatives in addition to disclosing other documents such as financial statements and press releases.

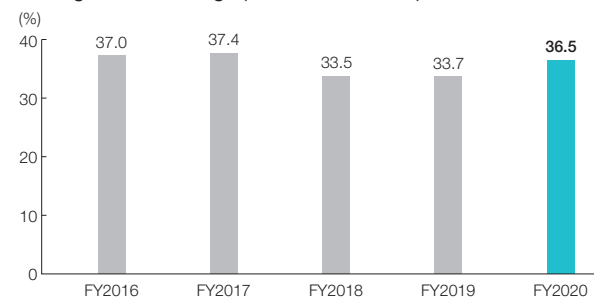
Communication with Shareholders and Investors

Yamada Denki is strengthening how it collects and shares information so as to achieve constructive dialogue with individual and institutional investors in Japan and overseas, as well as to reflect not only a one-sided sharing of information but also to reveal information obtained through dialogue in management. This also gives us a greater opportunity to explain our business performance and management policies from a global perspective seeing that the foreign shareholding ratio is larger than in previous years. The Company holds meetings on its business strategies and CSR activities with investors and analysts around 200 times a year in Japan and overseas.

Shareholding Ratio (as of March 31, 2020)



Foreign Shareholdings (Non-Consolidated)



General Meeting of Shareholders

Yamada Denki holds a regular general meeting of shareholders in June each year. The notice of call of the general meeting of shareholders shall be delivered earlier, and in response to questions from shareholders, endeavors will be made to provide easy-to-understand explanations so that shareholders can understand Yamada Denki's initiatives.

IR Activity

To cater for all types of investor, each year Yamada Denki holds a financial results briefing aimed at analysts and institutional investors, as well as a briefing aimed at individual investors. Briefings have been held for the past 17 years with Yamada Denki's business philosophy and policies, current performance and future business strategies explained directly from top management each year to help investors gain a deeper understanding of the Company.



The 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 2018	192
FY 2019	221
FY 2020	212

Briefings for Individual Investors

Date	Location	Number of Attendees
September 2017	Tokyo	267
September 2018	Tokyo	300
September 2019	Tokyo	317

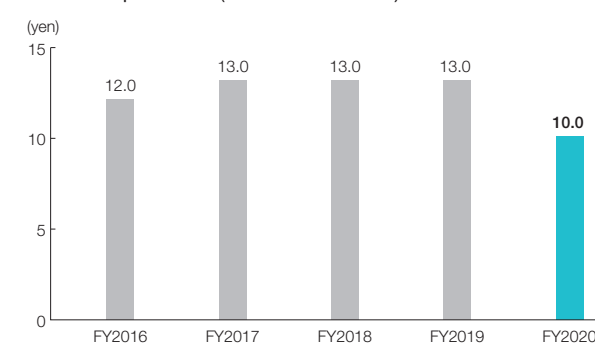
Basic Policy on Distribution of Profits

Regarding the distribution of profits, the primary policy is to pay dividends to shareholders in a stable and consistent manner.

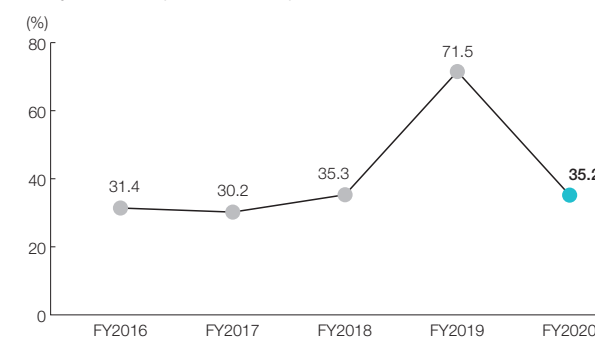
In order to continuously improve corporate value, the Company believes that improving capital efficiency is vital. Also essential is stable growth through strengthening the management base as well as retained earnings to increase and maintain market share in the industry. Yamada Denki aims for a consolidated dividend payout ratio of at least 30% and determines 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.

Dividend per Share (Non-Consolidated)



Payout Ratio (Consolidated)



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.

» <https://www.yamada-denki.jp/ir/>

Economic Relationship with Key Stakeholders

(billion yen)

Stakeholder	Calculation Method	FY2018	FY2019	FY2020
Shareholders	Dividend payments to shareholders	10.40	10.57	8.80
Employees and executives	Total of personnel costs and executive remuneration out of sales and general administrative expenses	156.99	157.72	161.27
Administrative authorities	Corporate income tax, resident tax, and business tax	12.10	14.34	13.00

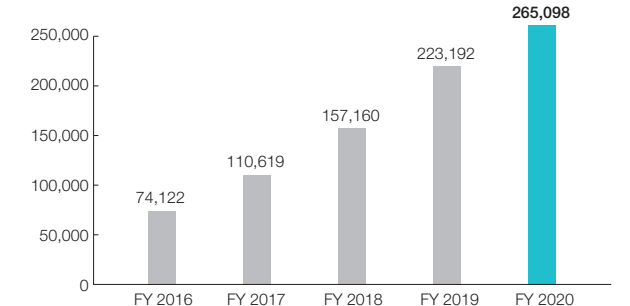
*Please refer to pages 46-47 for activities aimed at local communities

The Shareholder Special Benefit Plan

In appreciation of the support given to us by our 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



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.

Business fundamentals

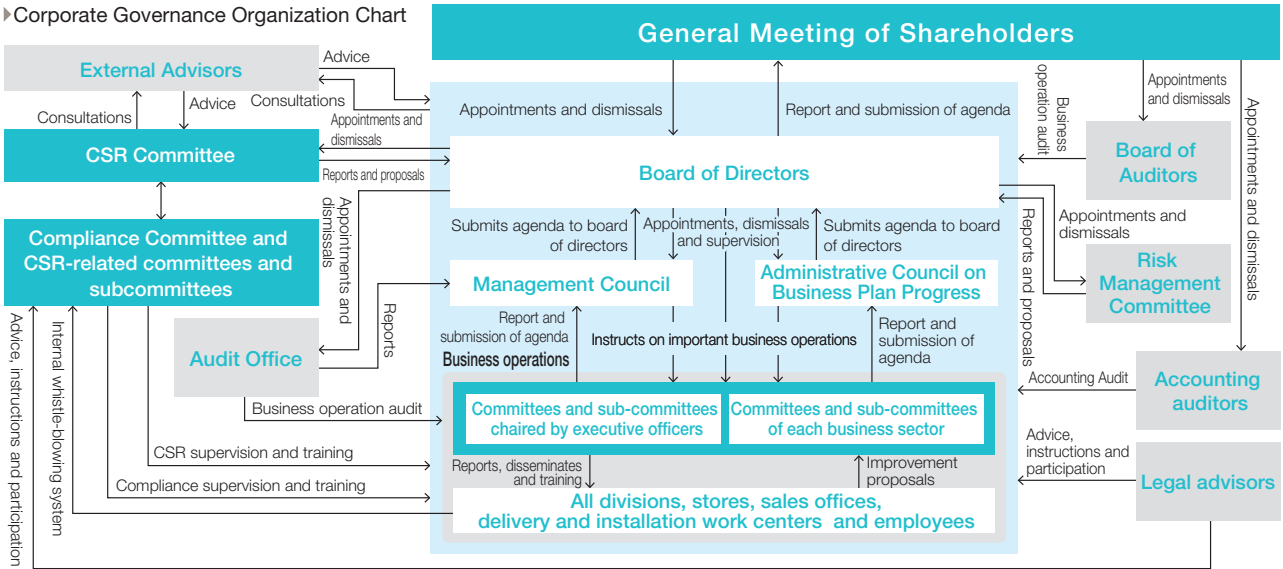
Basic Approach

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 audit & supervisory board members, Yamada Denki has adopted the Audit & Supervisory Board 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 system clarifies management responsibilities with each executive officer dedicated to the execution of their duties through each business division, as well as the various committees and subcommittees, structured under an organization in which the Chairperson, the President and the Senior Managing Executive Officers are responsible for their management.

Corporate Governance Organization Chart



Board of Directors

Comprised of 10 directors. The chairman is the representative director. Regular board meetings are held once a month, and extraordinary board meetings are held when necessary. Discusses and decides important management matters and oversees the progress of business performance.

Management Council

Convenes every week in principle, excluding weeks when a board meeting is held. Deliberates and makes decisions from the perspective of overall management on important issues related to management and business execution.

Board of Auditors

Comprised of 4 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. Audits are also carried out to ensure soundness in management in conjunction with the Audit Office and an auditing firm.

Audit Office

The Audit Office, which reports directly to the President, has been set up to enhance internal audits. Nine 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 26, 2020)

Main Items	Description
Type of organization	Company with auditors
Number of directors	10
Number of external directors (of which are independent directors)	2(2)
Number of executive officers (of which are directors and hold other posts)	22(6)
Number of auditors	4
Number of external auditors (of which are independent auditors)	2(2)
Number of female directors	2
Term of directors	2 years

Main Committee Meetings (FY 2020)

Committee	Number of Meetings	Average Attendance of External Officers
Board of Directors	21	97.5%
Board of Auditors	12	92%

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. The effectiveness of the whole Board of Directors is analyzed and assessed based on the views of external directors and auditors. In fiscal 2020, the effectiveness of the Board of Directors and each committee was sufficiently secured. We will continue to strive to improve the functions of the Board of Directors based on the results of the effectiveness assessments.

Internal Control System

Yamada Denki operates an effective governance system by continuously strengthening its 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.

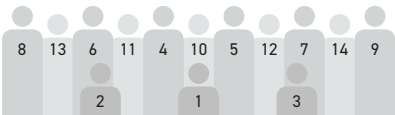
Total Remuneration for Each Executive Class, Total by Type of Remuneration, and Number of Eligible Executives

Executive Class	Directors (excluding external directors)	Auditors (excluding external auditors)	External Executives
Total remuneration (million yen)	975	21	20
Total by type of remuneration (million yen)			
Fixed remuneration	623	21	20
Performance-linked remuneration	—	—	—
Stock options	351	—	—
Number of eligible executives	13	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, branch managers, 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.





1 Representative Director and Chairperson

Noboru Yamada

Born on February 11, 1943

- Sep. 1983 Representative Director, 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)

4 Director and Senior Managing Executive Officer

Atsushi Murasawa

Born on March 16, 1962

- Jun. 2018 Joined YAMADA DENKI CO., LTD. Executive Officer, Head of SPA Product Development Office
- Nov. 2019 Executive Officer, General Manager of Business Administration Division, and General Manager of SPA Product Department
- Jun. 2020 Director and Senior Managing Executive Officer, General Manager of Business Integration Division (present post)

7 Director and Managing Executive Officer

Akira Fukui

Born on June 6, 1965

- Jun. 2017 Executive Officer, Deputy General Manager of Corporate Sales Division
- Jun. 2018 Director and Senior Executive Officer, General Manager of Corporate Sales, Sales and Marketing Division
- Aug. 2018 Director and Senior Executive Officer, General Manager of Administration Division
- Jun. 2020 Director and Managing Executive Officer, General Manager of Administration Division (present post)

2 Representative Director, President

Tsuneo Mishima

Born on September 10, 1959

- Jan. 2017 Joined YAMADA DENKI CO., LTD.
- Jun. 2017 Executive Officer, Vice President
- Jun. 2018 Representative Director, President and COO
- Jun. 2020 Representative Director, President (present post)

5 Director and Senior Managing Executive Officer

Yoshinori Ueno

Born on December 2, 1974

- Apr. 2014 Joined YAMADA DENKI CO., LTD. Head of Sales Strategy Office, Sales and Marketing Division
- Jun. 2016 Director and Senior Executive Officer, General Manager of Sales Strategy Division and Head of Housing Collaboration Sales Strategy Office
- Apr. 2018 Director and Managing Executive Officer, General Manager of Merchandise Division
- Oct. 2019 Director and Managing Executive Officer, General Manager of Sales and Merchandise Division
- Jun. 2020 Director and Senior Managing Executive Officer, General Manager of Sales and Merchandise Division (present post)

8 Director and Senior Executive Officer

Takayuki Fukuda

Born on August 30, 1974

- Apr. 2012 Junior Executive Officer, Manager of Store Construction Department, Store Development Division
- Jun. 2016 Director and Senior Executive Officer, Manager of Store Construction Department, Store Development Division
- Apr. 2018 Director and Senior Executive Officer, General Manager of Store Development Division and Manager of Store Construction Department
- Jun. 2020 Director and Senior Executive Officer, General Manager of Store Development Division (present post)

3 Representative Director and Senior Managing Executive Officer

Tatsuo Kobayashi

Born on July 6, 1964

- Jan. 2008 Director and Managing Executive Officer, Senior Manager of Sales and Marketing Division
- Jun. 2014 Director and Senior Executive Officer, General Manager of Corporate Sales Division
- Jun. 2018 Director and Managing Executive Officer, General Manager of Information Systems Division
- Jun. 2020 Representative Director and Senior Managing Executive Officer, General Manager of IT Business Division (present post)

6 Director and Managing Executive Officer

Megumi Kogure

Born on October 18, 1976

- May. 2017 Junior Executive Officer, Head of Secretary Office
- Jun. 2018 Director and Senior Executive Officer, Head of Secretary Office and Head of Human Resources Development Office
- Apr. 2019 Director and Senior Executive Officer, Head of Secretary Office and General Manager of Human Resources and General Affairs Division
- Jun. 2020 Director and Managing Executive Officer, General Manager of Human Resources and General Affairs Division (present post)

9 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)

Reason for appointment

Based on his many years of experience as a leader in the distribution industry, we have determined that he will be able to provide the Company with useful opinions and suggestions in regard to our business operations.

12 Auditor

Jun Okamoto

Born on April 28, 1956

- Jun. 2006 Director and Senior Managing Executive Officer
- Jun. 2007 Director and Senior Managing Executive Officer, Head of Corporate Planning Office
- Apr. 2012 Representative of Takahashi Tax and Management Consulting Office (present post)
- Oct. 2019 Director and Senior Managing Executive Officer, Head of Corporate Planning Office and Head of Sustainability Promotion Office
- Jun. 2020 Auditor (present post)

(As of June 26, 2020)

*Independent officer under the listing rules of the Tokyo Stock Exchange

10 External Director

Miki Mitsunari*

Born on February 29, 1972

- Sep. 2011 Representative Director of FINEV inc. (present post)
- Jan. 2013 Temporary member of the Committee on Industrial Science and Technology Policy and Environment, a subcommittee of the Ministry of Economy, Trade and Industry's Industrial Structure Council (present post)
- Feb. 2015 Representative Director of the Association of Property Revitalization (present post)
- Mar. 2020 External Director at Funai Soken Holdings Inc. (present post)
- Jun. 2020 External Director at YAMADA DENKI CO., LTD. (present post)

Reason for appointment

Based on her expertise in ESG management and environmental regulations, and her consulting experience in risk management, we have determined that she is the right person to help diversify the Board of Directors and for promoting the Group's ESG.

13 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
- Dec. 1990 Representative of Takahashi Tax and Management Consulting Office (present post)
- Jun. 2007 External Director at YAMADA DENKI CO., LTD. (present post)
- Jan. 2009 Representative Partner at Hikari Tax Accountant Corporation (present post)

Reason for appointment

From the perspective of a tax accountant, we have decided that he will be able to provide us with advice and suggestions for ensuring the validity and appropriateness of the Board of Directors' decision-making, as well as for the Company's accounting system and internal audits.

11 Full-time Auditor

Makoto Igarashi

Born on August 4, 1964

- Jun. 1999 Director, Manager of Accounting Division
- May. 2003 Senior Managing Director, General Manager of Administration Division
- Jun. 2004 Director and Senior Managing Executive Officer, General Manager of Administration Division
- Jun. 2008 Director and Senior Managing Executive Officer, Head of Overseas Business Strategy Office
- Jun. 2013 Director and Managing Executive Officer, CFO, General Manager of Administration Division (present post)
- Jun. 2014 Full-time Auditor (present post)

14 External Auditor

Somuku Iimura*

Born on April 14, 1953

- Apr. 1986 Certified as a lawyer
- Jun. 2014 External Director at Maruha Nichiro Corporation (present post)
- Jun. 2016 External Auditor at YAMADA DENKI CO., LTD. (present post)
- Feb. 2017 External Auditor at Nachi-Fujikoshi Corporation (present post)
- Jan. 2019 Joined Nishimura & Asahi Law Firm (present post)
- Jan. 2020 Joined Natori Law Office as a Senior Partner (present post)
- May. 2020 External Director at SANYO SHOKAI LTD. (present post)

Reason for appointment

Based on his wealth of experience and excellent insight, we have determined that he can contribute to the corporate governance and management of the Company by lending his opinions on management from the perspective of a lawyer.

Major Financial Data for 10 Years

(million yen)

	34 th	35 th	36 th *3	37 th		38 th	39 th	40 th	41 st	42 nd	43 rd
	FY2011	FY2012	FY2013	FY2014		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020

Profit and Loss

Consolidated Net sales*1	2,153,259	1,835,454	1,701,489	1,893,971		1,664,370	1,612,735	1,563,056	1,573,873	1,600,583	1,611,538
Consolidated operating profit	122,764	88,978	33,930	34,265		19,918	58,158	57,895	38,763	27,864	38,326
Consolidated ordinary profit	137,847	102,225	47,906	50,187		35,537	62,734	66,040	47,335	36,889	46,074
Profit attributable to owners of parent	70,754	58,265	22,203	18,666		9,340	30,395	34,528	29,779	14,692	24,605

Assets

Net assets	470,849	526,743	555,391	553,354		509,397	557,722	585,547	588,740	591,593	645,166
Total assets	929,010	937,841	1,138,389	1,196,288		1,122,407	1,146,722	1,159,456	1,175,568	1,184,042	1,163,494

Cash Flow

Cash flow from operating activities	93,071	34,259	△12,789	45,148		22,982	△23	43,855	61,689	36,023	62,433
Cash flow from investing activities	△25,237	△38,063	△39,232	△38,606		△20,232	△13,437	△15,279	△12,668	△8,469	△8,234
Cash flow from financing activities	△45,940	△24,361	47,174	△7,646		△41,487	4,732	△24,382	△32,920	△27,461	△58,091
Cash and cash equivalents at end of year	104,814	76,344	77,906	77,754		39,691	30,664	34,981	51,326	51,175	48,397

Financial Indicators

Stated capital (100 million yen)	710	710	710	710		710	710	710	710	710	710
Equity ratio (%)	50.5	55.4	46.8	44.2		43.2	46.6	48.4	49.8	49.7	54.6
Price earnings ratio (times)	7.47	8.36	18.22	17.01		42.18	13.92	12.91	17.35	30.02	15.19
ROA (%)	7.7	6.2	2.1	1.6		0.8	2.7	3.0	2.6	1.2	2.1
ROE (%)	16.2	11.8	4.2	3.5		1.8	6.0	6.3	5.2	2.5	4.0

Share Information

Net assets per share (yen)	4,978.38	5,516.15	565.33	592.17		643.03	666.03	697.46	731.57	723.55	721.37
Basic earnings per share (yen)	751.03	618.46	23.56	20.21		11.73	38.22	43.00	36.77	18.18	28.38
Diluted earnings per share (yen)*2	—	—	—	20.21		11.72	38.16	42.89	36.65	18.07	27.01

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, 2019)	The current fiscal year (March 31, 2020)
Assets		
Current assets		
Cash and time deposits	51,681	48,939
Notes and accounts receivable	62,848	59,860
Operating loans	—	2,222
Merchandise and finished goods	379,290	384,247
Work in process	3,856	4,815
Raw materials and supplies	4,311	3,766
Other current assets	58,015	43,527
Allowance for doubtful accounts	△1,540	△1,904
Total current assets	558,463	545,475
Non-current assets		
Property and equipment		
Buildings and structures (net)	210,307	202,638
Land	189,002	192,742
Lease assets (net)	8,817	13,732
Construction in progress	763	839
Others (net)	11,732	11,249
Total property and equipment	420,623	421,202
Intangible assets	34,901	33,697
Investments and other assets		
Investment securities	9,398	5,253
Long-term loans receivable	3,112	2,816
Net defined benefit assets	1,558	1,579
Deferred tax assets	30,533	29,722
Guarantee deposits	95,219	95,360
Other assets	32,211	30,500
Allowance for doubtful accounts	△1,981	△2,113
Total investments and other assets	170,053	163,119
Total non-current assets	625,578	618,019
Total assets	1,184,042	1,163,494

(million yen)

	The previous fiscal year (March 31, 2019)	The current fiscal year (March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable	114,006	103,328
Short-term loans payable	95,930	53,730
Current portion of bonds	100,016	—
Current portion of long-term loans payable	41,150	53,224
Lease obligations	2,694	4,405
Income taxes payable	10,701	9,343
Provision for bonuses	8,274	8,354
Provision for directors' bonuses	116	129
Provision for point card certificates	12,172	13,164
Provision for warranties for completed construction	667	641
Provision for losses on liquidation of subsidiaries	282	606
Other current liabilities	50,501	51,618
Total current liabilities	436,515	298,547
Long-term liabilities		
Long-term loans payable	66,428	123,939
Lease obligations	9,024	11,819
Provision for directors' retirement benefits	476	1,048
Provision for product warranties	7,973	7,658
Provision for losses on interest repayments	49	32
Provision for gift certificates, etc.	155	123
Net defined benefit liabilities	28,114	30,342
Asset retirement obligations	32,803	34,306
Other long-term liabilities	10,907	10,509
Total long-term liabilities	155,933	219,781
Total liabilities	592,448	518,328
Net assets		
Shareholders' equity		
Stated capital	71,058	71,058
Capital surplus	79,403	84,059
Retained earnings	503,700	517,943
Treasury stock	△67,952	△38,170
Total shareholders' equity	586,210	634,891
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	539	△732
Foreign currency translation adjustments	312	437
Remeasurements of defined benefit plans	1,420	540
Total of accumulated other comprehensive income	2,273	245
Subscription rights to shares	1,493	1,872
Non-controlling interests	1,616	8,157
Total net assets	591,593	645,166
Total liabilities and net assets	1,184,042	1,163,494

Consolidated Statements of Income

(million yen)

	The previous fiscal year (from April 1, 2018, to March 31, 2019)	The current fiscal year (from April 1, 2019, to March 31, 2020)
Sales	1,600,583	1,611,538
Cost of sales	1,159,592	1,150,885
Gross profit	440,990	460,652
Selling, general and administrative expenses	413,126	422,326
Operating profit	27,864	38,326
Non-operating income		
Interest income	899	725
Purchase discounts	4,501	4,267
Rent income	3,935	3,820
Sales of electric power	2,002	1,915
Others	4,511	4,512
Total other income	15,850	15,242
Non-operating expenses		
Interest expenses	1,242	1,399
Foreign exchange losses	144	944
Rent expenses	3,081	3,071
Rental expenses	205	—
Cost of sale of electric power	822	815
Others	1,328	1,263
Total non-operating expenses	6,825	7,494
Ordinary profit	36,889	46,074
Extraordinary income		
Gain on sale of non-current assets	454	158
Gain on sales of investment securities	556	1,709
Gain on negative goodwill	—	2,721
Others	113	641
Total extraordinary income	1,123	5,230
Extraordinary loss		
Loss on disposal of non-current assets	582	205
Impairment loss	9,965	8,742
Others	2,367	3,951
Total extraordinary loss	12,915	12,899
Net income before taxes	25,097	38,406
Corporation tax, resident tax and enterprise tax	14,341	13,009
Deferred corporation taxes	△4,038	820
Total corporation taxes	10,302	13,829
Current net profit	14,794	24,576
Current net profit belonging to non-controlling interests or current net loss belonging to non-controlling interests (△)	101	△28
Profit attributable to owners of parent	14,692	24,605

Consolidated Statements of Comprehensive Income

(million yen)

	The previous fiscal year (from April 1, 2018, to March 31, 2019)	The current fiscal year (from April 1, 2019, to March 31, 2020)
Current net profit	14,794	24,576
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,315	△1,272
Foreign currency translation adjustments	1,127	124
Remeasurements of defined benefit plans	△931	△879
Share of other comprehensive income of associates accounted for using equity method	△0	△0
Total of other comprehensive income	△1,119	△2,027
Comprehensive income	13,674	22,548
(breakdown)		
Comprehensive income attributable to owners of parent	13,574	22,577
Comprehensive income attributable to non-controlling interests	100	△28

Consolidated Statement of Changes in Shareholders' Equity, etc.

(million yen)

The previous 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

(million yen)

The current fiscal year (from April 1, 2019, to March 31, 2020)	Shareholders' equity				
	Stated capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	71,058	79,403	503,700	△67,952	586,210
Changes in the year					
Cash dividends			△10,573		△10,573
Profit attributable to owners of parent			24,605		24,605
Purchase of treasury stock				△2	△2
Disposal of treasury stock		4,656		29,783	34,440
Change in scope of consolidation			210		210
Other changes in the year (net)					
Total changes in the year	—	4,656	14,242	29,781	48,680
Balance at end of year	71,058	84,059	517,943	△38,170	634,891

(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	539	312	1,420	2,273	1,493	1,616	591,593
Changes in the year							
Cash dividends							△10,573
Profit attributable to owners of parent							24,605
Purchase of treasury stock							△2
Disposal of treasury stock							34,440
Change in scope of consolidation							210
Other changes in the year (net)	△1,272	124	△879	△2,027	378	6,541	4,892
Total changes in the year	△1,272	124	△879	△2,027	378	6,541	53,572
Balance at end of year	△732	437	540	245	1,872	8,157	645,166

Consolidated Statements of Cash Flows

(million yen)

	The previous fiscal year (from April 1, 2018, to March 31, 2019)	The current fiscal year (from April 1, 2019, to March 31, 2020)
Cash flow from operating activities		
Profit before income taxes	25,097	38,406
Depreciation	18,925	20,719
Impairment loss	9,965	8,742
Amortization of goodwill	516	58
Increase (decrease) in provision for point card certificates (△ represents a decrease)	4,337	635
Increase (decrease) in provision for product warranties (△ represents a decrease)	△1,663	△315
Increase (decrease) in allowance for doubtful accounts (△ represents a decrease)	△536	440
Increase (decrease) in net defined benefit liabilities (△ represents a decrease)	1,182	1,338
Interest and dividend income	△1,100	△964
Interest expenses	1,242	1,399
Foreign exchange losses (△ represents a gain)	324	430
Loss (gain) on sale of investment securities (△ represents a gain)	△556	△1,708
Loss (gain) on sale and disposal of property and equipment (△ represents a gain)	128	47
Gain on negative goodwill	—	△2,721
Increase (decrease) in notes and accounts receivable (△ represents an increase)	△16,951	12,456
Increase (decrease) in operating loans (△ denotes an increase)	—	△1,416
Increase (decrease) in advances received (△ represents a decrease)	△2,730	△1,135
Increase (decrease) in inventories (△ represents an increase)	△4,197	3,392
Increase (decrease) in notes and accounts payable (△ represents a decrease)	15,729	△11,701
Increase (decrease) in accounts receivable (△ represents an increase)	△2,109	6,400
Increase (decrease) in consumption taxes, etc. payable (△ represents a decrease)	△3,063	4,787
Increase (decrease) in other current assets (△ represents an increase)	△431	△382
Increase (decrease) in other current liabilities (△ represents a decrease)	1,668	△3,832
Others	△495	2,650
Sub-total	45,282	77,726
Interest and dividend income received	400	260
Interest expenses paid	△1,249	△1,412
Income taxes paid or refunds (△ represents payment)	△8,409	△14,140
Net cash provided by operating activities	36,023	62,433

(million yen)

	The previous fiscal year (from April 1, 2018, to March 31, 2019)	The current fiscal year (from April 1, 2019, to March 31, 2020)
Cash flow from investing activities		
Payments into time deposits	△228	△94
Proceeds from withdrawal of time deposits	338	58
Purchases of property and equipment	△13,172	△19,104
Proceeds from sale of property and equipment	1,586	463
Purchases of intangible assets	△603	△714
Payments for guarantee deposits	△1,767	△822
Proceeds from collection of guarantee deposits	9,142	6,647
Payments for purchases of investment securities	△1,626	△5
Proceeds from sales and redemption of investment securities	1,590	3,416
Purchases of investments in subsidiaries and affiliated companies	△767	△97
Proceeds from acquisition of shares in subsidiary resulting in change in scope of consolidation	—	1,467
Proceeds from sale of shares in subsidiary resulting in change in scope of consolidation	—	216
Payment of loans receivable	△8,486	△1,260
Collection of loans receivable	4,122	1,058
Others	1,403	535
Net cash used in investing activities	△8,469	△8,234
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable (△ represents a decrease)	11,348	△47,000
Proceeds from long-term loans payable	21,269	115,309
Repayments of long-term loans payable	△47,499	△45,650
Redemption of bonds	—	△65,560
Purchase of treasury stock	△3	△1
Proceeds from disposal of treasury stock	0	0
Repayments of lease obligations	△2,735	△4,638
Proceeds from sales and leasebacks	622	24
Cash dividends paid	△10,460	△10,571
Others	△3	△2
Net cash used in financing activities	△27,461	△58,091
Effect of exchange rate change on cash and cash equivalents	△244	△9
Net increase (decrease) in cash and cash equivalents (△ represents a decrease)	△151	△3,901
Cash and cash equivalents at beginning of year	51,326	51,175
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation (△ denotes a decrease)	—	1,123
Cash and cash equivalents at end of year	51,175	48,397

Yamada Denki Corporate Profile

Company name	YAMADA DENKI CO., LTD.
Headquarters address	1-1, Sakae-cho, Takasaki-city, Gunma 370-0841, Japan
Founded	April 1973
Organized	September 1983
Stated Capital	71 billion yen (consolidated)
Total assets	1163.4 billion yen (consolidated)
Capital adequacy ratio	54.6% (consolidated)
Number of employees	19,985* (consolidated)
	10,539* (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
Number of shareholders	271,795
Listed stock exchange	Tokyo Stock Exchange
Shareholder register administrator	Mizuho Trust & Banking Co., Ltd.

Major Shareholders

Shareholder Name	Number of Shares held (thousand shares)	Shareholding Ratio (%)
TECC PLANNING Co., Ltd.	65,327	7.42
The Master Trust Bank of Japan, Ltd. (Trust Account)	59,513	6.76
Goldman Sachs International (Standing agent: Goldman Sachs Securities Co., Ltd.)	58,900	6.69
SoftBank Group Corp.	48,324	5.49
Japan Trustee Services Bank, Ltd. (Trust Account)	45,534	5.17
Noboru Yamada	28,924	3.29
State Street Bank West Client - Treaty 505234 (Standing agent: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	21,261	2.41
MLI for Client General Omni Non Collateral Non Treaty-PB (Standing agent: Merrill Lynch Japan Securities Co., Ltd.)	19,003	2.16
Japan Trustee Services Bank, Ltd. (Trust Account 9)	17,699	2.01
The Gunma Bank, Ltd.	17,410	1.98

* Yamada Denki holds 86,038 thousand shares of treasury stock, excluded from the above shareholders
* 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.
Kyusyu Tecc Land Co., Ltd.
Project White Co., Ltd.
Y's Select Co., Ltd.
YAMADA HOMES Co.,LTD.
Conglo Co.,Ltd.
BEST DENKI CO., LTD.
Best Credit Service Co., Ltd.
J Staff Co., Ltd.
Best Service Co., Ltd.
BPC Co., Ltd.
Repair Depot Co., Ltd.

Kurokawa Denki Co., Ltd.
Housetec Inc.
Nikka Maintenance Co., Ltd.
Chubu Nikka Service Co., Ltd.
YAMADA DENKI (SHENYANG) CO., LTD.
YAMADA DENKI (CHINA) CO., LTD.
BEST DENKI MALAYSIA SDN. BHD.
BEST DENKI (SINGAPORE) PTE. LTD.
YAMADA TECHNOLOGY CORPORATION
NAKAYAMA RESOURCES & DEV'T. CORP.
YAMADA FINANCE SERVICE Co., Ltd.
OTSUKA KAGU, LTD.
YAMADA Environmental Resources Development Holdings Co., Ltd.

Major unconsolidated subsidiaries

Y · JUST Co., Ltd.
TES Co., Ltd.
GunmaSougouSetsubi Co.,Ltd.
Azuma Metal 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.
NIHON TOURIST CLUB CO.,LTD
YAMADA DELIVERY WORK SERVICE CO.,LTD.
YAMADA FOOD SERVICE CO., LTD.

Affiliated companies

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

Store Network

