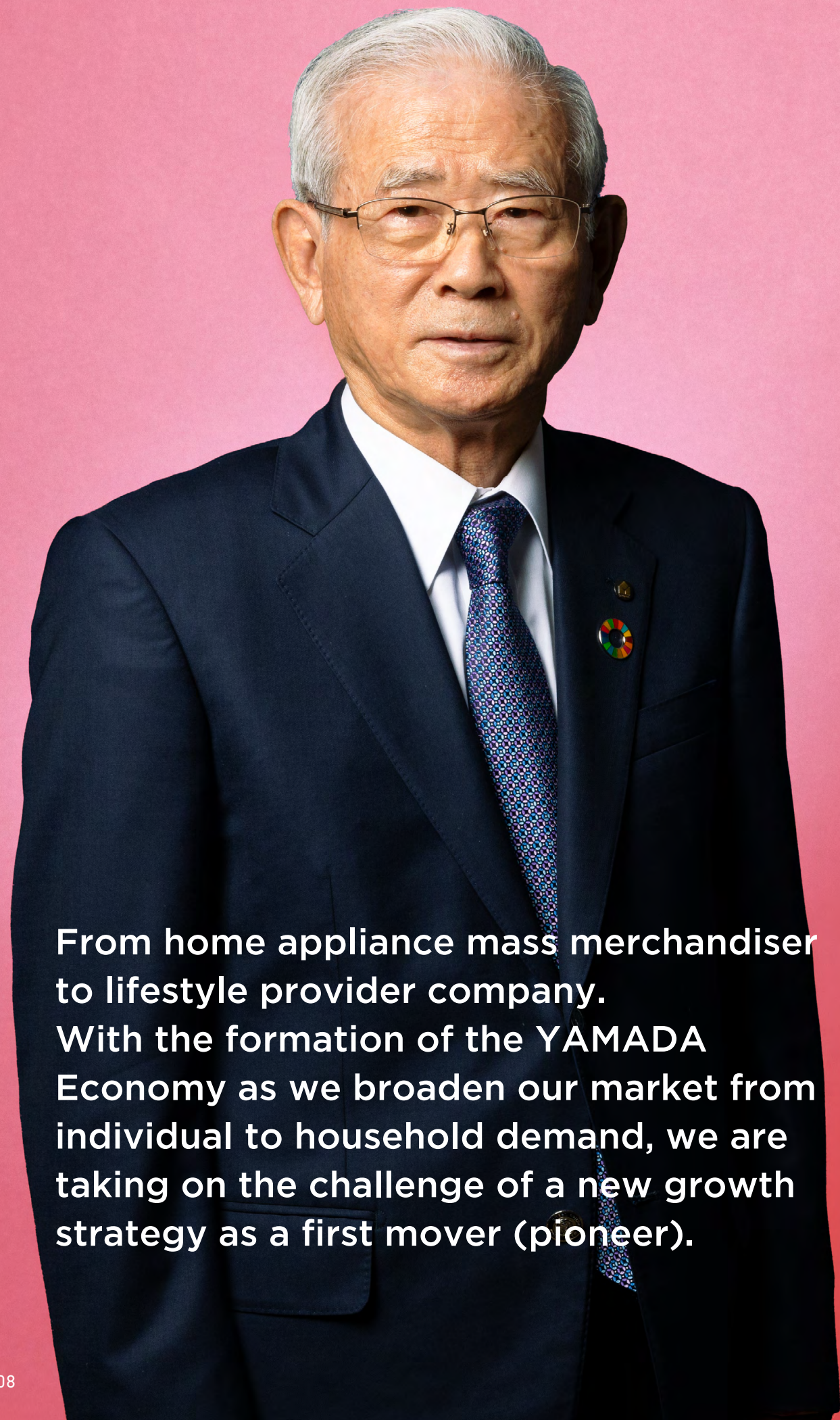




From home appliance mass merchandiser to lifestyle provider company. With the formation of the YAMADA Economy as we broaden our market from individual to household demand, we are taking on the challenge of a new growth strategy as a first mover (pioneer).

CEO MESSAGE

Noboru Yamada

**Representative Director,
Chairperson and CEO**

Dramatic Changes in the Business Environment and the Need for the “Total-Living” Strategy

A company can only exist by keeping up with the trends of the day. It has been some 50 years since the YAMADA HOLDINGS Group was founded, and we have always changed our own “shape” to carve out new eras.

Right now, the Japanese home appliance distribution industry and home appliance industry are facing a structural turning point. As an industry pioneer, the Company has been driving the market, being among the first to pick up on the major changes in the business environment and working from an early stage to rebuild a business model that goes beyond the boundaries of a home appliance mass merchandiser. This is clearly summarized by the “Total-Living” strategy. I am certain that this is the only way to make the most of the YAMADA HOLDINGS strengths and enable us to achieve the targets of the new mid-term business plan, which will proceed over five years beginning this year.

Since the Company was founded, we have always been carving out new eras as a first mover (pioneer), and we will be saying goodbye to the conventional type of home appliance mass merchandise business and moving ahead to the next stage. We could even say that the “Total-Living” strategy is our declaration of this intention.

Behind the fact that our Group is taking on this challenge are the structural changes in the Japanese market. The pace at which Japan’s birthrate is declining and its population both aging and decreasing is accelerating, and, since home appliances are durable consumer goods, replacement demand is falling and the shrinking of the domestic market is inevitable. Indeed, if we look at the statistics in this industry, the scale of the market has actually shrunk by 27% from 9,500 billion yen in 2010 to 6,900 billion yen in 2024. Having opened stores in almost all the attractive shopping areas, continuing to open stores as usual will cause internal competition, and we expect that productivity will fall in stores throughout the Group. Our strategy for opening stores will have to be reviewed in due course.

In addition, we cannot overlook the fact that the structure of the home appliance manufacturing industry changed drastically in recent years. For many years, Japanese electrical appliance manufacturers have dominated the world’s home appliance market. In the end, home appliance mass merchandisers in Japan all handle products from the same Japanese manufacturers, and it is difficult to differentiate between them on anything other than price. Moreover, due to Japan’s unique business practices, just because large-scale retail stores like YAMADA DENKI have both large numbers of stores and large amounts of procurement, it doesn’t mean that cost prices are low and volume discounts are common, and the structure makes it difficult to leverage economies of scale in price competition. However, emergent overseas manufacturers from countries such as China are rising to take the place of Japanese manufacturers, and they are redrawing the map of power. I see this as a good opportunity, and it is crucial that we appropriately review the home appliances distribution business model that we have built.

We have laid out the “Total-Living” strategy in order to overcome these changes in the business environment and embark on a new growth trajectory. We aim to shift to a new business model, centered on home appliances sales, one of our Group’s core businesses, seamlessly providing the household needs—furniture and interior goods, home renovations, housing construction, financial services, and even reuse—that are related to home.

The Uniqueness of LIFE SELECT Stores and a Growth Model That Doesn't Rely on Price Competition

The fact is, many stakeholders, including investors, asked why a home appliance mass merchandiser was getting involved in the housing business and assumed that we proceeded with our conglomerate activities just to expand the scale of the Company. We strongly reflected on the fact that the information we had sent out had not been sufficient to accurately convey our philosophy and our vision. The "Total-Living" strategy is completely different from business diversification and conglomerate activities, which are aimed at simply expanding sources of revenue. It is an initiative to leverage the contact points and bonds of trust we have established with customers as a home appliance mass merchandiser to redefine Yamada as a "lifestyle provider company" that is a familiar part of their daily lives with comprehensive support for long life.

Our LIFE SELECT concept stores are putting this endeavor into practice, having the largest sales floor space in the region, ranging from about 10,000 to 14,000 m². These combined stores, where customers can experience home appliances, furniture and interior goods, toys, show homes, and so on, are the source of non-price competitiveness, and their ability to attract customers and make proposals enables customers to differentiate them from the competition.

To put it another way, the aim of the "Total-Living" strategy is to create exciting stores that all generations of the family can enjoy. While the conventional home appliance mass merchandise business has aimed mainly at the individual customer, with the "Total-Living" strategy we are targeting the family. Our Group provides services related to the lifestyles and homes that are essential for people to live their lives. The Group has been a part of people's happy lives for many years, so we know that, as both the nature of

society and people's values are changing, it is all the more important for us to create bonds with families across generations. I am certain that we are the only company who can support this.

I also anticipate a platform strategy that makes further use of our customer base beyond the sales floor. The idea is to aim for the formation of the YAMADA Economy, which will seamlessly link the various services within the Group and bring convenience to our customers.

In the consolidated performance for FY2025, which is the most recent, net sales were up 2.3% compared with the same period in the previous year at 1,629,069 million yen. As for profits, operating profit was also up by the same 3.2% at 42,821 million yen, and ordinary profit was up 2.1% at 48,045 million yen. In comparison with FY2024, in which these recorded losses compared with the same period in the previous year, they all switched to gains.

With the COVID-19 pandemic, for several years, the store development that is the foundation of the "Total-Living" strategy did not progress and, in the short term, reform and performance did not dovetail. It is true that this is why we ended up not meeting the target values of the previous mid-term business plan, and as a manager, I humbly accept responsibility for that.

However, the results of the strategy are steadily becoming apparent. When we verified the efficiency of LIFE SELECT stores, compared with Tecc. Land, the per-Yamada member unit purchase price was 1.4 times higher, the sales efficiency per 3.3 m² was 1.5 times higher, gross profit was 1.5 times higher, the number of items purchased was up by 1.9 items, and we can once again feel the effect of the "Total-Living" strategy. I anticipate that the opening of LIFE SELECT stores in the future will enable us to acquire 50% of the market share in trade areas with populations of 500,000.

Developing Unique Products That Capture Customer Needs and Improving Profitability

As stated in the new mid-term business plan, we are working to maximize group synergy, with LIFE SELECT and housing at the core. The starting point is LIFE SELECT. The results of repeated verifications have shown that what we need to increase customer contact points while meeting the needs of a variety of generations, from children to seniors, and to fully bring out the group synergies of the consumer electronics, housing, finance, and environment segments using those contact points, are stores of that size.

Above all, with the power map of home appliance manufacturers changing so drastically, the fact that Yamada has one of the largest store networks and customer bases in Japan will be an extremely powerful tool in negotiations with overseas manufacturers, particularly those from China. We will be able to offer volume discounts that our competitors cannot match, leading to stronger profitability. Of course, we are not focused solely on opening new stores, and we will continue to consolidate and remodel our existing small-scale stores. We will also be developing our e-commerce business so as to integrate it with our brick and mortar stores, and promoting our digital transformation (DX) strategies by maximizing the use of Group infrastructure. This will allow Yamada to streamline resources such as inventory, distribution, and personnel while expanding our trade area.

The reason that our Group is doubling down on opening large stores now is that we want leverage our customer-centric creativity to bring new added value to home appliances. Having direct points of contact with customers who use home appliances, our Group gathers and accumulates more detailed information than the manufacturers about what our customers need in their appliances, from functions to value and uses. Furthermore,

with one of the largest store networks in Japan, YAMADA DENKI takes care of planning and development, and, if they sell a product, we estimate an appropriate sales volume, allowing us to attract Chinese manufacturers to collaborate with us on manufacturing. As a result, through partnerships with manufacturers, we deliberately narrow down the required functions and are able to produce high-quality, low-priced home appliances.

One example of this is the highly functional, low-priced front-loading washer-dryer with a slanted drum RORO, which was launched in April 2025. Since RORO is a Yamada original product, which is produced directly with the manufacturer by way of an SPA business strategy, there is also the advantage for us of expecting high profitability even though the price is low. Going forward, we will expand product development of private brand (PB) and SPA products not only with overseas manufacturers but also including domestic OEMs, aiming to improve sales composition ratio and gross profit composition ratio.



Forming the YAMADA Economy through Collaboration with Leading Companies in Other Industries

Our Group is aiming to create a future YAMADA Economy by practicing connected management, which brings together stores and regions and the business and digital domains, and of course to maximize group synergies in each segment. We are working to enhance the linking of Yamada Points throughout the Group, develop store networks by business type, and integrate the business and digital domains to create a new economy that supports the local community.

There are some aspects of the further expansion of our trade area that are challenging for Yamada to do alone. In recent years, therefore, we have been accelerating the joint opening of stores with companies in other industries who develop large-scale commercial facilities such as shopping malls. We anticipate that this will enable us to proceed more quickly and efficiently in developing land and opening stores in the future. Yamada's excellent ability to attract customers and our rich customer base are also attractive to partner companies, generating synergies with which we send customers to each other. In this way, we will also be actively using the customer base we have acquired in our DX strategies in the future.

Creating Added Value for the Group Centered around the Housing Business

As our "Total-Living" strategy advances, the Company is also striving to improve profitability in the Housing Segment. Yamada's full-scale entry into the housing business began with our 2011 acquisition of SxL. At that time, there were comments about why an electronics store would get into housing, but if we look at it from a long-term perspective, homes are at the hearts of people's lives, and the strengths of the

Group, such as home appliances, furniture, and renovations, are naturally incorporated into its structure. In our LIFE SELECT stores, we are establishing a system that can respond to inquiries about real estate, such as selling a home or what to do with a vacant house. We are aiming to improve group synergies by working consistently with everything from purchasing a home to renovations and resale.

Furthermore, we have also been working on resource circulation, such as recycling and reusing home appliances and using waste as a heat source. Building houses produces waste, but we are currently investing approximately 20 billion yen to build a plant in order to use that waste and convert it into energy. This kind of initiative is attracting attention from the energy industry and the finance area, and we expect to develop it further as a circular business model in the future.

In this way, we will need to provide services with extremely high added value at LIFE SELECT stores, which will be the starting point going forward. The key to this will be human resources. That means that we want to strengthen our investment in human resource development as much as possible.

Cash Allocation That Emphasizes a Balance between Growth Investment and Shareholder Returns

From conception to implementation of the "Total-Living" strategy, we have steadily been making preparations over 14 long years. The results that you can see are not produced overnight. The acquisition of land and the construction for the LIFE SELECT stores in particular requires many years. I believe that all our shareholders and investors surely want to view the Company's growth from a long-term outlook, not a short-term perspective.

There was a time when growth investment stalled temporarily due to the impact of the COVID-19

pandemic, but the business environment is now improving and proactive investments have resumed. While the home appliance market in Japan is shrinking, we are continuing to invest proactively based on the concept of the "Total-Living" strategy I have been talking about, and we are steadily progressing toward the achievement of the targets of the new mid-term business plan.

Both financial soundness and capital efficiency are essential in order to sustainably increase corporate value. That is why we promote cash allocation that emphasizes a balance between growth investment and shareholder returns. As the KPIs of our financial strategy, we are aiming to achieve a PBR of more than 1.0 times and ROE of 8.5% in FY2030. To reach this goal, I emphasize total asset turnover in particular. I recognize that higher inventory levels compared to urban store-centered peers is a significant challenge for YAMADA DENKI. Therefore, in coordination with logistics measures, we are proactively reviewing our product composition by promoting DX and enhancing private brand and SPA products, and we will continue to improve inventory turnover. By opening more LIFE SELECT stores, we are also working to raise the productivity of each individual and the sales efficiency of each store, improving store turnover. I believe that improving inventory turnover and store turnover will lead to improved total asset turnover, and that increasing profit will lead to steady improvements in ROE.

As for payout ratio, the Company is aiming for 40%. Among other companies, there seems to be a trend of being overly concerned with short-term high payout ratios, but at Yamada we are focused on long-term corporate growth, and we are pursuing an optimal balance of growth investment and shareholder returns. I believe that it is steady growth in particular that will lead to improved shareholder returns in the future.

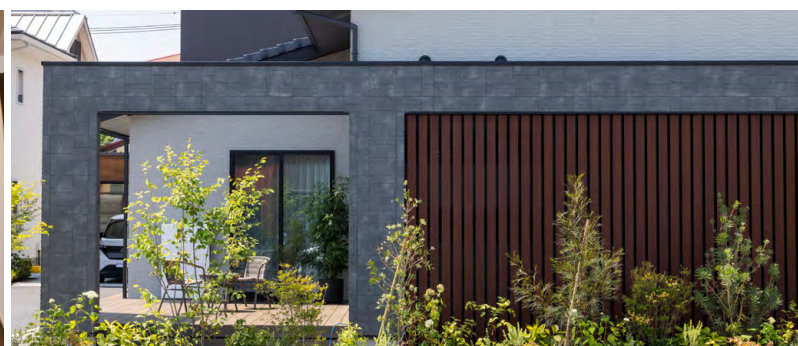
From the time Yamada was founded until its stock exchange listing and right up to the present day, I have

always valued our relationship with the capital market and paid careful attention to the feedback of shareholders and investors in matters pertaining to the managing of the Company, which I have carried out based on my own experience and knowledge while placing importance on corporate governance. The investors are tough but helpful advisors for us. We will continue to strive to gain a deeper understanding of the intrinsic meaning of the "Total-Living" strategy, as well as financial strategies and shareholder return policies, through dialogue with the shareholders and investors.

"Creation and Challenge" —The Ideas Since Our Founding and the Reawakening of Our Daring DNA

The Company originated in 1973, when it was founded as Yamada Denka Service, a small electronics store in Maebashi City, Gunma Prefecture. At that time, the store's sign said "Home Appliance Consultant." As you can see from the words "service" and "consultant," which were still new in Japanese at that time, my intention was to have a business that didn't just sell products, but offered proposals and became a familiar part of customers' lives. And when I founded Yamada, I clearly stated the management philosophy of "Creation and Challenge," and set it as the foundation of corporate activities. After that, the Company's business expanded steadily and net sales grew to reach 2 trillion yen, but our goal was never the scaling-up itself. Our idea is to meet customers' expectations no matter what it takes, so the repetition of "Creation and Challenge" must continue. The present form of our Group is the result of persistently maintaining this approach. This approach has remained unchanged from the Company's founding until today.

Please keep your eye on YAMADA HOLDINGS Group as we take on the challenges on the way toward a stage of further growth.



Carry on Our Customer-First Culture While Aiming to Transform the Industry with Our Group Synergies

COO MESSAGE

Yoshinori Ueno

Representative Director,
President and COO

**I became President and COO of YAMADA HOLDINGS in April 2025.
I would like to share some of the future prospects we anticipate from the core initiatives of our mid-term business plan, our plan to maximize group synergies, and our sustainability management approach.**

Q.1 What did you resolve to accomplish or focus on when you were appointed President and COO?

My first and foremost mission as President is to accomplish our Mid-Term Business Plan (2026/3–2030/3). The Japanese home appliance mass merchandiser industry is facing a period of great change. For us to achieve sustainable growth, we must transform ourselves into a corporate group that creates the future of the industry through the new initiatives laid out in our new mid-term business plan, and we must continue to earn the trust of customers, shareholders, and investors.

Carrying on the customer-first Yamada culture that Chairperson Yamada built is also an important aim. From the time he opened his first small electronics

store, Chairperson Yamada carefully kept a handwritten customer ledger, where he recorded information he learned in his conversations with customers, from how old their air conditioner was to their family members' birthdays. I also kept a customer ledger and have experienced building bonds of trust with customers by making a practice of asking if there is anything that they need help with.

Our Group has managed to grow into the large corporate group it is today not because we pursued scale, but because we have made it our mission to treat each customer in good faith. Even as we adapt to the changes of the times, I want to emphasize this management philosophy and corporate stance to our employees and all of our stakeholders. I will lead our Group so that the Group companies newly joining us are also glad that they have become a member of Yamada.

→Commentary: Yamada's "Total-Living" P.22

Q.2 What initiatives are you undertaking to strengthen cross-group collaboration and generate group synergies?

Going forward, we intend to maximize group synergies with LIFE SELECT and housing at the core. Supporting this foundation is our strategy of opening LIFE SELECT stores. We aim to operate a total of 80 stores nationwide in the next five years, mainly in markets with a population of around 500,000. We are not focusing solely on expansion, however. We are consolidating and closing some existing stores at the same time to increase store and capital efficiencies. We are also accelerating opening stores developed in collaboration with cross-industry partners that operate large shopping centers, such as AEON Group, with the goal of reducing opening costs and being able to attract more customers.

Information obtained in the process of home appliance purchases can lead to home and furniture sales. This then also connects to home loan and other financial services as well as recycling and reuse businesses for used home appliances. Additionally, we are offering cross-use of points and integrating sales promotion strategies to capture more customers across our Groups. Our plan is to increase the markets where we operate and establish the YAMADA Economy nationwide. We will continue to build on these initiatives with the aim of achieving net sales of 2,200 billion yen in FY2030.

→Housing Segment P.42

Q.3 What are your thoughts about the Housing Segment?

Our Housing Segment operates in the area of custom- and ready-built homes and renovations, and is key to our plans to maximize our group synergies. We have set up Housing Consultation Counters in YAMADA DENKI stores to provide opportunities for customers to ask us housing-related questions while they go about their daily shopping. Purchasing or renovating a home is a huge decision for most customers, and comes with its own set of worries. Customers being able to come to their neighborhood YAMADA DENKI that has earned trust as a home appliance mass merchandiser can help alleviate much of this worry.

We have several companies in our Group that are involved in building and selling homes and offer a wide

range of options to meet customers' needs, from finding land to custom- and ready-built homes as well as renovations. By tapping into our home appliance mass merchandiser strengths, we are also uniquely positioned to be able to offer both furniture and home appliances as a set with homes. Our Group's competitive advantage is the ability to offer customers the home environment that best suits them all in one place. We are currently increasing our LIFE SELECT stores that also have a show home on site. In addition, some of these stores also have a counter staffed full-time by a real estate notary to provide more detailed and targeted services to meet customers' needs. We plan to expand this initiative in the years ahead as well.

→PB+SPA Strategy P.46

Q.4 How will the PB+SPA Strategy contribute to growth?

It will be difficult to differentiate ourselves from other industry players if we only sell products made by home appliance manufacturers. This is why we are focusing especially on our private brand (PB) and Yamada original products produced by way of an SPA business strategy, where we are closer to the production creation process.

Through our home appliance sales, we are in a position that is closest to consumers. This is why we are confident that we have the most detailed knowledge of what consumers want and need. The biggest difference between us and the home appliance PB and SPA businesses of companies in other industries is that Yamada is a group of home appliance professionals.

Front-loading washer-dryer with a slanted drum RORO that we launched in April 2025 epitomizes our strengths and what we are aiming to achieve with this strategy. It's an original product that we developed together with an overseas manufacturer, based on customer feedback. While many customers would like to own a drum washer-dryer, they typically cost around 200,000 yen, and some people are hesitant to buy one at that high price. Using our store network and customer contact points, we have collected requests from customers all over Japan, for example about what dimensions they want the unit to have and how a wider door opening would be more user-friendly. We narrowed down the required features based on these needs to keep the cost down and created the strategic product RORO, which has made a splash and become a big seller. We have also been able to attract new customers by offering the RORO in the 100,000-yen price range.

YAMADA DENKI has one of the largest store networks in Japan, and we can anticipate large-scale sales volume for our SPA products. For this reason, overseas manufacturers have been eager to collaborate with us on manufacturing. Because we work directly with them and do not go through middlemen, our profit margin is 1.5 times higher, both from higher customer unit price and higher profitability. Yamada's proximity to customers has led to the launch of home appliances that offer the best in both functionality and price. This is something that no one else is able to do.

Net sales in the PB+SPA business segment for FY2025 reached 77.7 billion yen, or approximately 6% of our total sales. We are targeting growth to reach a 15% sales composition ratio and a gross profit ratio of 30% five years from now. This target is our starting line, and we are looking at a sales composition ratio topping 20% in the future.

Q.5 What is your vision for expanding business in the growth market of Southeast Asia?

We are expanding our business operations in Southeast Asia, which is our second-fastest growing market after Japan. One major factor behind our current success in building a footing for overseas business development is our merger with BEST DENKI, which has experience in entering Southeast Asian markets, and effectively deploying its assets and expertise. We are operating a total of 29 stores in Singapore, Malaysia, and Indonesia.

Singapore has a population of roughly 6.04 million^{*1}, which is small for a market, but has a high average annual income that is about twice that of Japan. Its market is already saturated, however, so being able to maintain and strengthen our position amid the local competition is going to be a key factor to our success. Malaysia's population is around 34.2 million^{*2}, or five times that of Singapore's, and its market still has plenty of growth potential. While the average income is not very high, its middle class is expected to expand, and our Group is looking to continue opening stores in Malaysia, with at least one already scheduled for opening in 2026.

Indonesia is where we feel a lot of future potential. With a population of some 284.43 million^{*3} and a relatively young average age of 30, Indonesia is a growth market with high potential. The average annual income is 500,000 yen at present and arguably not quite as high as it could be yet, and tariffs and other inward-looking economic policies also pose barriers. While closely monitoring the local conditions, we will continue building our foundation in areas such as logistics and education to prepare for a future expansion phase.

^{*1} Total population of Singapore as of June 30, 2024, from the Singapore Department of Statistics

^{*2} Total population of Malaysia as of July 31, 2025, from the Department of Statistics Malaysia

^{*3} Total population of Indonesia as of June 30, 2025, from BPS-Statistics Indonesia

Q.6 Could you talk about the reused home appliance business?

Our Group is ramping up our initiatives in sustainability management based around reuse. In addition to our reuse plants in Gunma and Shiga prefectures, on June 1, 2025, we opened the new YAMADA West Japan Reuse Center Yamaguchi Plant as a production base for reused home appliances in West Japan. This allows us to produce reused home appliances on a scale of 200,000 units annually. We have seen increased building in the economic zones centered around LIFE SELECT stores in recent years. Looking ahead, we plan to add a selection of reused home appliances to our product lineups in LIFE SELECT stores. These reused products meet needs for people who want a second appliance aside from what they use daily, such as farmers who need a washing machine specifically for washing dirty work clothes and people in fishing areas who need a large refrigerator for storing fish. These products also keep costs down for students and working people getting ready to start a new chapter in their lives, and meet needs for people who want products with advanced functionality but only need them for a short period of time. We buy previously owned home appliances, fix them up so they can be resold, and put them back on the market. Home appliances that cannot be resold are disassembled into their individual materials at the recycling plants in our Group and then recycled. We are also moving ahead with our plan to convert waste into energy at a new waste-to-energy plant planned for construction. We are proud of these sustainability management initiatives that are distinctively our own.



Creating a Company That Employees Feel Truly Happy to Have Joined: An HR Strategy That Supports the "Total-Living" Strategy

CHRO MESSAGE

Megumi Kogure

Representative Director,
Vice President,
Executive Officer and CHRO



The YAMADA HOLDINGS Group has set a net sales target of 2,200 billion yen in FY2030. It is employees who hold the key to reaching that goal. We identified "Promoting Diverse Human Resources and Achieving Well-Being" as one of the themes in the material issues we disclosed this year, and we are working on personnel system reforms to maximize the power of our employees.

The consolidated Group has grown to the point where we have over 25,000 full-time employees. However, there are still parts of our remuneration structure and personnel system with out-of-date frameworks. In order to increase group synergies and achieve more flexible personnel placement, we are working to speed up the creation of the new personnel system, ensuring its preparation is completed in time for its launch in the spring of 2026 at YAMADA DENKI and the spring of 2027 at the other operating companies.

Ongoing workplace initiatives to improve productivity

The YAMADA HOLDINGS Group recognizes that improving employees' productivity is a major issue. In recent years, because employees are offering not only home appliances but also home interiors and home renovations as part of the "Total-Living" strategy, the proposals have tended to require more time. Under these circumstances, we are working to improve the efficiency of work operations in order to reduce on-site workloads. In addition to simplifying cash register input and reviewing the customer service tablets, we are promoting the collaboration of people and AI and the

use of our accumulated data. Furthermore, reducing on-site workloads and generating more leeway in terms of personnel will allow us to relocate and use them in growth areas within the Group, leading to the optimization of our human resources portfolio, which we expect will further increase productivity.

In addition to revamping our personnel system, it is also important for us to increase the engagement of each and every employee. As a KPI of the new material issues theme "Promoting Diverse Human Resources and Achieving Well-Being," we have replaced the old employee satisfaction surveys with engagement surveys. These surveys provided data showing that employees who deeply identify with the Company's philosophy and value proposition and have a high level of engagement are also highly productive. In addition to continuing, as always, to maintain a work environment that is comfortable for everyone, we are putting even more focus on measures to promote our philosophy and increase engagement.

Personally, since joining the Company, I built my career while devoting myself to customer service as an in-store sales staff. Back then, the first time I met Chairperson Yamada in person, I told him, "I am truly happy to have joined this company." That feeling remains in my heart unchanged even now.

As an individual who knows the workplace and is now in the position of managing human resources, I believe it is my mission to do everything I can to create a company where all employees truly feel happy that they work here. Building a sustainable personnel system that we can rely on for a long time should lead to peace of mind for our future colleagues and the families of our employees as well.