INTEGRATED REPORT 2023

YAMADA HOLDINGS GROUP

MANAGEMENT PHILOSOPHY —

CREATION AND CHALLENGE

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

MISSION —

In support of "Total-Living"

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Editorial Policy

The YAMADA HOLDINGS Group publishes the YAMADA HOLDINGS 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 highlights the latest ESG activities and progress the YAMADA HOLDINGS Group has been doing through its business activities which strive for sustainable growth and improved corporate value based on the priority issues the Group identified in December 2019 for achieving the SDGs.

Scope of Activities Covered by the Report

This report covers the activities and performance of the YAMADA HOLDINGS Group.
Instances of "YAMADA HOLDINGS Group" or "the Group" throughout this report purport to YAMADA HOLDINGS CO., LTD. and its affiliated operating companies.

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Period Covered by the Report
April 1, 2022 - March 31, 2023 (FY2023) (Some activities in the fiscal year ending March 2024 also included.)

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Guidelines Referred to
- The IFRS Foundation's Integrated Reporting Framework
- The Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation
- The Global Reporting Initiative's Sustainability Reporting Standards 2016/2018/2019/2020/2021
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Disclaimer
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No assurance can be given that stated future plans, targets, or measures will be met. Actual performance may differ from planned figures due to various unforeseen circumstances such as changes in the future business environment. 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 HOLDINGS and of its 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.

Messages from Senior Management

With a sense of mission to support the local community, we will promote the strategy of "Total-Living" to achieve sustainable growth over the next 50 years

Noboru Yamada

Representative Director, Chairperson and President CEO

Celebrating our 50th anniversary

At YAMADA HOLDINGS we have celebrated our 50th anniversary. I believe that the reason why we have been able to grow into a corporate Group and national chain with annual sales of over 1 trillion yen from humble beginnings as a small town electrical store, is the result of our constant Creation and Challenge as stated in our management philosophy to cultivate a relationship of Appreciation and Trust with our customers and all our stakeholders.

Although the Company has achieved rapid growth since its foundation, the declining birthrate and aging population have advanced en route to growth. As the market is expected to shrink in the future, we have overcome the situation where we have had to innovate and respond to various changes. Indeed, it has been 50 years of committing to the idea that "it's okay to fail, so just give it a go. If you fail three times, then stop and have a think about it." This is the Group's overriding principle at present. So, the challenge for the next generation is to promote our "Total-Living" strategy that focuses on the housing aspect of food, clothing, and housing centered around selling consumer electronics. Ever since we acquired the housing manufacturer SxL in 2011, we have been steadily improving our infrastructure while continuing to sell home appliances as our core business. But it is only in recent years that things feel as if they have finally come into place. This is why I believe we have now entered a stage where we can use this foundation to produce results.

Looking back on FY2023 and progress of the Mid-Term Business Plan

In the fiscal year ended March 31, 2023, the first year of the YAMADA HLDGS 2025 Mid-Term Business Plan, the Group's performance decreased due to the reactionary decline in demand for when people were staying at home, which continued from the previous fiscal year, and the decline in the gross profit margin accompanying reforms aimed at optimizing sales and profits through the shift to digitization linked to the market. Although the COVID-19 pandemic has finally begun to show signs of coming to an end, it is unclear how far the appetite for consumer purchasing will recover in the face of uncertainty about the future owing to prolonged price increases, falling real wages, and rising energy prices. I cannot completely say that the outlook for achieving our mid-term business plan target of sales of 2 trillion yen by fiscal 2025 is bright, but as mentioned above, the business foundation for our "Total-Living" strategy is being put into

place. We will therefore continue to focus on promoting the four key measures for achieving our plan, namely: active store development, strengthening our e-commerce, active development of SPA (speciality store retailer of private label apparel) products, and achieving targets by setting goals for each operating company.

Aggressive promotion of store development, with a 5% increase in floor space per year, is a key measure for expanding sales. As such, we are steadily expanding sales floor space and increasing our market share by developing stores in different areas. In particular, we have opened 33 LIFE SELECT stores (as of the end of June 2023), developed for large commercial areas with populations of between 400 to 500,000 people, as one of the formats that embody our "Total-Living" strategy. And we have come to the conclusion that the best sales floor space is at around 14,000m^2. For example, the Maebashi-Yoshioka Tecc LIFE SELECT Store, which opened in April 2023, is located in a typical roadside location far from the city center, but we have been able to record double the sales that we had initially forecast by leveraging the approximately 13,000m^2 sales floor and our expertise in store development. At the risk of being misunderstood, if we can succeed in a location like the store in Maebashi-Yoshioka, I believe that we can do the same anywhere in Japan, from Hokkaido to Kyushu.

Consumer electronics retailers like ourselves sell the same products as other companies in the same industry, so basically cannot differentiate based on the products that are sold. That's why it's important to have a good selection of products, which will lead to further differentiation when creating experiential stores where family and friends can while away their time immersing themselves in the product experience. As the entire industry faces a tricky business environment where it is not possible to expect significant market expansion, the Group's basic policy is to generate profits through volume backed by our extensive sales network across Japan. As such, we will expand our sales floor space as a profound management structural reform that takes advantage of this strength.

Aiming to create synergies in every segment

To strengthen and promote e-commerce in the consumer electronics segment, we are pushing forward with some unique initiatives that bring together the online world with our physical stores. In addition to a series of services ranging from sales, delivery, and installation out of our physical stores, we have been able to offer an extensive product lineup of home appliances comparable to our Yamada Denki stores by using the bricks-and-mortar stores as a base for shipping and home delivery of products sold online. We are also working to strengthen our business by revamping our online site and creating more sales channels, such as TV shopping. Moreover, we are striving to give our customers greater convenience by bringing digital transformations to our newly opened stores.

Aggressive development of our SPA products is a measure aimed at improving profit margins, and an initiative aligned with our move to expand sales floor space. By developing large-scale stores, the likelihood of further expanding our product lineup will increase, as will our ability to attract customers into stores by offering attractive and reasonably priced SPA products. We will thus continue to follow this approach, as increased sales of SPA products will lead to a steady rise in our profit margin.

Finally, in order to achieve targets by setting goals for each operating company, we will put into practice our so-called "connected management" conscious of the synergies between the five segments of consumer electronics, housing, finance, environment and other, to build a system for continuous increases in sales and profits. This was always going to be an initiative that takes time, but in the housing segment, which is closely tied to home appliances and is the second largest in scale after the consumer electronics segment, overall sales and profits are growing steadily despite the impact of soaring prices in housing materials. The challenge for us in the future will be how to generate synergies with the finance segment through mortgages and other products. In the environment segment we have been steadily moving forward with the construction of a self-contained system for recycling resources, for example, by producing more reusable products with the expansion of the YAMADA East Japan Reuse Center Gunma Plant in May 2022, and by acquiring Aizu Dust Center corporation, an industrial waste treatment plant, in February 2023. And we also signed a green loan agreement with Mizuho Bank, a first for the home appliance sales industry, thereby strengthening our system to promote financing for other related facilities in the future.

Addressing ESG issues and future sustainable growth

The YAMADA HOLDINGS Group promotes ESG management based on its material issues, or priorities toward achieving the SDGs, identified in 2019. The Group's main direction remains unchanged in terms of addressing and improving issues faced by our stakeholders, including local communities, society, and employees, in each ESG field. However, the Group's mission to support "Total-Living" should play a leading role in solving ESG issues more actively than ever before. Accumulation of such efforts should therefore increase our corporate value and, in turn, contribute to the sustainability of society as a whole.

In particular, addressing environmental issues is an urgent issue that society as a whole must face. So, in order to fulfill our "responsibility to sell" as a retailer, we intend to further promote initiatives aimed at building our own unique circular economy, as mentioned above. As well as the move to the world's goal of carbon neutrality, we will disclose information in accordance with the TCFD recommendations which will lead to concrete actions steadily.

Going forward, I believe the ESG issues the Group should particularly focus on to be investment in human capital for the next generation and improved value on that investment. As the birthrate declines and the population ages, securing the very best human resources and employee growth have become the key issues that will define the future for the Group. Which is why we are currently implementing reforms to our personnel system to create a more flexible working environment for the current times. At the same time, with the help of the DX Innovation Promotion Office, we are also working to bring digital transformation (DX) into our stores and offices to make life easier for our employees, improve operations, and bolster productivity.

In terms of governance, we are striving for highly transparent and objective management decisions, and hoping to make decisions at the Board of Directors with more diverse members, for example, by appointing female outside directors and representative directors. The lunch meetings held every day with senior management and executives are a valuable opportunity to listen to everyone's honest opinions, and I myself believe that by expressing such candid views encourages a cycle of shared awareness and stimulating ideas.

To all our stakeholders

Steering the Company from the top along its 50-year history, I believe it is important to have a sense of mission in everything we do, and I believe this is in line with the practice of Creation and Challenge, and Appreciation and Trust, as set out in our corporate philosophy. Having a sense of mission encourages us, it helps us overcome failures, and when building on these experiences it accelerates our growth. I believe that by nurturing a large number of human resources who can always approach things with a sense of mission, instilling and cultivating this sense in a corporate culture, will be the source of sustainable growth for the Group and ultimately will lead to meeting the expectations of all stakeholders.

Our business, which supports the whole housing aspect of clothing, food and housing, can now be regarded as a social infrastructure, and it is our mission to continue to be such an indispensable presence in the community. And I believe that this will eventually contribute to the realization of sustainability for society as a whole. I hope you will continue to support the Group on our journey over the next 50 years.

Aiming to create synergies among Group companies to maximize corporate value

Atsushi Murasawa
Representative Director, Vice President and COO

Headwinds are opportunities for further growth

The fiscal year ending March 31, 2023 was a year of major changes in the social, economic, and consumption environment surrounding the Group, due to a complex combination of serious events, notably, the sharp fluctuations in exchange rates, soaring overseas logistics costs and material prices, and the prolonged war in Ukraine. The retail industry also continued to face headwinds, partly due to the backlash from stay-at-home demand amid the COVID-19 pandemic. But I believe it is at times like these when the environment is tough and changing, that opportunities arise for the next stage of growth.

As a representative director, I recognize that our greatest mission is to increase the corporate value of YAMADA HOLDINGS, and so to do this, I believe the challenge for us is how to create synergies among Group companies. More specifically, it is important for each company to become strong individually, to stand on their own feet even outside the Group, and to demonstrate synergies without relying on other companies within the Group. While Group companies tend to think and act vertically in managing their own performance, we recognize that the role of a holding company is to take a bird's eye view of the whole, to connect the strengths of each company, invest in human capital when the opportunity arises, and evaluate the results quantitatively.

Achieving results and contributing to society

Currently, we are implementing four measures based on the YAMADA HLDGS 2025 Mid-Term Business Plan with our core business, the consumer electronics segment, at its heart while underpinned by our shared "Total-Living" strategy. These four measures include: the creation of stores where customers can experience and feel "Total-Living"; accelerating digital transformation strategies and measures to maximize the value of our customer database; continued focus on developing attractive products for stores and online to strengthen our product lineup, and; expanding our environmental business centered on reuse and recycling to fulfill our "responsibility to sell" while aiming to expand the financial business and send customers to the consumer electronics segment by growing the housing business with its broad base.

For a long time now we have been required to contribute to sustainability through corporate activities as society expects, or as economics demands. But above all, it is important for the Company to continue to produce value, and to do so, we must be able to achieve both results and social contribution. The starting point to our value creation is our management philosophy of Creation and Challenge, and Appreciation and Trust. In the process of embodying these principles, we will focus on developing the human resources who can pass on our philosophy and practices to the next generation, and so we want to create an environment that supports our business and allows our employees to act independently.

In order to maximize the corporate value of the Group, we will actively communicate not only our results, but also our strategies and policies both inside and outside the Company, and will do our utmost to become a growing Company that is loved by our stakeholders, including our customers and employees.

Pushing ahead with personnel system reforms to create a work environment that employees can be proud of

Megumi Kogure
Representative Director and Senior Managing Executive Officer

Fostering human resources who can adapt to social changes

Since I assumed the position of Senior Managing Executive Officer on April 1, 2022, I have created specific internal goals for important issues in our reforms to the personnel system, and have regularly confirmed progress at meetings of the Personnel Committee. As we prepare to disclose information on human capital, which has become a global trend, we are focusing on developing human resources who can adapt to a society where it is difficult to anticipate the future.

To improve the value of the Group's human capital, I consider it a challenge to continue to respond flexibly as a Company to changes in society, and to utilize human resources in this context. To foster such an ability as a Company and for each employee to adapt, we have taken concrete measures including increasing opportunities to share information and accepting trainees from other industries. And as a measure related to our key policy to actively develop stores as set out in the mid-term business plan, training was given to employees by external instructors before the opening of any new Yamada Denki store. By conducting training on topics such as sales psychology for regular employees and managers, we hope to not only raise employees' motivation toward customer service but also raise the quality of the service provided to customers.

Helping to improve efficiency and profitability of operating companies with our human resources

I believe that our reforms to the personnel system and continued information disclosure externally are important for the sustainable growth of the Group. One of the key issues for achieving the SDGs as identified in 2019 is employee growth and improvement of the working environment. Thus, as an ongoing priority issue, we constantly review measures on a regular basis. We recognize that the ratio of male employees taking childcare leave, mandated to be disclosed from April 2023, is an important issue that needs to be addressed in light of the environment and culture of the Group, which is why we are proactively communicating with male employees to encourage more to take childcare leave.

The Group consists of operating companies with many different possibilities, and employees can choose from a variety of different work styles. So, knowing how to utilize our greatest management resource, our human resources, and establishing a career path system can, I believe, help to improve efficiency and profitability within our operating companies.

Furthermore, we will formulate a specific action plan and work on curtailing SG&A expenses by merging back-office departments. We will continue to promote various reforms so that we can continue to be a company that makes employees feel happy and one which employees are happy to work for. And as a result, I believe that we can also contribute to our stakeholders.

A History of "Total-Living"

With its management philosophy of Creation and Challenge, and Appreciation and Trust in mind, the YAMADA HOLDINGS Group continues to grow by actively promoting a business approach that looks toward the future, and by reinforcing its financial position through sound capital policies to strengthen management resources through continuous reforms.
The Group will continue to accurately understand the changing times to create systems that allow each segment to demonstrate synergistic effects, and will continue along the "Total-Living" path to support customers' housing with a variety of products and services.

1973 Founded

Founded by the current chairperson, Noboru Yamada, when he opened the Yamada Denka Service electronics store in Maebashi City, Gunma Prefecture.

1978
5 stores. Annual sales ¥600 million

1983
Established YAMADA DENKI CO., LTD.

1989
Went public

1997
Established CIC

FY1997
Net sales of ¥100 billion

2000
Listed on First Section of TSE

2001
Issued the first Yamada Point Card

2001
Started home appliance reuse business with CIC for TVs, refrigerators and washing machines

2004
Established the YAMADA DENKI Women's Track & Field Team

2004
Established employee training center "Soseijuku"

2006
Established Yamada Financial
Issued the first Yamada LABI Card

2007
Started PC reuse and recycling business with INVERSENET

2007
Established CSR department

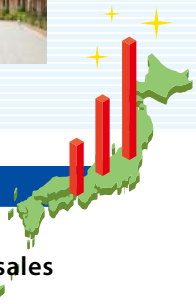
FY2005
Net sales of ¥1 trillion

1973

From a small electrical store to a nationwide chain of stores

2000

Pushing forward as Japan's number one consumer electronics retailer in terms of sales



Store formats

Affiliated electronics store

Multi-manufacturer retailer

Tecc Land

LABI

FY2010
Net sales of ¥2 trillion

2010
Released the YAMADA app for smartphones

2011
Acquired SxL

2012
BEST DENKI became a subsidiary
Azuma Metal became a subsidiary

2013
Launched official online store, YAMADA web.com

2016
Established YAMADA FINANCE SERVICE

2018
Established YAMADA HOMES

2018
Launched the "Total-Living" strategy

2019
OTSUKA KAGU became a subsidiary

2020
Moved to a holding company structure

2020
Hinokiya Group became a subsidiary

2020
Established YAMADA Environmental Resources Development Holdings
Established to strengthen environment-related fields and expand business in the reuse and recycling of products and equipment.

2021
Drew up the mid-term business plan

2021
Established YAMADA JUKEN HOLDINGS
Established as part of efforts to strengthen the housing sector since the early 2010s.

2021
Launched YAMADA NEOBANK

2021
Integrated consumer electronics businesses into YAMADA DENKI
Merger combining seven consumer electronics retailers including BEST DENKI.

2022
Expanded YAMADA East Japan Reuse Center Gunma Plant
Expanded the YAMADA East Japan Reuse Center Gunma Plant in Fujioka City, Gunma Prefecture, with the aim of building a system for increasing production of reused home appliances.

2023
50th anniversary

2010
Striving to move from just consumer electronics into new areas

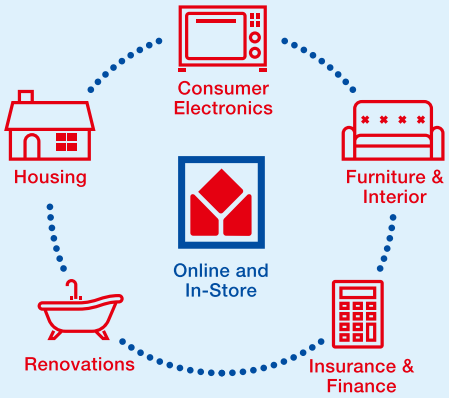
2020
Developing the "Total-Living" Strategy

Outlet & Reuse store

Kaden Sumairu Kan

web.com store

LIFE SELECT



MISSION
In support of "Total-Living"

In support of "Total-Living"—This is our mission based on Yamada's management philosophy of Creation and Challenge, and Appreciation and Trust. Starting out as a small town electrical shop, Yamada has created a network of consumer electronics retail stores across the country as a result of building on its management philosophy of Creation and Challenge, and Appreciation and Trust through its contact with the local community. Now, Yamada is about to embark on its next stage. From home appliances that make everyday life more convenient and enjoyable to housing that is the basis of our daily lives, we provide not only high-quality services tailored to our customers' way of living, but also work to build a circular economy centered on reuse and recycling, shaping the way ahead for a sustainable future.

Our "Total-Living" strategy

With the consumer electronics, housing, finance, environment, and other segments all working together to achieve Yamada's mission, "Total-Living" is an approach that provides a wide range of services that support customers' lifestyles to offer everything needed for "living." This is the theme of the YAMADA HLDGS 2025 Mid-Term Business Plan, and serves as a guideline for future business growth.

1

Yamada's vision for the future

Formation of the Yamada Economy

In addition to the sale of home appliances, furniture and home interiors, Yamada's "Total-Living" strategy, which covers new build homes, renovations, and real estate, will evolve at an ever-increasing pace through greater integration with a range of other services, including finance, insurance, and environmental resource development. We will create even better services by utilizing our 60 million strong Yamada Point Card membership database with a future vision to form a so-called Yamada Economy in which all the different services of the Group work seamlessly together to bring about the very best in convenience for our customers.

2

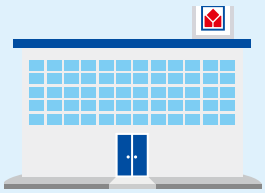
Yamada's vision for the future

Improved Value as a Social Infrastructure

With more types of new lifestyles, including working from home, Yamada and its nationwide sales network of more than 12,000 stores, has reaffirmed its value in society to meet the needs for a more enjoyable and comfortable life at home. Yamada will continue to seek improved value as a social infrastructure that supports a "Total-Living" approach, going on as a Company favored by the community even in a time beyond the pandemic.

3

Yamada's vision for the future



Winning Fans Across Generations

Ever since our Company was first founded, we have been expanding our business by remaining in touch with communities as a "local electrical store." And even now, as we celebrate our 50th anniversary, this "neighborly" attitude remains unchanged. With the rollout of our "Total-Living" strategy, we will be able to forge longer relationships through a wide range of services in everything to do with "living" in the future. So that we can become a Company that will be needed for the next 50 years, we will actively contribute to resolving social issues, such as environmental problems, to win fans across generations, thereby leading to Yamada's sustainable growth.

START

From a YAMADA store near you

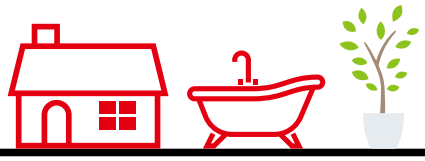
With so many home appliances and furniture on offer, YAMADA seems like a fun place to spend the day!

In-store

"We support you living a delightful life. Entirely." YAMADA stores near you with a wide selection of home appliances, furniture, home interiors, household goods, and more.

- LIFE SELECT
- Kaden Sumairu Kan
- web.com store
- LABI
- Tecc Land
- Outlet & Reuse store, etc.

Housing & Renovation



Furniture & Interior

Consumer Electronics

Purchas

What is "Total

The YAMADA HOLDINGS Group is developing businesses that altogether support everyone's life through a diverse network of nationwide stores and online services. Here we show YAMADA's goal of "Total-Living," from shopping for home appliances and furniture, to advice on housing and living, and how to live an environmentally friendly lifestyle.

Delivery, Installation, and "Living" Advice

YAMADA's unique specialists are sales engineers who handle everything from dealing with customers in-store, to delivery, installation, and after-sales service, and who also respond to customer's "living" concerns.

After-Sales Service

Broken small home appliances are received in-store then sent off to the repair center or manufacturer for repair. For larger home appliances, a repair person can visit your home. Items purchased from other stores can also be serviced.

Housing Advice

Proposing a total renovations package, from home exteriors and roofs to interiors, kitchens and bathrooms, as well as high-quality custom built homes that leverage the strengths of the YAMADA HOLDINGS Group. Real estate related services are also provided, such as help finding an apartment and financial advice.

New Builds & Renovations

Reservations for visiting show homes in different locations can be made on the Hinokiya Group and YAMADA HOMES websites. All enquiries are dealt with by highly qualified staff. Enquiries can also be made online from the comfort of your own home.

Home Diagnostics

To protect the value of your home we provide a one-stop service, from a newly-built home quality inspection to maintenance after moving in and support for home living thereafter.

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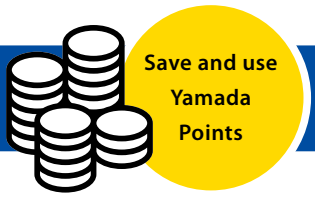


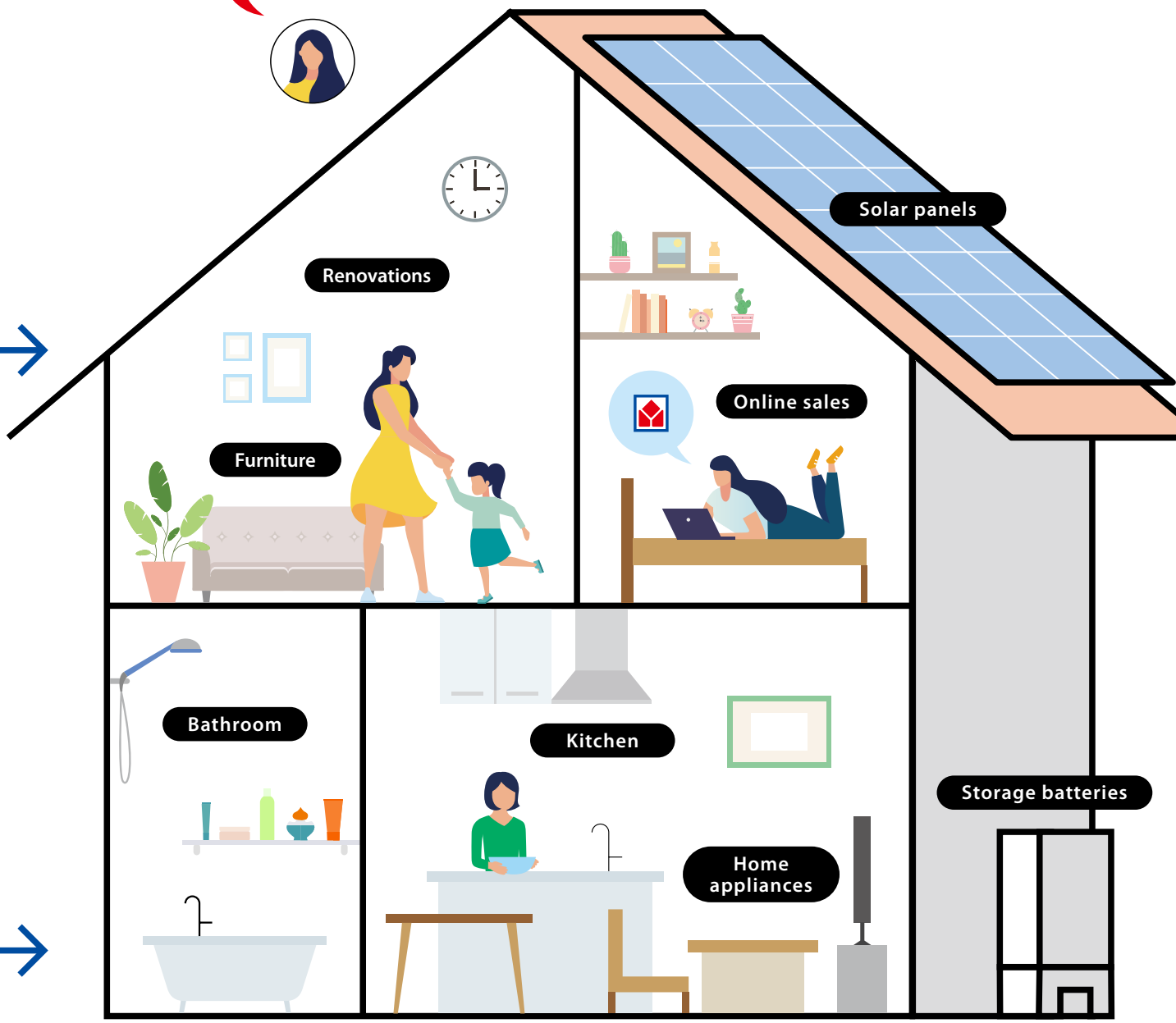
-Living”?

With all the home appliances and renovations bought through Yamada, we now have the perfect family home. And with Yamada Points too there is so much on offer!

Website

As well as YAMADA web.com, the official online store which makes use of our nationwide delivery network, the complete online shopping site, YAMADA Mall, has a whole range of products not previously handled by YAMADA DENKI, all at great prices.

Solar power



Living

Disaster-Proof Homes

Yamada is working on disaster-proof homes for the safety and security of people's lives. Utilizing its expertise as a consumer electronics retailer, Yamada is also a specialist in cutting-edge smart homes.

systems

Hybrid storage battery systems

Electric vehicles with vehicle-to-home (V2H) power-flows

Electricity stored from solar power can be used to power your home.

Water storage tanks

Insurance & Finance

YAMADA NEOBANK

An online bank for Yamada Digital Members that provides banking services, such as deposits, payments, and mortgages, all on one app.

Mortgages

We aim to be your partner to make your dreams come true by providing Yamada NEOBANK mortgages with the best interest rates, and Yamada Flat 35, fixed interest rates for peace of mind.

Insurance

As the insurance arm of the YAMADA HOLDINGS Group's financial business, we develop and provide various insurance products that are closely tied to our "Total-Living" strategy.

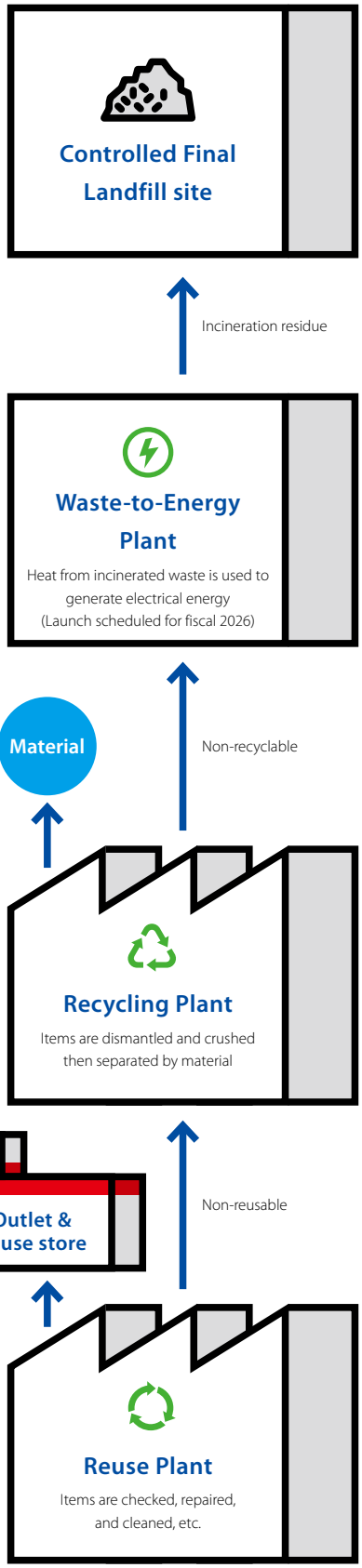
Yamada LABI Card

The perfect credit card for shopping at YAMADA DENKI, offering the same amount of Yamada Points for purchases made by card as by cash.

I can get my unwanted home appliances recycled and reused at YAMADA!
I think I'll head to an outlet & reuse store.

Buy Back & Collection

Home appliances and computers collected and bought back from customers are remanufactured. These remanufactured products are sold at outlet & reuse stores. Products that cannot be reused are recycled to every extent possible.

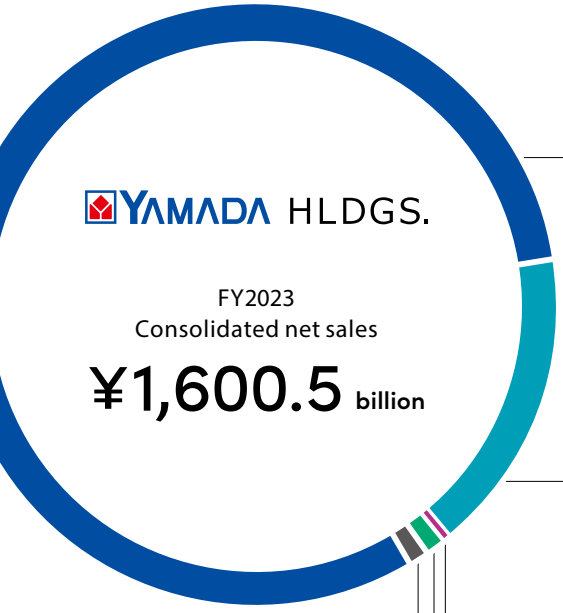


Save and use Yamada Points

Reuse & Recycling

About the YAMADA HOLDINGS Segments

The YAMADA HOLDINGS Group is divided into five segments: consumer electronics, housing, finance, environment, and other. Group companies, including our mainstay consumer electronics business YAMADA DENKI, will accelerate our "Total-Living" strategy in their respective segments.



Listed companies for each segment are as of March 31, 2023.
Sales for each segment are sales to external customers.

Consumer Electronics Segment

FY2023 Net sales
¥1,293.6 billion

Housing Segment

FY2023 Net sales
¥266.9 billion

Finance Segment

FY2023 Net sales
¥1.9 billion

Environment Segment

FY2023 Net sales
¥17.3 billion

Other Segment

FY2023 Net sales
¥20.6 billion

We have rolled out a network of consumer electronics stores, such as urban and suburban stores, as well as some more locally-based stores, with differing concepts in relation to the size of their respective markets. As a social infrastructure rooted in the community, 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.

(Major consolidated subsidiaries)
- YAMADA DENKI CO., LTD.
- BEST DENKI MALAYSIA SDN. BHD.
- BEST DENKI (SINGAPORE) PTE. LTD.
- PT. BEST ELECTRIC INDONESIA

We are aiming to realize an eco-friendly society by providing smart homes and custom-built homes with excellent earthquake resistance and energy-saving performance at low cost. As well as newly-built and rebuilt homes, and sales of second-hand houses under YAMADA JUKEN HOLDINGS, an intermediate holding company, this segment covers 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.

(Major consolidated subsidiaries)
- YAMADA JUKEN HOLDINGS Co., LTD.
- YAMADA HOMES CO., LTD.
- Conglo Co., Ltd.
- Shuken Co. Ltd
- HOKUSHINHOUSE CO., LTD.
- Hinokiya Group Co., Ltd.
- Nippon Aqua Co., Ltd.
- Housetec Inc.
- Nikka Maintenance Co., Ltd.
- Chubu Nikka Service Co., Ltd.

(Major unconsolidated subsidiaries)
- Y · JUST Co., Ltd.
- IEMAMORI CO., LTD.
- Hinokiya Resco Construction Vietnam Co., Ltd.

As part of our "Total-Living" service package, this segment is developing a range of financial products in the five fields of new builds, renovations, payment services, insurance products, and life planning. We have launched our own financial services, including YAMADA NEOBANK and the renovation industry's first credit plans, aiming to be a partner to make customer dreams come true through proposal-based sales that meet a wide range of financial needs linked to the business of the YAMADA HOLDINGS Group.

(Major consolidated subsidiaries)
- YAMADA FINANCE SERVICE Co., Ltd.
- Yamada Financial Co., Ltd.
- Repair Depot Co., Ltd.
- House Depot Partners Co., Ltd.

(Major unconsolidated subsidiaries)
- YAMADA SMALL AMOUNT SHORT TERM INSURANCE CO., LTD.
- Yamada Life Insurance Co., Ltd.

Under Yamada Environmental Resources Development Holdings, we are developing the reuse, recycling, and resource recovery business of products with a focus on home appliances and personal computers, helping to reduce our impact on the environment by embarking on circular economy schemes including the collection, transportation, and reuse of waste.
In February 2023, we acquired Aizu Dust Center corporation in order to build a self-contained system for recycling resources.

(Major consolidated subsidiaries)
- YAMADA Environmental Resources Development Holdings Co., Ltd.
- CIC Corporation
- INVERSENET INC.

(Major unconsolidated subsidiaries)
- Azuma Metal Co., Ltd.
- SANKYU Corporation
- Aizu Dust Center corporation

This segment consists of Group companies, such as trading businesses, those in the travel industry, and those involved in the delivery and installation of electrical appliances, that develop a range of services to open up possibilities for the Group's "Total-Living" strategy.

(Major consolidated subsidiaries)
- Cosmos Berry's Co., Ltd.
- e Wellness Co., Ltd.*
- J Staff Co., Ltd.
- BPC Co., Ltd.
- Yamada Trading Co., Ltd.

(Major unconsolidated subsidiaries)
- NIHON TOURIST CLUB CO., LTD.
- Yamada Technical Service, INC

* e Wellness Co., Ltd. merged with YAMADA DENKI CO., LTD. on June 1, 2023

FY2023 Highlights

We look back on important events and topics in the YAMADA HOLDINGS Group from April 2022 through to March 2023.

Business related

April 30
Total orders received for the Hinokiya Group's Zekkucho central air-conditioning surpasses 20,000

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May 20
Completed expansion of the YAMADA East Japan Reuse Center Gunma Plant

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June 4
Opened LABI1 LIFE SELECT Namba, boasting the largest sales floor area and product lineup in YAMADA's history

June 17
Opened store at Senayan City, the first store directly operated by the Best Denki brand in Indonesia

June 20
Introduced direct debit service from YAMADA NEOBANK to the payment service provider, Yamada Pay

July 30
Opened the Tecc LIFE SELECT Hakodate Store, the first in southern Hokkaido

2022

April | May | June | July | August | September

PR / Sustainability related

April 20
Implemented Food Drive, an initiative to solve food issues, at headquarters

April 21
Established the SDGs Meister System, an in-house certification program

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May 10
YAMADA HOLDINGS CO., LTD. concludes a comprehensive partnership agreement with Yoshioka Town in Gunma Prefecture

June 30
New TV commercial "Sister-in-law's House" begins airing nationwide

September 23
Opened the Tecc Land Viva Home Hachioji Tamabidai-Mae Store through joint development with different industries

October 1
HOKUSHINHOUSE CO., LTD. becomes a wholly owned subsidiary of YAMADA HOMES CO., LTD.

November 3
Opened Tecc LIFE SELECT Sendai Asuto Nagamachi Store, an experiential store that embraces the "Total-Living" concept

November 1
YAMADA DENKI CO., LTD. concludes a collaboration agreement on promoting the SDGs with Taihaku Ward in Sendai City

December 6
Installed sanitary boxes in men's private toilets at 849 YAMADA DENKI stores

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January 18
Mortgage provider House Depot Partners Co., Ltd. becomes a subsidiary of YAMADA FINANCE SERVICE Co., Ltd.

January 27
Opened the Yamada Luxury Furniture Outlet Maebashi Store

January 3
Cosponsored the 11th Joshu Shogi Festival 2023

January 12
YAMADA HOMES CO., LTD. concludes a comprehensive partnership agreement with Kisarazu City in Chiba Prefecture

January 31
Concluded a Green Loan agreement with Mizuho Bank, Ltd. to build a resource recycling system within the Group

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February 1
Aizu Dust Center corporation becomes a subsidiary of YAMADA Environmental Resources Development Holdings Co., Ltd.

February 10
Opened YAMADA web.com Takasaki Tonyamachi Store, blending online with bricks and mortar to provide shipping of online orders and home delivery

March 17
Opened Tecc LIFE SELECT Amagasaki Store, YAMADA DENKI's largest suburban store

March 25
Participated in the global lights-out event, EARTH HOUR 2023

2023

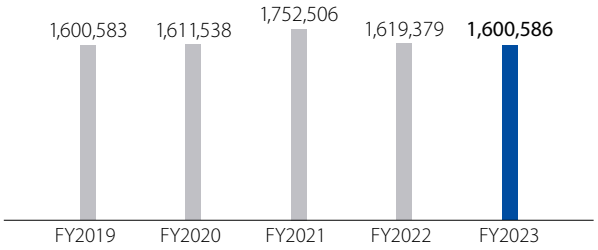
October | November | December | January | February | March

Financial & Non-Financial Highlights

Financial Information

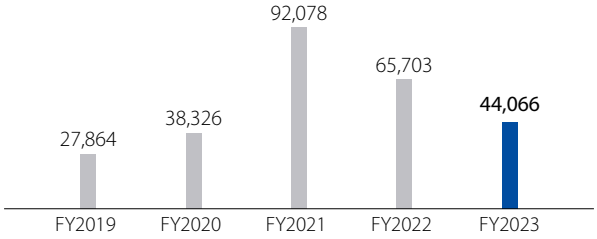
Net Sales (million yen)

1,600,586 million yen



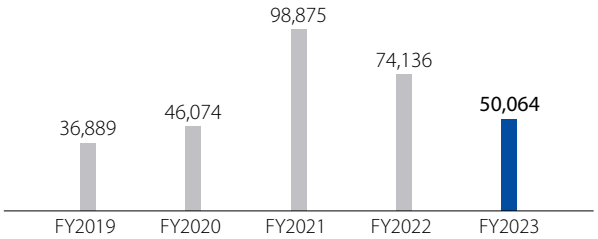
Operating Profit (million yen)

44,066 million yen



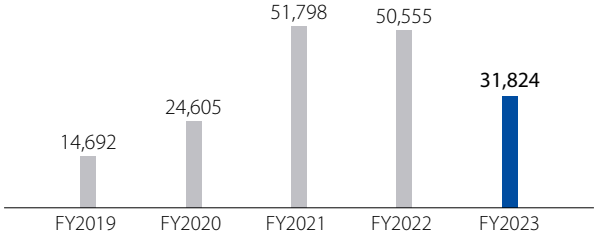
Ordinary Profit (million yen)

50,064 million yen



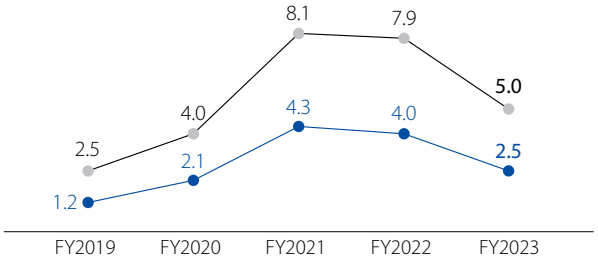
Profit Attributable to Owners of Parent (million yen)

31,824 million yen



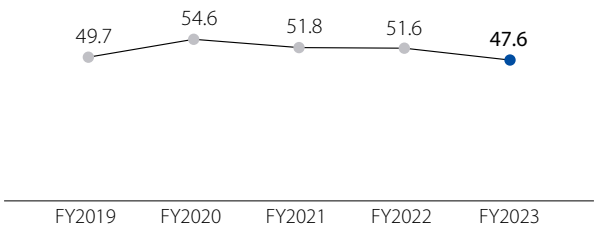
ROA/ROE (%)

ROA 2.5% ROE 5.0%



Equity Ratio (%)

47.6%

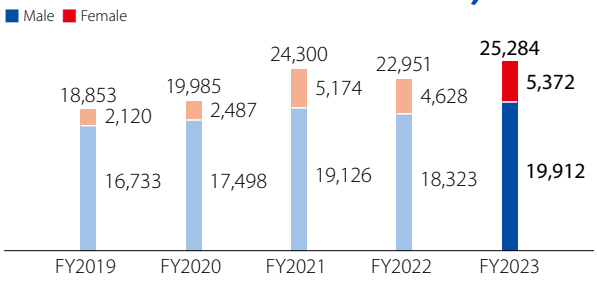


Non-Financial Information

Number of Full-Time Employees

As of each fiscal year ended March 31

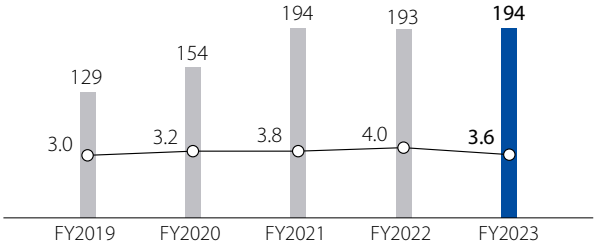
Consolidated **25,284**



Number and Ratio of Female Managers (people, %)

As of each fiscal year ended March 31, full-time employees only

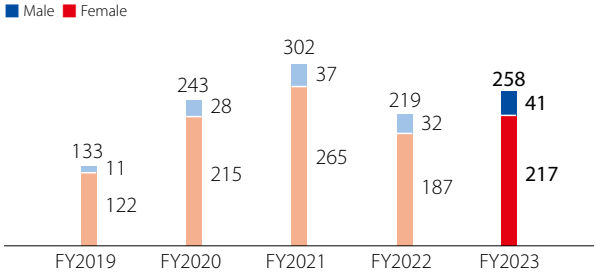
Number of female managers **194** Ratio of female managers **3.6%**



Number of Employees Taking Childcare Leave

Full-time employees only

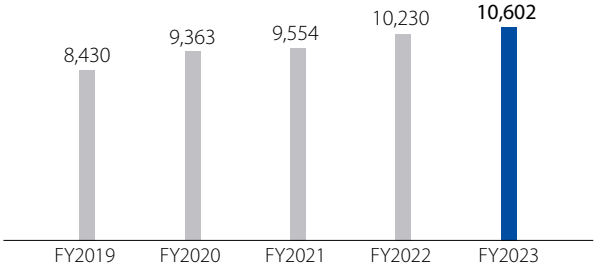
258



Total Number of Certified Home Appliance Advisors and Smart Masters

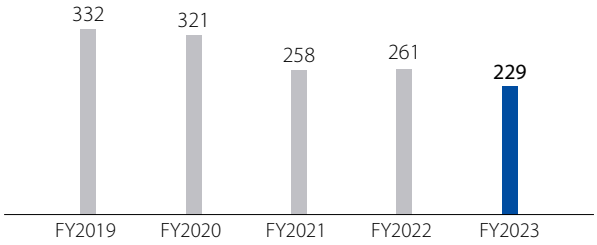
As of each fiscal year ended March 31

10,602



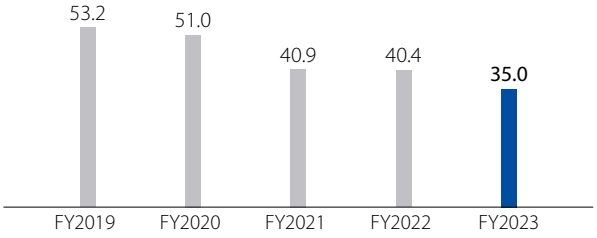
CO_2 Emissions from Electricity Use[*1, 2, 3] (kt-CO_2)

229 kt-CO_2



CO_2 Emissions from Electricity Use per Floor Area[*1, 2, 3] (kg-CO_2/m^2)

35.0 kg-CO_2/m^2



*1 Emission factor: 0.55kg-CO_2/kWh was used until the fiscal year ended March 2020, but from the fiscal year ended March 2021 it has been changed to the latest emission factor for each electric utility.
*2 Data for YAMADA HOLDINGS and its major operating companies
*3 Previous years' values retroactively revised to improve accuracy

Priorities Toward Achieving the SDGs

In September 2015, the United Nations Sustainable Development Summit declared the Sustainable Development Goals (SDGs) 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 HOLDINGS Group has identified its priority issues for achieving the SDGs and established quantitative and qualitative targets in order to promote understanding of the SDGs and initiatives in line with the SDG Compass.

STEP 1

Understanding the SDGs

As a first step to familiarize ourselves internally with the SDGs, we carry out training on the SDGs, hand out SDG badges, send out information in our newsletter, and put up prominent messages and posters in the headquarters.

STEP 2

Defining priorities

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

- Consistency with management philosophy
- Level of contribution to achieving SDGs
- Contributions unique to the YAMADA HOLDINGS Group
- Industry trends
- Consistency with the implementation guidelines set out by the Japanese government

Identified priorities towards achieving the SDGs

Building a circular economy and protecting the global environment

By reusing and recycling second-hand home appliances and personal computers, 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.

Developing employees and improving 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.

Providing comfortable living spaces and establishing 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 HOLDINGS Group supporting customers' living spaces.

STEP 3

Setting goals (see right page)

With specific initiatives and targets set for the identified priorities towards achieving the SDGs, we submit a report every year while implementing the PDCA cycle.

STEP 4-5

Integrating into business & Reporting and communicating

We incorporate the specific initiatives and targets into our management plan, regularly report on progress, and promote dialogue with our stakeholders.

Targets and Results for the Priorities Toward Achieving the SDGs

	Objective		Target Year	FY2023 Results
Building a circular economy and protecting the global environment	Percentage of renewable energy out of total power consumption	Increase on previous fiscal year	Every year	Up 0.13% YoY
	CO_2 emissions from electricity use per floor area	Down 10.2% YoY	Every year	Down 13.4% YoY
	Medium- to long-term target for reducing Scope 1 and 2 CO_2 emissions	Target set for fiscal 2024	—	—
	Percentage of home appliances sold that meet the 100% energy-saving standard under the energy-efficiency labeling system YAMADA GREEN certified products and sales volume, anti-disaster product sales volume	Increase on previous fiscal year	Every year	Since the targets were set in June 2023, the year-on-year comparison will be reported from the next fiscal year
	Reuse of 4 household appliances (TVs, refrigerators, washing machines and air conditioners)	300,000 units	FY2026	128,194 units
	Reuse of computers	389,600 units	FY2024	408,312 units

	Objective		Target Year	FY2023 Results
Developing employees and improving the work environment	Frequency rate of accidents that require time off work	0.50 or less At YAMADA DENKI	FY2031	0.69
	Controls on long working hours	Percentage of companies that reduce overtime hours YoY increase	Every year	60%
	Percentage of paid leave taken	80%	FY2031	56.9%
	Ratio of female managers	10% or more	FY2031	3.6%
	Percentage of female and male employees taking childcare leave	Maintain 100% for women, 30% or more for men At YAMADA HOLDINGS and YAMADA DENKI	FY2024	119.2% for women 14.3% for men
	Employee satisfaction survey (7 ratings: S, A, B+, B, B-, C, D)	Overall rating of A At YAMADA HOLDINGS and YAMADA DENKI	FY2031	Overall rating of B
	Average hours of training per employee	30 hours or more/year	FY2031	19 hours/year
	Percentage of health checkups taken	100%	FY2031	97.9%
	Percentage of stress tests taken	100%	FY2031	93.2%

	Objective		Target Year	FY2023 Results
Providing comfortable living spaces and establishing a social system*2	ZEH*1 rate	50%	FY2031	27%*3
	Solar panels shipped	50,000	FY2031	28,960

*1 ZEH (Net Zero Energy House) refers to a home with an annual primary energy consumption of net zero or negative through the use of renewable energies, such as solar power, after attempts made to save as much energy as possible with high-quality insulation and highly efficient equipment in the home.
*2 Target for number of Zekkucho installations excluded as the installation ratio is extremely high. New target under consideration.
*3 Results are aggregated from March 1 to February 28 of the following year in accordance with YAMADA HOMES' fiscal year.

Process of Enhancing Corporate Value

The YAMADA HOLDINGS Group utilizes various capital to develop businesses that support customers' "Total-Living."
We will strive to improve the value of the whole Group through the practice of connected management that utilizes the synergies of each company while sincerely and flexibly responding to changes in society, demands from various stakeholders, and challenges for the future.

Strengthening management resources

Store management / Sales

Distribution

Manufacturing

Purchasing and Procurement

Planning and design

Developing the "Total-Living" strategy through connected

Social Issues → **Input** → **Business Model**

Social Issues

- Declining birthrate and aging population
- Labor shortage
- Diversified needs due to lifestyle changes
- Creating eco-friendly, comfortable living
- Dealing with an increasingly complex IT society
- Climate change

Input

Financial Capital

Net assets

¥611.7 billion

Human Capital

Number of full-time employees (consolidated)

25,284

Natural Capital

Efficient utilization of natural resources to reduce impact on the environment and build a circular economy

Social Capital

Sales network in Japan and overseas (total of directly operated and franchised stores)

11,621

Show homes: 343 sites

Number of Yamada members

Approx. 60 million

Diverse Group companies

Consolidated subsidiaries	Major unconsolidated subsidiaries
43 companies	10 companies

Business Model

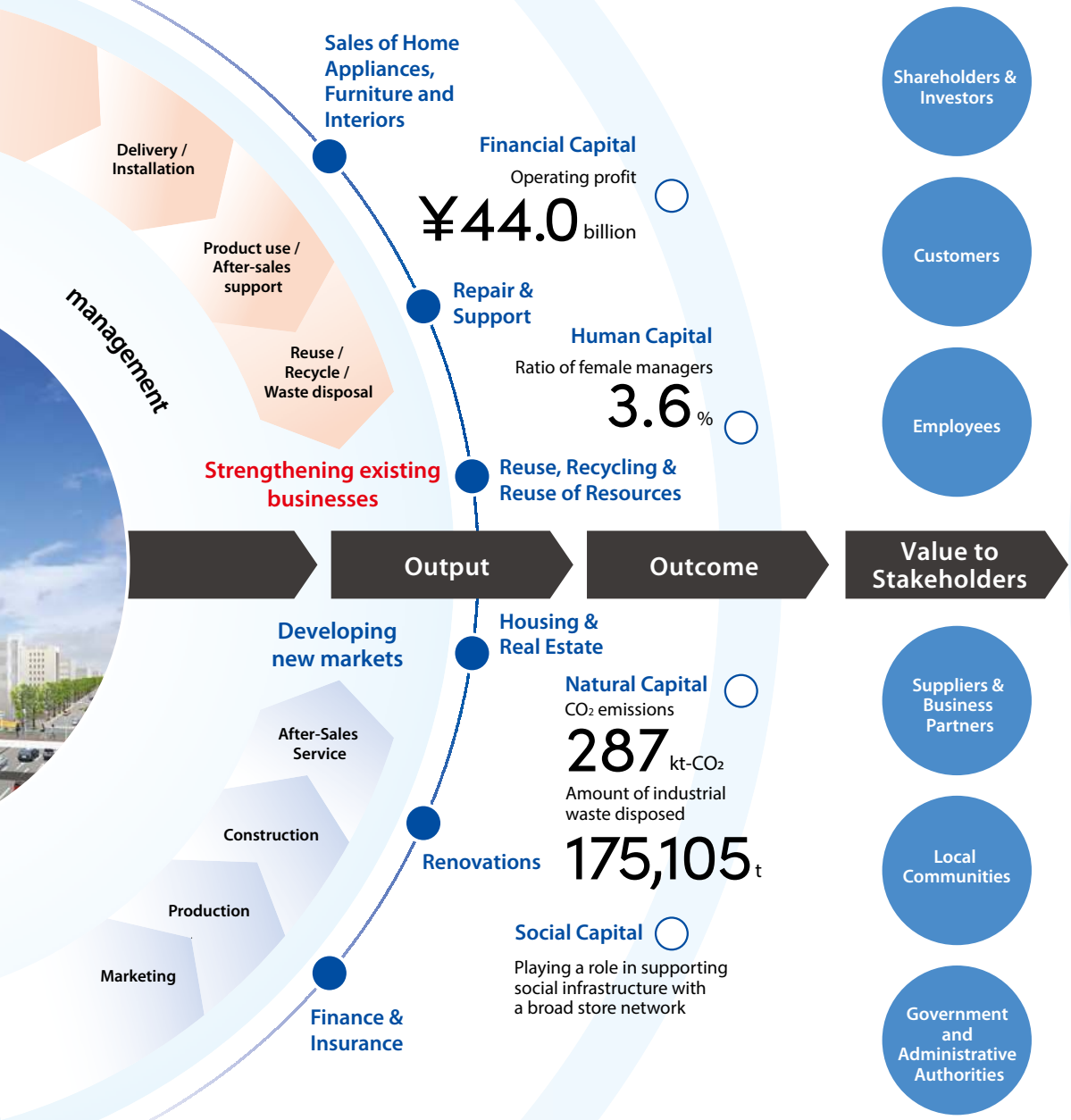
- Consumer Electronics
- Environment
- Other
- Finance
- Housing

Mid-Term Business Plan

Priorities Towards Achieving the SDGs

CSR Code of Ethics

Management Philosophy "Creation and Challenge" and "Appreciation and Trust" / Code of Conduct



MISSION

In support of "Total-Living"

- Building a circular economy and protecting the global environment
- Developing employees and improving the work environment
- Providing comfortable living spaces and establishing a social system

Management Resources of the YAMADA HOLDINGS Group

The various capitals that the YAMADA HOLDINGS Group has built up over the past 50 years not only support our daily business activities but are also the source for future growth. Guided by our management philosophy of Creation and Challenge, and Appreciation and Trust, we strive to enhance our six management resources of financial capital, human capital, social capital, manufacturing capital, natural capital, and intellectual capital, which will lead to improvements in the quality of services that support Yamada's strength of "Total-Living."

Financial Capital

We aim to improve our corporate value by enhancing shareholder returns, improving capital efficiency, strengthening our management base, and finding the right balance while maintaining appropriate levels of equity capital. With our aim to promote and expand our "Total-Living" strategy, we will invest in growth over the medium to long term. This we will do while we use key metrics, such as ROA, ROE, WACC (weighted average cost of capital), and ROIC (return on invested capital), in addition to the sales growth rate and ordinary profit ratio, to improve profitability, growth potential, and productivity.

Net assets ¥611.7 billion

ROA (return on assets) 2.5%

ROE (return on equity) 5.0%

Human Capital

We believe that human capital is the most important management resource for the sustainable development of our Group's business. As well as creating working environments that enable diverse human resources to fully demonstrate their individuality and abilities at operating companies with a wide range of possibilities, we will encourage future growth by presenting appealing career paths. We have also enhanced our internal and external support system for acquiring qualifications to gain greater expertise in each business field, and are also focusing on developing Yamada's own specialist sales engineers.

Number of full-time employees (consolidated) 25,284

Number of sales engineers 452

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Social Capital

From the city center to the suburbs, our sales network of a wide range of business formats, both domestically and internationally, plays a role in the social infrastructure that supports the lives of everyone in the region. Each store is also a distribution base that covers the whole country, creating a delivery network that includes online sales to support customers' daily lives. And we aim to create new services that respond to local problems by utilizing the registered information of approximately 60 million Yamada members.

Number of stores

Japan 11,593

Overseas 28

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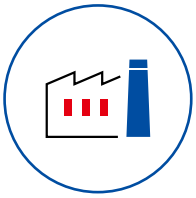

Manufacturing Capital

In order to create a circular economy completely within the Group, we are working to increase the number of home appliance reuse and recycling plants, and expand our network. SPA products also are manufactured completely in-house, from product planning and development through to sales. These products are manufactured in cooperation with multiple factories that meet the conditions of high-quality high-performance product development.

Capital investment in reuse/recycling plants

¥0.66 billion

Collaboration with SPA partner companies

39 plants

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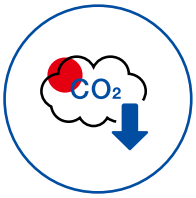

Natural Capital

The Group has positioned the transition to a carbon-free society as one of its most important management issues, and is working to set specific targets for reducing CO_2 emissions and promote initiatives. Moreover, through our reuse and recycling business, we are striving to reduce waste and use natural capital efficiently, aiming to contribute to the creation of a future sound material-cycle society.

CO_2 emissions **287** kt-CO_2

Number of appliances reused

Home appliances **128,194**

Computers **408,312**

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Intellectual Capital

Through 50 years of experience in store development and the accumulation of know-how in customer service, the Group is working to develop and deepen services that meet local needs and support customers' "Total-Living." These intangible management resources will be incorporated into the Group's own training programs and the skills of professionals, such as sales engineers, to be shared as organizational knowledge.

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Consumer Electronics Value Chain

The Group's mainstay consumer electronics segment has a significant impact on the entire value chain. YAMADA HOLDINGS has therefore organized and mapped out the activities that need to be prioritized by understanding the risks and opportunities these impacts present.

Upstream

Purchasing and Procurement

Risks

Home appliances

- Excess inventory of purchases due to climate forecasts (increase in air conditioner installations due to forecasts of extreme heat, etc.)
- Drop in sales due to insufficient response to changes in customer demand and preferences
- Disruption to supply chains from natural disasters

SPA

- Impact on product sales prices due to exchange rate fluctuations
- Impact on product sales prices due to raw material price fluctuations
- Increase in procurement costs due to tighter laws and regulations

Opportunities

Home appliances

- Replacement demand for eco-friendly products such as more energy-efficient home appliances
- Growing demand for time-saving home appliances
- Penetration of overseas brand home appliances
- Growing demand for smart home appliances
- Digital transformation in product procurement and inventory management

SPA

- Growing demand for the use of environmentally friendly raw materials
- Stable procurement throughout the supply chain

Initiatives

- Business partner questionnaire surveys
- Formulation and sharing of trading policies
- Use of weather merchandising

- Business partner questionnaire surveys
- Manufacture of eco-friendly products using recycled materials
- Development of product planning manuals

Manufacturing

Risks

SPA

- Instances of poor product quality
- Loss of reputation due to poor product quality
- Plant shutdown and injury due to accidents at work
- Plant shutdown and physical impact on plants due to natural disasters

Opportunities

SPA

- Spread and greater demand for products developed in-house

Initiatives

- Creation of a manual for confirming laws and regulations at the product planning stage
- Business partner questionnaire surveys

Distribution

Risks

- CO_2 emissions
- Operation shutdown and delays in distribution due to climate disasters
- Delays in distribution and deterioration of working environment due to labor shortages
- Soaring logistics and labor costs

Opportunities

- Nationwide store and logistics network
- Spread and expansion of e-commerce

Initiatives

- No engine idling
- Joint distribution with other companies to reduce energy consumption during transportation
- Improving the working environment by reducing the number of delivery vehicles and optimizing transportation
- Improving transportation efficiency by consolidating transportation networks
- Reduction and reuse of packaging materials

Company

Store management / Sales

- Loss of sales opportunities due to lack of inventory
- Excess inventory due to the emergence of poor selling products
- Deteriorating profits due to competition from other companies
- Drop in customer satisfaction, shortage of human resources, decrease in orders, and injury due to accidents at work
- Private data leaks
- Loss of trust due to lack of consideration for privacy
- Loss of trust due to inappropriate advertising and marketing

- Widespread use of various payment methods
- Nationwide store and logistics network
- Penetration of experiential stores
- Continuation of urban redevelopment projects
- Spread of digital advertising
- Stronger collaboration between physical stores and e-commerce
- Development of non-home appliance business utilizing physical stores
- Recovery in inbound demand
- Greater demand for store customer service with increase in highly functional products such as IoT home appliances

- More distinctive and characteristic store formats
- Practicing appropriate methods of delivering products, services, and information to customers
- Stronger information security
- Training to heighten environmental awareness
- Direct store manager surveys
- Creation and use of response manual in the event of natural disasters
- Occupational health and safety management
- Developing online store that utilizes a nationwide delivery network
- Digital transformation at stores

Downstream

Delivery / Installation

- Delivery and installation delays due to climate disasters
- Decrease and aging of workers responsible for various jobs
- Difficulty in securing specialists / outflow of human resources
- CO_2 emissions

- Spread and expansion of e-commerce
- Demand for living support for the elderly in depopulated areas
- Development of installation program tailored to current trends
- Providing a living support service

- Customer surveys
- No engine idling
- Developing sales engineers
- Customer Satisfaction (CS) Manager certification training for partner companies and CS improvement meetings

Product use / After-sales support

Home appliances

- Accidents resulting from product misuse
- Product-related accidents after repairs

SPA

- Handling of recalled products, quality improvement, and compensation for damages
- Dealing with defective products after sales due to quality defects, returns, and refunds

Home appliances

- Expanded market share and business opportunities with eco-friendly products
- Expanded subscription market
- Nationwide store and logistics network

SPA

- Greater demand for product improvement and technology based on customer feedback

- Maximizing carbon emission reductions during product use
- Gathering information to understand customer needs
- Development, manufacture and provision of products with less impact on the environment

Reuse / Recycle / Waste disposal

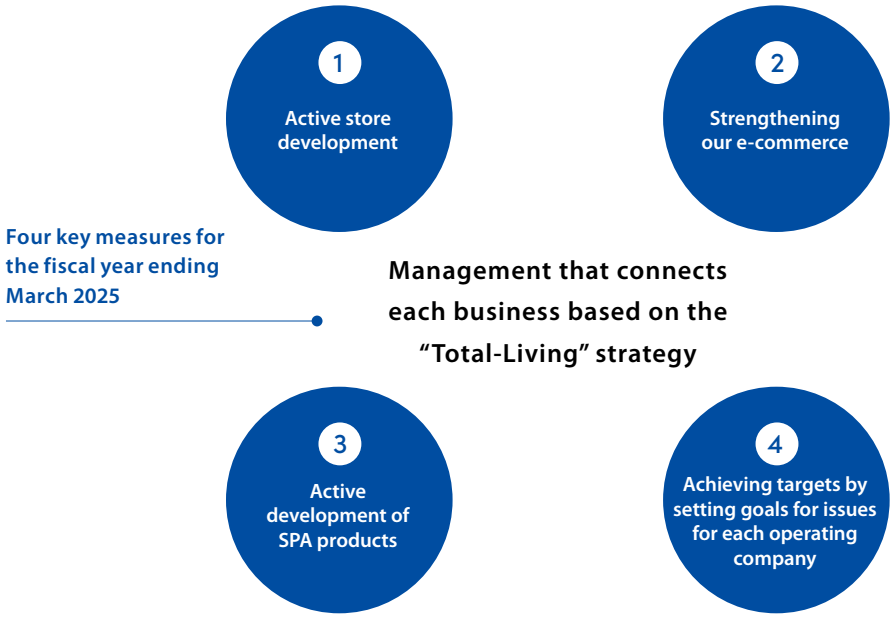
- Chemical contamination
- CO_2 emissions
- Generation of waste
- Insufficient response to the disposal and recycling of finished goods and packaging materials

- Booming reuse market
- Demand for reuse as a way of safeguarding against higher cost of living
- Growing environmental awareness
- Changes in consumption behavior

- Reducing waste
- Reducing carbon emissions
- The 3Rs
- Construction of product life cycle within the Group
- Appropriate processing of home appliances targeted for recycling
- Effective use of resources and appropriate disposal of waste through recycling of small home appliances

Progress of the Mid-Term Business Plan

The YAMADA HOLDINGS Group has formulated the YAMADA HLDGS 2025 Mid-Term Business Plan with the goal of reaching net sales of 2 trillion yen by the end of March 2025.
This mid-term business plan aims to accelerate business growth through various measures around four pillars while continuing the conventional profit-oriented management approach based on our "Total-Living" strategy.



Progress of Four Key Measures

1 Active store development

Going forward and in order to reorganize the sales network, the Group will open new stores and change the business format, based around the LIFE SELECT stores, that take advantage of the characteristics of stores in each commercial area. Meanwhile, we plan to increase the total sales floor area by 5% or more per year to be a pillar of business growth. In the fiscal year ended March 2023, we steadily expanded our sales floor area and increased market share by developing various types of stores and expanding sales of products related to housing, which are closely associated with home appliances.

2 Strengthening our e-commerce

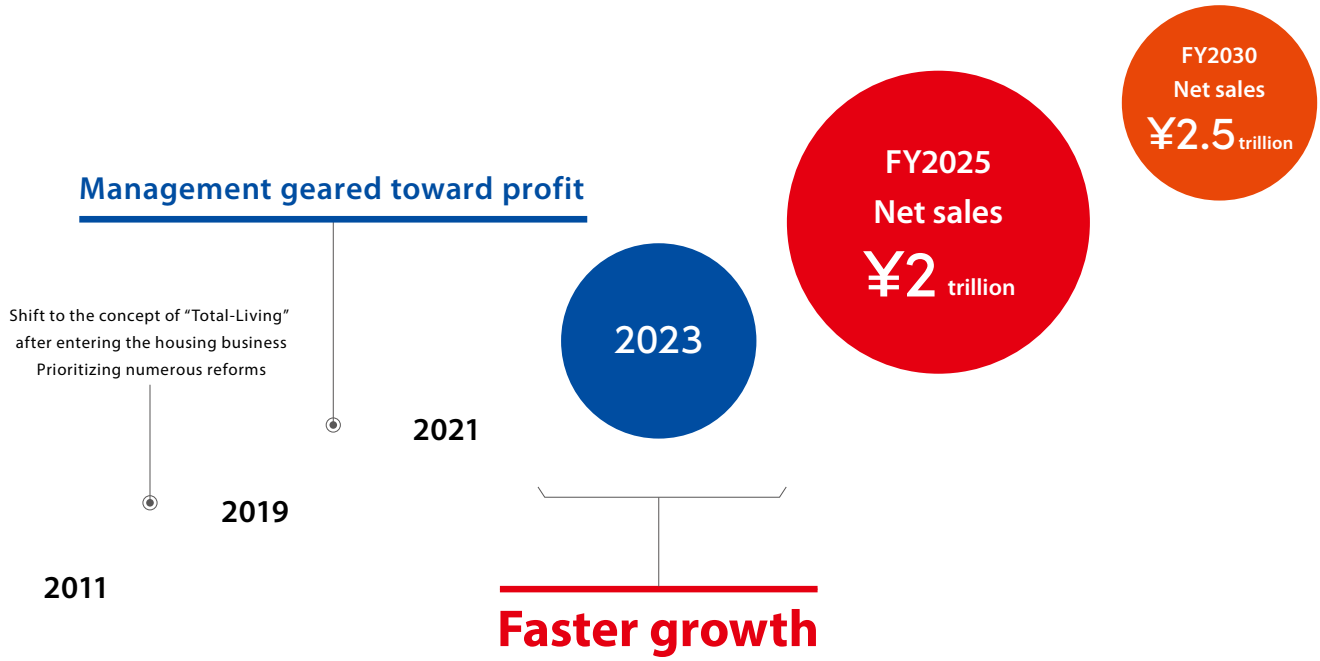
We will further strengthen and promote Yamada's strengths by combining e-commerce, which has become more widespread in the wake of the pandemic, with the services of our brick-and-mortar stores. In addition to revamping our own online site and creating more sales channels such as TV shopping, we will promote digital transformation throughout YAMADA HOLDINGS and digital marketing, maximizing the Group's infrastructure.

3 Active development of SPA products

SPA is a business that has contributed to an increase in profit margins in recent years. We will continue to focus on this business, where product development that directly utilizes customer feedback has created a virtuous cycle in the fields of home appliances, interiors, and home living products. Since the launch of the SPA business, we have continued to introduce a variety of products with added value in comfort, convenience, and health. SPA products are particularly compatible with the experiential-type store that is LIFE SELECT so we will continue to pursue value creation that is unique to our brick-and-mortar stores.

4 Achieving targets by setting goals for issues for each operating company

In achieving our targets by setting goals for issues for each operating company, we will accelerate the movement toward achieving our original objectives of the holdings structure by developing growth strategies centered on our mainstay home appliances while taking stock of the synergies between the five segments of consumer electronics, housing, finance, the environment, and other. This fiscal year, efforts to expand the share of the home mortgage market in the finance segment can be expected to lead to comprehensive data-sharing with the housing and consumer electronics segments.



Targets for FY2025 and Overview of FY2023

		FY2025 Targets	FY2023 Results
Return on capital	ROA	5.0%	2.5%
	ROE	10.5%	5.0%
	Ordinary profit margin	6.5%	3.1%
Growth potential	Sales growth rate	+5% to 7% every year	-1.2%

For the fiscal year ending March 31, 2023, net sales decreased 1.2% YoY, operating profit decreased 32.9% YoY, ordinary profit decreased 32.5% YoY, and profit attributable to owners of parent decreased 37.0% YoY. In addition, return on equity (ROE) was 5.0% and return on assets (ROA) was 2.5%. Regarding sales and operating profit in the mainstay consumer electronics segment, despite steady growth in net sales in the renovations, furniture and interior, and e-commerce businesses, as well as demand for new ways of living, revenue and profits decreased on the back of changes in demand with people staying at home and lost sales opportunities due to the pandemic, and a fall in the gross profit margin owing to on-going reforms to optimize sales and profits through market-tailored digital transformation.

However, we are making steady progress with active store development, strengthening our e-commerce, actively developing SPA products, and creating synergies in every segment centered around the consumer electronics segment. As such, we expect to see solid results from the next fiscal year onwards.

Consumer Electronics Segment

We will continue to grow to become a 100-year old company by interacting with the local community at each and every store

Tatsuo Kobayashi

YAMADA DENKI CO., LTD.
Representative Director and Chairperson

Creating stores people want to visit

The year 2023 marks the 50th anniversary of our founding. It has been 36 years since I joined what was then YAMADA DENKI in 1986. During that time, the Company has experienced the highest sales in Japan as a consumer electronics retailer, sales of one trillion yen, and then two trillion yen, making me feel as if I have grown together with the Company. Looking ahead, I would like to move to the next stage to make YAMADA DENKI a 100-year old company, but in order to develop over the long term, people are of course vitally important. This is why we need to develop human resources who can continue to adapt to the trust we have cultivated from our customers over the past 50 years. In recent years, the purchasing environment has changed owing to the declining birthrate and aging population, and with the rise of online sales. Amid this change, we have been shifting toward our strategy of "Total-Living" centered around home appliances, but the basic goal is to create stores that can be visited by customers. Thus, I believe we need to continue to make efforts and innovations to increase customer satisfaction, based on "the power of people" that can offer a sincere customer service and ideas from the customer's point of view.

Active digital transformation of stores

We are currently working to digitally transform our stores to further improve customer convenience as we focus on active store development as set out in the YAMADA HLDGS 2025 Mid-Term Business Plan. By reducing checkout times with the introduction of smart-carts for a semi-self-checkout experience, and digital signage placed in various locations on the sales floor advertising time sales and other useful product information, we are rolling out services one after another that provide convenience and special benefits. With the use of digital signage in particular, we want to make a way of giving information tailored to the preferences individual customers have saved on their Yamada app on the smartphone.

In tandem with our store development, we are also working to strengthen our online and brick-and-mortar stores. For example, for products purchased on our online store, YAMADA web.com, the one-stop service, from delivery to installation, provided by sales engineers from the stores close to where the customer made their online purchase, differentiates us from other companies. Hence, we will continue to strengthen this service that integrates the online world with our brick-and-mortar stores. We are also working to create unique stores, for example, by introducing a new service that allows customers to pick up products purchased online from the store or the store parking lot.

Moving forwards, we will use the database of customer information, which we have built up over many years, in our sales activities, marketing, and advertising. Building a database has the potential to generate synergies with other segments such as housing, finance, and the environment. We will therefore fully focus on this as an important initiative that will lead to the next stage in our "Total-Living" strategy.

Continuing to move forward with the local community

With the recent coronavirus pandemic, I feel that consumer electronics retailers have been fully recognized as a community infrastructure. To date, we have developed stores founded on various concepts across the country based on regional needs and social issues. For example, in today's world, where prices and electricity bills are rising, I believe that we can help enrich the lives of our customers through the sale of more energy-efficient home appliances. We will also continue to aggressively accelerate the opening of Tecc LIFE SELECT, our large-scale suburban stores that embody the concept of "Total-Living," as a community infrastructure that brings fun to the experience of choosing home appliances. Furthermore, in terms of fulfilling our responsibility in the retail industry to sell, an important role for us is to help build a sound material-cycle society, or circular-economy, by expanding our outlet reuse business, which collects home appliances that are no longer needed by customers and remanufactures them to be used once again in everyday life.

At a time of rapid and massive social change, and in order for YAMADA DENKI to continue to be a place where customers want to visit, it is vital that every store looks toward the local community to improve levels of satisfaction for each and every customer. By building on these efforts, we will increase our own competitiveness to steadfastly drive forward the YAMADA HOLDINGS Group "Total-Living" strategy.

Consumer Electronics Segment

Yoshinori Ueno

YAMADA DENKI CO., LTD.
Representative Director,
President

Competition over prices and customers in the home appliance sales market with competitors, including those from other industries, is intensifying every year. In order to solidify our position as the leading company in the industry, we will pursue further reforms in our management and sales strategies based on our "Total-Living" strategy. Specifically, while we enhance our unique product lineup that incorporates SPA products and reused products centered on the latest home appliances, we will seek synergies with the renovation, furniture and interior businesses to expand our market share and achieve the targets set out in the YAMADA HLDGS 2025 Mid-Term Business Plan. Meanwhile, we also want to lead the industry in terms of sustainability, by for example, protecting the environment, to be a Company that is needed by society. As an operating company that plays a central role within YAMADA HOLDINGS, we will continue to identify new market opportunities and growth areas, maintaining and improving our competitiveness by responding flexibly to achieve further growth.

Risks and Opportunities

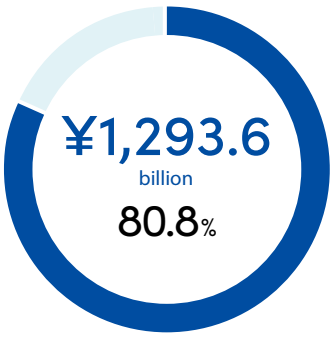
Risks

- Declining consumer purchasing power due to fall in real wages from inflation
- Impact on supply chains due to sharp rises in energy and raw material prices
- Increased costs due to rising logistics costs, and increased labor costs due to shortage of labor

Opportunities

- Active development of various store formats
- Digital transformation at stores
- Increased demand for e-commerce
- Larger sales floor areas

FY2023 Sales Composition



Business Strategy

We will promote our "Total-Living" strategy that combines home appliances, furniture, interior, products for renovation projects, and household goods that meet the diverse needs and market environment of our customers based on our network of stores, including our suburban Tecc Land stores, urban LABI stores, and our new type of experiential store known as LIFE SELECT. In particular, we will expand sales floor space and increase market share by accelerating the pace of store openings centered on LIFE SELECT, which is expected to attract a large number of customers, and the renovation of existing stores. Furthermore, we will strive to strengthen services and open YAMADA web.com stores that integrate our brick-and-mortar stores and online sites, aiming to develop business that leverages our strength in last-mile solutions through our nationwide network of stores. To build a circular economy promoted by the entire Group, we will strive to improve services by opening more outlet & reuse stores that purchase and sell home appliances under the banner of "home appliances are also resources."

Major Initiatives and Results in Fiscal 2023

In the fiscal year ending March 31, 2023, we opened 12 new large-scale LIFE SELECT stores, for a total of 29 stores including those opened in the previous fiscal year. In addition, we have steadily increased sales floor space and market share through greater sales of home-related products that are highly compatible with home appliances and through the development of various store formats including YAMADA web.com stores, and outlet stores offering a large selection of outlet and refurbished home appliances, as well as luxury furniture outlet stores that specialize in furniture and home interiors. We have made efforts to reinforce our e-commerce by revamping our own online shopping sites and expanding sales channels, including TV shopping. In terms of net sales and operating profit in the consumer electronics segment, despite new lifestyle related demand, and sales steadily increasing for renovation services, furniture and home interiors, as well as the e-commerce business, there was a drop in demand due to a rise in sales prices mainly for durable consumer goods, and a reactionary fall in demand owing to people temporarily staying at home, which continued from the previous fiscal year.

Challenges and Prospects for Fiscal 2024

Based on the mid-term business plan, we will continue to aggressively develop stores that increase the total sales floor area by 5% or more annually. At the same time, we will develop a store format, with LIFE SELECT at its core, that promotes our "Total-Living" strategy, aiming to further integrate the growth businesses of renovations, furniture and interiors, with sales of home appliances. We are making steady progress in strengthening our e-commerce and active development of SPA products, and as such, we can expect to see strong results in fiscal 2024. And as a business infrastructure that supports the above measures, we will work on reforming our distribution using our nationwide network of stores and digital transformation of stores. We will also look to increase the number of sales engineers and improve productivity through digital transformation.

TOPIC Accelerating store openings of the large-scale experiential stores, LIFE SELECT

The consumer electronics segment is stepping up the pace in opening more experiential LIFE SELECT stores that are based on the concept of "We support you living a delightful life. Entirely." as part of the "Total-Living" strategy. Of course, the store offers a wide variety of products and services related to daily life, including furniture and home interiors, renovation services, and daily necessities, all with a focus on home appliances. But the sheer scale of the store, which aims to be the largest in the region complete with experiential booths where customers can get hands-on with home appliances and furniture, and as a digitized store with many convenient services, is very appealing for consumers. As of the end of June 2023, 33 LIFE SELECT stores have been opened, starting with the Kumamoto-Kasuga store in June 2021.

Tecc LIFE SELECT Maebashi-Yoshioka store (opened in April 2023)

Housing Segment

Akira Kondo

YAMADA JUKEN HOLDINGS Co., LTD.
Representative Director, President

Against the backdrop of more intense natural disasters, there is a growing sense of crisis about climate change, accelerating the movement to create a carbon free world. On the other hand, due to the pandemic, lifestyles have diversified with changes in the social environment, increasing the need for high-quality, high-value-added housing as opportunities to reconsider the nature of housing have flourished. Considering the impact housing construction has on the environment, I believe that providing high-quality housing that people can live in for a long time will be an important issue in the future.

Taking the increasing social demand for these kinds of climate change risk measures and the trend toward a carbon free world as a business opportunity, we will respond to the needs of society by providing extremely well insulated, energy-efficient homes. Meanwhile, we will also focus on renovations, maintenance, and second-hand home purchase and resale, helping to create the circular economy promoted by the YAMADA HOLDINGS Group. By reducing the wasteful use of resources and the impact on the environment associated with construction to create high-quality housing stock that is more environmentally friendly, more comfortable, better for our health, and longer-lasting, we will aim to solve social issues and create a sustainable and prosperous society.

Risks and Opportunities

Risks

- Shrinking market due to declining population and households in Japan
- Increased costs due to rising logistics costs, and increased labor costs due to shortage of labor
- Cost increases due to shortage of materials and skilled workers
- Less desire to buy homes due to rising long-term interest rates

Opportunities

- Growing market for home renovations
- Increased demand for extremely well insulated and energy efficient housing against the backdrop of revisions to energy policies and the housing performance indication system
- Increasing demand for disaster-proof homes
- Improving synergies through M&A and business alliances with other companies

FY2023 Sales Composition

Business Strategy

We will promote a wide range of housing proposals that meet the needs and budgets of our customers by leveraging our strengths in the housing segment, such as high quality and reasonable prices, and planning capabilities that clearly define product characteristics. As well as creating a virtuous cycle within the housing segment that leads to mutual customer referrals for household products and furnishings, and maintenance services, from an increase in the number of homes sold, we aim to expand business in the housing segment not only through measures to attract home owners to Yamada stores, but also through our so-called "connected management" that maximizes synergies within the Group by developing services across business domains such as furniture, home appliances, and finance.

Major Initiatives and Results in Fiscal 2023

Despite construction delays due to labor and materials shortages accompanying the recovery in economic activity from the pandemic, the number of completed and delivered homes increased due to strong orders for new homes in the same period of the previous year. Sales increased from the previous fiscal year due to an increase in orders for renovation projects in the housing equipment sales business, along with steady business expansion as efforts to purchase and resell second-hand homes got into full swing. In terms of profit, although costs increased due to the sharp rise in housing materials owing to the impact from soaring timber prices and the depreciation of the yen, operating profit also increased year-on-year as a result of rising profits from increased sales and synergistic effects within the Group to reduce any impact and maximize benefits such as through mutual customer referrals.

With the aim also to further expand business, Hinokiya Group Co., Ltd. became a wholly owned subsidiary in April 2022 through a share exchange, and HOKUSHINHOUSE CO., LTD. became a wholly owned subsidiary in October 2022.

Challenges and Prospects for Fiscal 2024

In fiscal 2024, we expect that the impact of cost increases due to factors such as soaring timber prices will subside as more construction costs are passed on to consumers. Construction delays due to shortages of materials and other factors are also expected to end as economic activity returns to normal. In order to achieve the YAMADA HLDGS 2025 Mid-Term Business Plan, we will greatly expand sales of our housing equipment by strengthening our system for receiving orders through an increase in the number of sales bases and new show homes and sales offices, and by further growth in the second-hand home business. We will also shorten the time it takes to build homes by promoting operational efficiencies through a digital shift using ICT, and we will make cost and cash flow reforms through joint development and joint procurement within the Group.

TOPIC 7 companies merged to form a new Hinokiya Group

In July 2023, the Hinokiya Group merged with six subsidiaries to start as a new Hinokiya Group that develops business in housing, insulation materials, real estate investment, and renovations throughout the Group. Along with this, in addition to establishing 4 departments, 3 offices and 6 companies, introduced an executive officer system to promote quick business promotion among the companies.

Furthermore, in conjunction with the integration of offices and bases accompanying the merger and organizational restructuring, we relocated the headquarters office and expanded the floor space, creating a new office that combines design with comfort. By introducing a completely free address system among employees, we aim to create further opportunities for communication that go beyond age, position, or department. In order to achieve the Hinokiya Group 2030 Vision formulated in 2021, we will accelerate efforts to improve operational efficiency and maximize Group synergies.

Finance Segment

The finance segment, with Yamada Finance Service at its core, aims to build lifelong relationships with all of its customers under the slogan of "A partner to make customer dreams come true." I believe that the businesses operating in this segment are able to demonstrate the qualities required for YAMADA HOLDINGS' SDGs initiatives. For instance, our focus is also on ESG, especially environmental issues, by proposing loan products with far better terms for buying homes and renovation projects that help to save, create, and store energy, and by providing insurance products in readiness for natural disasters. Going forward, we will continue to work to expand and develop our financial business by enhancing our lineup of financial products that are unique to Yamada and which give the very best in terms of conditions, while creating synergies as a Group.

Kenichi Koyano
YAMADA FINANCE SERVICE Co., Ltd.
Representative Director

Risks and Opportunities

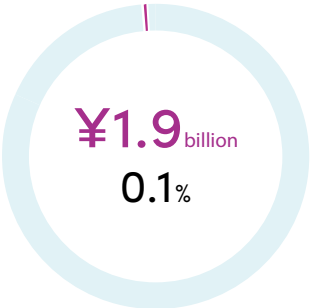
Risks

- Fluctuations in long-term interest rates
- Intensifying competition to obtain mortgages in low interest rate environment

Opportunities

- More widespread open banking
- Extension to mortgage tax cuts
- Providing high-value-added financial services

FY2023 Sales Composition



Business Strategy

We provide financial support for the "Total-Living" strategy through our Yamada-style home loans centered on YAMADA NEOBANK mortgages. In addition to home loans, we will build a one-stop system to respond to a wide range of customers' financial needs, such as renovation loans, a range of insurance products, a network of insurance agencies, payment services, and guarantee services. And by creating Group synergies with the home appliance, furniture, and housing-related businesses, we aim to realize the concept of a Yamada Economy through the use of YAMADA NEOBANK accounts.

Major Initiatives and Results in Fiscal 2023

Net sales increased due to strong performance in home loans, which are closely linked to the housing construction business, but profits decreased due to an increase in selling, general and administrative expenses associated with strengthening the YAMADA NEOBANK and credit businesses. In January 2023, the Company made House Depot Partners Co., Ltd. a subsidiary, thereby strengthening the home loans business. In the future, we will provide new financial services by improving convenience for customers of YAMADA NEOBANK, and aim to improve the profit structure around drastic organizational reforms.

Environment Segment

As society as a whole is becoming more concerned and conscious about environmental issues, I believe that the establishment and operation of a system to recycle resources completely within the Group, an initiative promoted primarily by the environment segment, is an all-important task for enhancing the sustainability of the YAMADA HOLDINGS Group going forward. Specifically, while we aim to create a circular economy through our business in the 3Rs by maximizing the value of resources and products, minimizing the amount of resources used, and limiting the amount of waste generated, we will take measures to combat depletion of the planet's resources caused by an increasing global population. I also believe that having our customers choose such environmentally friendly products is one of the ways we can indirectly contribute to the environment, so we will continue to expand our business as a sustainable initiative that will eventually lead to the reduction of greenhouse gas emissions.

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

Risks and Opportunities

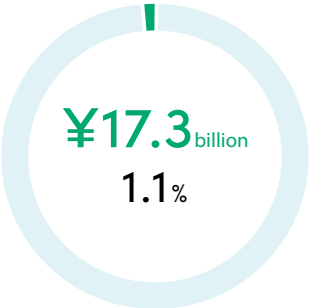
Risks

- Intensifying purchasing competition due to booming reuse/recycling market

Opportunities

- Enforcement of the Act on Promotion of Resource Circulation for Plastics
- More Outlet & Reuse store openings
- Operation of waste-to-energy plant (scheduled to begin construction in fiscal 2026)

FY2023 Sales Composition



Business Strategy

In order to build a system to recycle resources completely within the Group, we will proceed with construction plans for various facilities and equipment with the YAMADA East Japan Reuse Center Gunma Plant as the core factory. We aim to strengthen our contribution to the environment and build a sustainable profit structure by increasing our reuse and recycling processing capacity and strengthening our resource sorting capabilities.

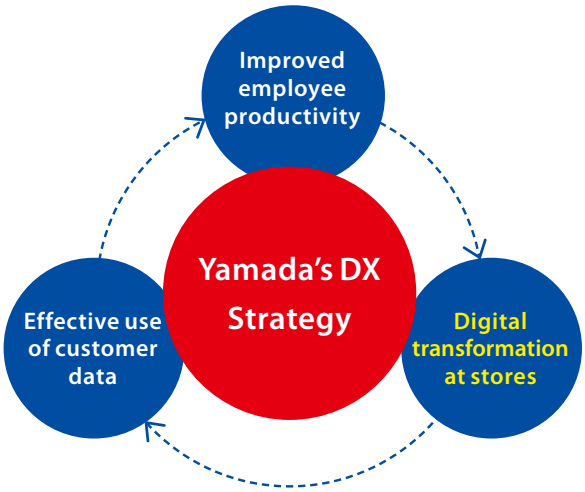
Major Initiatives and Results in Fiscal 2023

In the fiscal year ended March 31, 2023, both the reuse and recycling businesses performed well, despite the rise in the prices of various products due to soaring material prices. The Company expanded the YAMADA East Japan Reuse Center Gunma Plant in May 2022, and is building a structure to increase the production volume of reuse products from 70,000 to 300,000 units annually. In February 2023, Aizu Dust Center corporation became a subsidiary. After completion of the new waste incineration power plant scheduled for fiscal 2026, it will be possible to build a self-contained resource recycling system that will handle everything from the sale of home appliances to reuse, recycling, and final disposal, all within the Group. And in January 2023 we signed a green loan agreement with Mizuho Bank, a first for the home appliance sales industry.

Special Feature 1

Yamada's DX Strategy to Further Enhance Convenience for Customers

The YAMADA HOLDINGS Group launched a new DX Innovation Promotion Office in 2023 in an effort to promote digital transformation (DX) throughout the Group. The introduction of DX to YAMADA web.com stores and other stores has improved convenience for customers in various ways, and has also contributed to improving work efficiency and productivity of employees who provide services to customers.



Improved customer satisfaction

We will promote DX throughout the Group to please our customers and employees.

Daisuke Tomizu　Head of DX Innovation Promotion Office

Under the DX Innovation Promotion Office, a Group-wide organization at YAMADA HOLDINGS, we are working to bring digital transformation (DX) into our stores to improve customer convenience and at the same time promote DX to make life easier for our employees, improve operations, and bolster productivity.

As we promote DX throughout the Group, we aim to improve operational efficiency across segments. For example, we are steadily implementing a system to settle expenses for work shared by the whole Group, and automating what are normally very labor-intensive call centers. In addition, we will give employees literacy training to effectively utilize these new systems.

In order to further satisfy our customers, we have formed a business alliance with companies that have strengths in data utilization solutions. By analyzing and integrating Yamada's vast customer data, which had until now been held separately by each segment, and creating a database, we have started a full-fledged initiative to utilize customer data for marketing, strengthening sales capabilities, and improving services. In the future, we plan to build a system that will allow these databases to be used on e-commerce sites and in other segments, leading to the creation of synergies throughout the Group.

In addition, stores are promoting DX in various ways, including the use of digital advertisements linked to apps. Services that utilize digital tools not only provide customers with a smooth consumer experience, from product selection to purchase, but also make work more efficient for employees.

We will continue to solve various issues through DX to further improve customer satisfaction, and by extension, aim for sustainable growth for the Company.

YAMADA DENKI Store DX

1 Card machines

These machines allow customers to easily check store inventory and prices on a tablet. When a product purchase card is issued and presented at the cash register, a store person takes the product to the cash register, so the customer can shop without having to carry the product around.

2 Digital signage

This is a tool that allows customers who visit the store, and who haven't seen any prior advertising, to be notified of YAMADA web.com's special offers and recommended products in real time on displays installed throughout the sales floor.

3 In-store pickup service

Customers who register their preferred store pick-up location on YAMADA web.com and select "store pick-up" when ordering, receive an email as soon as the product is ready, and can pick it up in-store in as little as 30 minutes.

4 Semi-self checkout / smart cart

After the cashier registers the product, the customer makes payment themselves. As a result, customers have less time to wait at checkout and staff have more time to deal with customer service requests. Shopping carts are also compatible with semi-self-checkout, meaning customers can scan products as they are picked from the shelf, further shortening waiting time at checkout.

5 Digital map

When a customer wants to check the sales floor of the product they want in a large store, they can quickly check the product location and inventory by using the store's tablet POS or the "sales floor search" function in the Yamada app.

6 24-hour locker pick-up

At stores with pick-up lockers, if customers select "store pick-up" when ordering on YAMADA web.com, they can pick up their order at any time up to a week later. Ideal for customers who can't get to the store during normal opening hours.

7 Curbside pick-up

At stores with a curbside pick-up parking lot, if customers select "store pick-up" when ordering on YAMADA web.com, the store person will deliver the ordered product to their car when visiting the store, so they can pick up the product without even having to go into the store.

Outside Directors Round-Table Discussion

Promoting Sustainability and Improving Corporate Value in the YAMADA HOLDINGS Group

The pursuit of sustainability in corporate management has become a major theme, and there is growing social demand to address social issues through business and the disclosure of corporate sustainability information. Three outside directors talk about how the YAMADA HOLDINGS Group should continue to be an entity that is needed by society and increase its corporate value.

Tsukasa Tokuhira
Outside Director

How do you view the impact of the growing global awareness of sustainability in recent years on society, companies, and ultimately Yamada?

Mitsunari▶ In Japan, discussions on sustainability have centered on the environment, but in recent years, social aspects such as human rights and human capital, as well as governance best practice, have been strongly questioned. Starting with Europe, the formation of rules for information disclosure on sustainability is progressing, and the idea of placing non-financial indicators as well as financial indicators as the basis for evaluating companies is starting to take root in Japan as well.

Tokuhira▶ For example, in recent years, in the distribution industry, including Yamada, the number of stores opened overseas has increased in anticipation of the decline in the domestic population, and as a result, there have been more opportunities to hire foreign employees both in Japan and overseas. In an environment where diversity is rapidly progressing, it is natural to emphasize sustainability as a measure of management and shared values.

Yoshinaga▶ In the financial industry where I used to work, people were saying about 10 years ago that sustainability will be a key guideline for management. There was skepticism at first, but now, as indicated in the Corporate Governance Code, companies are not only showing direction that is conscious of sustainability, but as is becoming increasingly clear, companies are also required to make specific contributions through their business activities. I believe that the current situation in which ESG investment is becoming more prevalent will further accelerate this trend.

Mitsunari▶ Above all else, protecting the environment and combating climate change, which are common issues around the world, are essential for Yamada, the top home appliance group for sales in Japan. We have always been promoting the sale of energy-efficient home appliances to customers and saving energy in stores as basic initiatives in our efforts to address climate change. From the perspective of information disclosure, we are among the first in the

Miki Mitsunari
Outside Director

Kunimitsu Yoshinaga
Outside Director

consumer electronics retailer industry to disclose Scope 1, 2, and 3 carbon emissions, and we are looking at how we can further reduce our emissions. What is also quite remarkable is Yamada's efforts to create a resource recycling system based on the reuse and recycling of home appliances. We are taking on the challenge of creating a system completely within the Group, where we can reuse, recycle, and refurbish used home appliances collected from customers. Initiatives such as these that make more effective use of home appliances, their components, and materials are forward-thinking and will continue to be rolled out.

Tokuhira▶ Yamada's environmental conservation efforts are in no way inferior to those of major overseas retailers. The overseas consumer electronics retailers that we use as benchmarks include Best Buy (U.S.A.), Suning (China), and Saturn (Germany). While these companies are also working to reuse and recycle products, Yamada is one step ahead as we have built a system that is completely contained within the Group. Of course, in addition to reuse and recycling and as a consumer electronics retailer, we actively recommend energy-efficient home appliances to our customers, and we also focus on ensuring that they can be used safely for a long time.

Yoshinaga▶ In December 2019, Yamada identified its priorities, or material issues, for achieving the SDGs, and has continued to work on these by setting targets for various social issues, not only those related to the environment. Yamada was the first in the industry to disclose its carbon emissions, and the Group is currently in the process of examining quantitative medium- to long-term targets for achieving carbon neutrality. By setting clear reduction targets as a more concrete and effective policy, Yamada has reached the stage where it can now finally increase performance.

How do you view the issues that have been of particular note in recent years, such as governance and social issues?

Yoshinaga▶ Compared to the financial industry where I spent much of my time, and the various companies I saw from that industry, I feel that it is rare to see such cases like that at Yamada where discussions at the Board of Directors are so free and open. The Chairperson, Noboru Yamada, always tries to create an atmosphere in which outside directors can talk freely, and that encourages the people around him to have a more open and frank exchange of opinions.

Tokuhira▶ The distribution industry has a social role of providing a stable supply of products and selling them at reasonable prices. YAMADA DENKI has a network of stores all over the country. Some of these stores are not profitable, but you can't just close them down straight away. The Company has an obligation to find a way past changes in business

conditions, to continue to operate as a key infrastructure in the community. In recent years, there has been an increase in the number of cases where retail stores have closed due to depopulation and aging populations in rural areas, so much so that the term "shopping refugees" has come about. As well as striving to keep stores open, Yamada has found social value in playing a role as a local infrastructure by offering a home visit service from a sales engineer for the elderly and other people who find it difficult to visit the store.

Mitsunari▶ In recent years, management methods that make use of human capital, such as investing in human resources from a medium- to long-term perspective, improving employee engagement, and promoting diverse work styles, have become a theme for every company. Each year, Yamada conducts employee satisfaction surveys which are analyzed in great detail according to the employee's position and field in the Company. The results are then used in personnel systems and training to produce effective initiatives. In addition, with the appointment of a female representative director in 2021, opportunities for women to play a more active role within the Company are growing, showing that diversity is on the rise. In promoting the idea of "Total-Living," the management team also needs knowledge that spans various business fields, yet at Board meetings, discussions are held from various perspectives by people with experience in many different various industries.

Looking at Yamada's sustainability, what do you think will be its strengths?

Tokuhira▶ How to respond to customer feedback is a never-ending challenge, but I strongly feel that customer demands for consumer electronics retailers have changed in recent years. Although it is easier for customers to buy online, there are many reasons why people come to a Yamada store. For example, a store could be close by, customers can see the product for themselves, they can get advice from sales staff, and also the stores are a place where the whole family can experience the Yamada concept of "Total-Living."

Mitsunari▶ In today's world, everything is becoming digital, and IoT, in which everything is connected via the internet, is gradually being used more with certain home appliances. The fact that YAMADA HOLDINGS is proposing its "Total-Living" strategy, including housing and furniture, across the country while focusing on selling home appliances, means that it is able to understand through dialog at stores the issues customers face, not just in terms of home appliances, but also in their daily lives. YAMADA HOLDINGS covers 60% to 70% of the domestic population with just its directly-managed home appliance stores. Being able to understand what social issues exist in the community and family structure will lead to business opportunities.

Yoshinaga▶ I believe that finance is one of the factors that make the concept of "Total-Living" fully complete. It has been two years since the launch of YAMADA NEOBANK, a banking and financial service exclusively for digital members, and I believe that this will play an important role in connecting Yamada's various business segments, large and small. Although YAMADA NEOBANK is not yet particularly well known, it is a fully-fledged bank under the Banking Act, and since Yamada now handles high-value products such as housing, the Company has great potential in developing finance-related services.

Tokuhira▶ Given Yamada´s future as a distribution business, it is expected that significant changes will be brought about through digital transformation (DX). For example, Yamada has a valuable asset in its roughly 60 million member database, so by successfully crossing this over with store data can create new demand and provide new benefits to customers.
How to make use of the nationwide store network through DX will be a chance for management to showcase its abilities going forward. Fortunately, there are many manufacturers and companies that want to work with Yamada so this will be a big strength in the future. In the near future, DX will change the shape of our business, but this is only possible if we have a relationship of trust with our customers. So long as we don´t forget this, I think Yamada has a lot of room for growth.

Yoshinaga▶ I think that Yamada employees, who take pride in a company that started out as a small town electronics store, are deeply aware of the importance of building relationships of trust with customers. Generally speaking, for products purchased online that are not reliable enough,

Yamada is different to other retailers. The products sold at Yamada stores go through rigorous quality and safety control based on long-term cooperative relationships with the manufacturers. Our strength is the sense of security and trust that if something happens, we will be there to pick up the pieces, and this plays a backbone role that further strengthens the sense of security and reliability of Yamada's online products.

What role do you want to play as an outside director for the sustainable development of the YAMADA HOLDINGS Group?

Yoshinaga ▶ I believe that the role of an outside director is to demonstrate the corporate governance system that supports the sustainable growth of Yamada, a leading company among consumer electronics retailers. In our corporate management, the pursuit of sustainability has become a major theme. I believe that by putting the form of governance into a common and up-to-date format that can be used in any situation will earn the Company the right kind of reputation as seen from the outside, which in turn will lead to the sustainability of the Group itself.

Mitsunari ▶ As social demands regarding sustainability are expected to grow even more in the future, I believe that there will be greater opportunity for more wide-ranging discussions on sustainability, including climate change, in order to improve Yamada's corporate value going forward. So I hope

I will be able to help make these kind of discussions more effective.

Tokuhira ▶ Japan is known for having a large number of companies older than 100 years, but I think what these companies have in common is that they have built up many experiences of being able to take on new challenges, and that's why they have been able to continue for such a long time. Although Yamada has only been around for 50 years, I believe that our sustainability will be enhanced by being able to constantly take on new challenges, as stated in our management philosophy of Creation and Challenge. In response to these challenges, I would like to contribute to the future to make Yamada a 100-year-old company by proposing promising areas and fields, and by helping to create new markets.

ESG & Sustainability Management

Basic Approach

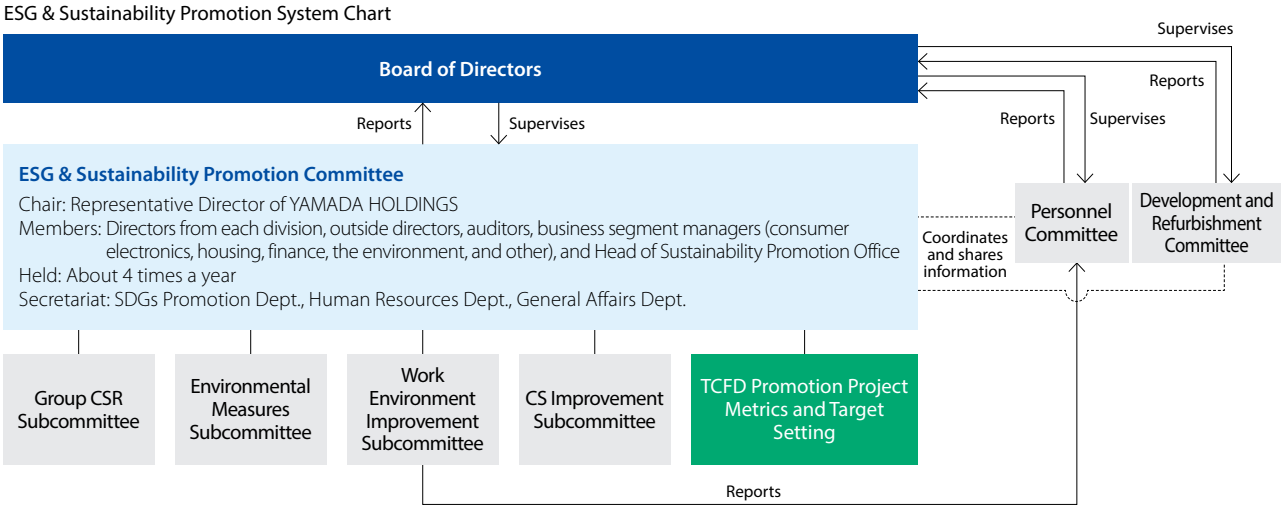
The YAMADA HOLDINGS Group's management philosophy is Creation and Challenge, and Appreciation and Trust. The Group is engaged in various businesses and initiatives for its own growth and development of society. It also plays a role in supporting the social infrastructure with a network that utilizes numerous types of store formats. With the aim of being a corporate Group that continues to grow with society, YAMADA HOLDINGS is promoting sustainability 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 Group to continue to be a company that contributes to solving social issues and improves corporate value, it 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.

Code of CSR Ethics
https://www.yamada-holdings.jp/lang-en/policy_csr-ethics.html

Governance

The YAMADA HOLDINGS Group has established the ESG & Sustainability Promotion Committee as a place to deliberate policies and measures on environmental and social issues and to confirm the progress of its targets. The committee makes decisions on all the important matters related to ESG and sustainability. The four subcommittee under the ESG & Sustainability Promotion Committee, namely the Group CSR Subcommittee, the Environmental Measures Subcommittee, the Work Environment Improvement Subcommittee, and the CS Improvement Subcommittee, discuss the content of individual activities and confirm targets and progress of ongoing activities. In anticipation of greater climate change-related information, they work on projects to analyze the current state of CO_2 emissions in Scopes 1, 2, and 3 and to oversee progress in terms of set targets. In addition, a system for sharing and coordinating information on efforts to create sustainable stores has been established in the Development and Refurbishment Committee, and on human rights issues and gender discrimination in the Personnel Committee.

ESG & Sustainability Promotion System Chart



Overview of Sustainability-Related Subcommittee Activities

Organization	Meetings	Activities
Group CSR Subcommittee	4 times a year	Oversees progress of Group companies' initiatives on ESG, the SDGs, and sustainability
Environmental Measures Subcommittee	Monthly	Raises awareness on the SDGs and sustainability on the theme of environmental measures
Work Environment Improvement Subcommittee	Monthly	Raises awareness on the SDGs and sustainability on the theme of improving the work environment
CS Improvement Subcommittee	Monthly	Gathers customer feedback, considers improvement measures and shares results on discussions and investigations to prevent problems from reoccurring

Strategy

To achieve the mission in support of "Total-Living," the YAMADA HOLDINGS Group aims to create sustainable businesses by identifying risks and opportunities related to sustainability. To help create a sustainable society through its business as a whole Group, YAMADA HOLDINGS has formulated, and is working toward, goals linked to material issues related to the SDGs.

P. 24 Priorities Toward Achieving the SDGs

Risk Management

The YAMADA HOLDINGS Group recognizes that sustainability-related risks are serious risks to the sustainability of its business. Risks are managed through a regular review and assessment of risks and opportunities at the Risk Management Committee.

P. 30 Consumer Electronics Value Chain
P. 55 Information Disclosure Based on TCFD Recommendations
P. 81 Risk Management

Metrics and Targets

The YAMADA HOLDINGS Group sets targets for each of its material issues related to the SDGs, and regularly monitors the progress of all metrics at the ESG & Sustainability Promotion Committee.

P. 24 Priorities Toward Achieving the SDGs

Sustainability Training & Education

YAMADA HOLDINGS Group regularly conducts training on sustainability to promote activities across all companies in the Group.

In fiscal 2023 and in continuation from the previous year, videos talking about the sustainability issues that employees should be concerned about in their daily work and how to address these issues were shown to all employees, including those at Group companies, on the Group's dedicated learning site, My Learning.

In April 2022, YAMADA HOLDINGS established the SDGs Meister System, an internal certification system that acts as a new training system to address the Group's stated material issues on SDGs, and in January 2023, conducted the SDGs Pre-Meister Test. The Group encourages its employees to gain qualifications for the purpose of improving knowledge about the SDGs and developing human resources who can see social issues as their own so they can change their actions.

Overview of the SDGs Meister Test

	Certification Requirements	Tests
SDGs Pre-Meister	After passing three exams aimed at acquiring basic knowledge on the SDGs, reports on individual SDGs initiatives Scope of questions: • Exam 1: Concept of the SDGs • Exam 2: Priorities Toward Achieving the SDGs • Exam 3: Understanding Diversity, Equity & Inclusion	Twice yearly
SDGs Meister	After being certified as an SDGs Pre-Meister, passes exams related to the SDGs, and ESG, etc.	

Going forward, we will continue to foster and strengthen awareness about sustainability among our employees, and promote it throughout the Group to further improve the initiatives we are taking.

Environment

Basic Approach

The YAMADA HOLDINGS 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 acting as specific action guidelines, we are proactively promoting initiatives to build a circular economy and reduce CO_2 emissions through reuse and recycling. The Group is also focusing on efforts to reduce CO_2 emissions at the product use stage by encouraging customers to switch to energy-saving home appliances.

Environmental policy
https://www.yamada-holdings.jp/lang-en/policy_environmental.html

Environment Management System

All the head offices of YAMADA HOLDINGS, YAMADA DENKI and CIC, as well as Azuma Metal, have acquired ISO 14001 certification where they continue to carry out environmental management activities.

Efforts will be expanded going forward from Group companies also, to strengthen management in the environmental field.

ISO 14001 initiatives
https://www.yamada-holdings.jp/info/policy/iso14001.html
(in Japanese only)

Environmental Education

The YAMADA HOLDINGS Group 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. The Group has also been stimulating initiatives by sharing environment-related information through its in-house newsletter and intranet to raise awareness of environmental issues.

Material Flow (Fiscal year ended March 2023)

The YAMADA HOLDINGS Group is striving to reduce its impact on the environment by monitoring and managing the amount of energy used in business activities, as well as CO_2 and waste emissions.

INPUT

Energy	
Electricity*	497,082 MWh
Gasoline	9,677 kL
Kerosene	99 kL
Light Oil	6,971 kL
Heavy Oil A	912 kL
LPG	366 t
City Gas	5,069 thousand m³
Cold Water	26,489 GJ
Hot Water	3,254 GJ
Vapor (non-industrial)	1,025 GJ

YAMADA HOLDINGS Group

OUTPUT

CO_2 emissions
287kt-CO_2

Waste Emissions
175,105 t

* Most recent emission factor used for each electric utility

Tackling Climate Change

The YAMADA HOLDINGS Group recognizes that tackling climate change is one of the most important issues, and as such, is making various efforts to reduce CO_2 emissions in all of its business activities. In line with the TCFD recommendations that we endorsed in March 2021, we strive to better disclose information related to climate change, and we are also working on measures through our business activities to contribute to the realization of a sustainable society.

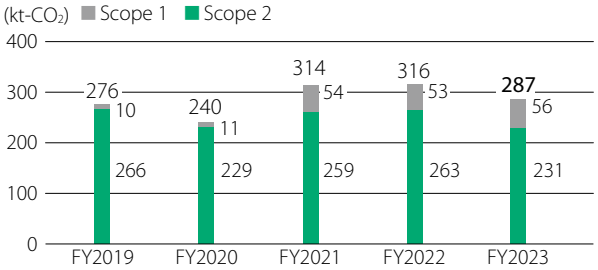
Initiatives to Reduce Carbon Emissions

With the aim to reduce CO_2 emissions stemming from our business activities, we are actively working to reduce emissions at the customer's product use stage by promoting replacement energy-saving home appliances.

● Scope 1 and 2 Emissions

The total volume of Scope 1 and 2 emissions in the YAMADA HOLDINGS Group for the fiscal year ended March 31, 2023 decreased by 29 kt-CO_2 year-on-year to 287 kt-CO_2.

CO_2 Emissions (Scope 1 and 2)

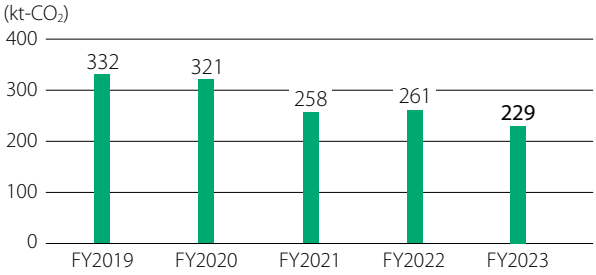


Scope of data:
FY2019 to FY2020: YAMADA DENKI (Company at that time)
From FY2021: YAMADA HOLDINGS Group
* Previous years' values have been retroactively revised to improve accuracy.

● CO_2 Emissions from Electricity Use

The YAMADA HOLDINGS Group is continually and proactively working to reduce CO_2 emissions associated with its business activities. In order to reduce CO_2 emissions from electricity use, 2.16% of all electricity comes from renewable energy sources. Moreover, since June 2022, we have been working to save power in our stores in response to the government's request to cut down on electricity. By reducing the number of ceiling lights used and turning off appliances on display, our electricity consumption has decreased by 10% compared to fiscal 2022.

CO_2 Emissions from Electricity Use[*1, 2, 3]



*1 Emission factor: 0.55kg-CO_2/kWh was used until the fiscal year ended March 2020, but from the fiscal year ended March 2021 it has been changed to the latest emission factor for each electric utility.
*2 Covers YAMADA HOLDINGS and its major operating companies.
*3 Previous years' values retroactively revised to improve accuracy.

Percentage of renewable energy out of total power consumption

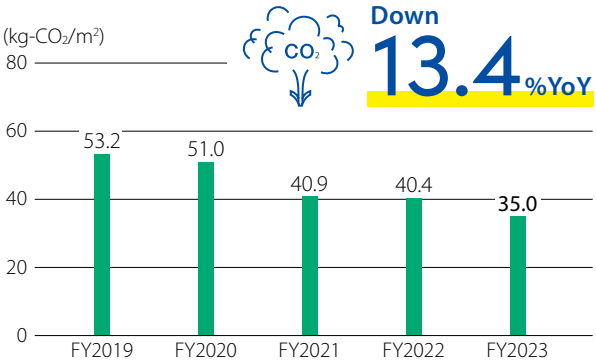
Percentage of renewable energy out of total power consumption

(%)

FY2019	FY2020	FY2021	FY2022	FY2023
1.84	1.85	1.94	2.03	2.16

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

CO_2 emissions from electricity use per floor area[*1, 2, 3]



*1 Emission factor: 0.55kg-CO_2/kWh was used until the fiscal year ended March 2020, but from the fiscal year ended March 2021 it has been changed to the latest emission factor for each electric utility.
*2 Covers YAMADA HOLDINGS and its major operating companies.
*3 Previous years' values retroactively revised to improve accuracy.

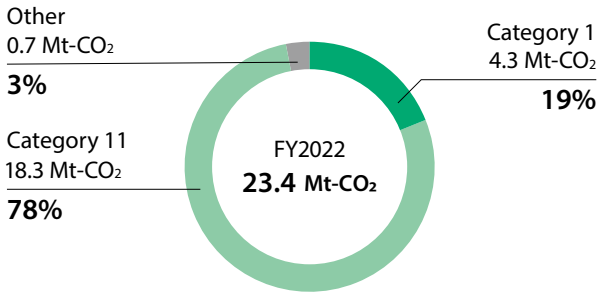
Calculation of Scope 3 Emissions

The YAMADA HOLDINGS Group started calculating CO_2 emissions for the entire supply chain from fiscal 2021 in order to reduce the environmental impact in all its business activities. Of the Scope 3 emissions for fiscal 2022, use of sold products (Category 11) accounted for the largest share at 78% of the total, followed by purchased goods and services (Category 1) at 19%. We will continue to monitor and reduce CO_2 emissions throughout the supply chain.

Summary of Scope 3 Emissions (FY2022)

Scope 3		Associated Activity	Emissions
Category 1	Purchased Goods and Services	Procurement of raw materials	4.3 Mt-CO_2
Category 2	Capital Goods	Expansion of capital goods and production facilities	101 kt-CO_2
Category 3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Fuel- and energy-related activities	50 kt-CO_2
Category 4	Upstream Transportation and Distribution	Procurement distribution / contracted distribution where Yamada is shipper	299 kt-CO_2
Category 5	Waste Generated in Operations	Waste generated from operations	83 kt-CO_2
Category 6	Business Travel	Employee business travel	3 kt-CO_2
Category 7	Employee Commuting	Employee commuting	26 kt-CO_2
Category11	Use of Sold Products	Use of products by end user	18.3 Mt-CO_2
Category12	End-of-Life Treatment of Sold Products	Disposal of products by end user	179 kt-CO_2
Category14	Franchises	Scope 1 and 2 emissions of franchisees	2 kt-CO_2
Total			23.4 Mt-CO_2

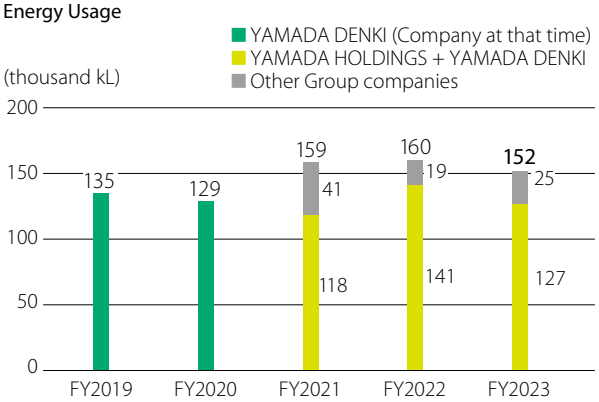
Breakdown of Scope 3 Emissions



Reducing Energy Consumption

The YAMADA HOLDINGS Group is striving to reduce the amount of energy it uses. The Group is working to visualize the amount of electricity through energy-saving activities, such as switching to LED lighting in its offices and stores, and through an application that analyzes electricity usage by equipment and time using demand controllers.

Energy Usage



Scope of data:
FY2019 to FY2020: YAMADA DENKI (Company at that time)
From FY2021: YAMADA HOLDINGS Group

Renewable Energy Initiatives

YAMADA HOLDINGS has been using green power since the fiscal year ended March 2009. 100% of the power used at the Yamada headquarters building in Takasaki City is green power. Moreover, the rooftops of stores have been used to install solar power systems. In the fiscal year ended March 31, 2023, we generated 49,145 MWh*, helping to reduce our impact on the environment through the sale of electricity. We will continue our effort to promote and expand the use of renewable energy throughout the Group.

* Group companies involved: YAMADA DENKI, YAMADA HOMES, Hinokiya Group, Housetec, INVERSENET, Azuma Metal, BPC

Logistics Initiatives

To promote energy-savings in its distribution, YAMADA DENKI has requested its outsourcing and partner companies to turn off their idling engines while out delivering products, maintaining a high implementation rate of over 98% in fiscal 2023. In addition, the Group is promoting eco-friendly logistics such as by considering the use of electric vehicles for use at stores and by reducing distances covered during product delivery through the creation of an efficient logistics system for vehicles moving between stores.

Business Initiatives

● The YAMADA GREEN Logo

In July 2021, the YAMADA HOLDINGS Group created the YAMADA GREEN logo as a symbol of its commitment to the environment. The five letters of GREEN embody the meanings of Global, Resource, Ecology, Evolution, and Next. It expresses our determination to realize a resource-recycling society and further contribute to the creation of a sustainable society.

In conjunction with this logo, we have also established the YAMADA GREEN Certification System whereby companies can display the YAMADA GREEN logo on products, initiatives, and reused products that meet YAMADA HOLDINGS' own environmental standards. (Not applicable to energy-saving home appliances.) Sony's LinkBuds S (WF-LS900N) series of fully wireless headphones were certified as YAMADA GREEN in fiscal 2023. All models in the series use recycled plastics for the resin material of the headphones and case. These plastics are made from resin collected from the factory. Moreover, by eliminating the use of plastics in individual packaging, Sony has been able to reduce its impact on the environment. In seeking to find new design concepts that utilize recycled materials, Sony's new Earth Blue colored headphones launched on November 4, 2022, use recycled materials from water bottles in the headphones and case.

Sony's fully wireless headphones—LinkBuds S (WF-LS900N)

Poster used at Outlet & Reuse stores

Information about YAMADA GREEN
https://www.yamada-holdings.jp/csr/green.html
(in Japanese only)

● Initiatives to Increase ZEH Rate

YAMADA HOMES is seeking to provide eco-friendly housing and services such as improving heat insulation and adopting advanced energy-saving equipment and solar powers to make Zero Emission Homes (ZEH) more widely known. At the same time, the Company aims to protect the global environment and realize a comfortable and prosperous life for Group customers by promoting a lifestyle that does not waste energy. The YAMADA HOLDINGS Group has set a goal of increasing the ZEH rate to 50% of all homes sold by YAMADA HOMES by 2025, thereby actively working to make emission-free homes more widespread.

ZEH Rate of Homes Sold by YAMADA HOMES

(%)

Feb. 2018	Feb. 2019	Feb. 2020	Feb. 2021	Feb. 2022	Feb. 2023
15	20	13	17	25	27

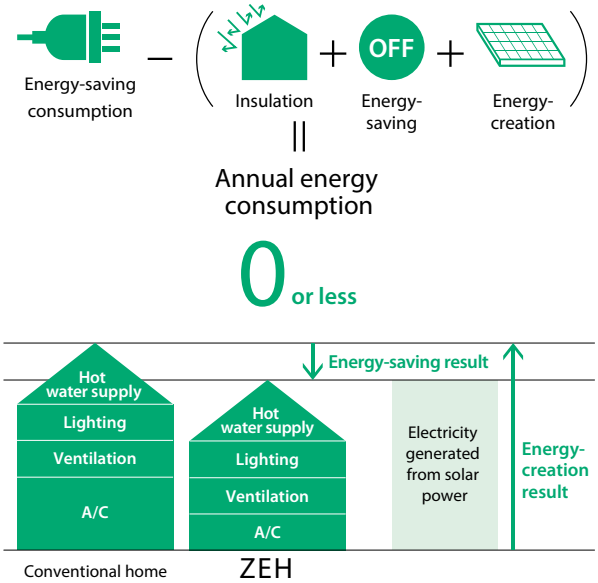
* Results are aggregated from March 1 to February 28 of the following year in line with YAMADA HOMES' fiscal year.

ZEH rate

Feb. 2023

27%

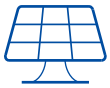
The Zero Emission Home concept



● Providing Resilient Homes Equipped with Solar Power

The YAMADA HOLDINGS Group is looking to make the concept of resilient homes, with solar power and storage batteries, more well known. A resilient home is one that can independently supply energy even in an emergency, while controlling energy consumption in normal times. It is hoped that solar power systems equipped with Home Energy Management Systems (HEMS) that "visualize" electricity costs and energy generated will have the effect of raising awareness about saving energy without wasting any of the energy created. The YAMADA HOLDINGS Group continues to make proposals for the installation of solar panels, actively encouraging solar panels be fitted not only on newly built houses but also for renovation projects. Going forward, the Group will help build a safe and secure society through proposals for YAMADA HOMES' disaster-proof homes, Felidia, and houses equipped with the Hinokiya Group's Canadian Solar photovoltaic system.

Solar panels shipped



FY2023

28,960

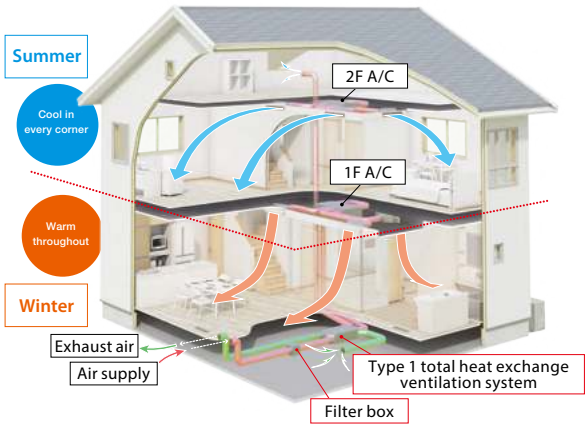
Home energy management system (HEMS)

Model diagram for storage battery installation

Zekkucho—Central Air Conditioning System

The Hinokiya Group is focusing on selling custom-built homes equipped with its Zekkucho system which can keep temperatures around the home comfortable all year round, thanks to its outstanding airtightness and insulation. Owing to their W-Barrier construction method of Aqua Foam insulation and aluminum heat shielding which blocks infrared rays, the homes built by Hinokiya are extremely airtight and incredibly well insulated. By the end of April 2022, up to 20,000 homes were fitted with the Zekkucho system, and the Group will continue to make every effort to provide more comfortable living spaces going forward.

The Zekkucho System



Information Disclosure Based on TCFD Recommendations

Based on its "Total-Living" concept, the Group handles a wide variety of home appliances, housing equipment, furniture and interior goods that support customers' lifestyles. These products are manufactured and processed not only in Japan but also in other parts of the world, using various resources from each region. For this reason, we believe that tackling climate change and preserving the natural environment are important themes for the sustainable growth of the Group.

For disclosure based on the Task Force on Climate-related Financial Disclosures (TCFD), the Group is looking at the current state of the whole Group, developing a governance system, and examining strategies, risk management, metrics and targets. Going forward, we will continue to appropriately manage the risks associated with climate change, and view various changes toward a carbon-free world as business opportunities that will lead to sustainable growth.

Governance

In YAMADA HOLDINGS, the Board of Directors discusses important management and business strategies, makes policy decisions, and supervises the ESG & Sustainability Promotion Committee. In addition, the ESG & Sustainability Committee examines important issues, such as climate change risks and opportunities identified from scenario analysis, and regularly reports to the Board of Directors on the status of addressing these risks, so that the Board of Directors can fully exercise its supervisory function.

P. 48 ESG & sustainability management governance

Strategy

Based on the TCFD recommendations, the Group has established the target businesses, timelines, and scenarios to analyze and assess the climate change risks and opportunities.

● Scenario Analysis Assumptions

Scenarios	Global temperatures up by 1.5°C and 4.0°C
Businesses*	All YAMADA DENKI stores in Japan, all sales offices and show homes of the Hinokiya Group and YAMADA HOMES, Housetec plants, and reuse/recycle plants
Period	Impact from 2030 to 2050

* Covers all YAMADA DENKI stores in Japan that account for the highest percentage of net sales in the Group as a whole and businesses most affected by climate change.

● 1.5°C Scenario (High Transition Risk, Low Physical Risk)

This scenario sees regulations and policies for decarbonization tightened and measures against climate change progressing with the temperature rise from pre-industrial levels at around 1.5°C to 2.0°C. As customers' preferences for products and services change and companies are more strongly required to tackle climate change, it is likely that transition risks, including less customers and greater reputational risk, will increase if the companies fail to do so. Conversely, it is assumed that the physical risks would be relatively low compared to the 4.0°C scenario, with for example, more extreme and prevalent disasters caused by climate change being suppressed to some extent. (Reference: The International Energy Agency's Net Zero Emissions by 2050 Scenario)

● 4.0°C Scenario (Low Transition Risk, High Physical Risk)

A scenario in which sufficient measures against climate change are not taken and the temperature rises around 4°C from pre-industrial levels. It is assumed that physical risks would increase, with for example, more extreme natural disasters, rising sea levels, and an increase in abnormal weather events. As a result, it is thought that climate change-resilient products and services in terms of good BCP will become more competitive. Conversely, it is assumed that transition risks would be low, with for example, the government's lack of tighter regulations. (Reference: The Intergovernmental Panel on Climate Change's RCP8.5 Scenario)

Scenario Analysis Results

Risk Type	Category	Risk	Relevant Business: Home Appliances	Relevant Business: Housing	Relevant Business: SPA	Relevant Business: Environment	Effect on Business	Impact Level	Response	Business Impact
Transition Risks	Policy/regulation	Carbon tax/carbon pricing	●	●	●	●	Company electricity costs increase owing to carbon pricing (carbon tax, etc.)	High	• Managed power-on/off for lighting, air-conditioning, and exhibits at YAMADA DENKI stores • Switched to LED lighting in parking lots, on signboards, etc. at 814 YAMADA DENKI stores • Improved energy use efficiency by generating power from heat when incinerating waste at the Yamada Energy Plant	Estimated carbon tax payable in 2030: ¥3.6 bn
			●	●	●	●	Necessary to develop price competitiveness including carbon pricing, low-carbon materials and construction technology	High	• Actively supported suppliers' decarbonization activities, responding to the risk of rising procurement costs • Carried out more joint procurement with Group companies • Responded to the risk of rising procurement costs by streamlining production lines and manufacturing technologies • Promoted development of low-carbon products by implementing an environmentally friendly design assessment during product design	Minimum -¥15.3 bn Maximum -¥65.5 bn
	Policy/regulation	Energy-saving regulations	●	●	●	●	Tightening of regulations such as energy-saving standards	High	• Encouraged all employees to understand and acquire knowledge about energy-saving through the in-house SDGs Meister System qualification to promote, by way of explanations, consumers to switch to more energy-efficient products that will contribute to a carbon-free / low-carbon society • Promoted widespread use of energy-saving home appliances through active participation in local government subsidies to replace products for energy-saving home appliances • Responded to the risk of rising procurement costs by further streamlining procurement and delivery	One-year increase in unit sales -9% -¥35.4 bn
								High	• Actively supported suppliers' decarbonization activities, responding to the risk of rising procurement costs • Responded to the risk of rising procurement costs by further streamlining procurement and delivery	Minimum -¥0.4 bn Maximum -¥2.1 bn
			●	●	●	●	Increased store/office operating costs due to rising energy costs	High	• Carefully managed power-on/off for lighting, air-conditioning, and exhibits at YAMADA DENKI stores • Switched to LED lighting in parking lots, on signboards, etc. at 814 YAMADA DENKI stores • Reduced CO_2 emissions from electricity use on a medium- to long-term profit/loss neutral basis	Average closing cost per store: ¥15 m
	Market	Changes in customer behavior	●				The replacement cycle of durable consumer goods (mainly home appliances and furniture) will lengthen, leading to drop in sales	High	• Encouraged all employees to understand and acquire knowledge about energy-saving through the in-house SDGs Meister System qualification to promote, by way of explanations, consumers to switch to more energy-efficient products that will contribute to a carbon-free/low-carbon society • Promoted widespread use of energy-saving home appliances through active participation in local government subsidies to replace products for energy-saving home appliances • Responded to the risk of rising procurement costs by further streamlining procurement and delivery	One-year increase in unit sales -9% -¥35.4 bn
								High	• Responded to the risk of rising procurement costs by further streamlining procurement and delivery • Promoted widespread use of products that contribute to building a carbon-free society	-¥0.7 bn at -1%
Physical Risks	Acute	More extreme weather	●	●	●	●	Damage or suspension of business due to natural disasters at stores, sales offices, or plants, and disrupted distribution and transportation networks, resulting in drop in sales	High	• Considered location and layout of new stores and show homes on the basis of possible flood damage • Strengthened measures against water risks at stores and show homes, etc. based on results of water risk assessment • Created recovery manuals in the event that stores / sales offices / plants stop functioning • Formulated business continuity plans for procurement and distribution systems • Digitized work operations and business negotiations • Increased product inventories	1 day suspension of business: -¥0.9 bn
	Chronic	Changes in precipitation/ weather patterns	●	●	●	●	Damage or suspension of business due to heavy rain at stores, sales offices, or plants, and disrupted distribution and transportation networks, resulting in drop in sales	High	• Considered location and layout of new stores and show homes on the basis of possible flood damage • Strengthened measures against water risks at stores and show homes, etc. based on results of water risk assessment • To respond to more extreme natural disasters, assessed the degree of danger at locations using hazard maps and other means, formulating BCP in readiness for disasters	1 day suspension of business: -¥0.9 bn
							Changes in vegetation and timber procurement areas lead to increased timber procurement costs	High	• Secured timber suppliers in readiness for forest protection	Maximum +¥4.7 bn
		Rising average temperatures	●	●	●	●	Customers less likely to go out, refraining from purchasing in store	High	• Strengthened sales channels with e-commerce • Use of IT for online consultations and business negotiations	-¥0.4 bn for 20 days of extreme heat
Opportunities	Resource Efficiency	Reuse and recycling	●			●	Increased sales due to the recycling of customers' home appliances	High	• Furthered efforts to build circular economy by expanding reuse and recycling plants	Sales volume: +300,000 units Sales: +¥5.5 bn
	Products and Services	Rollout of low-carbon and decarbonized products and services	●	●	●	●	Increased sales due to promotion of energy-saving home appliances	High	• Strengthened sales of products and services that help reduce environmental impact in all business segments • Provided more economic support through financial services such as flat-rate systems	Increased customer traffic and sales
		Changes in consumer preferences	●	●	●	●	Increased sales of energy-saving home appliances and eco-friendly products	High	• Strengthened sales of products and services that help reduce environmental impact in all business segments • Developed YAMADA GREEN certified products jointly with suppliers to improve lineup of sustainable products • Expanded sales of furniture made from oil palm waste materials	—

Risk Management

Climate-related risks are regarded as one of the major risks that affect the Group's business. As such, the Group monitors progress of measures to address the important climate-related risks identified in the scenario analysis, and the status of risk management, reporting to the Board of Directors once a year.

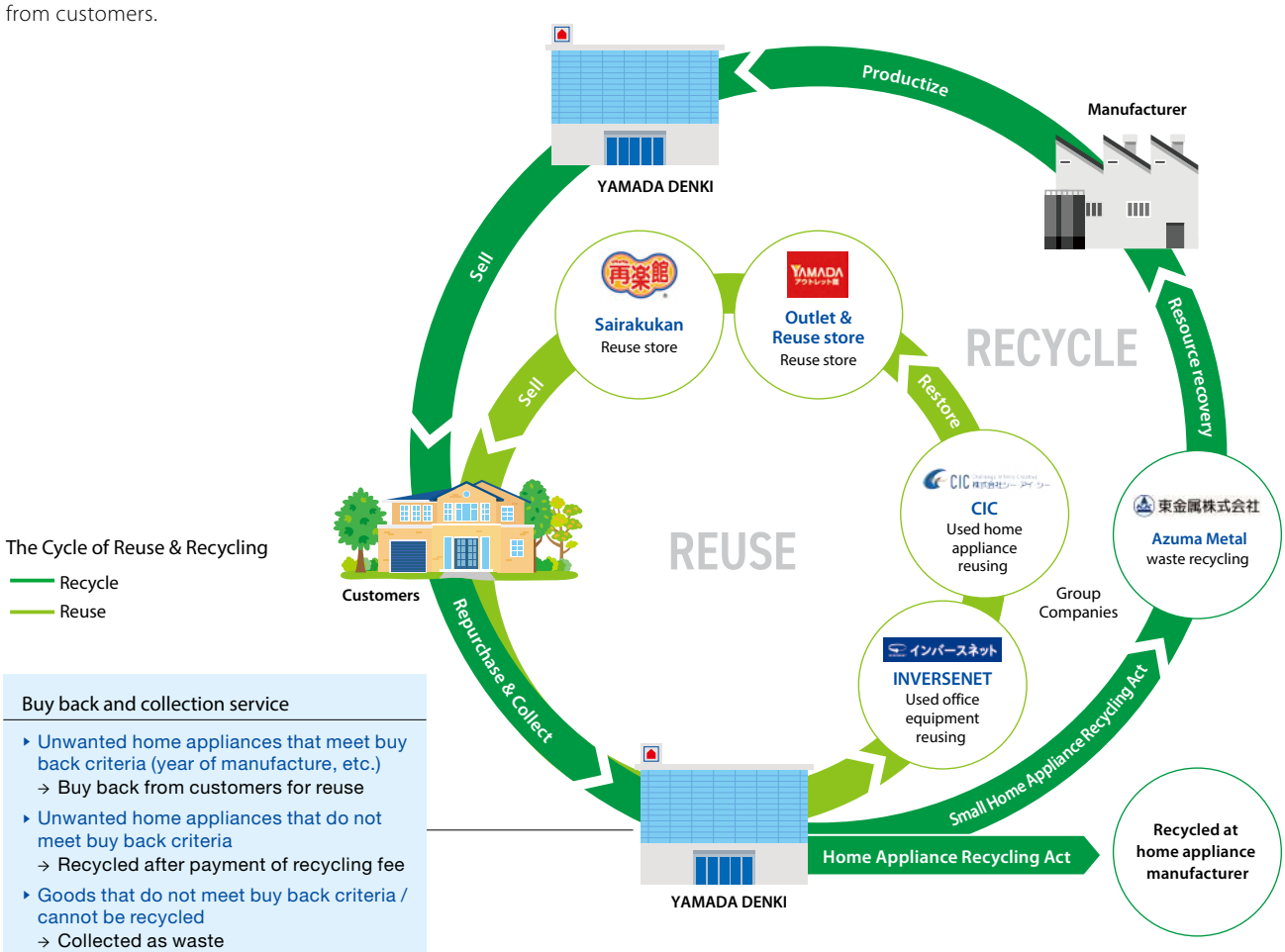
Metrics and Targets

Japan is aiming to become carbon neutral by 2050, and as an interim goal, to reduce greenhouse gas emissions by 46% by 2030 compared to 2013 levels. The YAMADA HOLDINGS Group also aims to reduce Scope 1 and 2 greenhouse gas emissions by 46% compared to 2013 levels by 2030, and will set reduction targets for greenhouse gas emissions within fiscal 2024.

TCFD-based information
https://www.yamada-holdings.jp/lang-en/csr104.html

Reducing Waste and Resource Recycling

The YAMADA HOLDINGS 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 and recycle used electrical appliances collected from customers.



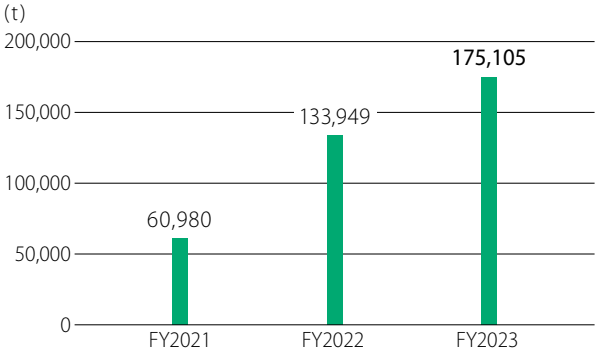
Initiatives to Reduce Waste

In accordance with relevant laws, YAMADA DENKI properly disposes of waste material from its stores as well as discarded home appliances from customers not covered by the Home Appliance Recycling Act. Specifically speaking, home appliances taken in store are classified into one of three categories: reuse, recycle, or dispose. Products that meet the Company's criteria are given a new lease of life at reuse plants as reused products and sold at Yamada Outlet & Reuse stores and other stores. As for products that don't meet the reuse criteria but which can be recycled, these are meticulously sorted at recycling plants and separated into component materials such as iron, aluminum, and stainless steel. This then goes on to be reused as raw materials in lots of other different products. Waste is outsourced to an external recycling company for recycling. Products that cannot be recycled are disposed of in landfill.

Additionally, in the housing segment, wood is pre-processed at factories for more efficient use of resources and to reduce waste.

Going forward, we will increase the number of products that can be reused and recycled by building systems and using machines with advanced sorting functions, leading to a reduction in waste.

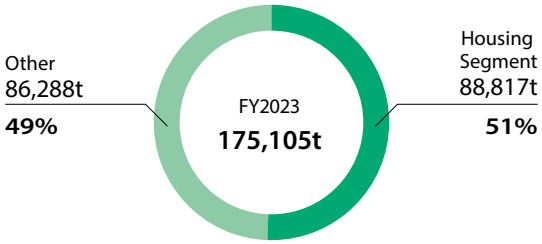
Amount of Industrial Waste Disposed



Scope of data:
FY2021: YAMADA DENKI
From fiscal 2022: YAMADA HOLDINGS Group

* The Hinokiya Group (housing segment) has been added to scope from FY2023.

Breakdown of Industrial Waste



The 3Rs

Yamada Environmental Resources Development Holdings is engaged in the business of reuse and recycling, reducing waste and its proper disposal, and using recycled materials with a focus on electrical appliances. The Company efficiently collects used products and reuses them wherever possible to resell and deliver on to customers. The Company also comprehensively recycles products that cannot be reused, with the recycled materials used as raw materials for new products.

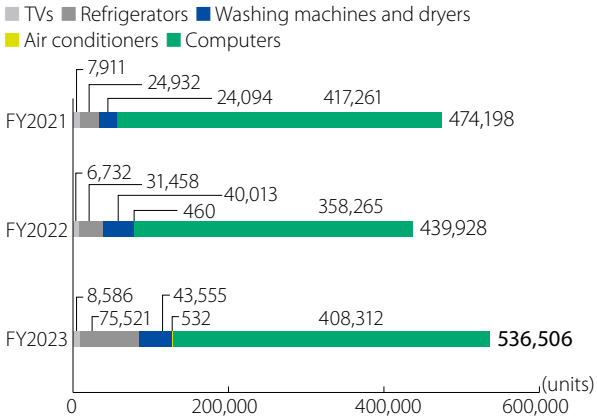
● Reuse

Regarding the reuse of home appliances, the YAMADA HOLDINGS Group is building a complete distribution network for the reuse of home appliances, from the repurchase of quality products through to recycling and sales, centered on CIC which develops environmental resources. Our reuse centers provide a service that allows customers to purchase reused home appliances with peace of mind by giving every product a thorough cleaning, check and repair, as well as a warranty of up to 24 months from the day the product is purchased. In May 2022, a new plant was built in Gunma Prefecture with the aim to increase production of reused products. The new plant is equipped with an automated warehouses that stores various used home appliances sent from all over the country, as well as an automatic washer for washing machine drums. As a result, production volume in fiscal 2024 is expected to increase from the previous 70,000 units to approximately 186,000 units, moving toward the target of 300,000 units by fiscal 2026. As for the reuse of computers, INVERSENET recovers second-hand computers for resale. Looking ahead, we will continue to make the most of our advanced technological capabilities to increase the number of reused products.

Expansion of the YAMADA East Japan Reuse Center Gunma Plant
https://www.yamada-holdings.jp/ir/press/2022/220526_1.pdf
(in Japanese only)

The new plant at the YAMADA East Japan Reuse Center Gunma Plant

Reuse of 4 household appliances (TVs, refrigerators, washing machines, air conditioners) and computers



Reuse of 4 household appliances

FY2023

128,194 units

Reuse of computers

FY2023

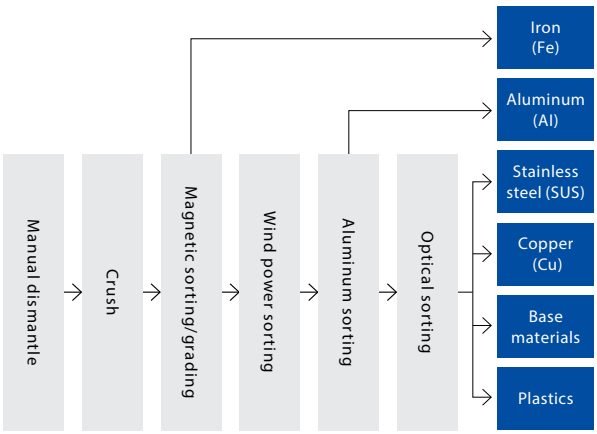
408,312 units

● Recycling Small Home Appliances

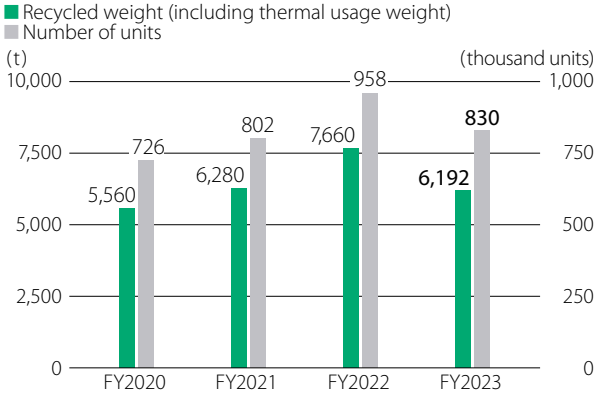
YAMADA DENKI collects used small home appliances at all of its stores based on the Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment (Small Home Appliance Recycling Act*). After being inspected at Azuma Metal, small home appliances collected at stores are sorted by highly accurate machines that can sort them into plastics, metals, mixtures, etc., to be carefully sorted by material for recycling.

* A law that encourages the formation of a circular economy whereby a government-certified business operator collects and processes electrical machinery and appliances, excluding the four categories of home appliances subject to the Home Appliance Recycling Act (TVs, air conditioners, refrigerators and freezers, and washing machines and clothes dryers).

Recycle Flow of Used Small Home Appliances



Number of Small Home Appliances Recycled and Recycled Weight



Development of Environmentally Friendly Products

● Efforts to Reduce Plastic

As well as reusing and re-marketing used home appliances received from customers, materials made from recycled resources are developed into eco-friendly products and then sold. YAMADA HOLDINGS's private brand SPA products use some of the plastic materials recycled from within the Group. One washing machine made with recycled plastics is expected to reduce emissions by as much as 7kg-CO_2, a sizable contribution to the Group's sustainability. In the future, the Group will aim to develop and sell products in various fields such as housing.

● Development of Small Ceiling Lights

Designed and manufactured in-house, YAMADA HOLDINGS' SPA products include small ceiling lights which have been on sale since June 2023 as part of an initiative to reduce CO_2 emissions. Being roughly 15% smaller than conventional ceiling lights for standard sized rooms of six tatami mats means that less plastic is used per product. Packaging size is also reduced by approximately 26% which can potentially result in less CO_2 emissions for transportation. Going forward, YAMADA HOLDINGS will continue to develop eco-friendly products.

Size comparison of LED ceiling light box

Current model: YLLS06J2

New model: YLLS06L

TOPIC | Concluded a Green Loan contract for building a resource recycling system within the Group

YAMADA HOLDINGS signed a green loan agreement with Mizuho Bank, Ltd. on January 31, 2023 for the purpose of capital investment in building a resource recycling system completely within the Group.

This is the first green loan in the consumer electronics retail industry that realizes a self-contained recycling system. We will continue to contribute to the creation of a circular economy by using the funds from this loan to build and expand reuse factories, expand waste home appliance recycling plants, and build waste power generation facilities.

Third Party Guarantee

SUSA
Sustainability Accounting Co.,Ltd.

Independent Assurance Statement

June 20, 2023

Mr. Noboru Yamada
Representative Director,
Chairperson and President CEO
YAMADA HOLDINGS CO., LTD.

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by YAMADA HOLDINGS CO., LTD. (thereinafter "the Company") to provide limited assurance on the Company's performance indicators during the fiscal year 2022, which are 53.1kt-CO_2 (Scope1), 262.8kt-CO_2 (Scope2) and 23.4Mt-CO_2 (Scope3 Category 1,2,3,4,5,6,7,11,12,14). The purpose of this process is to express our conclusion on whether the CO_2 emissions were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the CO_2 emissions. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and 3410 (ISAE3410). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards
- Reviewing the Company's standards
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the CO_2 emissions were calculated in accordance with the Company's standards.
-

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the CO_2 emissions have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

Social

Basic Approach

The YAMADA HOLDINGS 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, etc.
The Group 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 comfortable place to work.

Human Resource Development Policy

The YAMADA HOLDINGS Group develops human resources who can embody its management philosophy of Creation and Challenge, and Appreciation and Trust.
At a time when it is difficult to anticipate the future, we provide training tailored to employees at every level for sustainable growth of the Company under the theme of "development and training for self-starting human resources and a self-starting organization."

Company Environment Improvement Policy

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, the YAMADA HOLDINGS Group works to ensure health and safety at work, creates a comfortable work environment, facilitates job performance and improved productivity, and manages employee health.

1. Respect for Human Rights
   We shall respect the human rights of every employee and build a fair and impartial personnel system
2. Career Support
   We shall support diverse work styles and career paths tailored to each employee
3. Improving the Work Environment
   We shall use various indicators to improve the working environment to maintain the health of our employees

Human Resource Development

On its path toward the "Total-Living" strategy, the YAMADA HOLDINGS Group is striving to secure human resources capable of responding to a wide range of customer needs based on a broader spectrum of products and services as well as future expansion into other business areas.

In terms of human resource development and rebuilding the training system to suit the current times when it is difficult to predict the future, the Group has set the theme of "development and training for self-starting human resources and a self-starting organization." The Group endeavors to develop human resources who can nurture people and organizations to achieve results as a team, and who can learn and make decisions in a rational way based on experience and information to create more efficient and streamlined operations. The Group seeks to do this by providing training that emphasizes human skills and conceptual skills, in addition to traditional forms of training focused on technical skills (ability to do one's work). More specifically, as well as the planned implementation of tiered training, education and training programs will be improved by enhancing specific measures based on employee satisfaction surveys to ensure the Group continuously keeps the very best employees.

Average hours of training per employee

FY2023
19 hours/year

Tiered Training

YAMADA HOLDINGS and YAMADA DENKI are giving tiered training under the banner of "cultivating human resources who can think and act on their own—upgrading our basic OS of awareness and mind."

New employee training for sales engineers

Training for New Employees

New recruits learn the skills needed to be YAMADA HOLDINGS Group employees through the use of such resources as online study sessions and e-learning programs, as well as acquiring basic knowledge by using the products themselves, and become fully fledged employees after the end of a training period in the workplace. In line with the curriculum, new employees check on a weekly basis with senior employees running the training programs how much they have learned, with follow-up training carried out half a year and one year after they join the Company. We have also established a dedicated consultation desk and are working to create a system that makes it easy for new employees to continue working in an unfamiliar environment.

Developing Next-Generation Leaders

The YAMADA HOLDINGS Group is working to develop next generation leaders in all levels of the Company for its sustainable growth. Employees participate in cross-industry exchange training to learn the principles of management and improve their leadership capabilities. Content learned is shared with the employee's manager who checks the progress of their efforts.

We are also helping to improve the skills of each and every employee by appointing senior employees to be in charge of training new recruits. These more experienced employees learn training techniques and ways to improve motivation without having to fall back on intuition or experience, and play a vital role in promoting the growth of junior employees.

To give top sales staff the capabilities to make proposals that further enhance customer satisfaction, they are provided with learning opportunities, including training in ICT and IoT as well as on the latest products.

Tiered Training System

Tier		Part-Time	General Employee	Skilled Employee	Section Manager	Manager
Skills Required		• A fresh perspective • Ability to make proposals • Communication skills • Career design • Making good habits • Self-reliance, self-starter, self-responsibility • Business etiquette	• Business etiquette • Communication skills • Listening skills • Ability to ask questions • Time management • Mental toughness • Open mind • Independence • Professionalism	• Work efficiency • Problem-solving skills • Mentoring skills • Leadership • Team building • Motivation management • Teaching • Coaching • Followership • Self management	• Ability to make contributions • Ability to make proposals • Ability to instruct subordinates • Problem-solving skills • Leadership • Team building • Motivation management • Teaching • Coaching • Followership	• Business management • Training management • Ability to shape future • Analysis methods • Giving direction • Decision-making skills • Management literacy • Financial management skills
Training	Conceptual Skills Human Skills	• Training for mid-career hires • Online product study sessions • Product e-learning	• Training for new employees • Training for young employees • Online product study sessions • Product e-learning	• Mid-level employee training • Low-level manager training • Study sessions for new graduate educators • Harassment education • Online product study sessions • Product e-learning	• Low-level manager training • Mid-level manager training • Yamada Leadership Academy • Harassment education	• Executive and senior manager training • Training for next-generation executives • Yamada Leadership Academy • Harassment education
	Technical Skills					
Special		Training for new store managers and employees				
			Sales engineer training			
		SDGs education				
			Compliance training			
Self-Development		Learning content for self-development				
In-House Tests		In-house qualification tests (conducted twice a year)				
External Qualifications		External qualification follow-up training (recommended qualification), Home Appliance Advisor, Smart Master, Sleep Advisor, etc.				
Internal Qualifications		Meister education, various meisters (TV, air conditioner, cleaner, beauty, smart speaker, digital camera, etc.)				

● Yamada Leadership Academy

The YAMADA HOLDINGS Group conducts tiered-based middle and top management training at the Soseijuku employee training center for employees at the section manager level or above, for sales managers and store managers, and for employees at operating companies at the general manager level or above. Under the theme of developing self-starting human resources and a self-starting organization, external instructors are invited to provide mind training and strengthen team building and management skills. There is also a focus on cross-border training through group discussions with other departments and other operating companies. The purpose of this training is also to educate top management who will lead the next generation of the Group, including the acquisition of managerial perspectives, as such, the YAMADA HOLDINGS Group will continue to enhance and expand its training programs. The training is a two-year development program with over 300 people having participated up to fiscal 2023.

Number of training participants (as of March 31 each year)

FY2022	FY2023
1st-7th groups of trainees	8th-14th groups of trainees
153	175

* Number of new participants

Developing Sales Engineers

YAMADA DENKI is strengthening the training of its sales engineers who handle everything from product sales to delivery and installation work. There are currently 452 sales engineers (as of the end of March 2023) working in stores across the country. The aim is to make customers' lives more comfortable by developing sales engineers into technicians and advisors who can recommend everything from home appliances and furniture to interiors and home renovations at times when there are an increased number of deliveries and installations such as during the summer, New Year holidays and fiscal year-end.

As part of the sales engineers' development, practical training is being given on installation work for air conditioners, etc. As well as further recruitment from industrial high schools, we are also focusing on training female sales engineers.

Based on an annual training plan, we are working to raise the level of the entire profession of sales engineers by encouraging them to gain qualifications through such things as regular training sessions by professional engineers who hold a Second Class Electric Works Specialist's license.

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. YAMADA DENKI has been focusing on encouraging employees to get externally qualified as Home Appliance Advisors[*1] or as Smart Masters[*2]. This has resulted in more and more qualified employees. The Company has also been actively encouraging employees to gain external qualifications, such as certified sellers, architects, or as interior stylists, as these skills are a necessary part of being able to provide proposals on furniture and renovations. The acquisition of external qualifications is not only for the purpose of maintaining and improving employee job satisfaction, but also leads to improved customer satisfaction, which is why we are strengthening our efforts throughout the Group.

*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 (as of March 31 each year)

Qualification	FY2021	FY2022	FY2023
Home Appliance Advisor	8,408	8,956	9,346
Smart Master	1,146	1,274	1,256
Photo Master	1,663	1,679	1,613
Certified Sellers (1st to 3rd Grade)	1,251	1,268	1,011
First Class Architect	184	227	165
Second Class Architect	659	727	590
First Class Building Operation and Management Engineer	148	178	141
Second Class Building Operation and Management Engineer	125	154	150
Real Estate Notary	534	580	556
Sleep Advisor	491	595	625
Interior Stylist	180	190	215
Second Class Electric Works Specialist	—	627	657
Second Grade Certified Skilled Professional of Financial Planning	—	203	129
Total	14,789	16,658	16,454

* Total number within the YAMADA HOLDINGS Group

Improving Customer Service

In order to improve customer service skills, YAMADA DENKI provides practical training with a focus on on-the-job training (OJT), as well as systematic training via online training and e-learning programs. Moreover, to further improve the quality and accuracy of services, customer surveys are conducted in stores, on deliveries, and during after-sales services, as well as via various social media channels, with the results used for employee training purposes. Furthermore, as part of strengthening renovation proposals in order to augment "Total-Living" services for the living environment, initiatives are being carried out to enhance job-specific training, including training manuals and interior study sessions for employees.

● Enhanced Learning Support Tools

To give consistent sales services from home appliances to home interiors and renovations, YAMADA DENKI has been rolling out its own learning site, called My Learning, to employees on product knowledge and sales techniques. Videos with an emphasis on demonstration and role-playing are also shared using QR codes so that employees can learn independently in their own time. The company is also working to create a more fulfilling educational environment by enhancing content that focuses on social and environmental issues such as human rights and anti-corruption.

A screenshot of the My Learning site

Improving Our Ability to Make Proposals

In addition to gaining product knowledge, various measures are being taken to accurately understand the needs of customers in order to recommend the best products to them.

● Strengthening Proposals for Renovations

YAMADA DENKI is working to strengthen its proposals for renovations to improve the comfort and convenience of customers' lives. "Total-Living" proposals are made not only for home appliances but also for kitchens and bathrooms, interiors and exteriors, as well as for furniture. By training up various advisors, employees at YAMADA DENKI can give more detailed advice with regard to customers' homes. Moreover, employees qualified as architects give pertinent proposals to meet the needs of customers looking to extend or make improvements to their homes.

Improving Delivery and Installation

At YAMADA DENKI, we aim to improve our service to our customers not only when selling products, but also after the products have been sold, during delivery and installation.

Training to Certify CS Managers

In order to standardize efforts to improve customer satisfaction (CS) in product delivery and installation, every year YAMADA DENKI requests its partner companies to train as certified CS Managers. In order to prevent the spread of Covid-19 in fiscal 2023, existing CS Managers had their certifications automatically renewed while training was given only to new trainees. Training is given to certify a person in charge at the respective companies with guidance on the standards that YAMADA DENKI expects with respect to customer satisfaction, manners, how the technicians operate, product delivery and installation. Training sessions consist of educational training, group discussions and a written test. Under this system, YAMADA DENKI certifies CS Managers at partner companies with the aim of maintaining their levels of customer service to the same level as YAMADA DENKI employees.

Training based on Customer Survey Results

Customer surveys are conducted to assess the level of customer satisfaction. Results from the surveys are analyzed, and based on the results of the analysis, policies are drawn up to improve customer satisfaction. These policies are made known to companies involved in the survey at customer satisfaction meetings held four times a year so that the partner companies can then inform their respective shop floors. In fiscal 2023, customer satisfaction meetings were once again held online to help prevent the spread of Covid-19, with 21 companies taking part.

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. The Group 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. In the employee evaluations held twice a year, individual targets are set in accordance with assessment indicators from each department and evaluated on a multi-level basis. Feedback is then given to each employee, and goals for the next year are set.

Annual Employee Commendation Program

Each year, YAMADA HOLDINGS commends top performers in the consumer electronics segment in terms of the stores and corporate sales offices which have made large sales in relation to their size, and individuals with the highest annual sales, etc. In fiscal 2023, 9 stores and sales offices and 60 people were given awards, including the Best Sales Award.

Diversity, Equity & Inclusion

The greatest management resource for the YAMADA HOLDINGS Group is its human resources. Positioning diversity, equity and inclusion as part of the Group's "growth strategy" will help to create a workplace environment where diverse human resources can play an active role. Human resources nurtured in such a work environment will work hard together, and by continuing to create valuable products and services will grow sustainably together with the Group's stakeholders.

YAMADA HOLDINGS' Initiatives

Type	Description
Work-life balance support	• Establishment of a flexible work system tailored to the stages in employees' lives and promotion of diverse work styles
Active participation of women	• Creating an environment that responds to changes in the stages of women's lives and helps them to play active roles in conjunction with work-life balance support • Promoting the elimination of gender roles based on a code of conduct for gender equality • Actively strengthen recruitment, develop next-generation executives, promote more women to managerial roles, and support for gaining more skills
Active participation of people with disabilities	• Realization of an inclusive society through active employment
Active participation of older employees	• Extension of retirement age to 63 years old (system revised in April 2022), continuation of career-based work
Active participation of global human resources	• Continuing with the active employment of foreign nationals
Understanding of LGBTQ+ issues	• Promoting understanding of LGBTQ+ issues and eliminating unconscious bias through training • Creating a workplace that ensures mental wellbeing where diverse personalities work together with respect for each other

Supporting the Success of Women in the Workplace

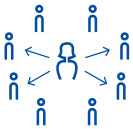
The YAMADA HOLDINGS Group recognizes that creating an environment in which all female employees can pursue their private lives while simultaneously advancing their careers based on their own intentions and desires is the foundation for further corporate growth.

As such, the Group has established and is promoting an action plan for promoting women in the workplace in line with the Act of Promotion of Women's Participation and Advancement in the Workplace which came into force in April 2016. The Group has set a target of at least 10% of female employees to be promoted to managerial positions. As of the end of March 2023, 3.6% of all female employees in the YAMADA HOLDINGS Group, and 11.3% in YAMADA HOLDINGS, have been promoted into managerial roles. The Group will continue to promote initiatives such as improving the workplace environment so that more women can play active roles in the Company.

Action Plan for Promoting Women in the Workplace of YAMADA HOLDINGS

Duration	April 1, 2021 to March 31, 2024
Target	Raise the percentage of women in managerial positions to 10% or more
	Maintain 100% rate for female employees taking childcare leave, and aim for rate of 30% or more for male employees

Ratio of female managers



FY2023
3.6%

Action Plan for Promoting Women in the Workplace
https://www.yamada-holdings.jp/csr/female_success.html
(in Japanese only)

Employee Data (full-time employees only) (as of March 31 each year)

Type		FY2021	FY2022	FY2023
Number of new employees	Male	388	358	573
	Female	197	241	303
	Total	585	599	876
Average number of years service		12.7	12.6	9.9*1
Turnover rate (%)		5.3	6.1	6.4
Percentage of employees with disabilities (including non-full-time employees) (%)*2		—	—	2.3
Retirees reemployed (%)		85.3	89.0	82.3
Number of foreign employees	Male	176	85	108
	Female	125	93	105
	Total	301	178	213

*1 Average number of years service has become shorter owing to the promotion of contracted full-time employees to full-time employees.
*2 Number of employees disclosed up until fiscal 2022, but changed to percentage from fiscal 2023.

TOPIC | Creating Inviting Stores for All Customers

YAMADA DENKI aims to create stores that all customers can use comfortably. Sanitary boxes were installed in the men's toilets at 849 YAMADA DENKI stores*1 in 2022 so that LGBTQ+ and other sexual minorities can use the facilities with peace of mind. Moreover, since May 2023, the YAMADA DENKI Tecc Land Sagamihara store has regularly been having quiet hours*2 to make it easier for those with hypersensitivity issues. YAMADA DENKI will make efforts to implement such initiatives at other stores in the future.

*1 Excludes stores with shared toilets in shopping malls.
*2 During quiet hours the store environment is temporarily toned down with less sound and light stimuli to help those with hypersensitivity.

In-store quiet hour

Promoting a Good Work-Life Balance

In order to create a comfortable workplace environment, the YAMADA HOLDINGS Group believes it is important to provide a work environment that respects a good work-life balance. As such, the Group has 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.

Reducing Long Work Hours

In addition to complying with labor-related laws, YAMADA DENKI is working to curb long working hours. A work interval system which ensures at least 11 hours of rest between the end and the start of the following work day is in operation to help improve work efficiency and reduce the amount of overtime work. Through this system, the Company aims to reform work-styles while reducing overtime hours.

Controls on long working hours
Percentage of companies that reduce overtime hours

FY2023
60%

Promoting More Use of Annual Paid Leave

The YAMADA HOLDINGS Group is working to improve the rate of paid leave taken, which can also be taken in half-day increments.

The Group has also set new targets and is working to promote and strengthen them throughout the Group to provide a comfortable working environment for all employees.

Percentage of paid leave taken
Permanent (full-time) and non-permanent employees

FY2023
56.9%

YAMADA HOLDINGS' Main Support Systems (as of April 2023)

Type	System	Description
Childcare	Maternity leave	8 weeks before delivery (14 weeks for multiple births), 8 weeks after delivery
	Childcare leave at birth (postpartum childcare leave for fathers)	Available for up to 4 weeks within 8 weeks after the child is born
	Childcare leave	Available until child reaches the age of 3 (until the age of 1 by law)
	Shorter working hours for childcare	Available until child graduates from elementary school (up to 3 years old by law)
	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)
	Shorter working hours for nursing care	Up to 3 years leave may be taken to care for a family member
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 or 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. Upon prior request from the employee, this leave can be used when the employee is absent from work due to illness or injury or undergoing fertility treatment, or when caring for a family member as stipulated in the nursing care leave regulations, after all annual paid leave has been used up.
	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	Five, six, or seven consecutive days off may be taken in any one year
	Special leave for female workers to receive health guidance or medical checkups in accordance with the Maternal and Child Health Act	Up to the 23rd week of pregnancy, one day of leave may be taken every 4 weeks; from the 24th to 35th week of pregnancy, one day of leave every 2 weeks; and from the 36th week until childbirth, one day every week may be taken
	Reemployment system	A system that allows employees who have to retire due to reasons such as childcare or nursing care to return to work (within 5 years)

System Usage Data (full-time employees only) (as of March 31 each year)

Type		FY2021	FY2022	FY2023
Paid leave taken (%)		45.8	46.2	51.0
Number of employees taking childcare leave	Male	37	32	41
	Female	265	187	217
	Total	302	219	258
Number of employees taking shorter hours for childcare	Male	13	7	9
	Female	730	581	628
	Total	743	588	637
Number of employees taking nursing care leave	Male	3	2	3
	Female	5	5	0
	Total	8	7	3

* Data for YAMADA HOLDINGS and its major operating companies.
* Previous years' values have been retroactively revised to improve accuracy.

Childcare and Nursing Care System

Regardless of gender, YAMADA HOLDINGS encourages employees to take childcare and nursing care leave so that they can work flexibly. The system was reviewed in 2022 resulting in the length of continuous employment required to take childcare leave being reduced from one year to three months. Due to changes in the ability to take childcare leave in two separate durations, and the establishment of a system for paternity leave, the percentage of women taking childcare leave in fiscal 2023 was 119.2%, and the percentage of men taking childcare leave was 14.3%.

Percentage of female and male employees taking childcare leave

FY2023

Female 119.2% **Male 14.3%**

At YAMADA HOLDINGS and YAMADA DENKI

* At YAMADA HOLDINGS and YAMADA DENKI, childcare leave can be taken before the child reaches the age of three, so the acquisition rate may exceed 100%

Employee Satisfaction Surveys

Starting in fiscal 2022, YAMADA HOLDINGS conducted employee surveys using a new method with the aim to improve employee motivation and productivity by setting issues and implementing measures based on the survey results. In fiscal 2023, the second year using the new method, the overall satisfaction level was judged as "B," which was not an altogether pleasing result. The main issues raised included physical and mental health, and career aspirations for managers. In the next fiscal year, we will work to address these issues and make improvements.

Employee satisfaction survey (7 ratings: S, A, B+, B, B-, C, D)

FY2023

Overall rating of B

At YAMADA HOLDINGS and YAMADA DENKI

Voice Long-Term Childcare Leave for Male Employees

Encouragement to Create an Environment Through Work and Childcare Leave

After the birth of my child, I took five months of childcare leave. I was worried that it would be too much time away from work, but thanks to a system that allows the workplace to operate even during my absence, and support from the government and the Company, I made the decision to take childcare leave. By taking advantage of the system, I was able to spend more time with my family, which also increased my motivation for work. As someone in charge of human resources, I took the lead in taking long-term childcare leave, and because of this, I believe that it has become easier for other male employees to take it as well. Even now, after returning from childcare leave, I am benefiting from the reduced working hours system which is helping me to be more efficient in my day-to-day work.

Isao Yamashita,
Human Resources Department,
Human Resources and General Affairs Division

Health and Safety at Work

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, the YAMADA HOLDINGS Group 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

The YAMADA HOLDINGS Group believes that good health and maintaining and improving a healthy and safe work environment where all employees can work with peace of mind are the foundations of the Company's survival. As such, the Group develops corporate activities based on this policy.

1. Creating a workplace where health and safety comes first

We will strive to improve awareness and knowledge of health and safety, and always give priority to creating an environment where employees can work safely and with peace of mind, both physically and mentally, putting this into practice at all workplaces.

2. Compliance with laws and regulations related to health and safety

We will comply with labor-related laws and regulations, such as the Industrial Safety and Health Act, as well as the health and safety regulations established by each Group company.

3. Reducing risks and improving the work environment

In order to prevent occupational accidents, we will identify the factors and magnitude of risks in each business, and work to eliminate or reduce them. Additionally, with good communication, we will continuously work to maintain and improve the working environment.

4. Maintaining and promoting health

We will continuously support the maintenance and improvement of the health of all Group officers and employees.

5. Fostering safety awareness

We will actively implement employee training and awareness activities related to health and safety in an effort to improve awareness of health and safety issues.

System to Promote Health and Safety at Work

YAMADA HOLDINGS and YAMADA DENKI have established a Health and Safety Committee chaired by managers and held once a month at all business sites. The committee also sets a theme for the year (based on important matters and matters for consultation). Activities and discussions take place around the monthly theme with the results submitted to and managed by the labor section at headquarters.

Main Initiatives to Prevent Accidents at Work

YAMADA HOLDINGS and YAMADA DENKI have determined priority issues to reduce the number of accidents in the workplace, and are taking various measures, including monitoring and managing work-related accidents. In order to eliminate risks that lead to serious injury etc., the Group has been working to prevent recurrences by preparing unsafe incident reports and examining individual cases. Moreover, in the event of an emergency, such as an earthquake or fire, the Group carries out disaster prevention drills at the headquarters and at each store, and posters are displayed at every store to ensure an appropriate initial response while securing the safety of its customers. In the event of an accident at work, the Group is obliged to put measures in place at the store concerned and with all relevant parties to prevent the accident from ever happening again. YAMADA DENKI has set a goal of a frequency rate of accidents that require time off work of 0.50 or less. In fiscal 2023, this rate was 0.69.

In addition, YAMADA HOMES conducts safety patrols and provides training, including for subcontractors. YAMADA HOLDINGS will strive to improve levels of safety management throughout the Group.

Frequency of accidents that require time off work

FY2023

0.69 At YAMADA DENKI

Health Management and Mental Health

YAMADA HOLDINGS and YAMADA DENKI provide 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 Group 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 Group 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. YAMADA DENKI also invites occupational health physicians to conduct mental health training twice a year for store managers. Moreover, the Group has 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, life-care training is being provided to employees in managerial roles from occupational health physicians.

Percentage of health checkups taken

FY2023
97.9%

Percentage of stress tests taken

FY2023
93.2%

Percentage of Stress Tests and Health Checkups Taken (%)

	FY2021	FY2022	FY2023
Percentage of health checkups taken	93.0	93.8	97.9
Percentage of stress tests taken	92.3	92.7	93.2

* Data from YAMADA HOLDINGS and its major operating companies from the fiscal year ended March 2021.

Respect for Human Rights

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 the YAMADA HOLDINGS Group is required to address human rights issues of various stakeholders affected by its business activities, and not just within the organization.

Along with reviewing the content of its respect for human rights in its CSR Code of Ethics, the YAMADA HOLDINGS Group has established a human rights policy which sets out the Group's due diligence on human rights, the remedies and corrective measures to be taken in the face of human rights abuses, and education on human rights. The Group will continue to strive to fulfill its responsibility to respect human rights throughout all of its business activities.

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

Human Rights Initiatives

In fiscal 2022, the YAMADA HOLDINGS Group participated in the "My Declaration of Human Rights" project managed by the Ministry of Justice where the director in charge explained the importance of human rights in business and made a commitment to promote respect for human rights. In line with this, training is given on the theme of various human rights issues that arise in business, with the aim of raising awareness and building a culture of respect for human rights. In fiscal 2023, training was conducted using videos on human rights issues specific to foreign workers. In addition, we will conduct surveys of business partners and identify human rights issues by understanding their working environments.

* My Declaration of Human Rights is an initiative that aims to realize a society where everyone respects each other's human rights, through declarations by companies, organizations, and individuals which express that they will take actions to respect human rights. For companies and organizations, the objective is to encourage human rights initiatives through management's determination and commitment to respect human rights.

Human Rights Due Diligence

In order to respect the human rights of all stakeholders involved in our business activities, the YAMADA HOLDINGS Group will continue to develop our system to implement human rights due diligence to identify and mitigate impacts on human rights, based on the United Nations Guiding Principles on Business and Human Rights and the Japanese government's Guidelines for Respecting Human Rights in Responsible Supply Chains.

Governance

Basic Approach

The YAMADA HOLDINGS Group strives to build a solid management foundation that meets the expectations of its diverse stakeholders by continuously strengthening corporate governance. Through rigorous compliance and applying good corporate ethics, we will increase transparency and practice reliable and resilient management in a hugely changing business environment, which will lead to sustained growth of the Group as a whole.

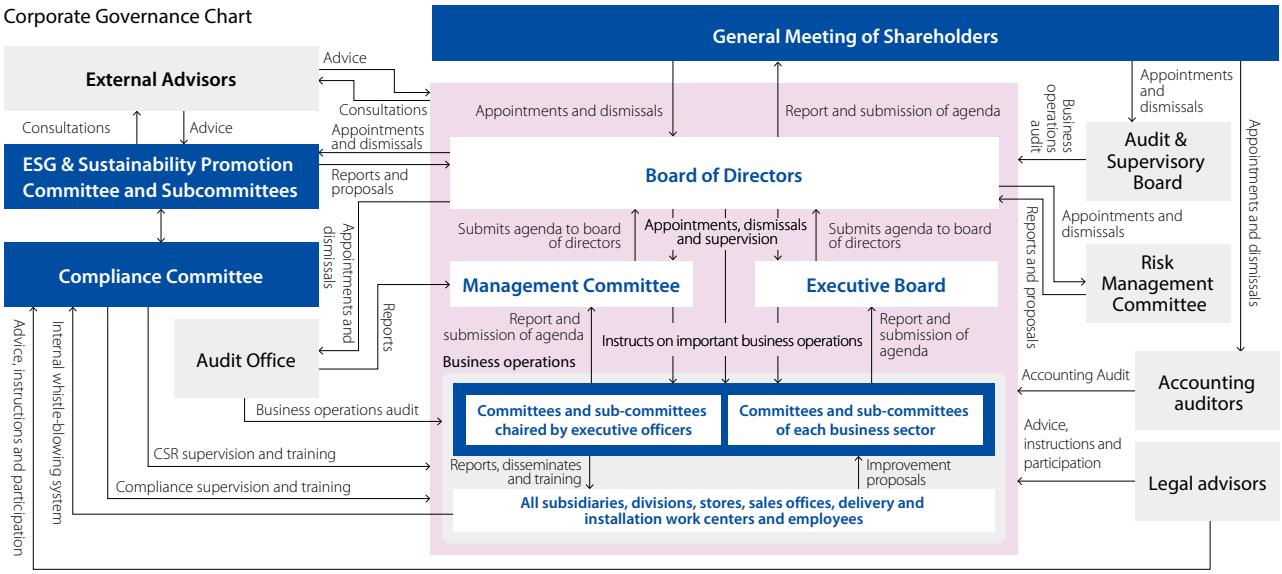
Corporate Governance

YAMADA HOLDINGS 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

YAMADA HOLDINGS has adopted an audit & supervisory board system under which the execution of business is supervised and monitored by the Board of Directors and the Audit & Supervisory Board. 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 Representative Director, Chairperson and President CEO, and two Representative Directors are responsible for their management.

Corporate Governance Chart



Board of Directors

Comprised of 8 directors. The chairperson 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.

Audit & Supervisory Board

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.

Management Committee

The Management Committee is held once a month to decide a broad range of management policies and strategies, based on discussions and evaluations of reports and proposals on management policies, strategies, challenges, and business execution.

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 day-to-day internal checks, internal audits, and internal control assessments. 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 29, 2023)

Main items	Description
Type of organization	Company with corporate Audit & Supervisory Board Members
Chairperson of the Board of Directors	Representative Director
Number of directors	8 (of which 2 female)
Number of outside directors	3 (all independent)
Number of executive officers	12 (3 of which concurrently serve as directors)
Number of Audit & Supervisory Board Members	4
Number of outside Audit & Supervisory Board Members	2 (both independent)
Term of directors	2 years
Term of Audit & Supervisory Board Members	4 years

Main Items Discussed at the Board of Directors

Matters Discussed	• Matters related to stock and corporate restructuring • Approval and resolution of financial statements, reports and dividends • Matters related to treatment and appointment of directors and auditors • Approval of basic management policies • Approval of business plans, budgets and expenditures • Procurement and management of funds • Matters related to execution of duties • Approval of revision and enactment of regulations

● Evaluation of the effectiveness of the Board of Directors

YAMADA HOLDINGS surveys its directors and auditors to analyze and evaluate the effectiveness of the Board of Directors. In the fiscal year ended March 2023, it was confirmed that the effectiveness of the Board of Directors 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.

Details of Board Effectiveness Assessment for FY2023

Assessment Method

The Board secretariat determines the items to be assessed, and conducts a questionnaire survey for the eight directors and four auditors (total 12) from February to April, gathers the results then analyzes and evaluates them

Survey Structure

Multiple questions are set in the following categories with space to write answers for each question and overall.
1. Role/function
2. Size/structure
3. Operation
4. Internal control/auditing body
5. Relationship with outside directors
6. Relationship with shareholders and investors

Overview of Assessment Results and Future Actions

Since the Company's Board of Directors has active discussions and an appropriate decision-making process, the function and effectiveness of the Board has been assured. However, there are some differences between the assessments of the internal and outside officers. We will therefore work to enhance discussions on ESG matters and the sharing of IR information, setting priority issues that the Board need to address.

Priority Issues 1

Expand ESG initiatives

Policy

Effectively utilize the ESG & Sustainability Promotion Committee as a forum for deliberating policies and measures on environmental and social issues and confirming the progress of its targets. Also share information and cooperate with other committees on initiatives.

Priority Issues 2

Development of support systems

Policy

Enhance the content of materials for internal officers and share materials in advance through digital means, better respond to various deliberations and reports as a holding company, and enhance and improve the efficiency of discussions at the Board of Directors.

Internal Control System

YAMADA HOLDINGS 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. The Risk Management Committee and Compliance Committee also fully share important matters to members of each department by way of the Compliance Subcommittee, thereby making every effort to strengthen the management system to improve the effectiveness of internal control.

Internal Control System Basic Policy
https://www.yamada-holdings.jp/info/policy/internalcontrol.html (in Japanese only)

Executive Remuneration

YAMADA HOLDINGS' 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 outside directors and Audit & Supervisory Board Members is fixed in order to maintain proper and effective management supervision.

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

Executive class	Total remuneration (million yen)	Total by type of remuneration (million yen)			Number of executives applies to
		Basic remuneration	Performance-linked remuneration	Non-monetary rewards	
Directors (of which are outside directors)	653 (16)	305 (16)	81 (—)	267 (—)	10 (3)
Audit & Supervisory Board Members (of which outside)	60 (10)	60 (10)	— (—)	— (—)	4 (2)
Total (of which are outside officers)	713 (26)	365 (26)	81 (—)	267 (—)	14 (5)

Management Policy Presentation

Each year, the YAMADA HOLDINGS Group holds a meeting at the YAMADA HOLDINGS headquarters with the participation of executives and representatives from every Group company to present its management policy. Representative directors from YAMADA HOLDINGS present policy for the following fiscal year while each division and Group company gives a review on their respective annual action plans, reports on progress, and presents future goals.

Investor Relations

YAMAD HOLDINGS holds financial results briefings for analysts and institutional investors. At the briefing sessions, senior management directly explain YAMADA HOLDINGS' management philosophy and policies, current performance, and future business strategies to help investors gain a deeper understanding of the Group.

Details of IR Activities

Target audience	IR activity
Domestic institutional investors and analysts	• Quarterly briefings • Financial results briefings • Individual visits • Online meetings
Overseas institutional investors	• Individual visits • Online meetings • Participation in conferences for overseas investors

Number of Meetings with Investors

FY2021	FY2022	FY2023
247	208	204

Directors and Officers

Representative Director, Chairperson and President CEO

Noboru Yamada

Born on February 11, 1943

1983 Sep.	Representative Director, President
2008 Jun.	Representative Director, Chairperson and CEO
2013 Jun.	Representative Director, President and CEO
2016 Apr.	Representative Director, Chairperson and Chairperson of the Board of Directors
2019 Jun.	Representative Director, Chairperson
2021 Apr.	Representative Director, Chairperson and CEO
2021 Sep.	Representative Director, Chairperson and President CEO (present post)

Representative Director, Vice President and COO

Atsushi Murasawa

Born on March 16, 1962

2018 Jun.	Joined the Company as Executive Officer, Head of SPA Product Development Office
2019 Nov.	Executive Officer, General Manager of Business Administration Division, and Manager of SPA Product Department
2020 Jun.	Director and Senior Managing Executive Officer, General Manager of Business Administration Division
2020 Oct.	Director
2021 Apr.	Director and Executive Officer in charge of Business Administration Division
2022 Apr.	Representative Director, Vice President and Executive Officer
2023 Apr.	Representative Director, Vice President and Executive Officer COO (present post)

Representative Director

Megumi Kogure

Born on October 18, 1976

2017 May	Junior Executive Officer, Head of Secretary Office
2018 Jun.	Director and Senior Executive Officer, Head of Secretary Office and Head of Human Resources Development Office
2019 Apr.	Director and Senior Executive Officer, Head of Secretary Office and General Manager of Human Resources and General Affairs Division
2020 Jun.	Director and Managing Executive Officer, General Manager of Human Resources and General Affairs Division
2020 Oct.	Director
2021 Apr.	Director and Executive Officer in charge of Human Resources and General Affairs Division
2022 Apr.	Representative Director and Senior Managing Executive Officer (present post)

Director

Akira Fukui

Born on June 6, 1965

As the officer in charge of the accounting, finance, and management divisions, I am working to strengthen the management foundation through further sophistication of the holding company structure, such as maintaining and strengthening a sound financial base that enables flexible investment necessary for the sustainable growth of the Group, and consolidating the operations of the management departments of the Group and improving capital efficiency. And in order to achieve our "Total-Living" strategy, I will work to improve customer convenience by utilizing finance technology and diversifying our payment services. For example, I will strengthen the functions of YAMADA NEOBANK (agency bank), a unique financial service utilizing BaaS, and introduce new products and services to create value that is unique to Yamada with the aim to realize the mid-term business plan and further improve corporate value. I will continue to take on the challenge to solve various management issues in order to further strengthen the Group's profitability and corporate governance, while always keeping in mind our management philosophy of Creation and Challenge, and Appreciation and Trust.

2017 Jun.	Executive Officer, Deputy General Manager of Corporate Sales Division
2018 Jun.	Director and Senior Executive Officer, Manager of Corporate Sales Department, Sales and Marketing Division
2018 Aug.	Director and Senior Executive Officer, General Manager of Administration Division
2020 Jun.	Director and Managing Executive Officer, General Manager of Administration Division
2020 Oct.	Director
2021 Apr.	Director and Executive Officer in charge of Administration Division (present post)

Director

Takayuki Fukuda

Born on August 30, 1974

I am in charge of developing new stores, managing existing stores, and store remodeling. I take pride in our business of enriching the housing aspect of food, clothing and housing. Maintaining a nationwide store network and managing it well to support these efforts gives me a sense of great responsibility and satisfaction. I will spare no effort to ensure our business continues to grow together with all of our stakeholders. As it has been about 20 years since we began to aggressively open new stores, an issue for us right now is that we must push forward with a scrap and build strategy in response to changes in the market so that we can continue to increase our market share. Meanwhile, there is a need to focus on measures against the soaring price of materials and utility costs. For us, we recognize that this is also a very pressing issue. I will continue to utilize our inherent driving force and stick to the principle of shop-floor first to achieve our development goals.

2012 Apr.	Junior Executive Officer, Manager of Store Construction Department, Store Development Division
2016 Jun.	Director and Senior Executive Officer, Manager of Store Construction Department, Store Development Division
2018 Apr.	Director and Senior Executive Officer, General Manager of Store Development Division and Manager of Store Construction Department
2020 Jun.	Director and Senior Executive Officer, General Manager of Store Development Division
2020 Oct.	Director
2021 Apr.	Director in charge of Store Development Division (present post)

Outside Director

Tsukasa Tokuhira*1

Born on May 3, 1954

As the social environment changes, the role of distribution companies has changed dramatically. In particular, we must address environmental issues and build a supply chain that stably delivers products to customers, and in addition to product sales we must provide services that allow customers to use products with peace of mind. As an expert in distribution, I use my knowledge to check the governance of YAMADA HOLDINGS and make recommendations for future growth. The home appliance market is sluggish due to declining consumption from a shrinking population and aging customer-base, but as a leading company in the distribution of home appliances, we will take on challenges in fields where growth is expected to create new demand, thereby helping to solidify our position. And we are aiming for a higher profit structure with moves to transform ourselves digitally and with the development of in-house developed products which we are currently working on. By becoming a holding company, we will go beyond the framework of a distribution company, integrating businesses such as housing, finance, the environment, and services to create a progressive company seldom seen in the world.

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.

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

Outside Director

Miki Mitsunari*1

Born on February 29, 1972

As an outside director, I endeavor to gain a wide range of perspectives and knowledge so that YAMADA HOLDING's "Total-Living" strategy can not only be more beneficial for customers and contribute to the development of local communities, but also so that it can help lead to the resolution of social issues such as the environment, aging, and disaster prevention. In addition to promoting ESG for the whole Group and supporting the reuse and recycling business promoted by Yamada Environmental Resources Development Holdings, I helped with the Group's store development last year by providing information on store location analysis using a geographic information system (GIS). As we celebrate 50 years since the Company was first founded, I will continue to make efforts as an outside director so that we can continue to grow as a company that is loved by everyone in the community.

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 promote the Group's ESG initiatives.

1994 Apr.	Joined TOKYU LAND CORPORATION
2001 Feb.	Joined FUJI RESEARCH INSTITUTE CORPORATION (now Mizuho Research & Technologies, Ltd.)
2011 Sep.	Representative Director of FINEV inc. (present post)
2020 Mar.	Outside Director at Funai Soken Holdings Inc.
2020 Jun.	Director at Japan Accreditation Board (present post)
2020 Jun.	Outside Director of the Company (present post)
2022 Jun.	Outside Director at Solasto Corporation (present post)
2023 Jun.	Outside Director at YUASA TRADING CO., LTD. (present post)

(As of June 29, 2023)
*1 Independent officers under the Tokyo Stock Exchange listing rules

Outside Director

Kunimitsu Yoshinaga[*1]

Born on November 20, 1945

I believe that the primary role expected of an outside director is to get involved so that YAMADA HOLDINGS can continue to be number one in Japan in the field of corporate governance. Based on the experience I have cultivated over the past 35 years as a banker and as a public servant both locally and overseas, I would like to be able to always demonstrate my strengths in promoting Yamada's sustainability. Yamada's characteristic is that its organization and management are constantly changing. Yamada is able to easily transform itself in surprising ways. It is my great pleasure to be able to help with this transformation, especially in the field of finance. It is said that "banks will disappear, but banking operations will remain," and we see that embedded finance is becoming more commonplace in Europe and the United States. YAMADA NEOBANK was created to fulfill that role, but it is still far from being the best in Japan. NEOBANK will be recognized as the main bank in Yamada's commercial sphere centered on directly managed stores as it extends the "Total-Living" concept of home appliances, furniture, housing, and renovation, bringing Yamada members well into the fold. As it increases its role as a bank, my hope is that NEOBANK will grow into the kind of bank that everyone is familiar with. As a self-confessed Yamada-phile, nothing would make me happier than to be able to contribute to the development of this great Company.

Reason for appointment

Having worked at the Ministry of Finance and served as Deputy Governor of Iwate Prefecture and as Director-General of the Kanto Local Finance Bureau among other positions, he has gained extensive knowledge in finance and other matters. As such, we have determined that he can play an advisory and supervisory role in the Company's management strategy.

1969 Apr. Joined the Bank of Japan
1970 Oct. Joined the Ministry of Finance
2005 Jun. Joined THE TOWA BANK, LTD. as Senior Managing Director
2007 May Representative Director and President of THE TOWA BANK, LTD.
2020 Jun. Representative Director, Chairperson of THE TOWA BANK, LTD.
2021 Jun. Corporate Advisor of THE TOWA BANK, LTD.
2022 Jun. Corporate Honorary Advisor of THE TOWA BANK, LTD.
2022 Jun. Outside Director (present post)

Audit & Supervisory Board Member

Makoto Igarashi

Born on August 4, 1964

It is my role to ensure there is sound management of the Group through auditing the business and accounts of the holding company that controls the five business segments. By making use of my experience and knowledge from working in Group businesses, I will do my best to improve corporate value and growth of the Company over the medium- to long-term, and as the pillar that supports this, help to strengthen governance.

1999 Jun. Director, Manager of Accounting Department of the Company
2001 Apr. Managing Director, Deputy General Manager of Merchandise Management Division
2003 May Senior Managing Director, General Manager of Administration Division
2005 Jan. Director and Senior Managing Executive Officer, General Manager of the Sales and Marketing Division
2008 Jun. Director and Senior Managing Executive Officer, Head of Overseas Business Strategy Office
2013 Jun. Director and CFO, General Manager of Administration Division
2014 Jun. Audit & Supervisory Board Member (present post)

Audit & Supervisory Board Member

Jun Okamoto

Born on April 28, 1956

Taking advantage of my previous job and 15 years of experience in charge of corporate planning, I am trying to take a different approach from that which has gone on in the past. I feel a sense of fulfillment that is different from my previous positions on the executive side. Recognizing that I have been given a great deal of authority as an Audit & Supervisory Board Member, I would like to renew my determination of the responsibilities naturally associated with this authority to help further strengthen the Group's framework to increase corporate value.

2006 Jun. Director and Senior Managing Executive Officer of the Company
2007 Jun. Director and Senior Managing Executive Officer, Head of Corporate Planning Office
2012 Apr. Director and Vice President, Head of Corporate Planning Office and Head of Management Office for SxL and Head of CSR Promotion Office
2019 Oct. Director and Senior Managing Executive Officer, Head of Corporate Planning Office and Head of Sustainability Promotion Office
2020 Jun. Audit & Supervisory Board Member (present post)

Outside Audit & Supervisory Board Member

Somuku Iimura*1

Born on April 14, 1953

I find it rewarding to work hard to ensure that the operations of the largest consumer electronics company in Japan are carried out legally. As a lawyer and outside Audit & Supervisory Board Member, I believe that my main role is to check that the directors are performing their duties properly with a focus on compliance, and as such, I will do my best to build a better company by making full use of my domestic and international legal experience.

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.

1986 Apr. Registered as a lawyer and joined Nishimura & Asahi Law Firm
2014 Jun. Outside Director at Maruha Nichiro Corporation (present post)
2016 Jun. Outside Audit & Supervisory Board Member of the Company (present post)
2017 Feb. Outside Auditor at Nachi-Fujikoshi Corporation
2019 Jan. Joined Nishimura & Asahi Law Firm
2020 Jan. Joined ITN Law Office as a Senior Partner
2020 May Outside Auditor at SANYO SHOKAI LTD. (present post)
2020 Jun. Outside Director at Furukawa Battery Co., Ltd. (present post)
2020 Dec. Executive Partner of ITN Law Office (present post)

Outside Audit & Supervisory Board Member

Hirohisa Ishii*1

Born on September 19, 1958

Expanding and strengthening the Group's governance system as a holding company is expected to become an even more important task for the Group going forward. I will do my best to contribute to the sound development and expansion of the Group's business from a nonpartisan standpoint by making use of the experience I have cultivated at banks and companies.

Reason for appointment

Having extensive experience and insight in all aspects of business as a businessman and practitioner, as well as knowledge in accounting and finance, we have determined that he can play an advisory and supervisory role in the Company's management based on his extensive knowledge.

1982 Apr. Joined The Dai-ichi Kangyo Bank, Limited (now Mizuho Bank, Ltd.)
2010 Apr. Executive Officer, Mizuho Corporate Bank, Ltd.
2013 Jun. Director Deputy President, Mizuho Asset Management Co., Ltd. (now Asset Management One Co., Ltd.)
2016 Oct. Managing Director, Mizuho Bank, Ltd.
2018 Jun. Representative Director and President of Heart Agency Co., Ltd. (present post)
2020 Jun. Outside Director and Audit and Supervisory Committee Member of TOTOKU ELECTRIC Co., Ltd. (now TOTOKU INC.)
2023 Jun. Outside Audit & Supervisory Board Member of the Company (present post)

Skills Matrix

	Name	Position	Years in office	Corporate management / Management strategy	Store development / Store opening policy	Product development	Sales / Store operations	Financial business	Housing business	Environment business	Overseas business	Digital transformation / IT	M&A	Human resources	Finance/ Accounting	Legal/ Risk management	ESG	FY2023 Attendance at Board of Directors	FY2023 Attendance at Audit & Supervisory Board
Director	Noboru Yamada		40	●	●		●				●	●	●			●	●	20/20	–
	Atsushi Murasawa		3	●		●			●	●		●				●	●	20/20	–
	Megumi Kogure		5	●			●							●		●	●	20/20	–
	Akira Fukui		5					●			●		●		●	●	●	20/20	–
	Takayuki Fukuda		7		●		●		●							●	●	20/20	–
	Tsukasa Tokuhira	Independent/ Outside	9	●			●										●	20/20	–
	Miki Mitsunari	Independent/ Outside	3							●							●	20/20	–
	Kunimitsu Yoshinaga	Independent/ Outside	1	●				●				●			●	●	●	15/15*2	–
Audit & Supervisory Board Member	Makoto Igarashi		9	●				●	●		●		●		●	●	●	20/20	12/12
	Jun Okamoto		3	●				●					●		●	●	●	20/20	12/12
	Somuku Iimura	Independent/ Outside	7										●		●	●	●	20/20	12/12
	Hirohisa Ishii	Independent/ Outside	–	●				●							●		●	–	–

Note: Items marked with a black circle are those skills the Group particularly expects. They do not represent all knowledge and experience.
(As of June 29, 2023)
*1 Independent officers under the Tokyo Stock Exchange listing rules
*2 There have been 15 meetings of the Board of Directors since Mr. Yoshinaga took office

Compliance

The YAMADA HOLDINGS Group positions compliance as one of the most important management issues, and recognizes that, as a corporate citizen, not only legal compliance, but also compliance with social norms is essential. By practicing the YAMADA HOLDINGS Group Code of Conduct which serves as an action guideline for realizing the Group's management philosophy, we are making all of our employees more aware about the issue of compliance and we are working to establish and thoroughly ensure compliance is carried out.

YAMADA HOLDINGS Group Code of Conduct
https://www.yamada-holdings.jp/lang-en/policy_code-of-conduct.html

Compliance Promotion System

YAMADA HOLDINGS has established a Compliance Committee, chaired by the director in charge, to ensure thorough compliance throughout the Group. At the monthly Compliance Committee meeting, the status of compliance management at each Group company is confirmed to identify any problems and discuss improvement measures. The Group is also striving to improve its compliance system through various subcommittee topics. Compliance committees are also held once a month at Group companies to exchange opinions and to hold study sessions on issues arising from each company. Content from all committee discussions is reported to the Board of Directors as required with information shared and any appropriate measures taken.

Compliance Promotion System

Compliance Subcommittee Topics (FY2023)

Topic		Description
April	Development of internal control system	Confirming how internal controls are being implemented and improving the system
May/June	Subcontract law	Matters related to a subcontract law
July/August	Internal control (documentation)	Establish and implement document management system
September	Invoicing system	Matters related to an invoicing system
October	Act against Unjustifiable Premiums and Misleading Representations	Adhering to laws on misleading representations and offering prizes and benefits
November	Act on the Protection of Personal Information	Ensure the proper handling of personal information
December	Antimonopoly law	Recent antimonopoly law cases
January	Human rights	Human rights issues in the supply chain
February	Product Liability Law	Matters related to the Product Liability Law
March	EU General Data Protection Regulation	Dealing with GDPR

Compliance Training

YAMADA HOLDINGS holds compliance training to further promote understanding of topics under discussion. Every year, the Legal Office selects topics that are strongly related to the work of the Group. In the training for fiscal 2023, we worked to improve specific knowledge in cooperation with the SDGs Promotion Department, SPA Product Department, and Security Management Department. We are also working to improve the content of the training by using questionnaires. In addition, we provided online learning tools to support voluntary training by employees, and held study sessions for compliance officers of Group companies that are highly relevant to each topic. The Merchandise Department holds training as and when needed to learn correct store management and gain knowledge based on the basic principles of legal compliance.

Internal Whistle-Blowing System

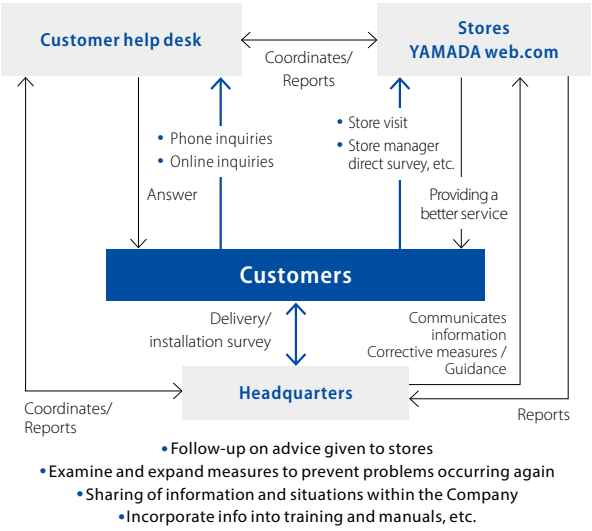
In order to prevent compliance violations, including on matters related to harassment, discrimination, and human rights, the YAMADA HOLDINGS Group operates an internal whistle-blowing system by setting up a point of contact as a means to receive reports from inside and outside the Company. Every effort is being made to protect whistle-blowers based on the Rules on the Internal Whistle-Blowing System so that any person may be able to come forward anonymously. The number of reports

received, case summaries, results of responses to the reports, and progress of any reports not yet fully addressed are summarized and regularly reported to the Board of Directors and Audit & Supervisory Board. 173 whistle-blowing reports were received in the fiscal year ended March 2023 and all reports were properly dealt with.

Customer Satisfaction Initiatives

YAMADA DENKI is seeking 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 its 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



Setup customer help desk

In fiscal 2023 YAMADA DENKI set up a range of call centers so that it can make the most of customer feedback. A customer help desk has been set up at the headquarters where a system has been created to listen to customer feedback and respond promptly after cooperation between relevant departments. In response to the feedback received, regular meetings are held once a month. In addition to reports on the drafting of specific improvement plans, and the status of implementation and improvement efforts being reported to executive officers, information is shared with each department at in-house company manager meetings. A call center has also been set up dedicated to repairs and various other services in an effort to improve services. Going forward, the Company will continue to collect and analyze customer feedback with the aim of further improving levels of customer satisfaction.

Customer Feedback (No. of cases)

	FY2021	FY2022	FY2023
Complimentary feedback	638	625	616
Suggestions for improvement	632	615	545

Customer Service Training

Customer service training is conducted for call center staff at the Group's call center. Based on actual customer recordings, a check sheet that incorporates evaluation items is used to conduct an assessment to improve the quality of staff responses. The quality of our customer service is improved through feedback from the assessment results. Going forward, we will continue to work to further improve our responses, including how we collect customer feedback.

Training for call center staff

Risk Management

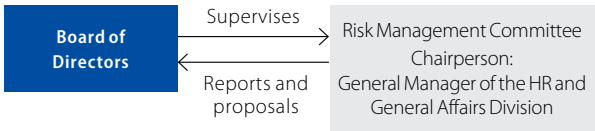
As well as identifying various risks related to its business activities and implementing appropriate countermeasures, the YAMADA HOLDINGS Group shares necessary information to mitigate and prevent any risks from materializing.

Promotion System

Every month YAMADA HOLDINGS holds the Risk Management Committee, chaired by the General Manager of the Human Resources and General Affairs Division, to build a risk management system that includes every Group company. The content of discussions from these committee meetings is also reported back 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. In terms of information security, a personal information protection policy and an information security basic policy have been formulated in order to properly manage customers' personal information. The Security Committee (held once a month), chaired by the Head of the DX Innovation Promotion Office, makes every effort in terms of information security by identifying any information security risks both internally and externally, formulating countermeasures and reporting progress.

The Risk Management System



Responding to Major Risks in Business Activities

The YAMADA HOLDINGS Group has set out the risks that may have a significant impact on its business results and financial position, and measures to mitigate these risks.

● Emergency BCP Measures

YAMADA HOLDINGS established Business Continuity Plan (BCP) management rules in May 2020 in preparation for large-scale disasters, etc., and regularly reviews and revises these rules. A system has been established to minimize damage in the event of an emergency, with for example, setting up an emergency management HQ at headquarters and appointing people to share information at each business site.

Major Risks and Countermeasures

Type	Risk	Countermeasure	Impact Level
Risks related to earthquakes and natural disasters	Damage to store facilities or power outages caused by typhoons, earthquakes, or torrential rain may lead to business interruptions or hinder product procurement, resulting in a significant decline in sales and a significant impact on business results.	• Construct safety management system centered on emergency management HQ • Regular review and update to the disaster response manual • Training for employees • Stockpile disaster supplies (239 stores and distribution bases)	High
Risks related to the supply of original brand products	In the event of a disaster in China where main manufacturing contractors are based, there may be insufficient or no supply of our original products, which may have a significant impact on business performance and financial position.	• Build system to mitigate disaster risks for manufacturing contractors • Diversify and seek out new contractors	Medium
Risks related to information security	In the event of any tampering or leaking of information due to natural disasters, computer viruses, unauthorized access, etc., any such customer data breach may negatively impact the Group's reputation and corporate image.	• Thorough compliance with information security and privacy policies • Hold study sessions to raise awareness among employees on information security • Obtain international standard ISO/IEC 27001 certification (Takasaki Headquarters) • Request outsourced companies to create and run an information management system	High
Risks related to product purchasing and inventory	With disruption to the distribution network due to natural disasters, changes in relationships with business partners, a global shortage of resources, or a collapse of the supply chain, etc., it may be difficult to purchase products and secure inventories as planned, which may have a significant impact on business results.	• Diversify suppliers in each product category • Hold regular purchasing and inventory meetings with purchasing managers in each category	High
Risks associated with large-scale epidemics	Due to the impact on management resources owing to outbreaks of infectious disease such as Covid-19 or influenza, the stable supply of products and services may become difficult, which may have a significant impact on business performance and financial position.	• Rigorous infection control measures that put the health and safety of customers, shareholders, business partners, employees, etc. first • Ascertain employee safety in times of emergency and put in place steps to return to work • Implement measures in line with the guidelines of The Japan Major Consumer Electronics Appliance Distributor Association	High
Risks related to housing quality assurance	Although housing quality is thoroughly controlled, if a serious quality-related problem arises due to unforeseen circumstances, it may have a significant impact on business performance and financial position.	• Use of materials that comply with laws and regulations, development of proper construction systems • Training to raise employee awareness of quality assurance • Quality assessments and analysis of demands through customer surveys, etc. • Quality inspections by third-party agencies	High

Supply Chain Management

The YAMADA HOLDINGS Group has formulated a trading policy for Group companies and business partners in an effort to strengthen its supply chain management. The Group deals with various suppliers in Japan, including major consumer electronics and furniture manufacturers, household product manufacturers and wholesalers. Many of the manufacturers with which the Group deals with are companies making exceptional efforts. The Group aims to build sound partnerships with its business partners by utilizing knowledge and sharing information on the social responsibilities mutual to both parties in the trading relationship.

Trading Policy
https://www.yamada-holdings.jp/lang-en/policy_trading-policy.html

Business Partner Questionnaire Surveys

Among its emphasis on corporate social responsibility throughout the entire value chain, the YAMADA HOLDINGS Group promotes compliance in areas such as the environment, society, and ethics based on its Code of CSR Ethics. Since the Group's products and services are provided to customers via a number of domestic and foreign corporations, the Group believes that all relevant laws and regulations should be complied with at every stage to ensure products and services are provided in an environmentally, socially and ethically acceptable way. For this reason, a questionnaire survey is conducted once a year targeting major business partners. The results from the responses are collated and analyzed, and hearings or requests for improvement are carried out if any companies are deemed to be high risk.

● Business Partner Questionnaire Survey Results for Fiscal 2023

From fiscal 2022, YAMADA HOLDINGS has been using the CSR Procurement Self-Assessment Questionnaire published by the Global Compact Network Japan (GCNJ) to conduct a self-assessment questionnaire with a total of 114 questions on 9 topics, including human rights, the environment, and the supply chain. The questionnaire is given to YAMADA HOLDINGS' business partners, Group company business partners, major business partners of YAMADA DENKI, and SPA product manufacturers.

Information on the Business Partner Questionnaires

Business partners	Type	FY2021	FY2022	FY2023
YAMADA HOLDINGS' business partners	Number of companies	—	121	280
	Response rate (%)	—	43.0	56.1
Group company business partners	Number of companies	5	314	247
	Response rate (%)	100	53.8	67.6
YAMADA DENKI main business partners	Number of companies	81	80	75
	Response rate (%)	82.7	63.8	62.7
SPA product manufacturers	Number of companies	19	37	39
	Response rate (%)	100	70.3	100
Total	Number of companies	—	552	641
	Response rate (%)	—	54.0	64.0

The number of companies surveyed was 552 in fiscal 2022 and 641 in fiscal 2023, an increase for the second consecutive year. The survey response rate also increased, up from 54% last year to 64% in 2023. As well as identifying Group companies and business partners with low scores in a comparative analysis with the previous fiscal year to get an understanding of the situation at meetings, plans for improvement are put forward and corrective measures are taken as necessary. We will continue to implement the self-assessment questionnaires to strengthen management of the supply chains in Group companies.

● Selecting SPA product manufacturers

YAMADA HOLDINGS mainly selects ISO 9001-certified companies as manufacturers for its SPA products. Inspections are carried out at the factories of some of these manufacturers at different times: initially, before mass production, regularly (once every three years), and at random. Furthermore, the status of their ISO 14001 certification is verified every year to strengthen our response to environmental risks. The audit of overseas factories was outsourced to local subsidiaries during the pandemic.

Major Financial Data for 10 Years (Consolidated)

	37th	38th	39th	40th
	FY2014	FY2015	FY2016	FY2017
Profit and Loss				
Net sales	1,893,971	1,664,370	1,612,735	1,563,056
Operating profit	34,265	19,918	58,158	57,895
Ordinary profit	50,187	35,537	62,734	66,040
Profit attributable to owners of parent	18,666	9,340	30,395	34,528
Assets				
Net assets	553,354	509,397	557,722	585,547
Total assets	1,196,288	1,122,407	1,146,722	1,159,456
Cash Flow				
Cash flows from operating activities	45,148	22,982	△23	43,855
Cash flows from investing activities	△38,606	△20,232	△13,437	△15,279
Cash flows from financing activities	△7,646	△41,487	4,732	△24,382
Cash and cash equivalents at end of year	77,754	39,691	30,664	34,981
Financial Indicators				
Common stock (100 million yen)	710	710	710	710
Equity ratio (%)	44.2	43.2	46.6	48.4
Price earnings ratio (times)	17.01	42.18	13.92	12.91
ROA (%)	1.6	0.8	2.7	3.0
ROE (%)	3.5	1.8	6.0	6.3
Share Information				
Net assets per share (yen)	592.17	643.03	666.03	697.46
Basic earnings per share (yen)	20.21	11.73	38.22	43.00
Diluted earnings per share (yen)	20.21	11.72	38.16	42.89

(million yen)

41st	42nd	43rd	44th	45th	46th
FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
1,573,873	1,600,583	1,611,538	1,752,506	1,619,379	1,600,586
38,763	27,864	38,326	92,078	65,703	44,066
47,335	36,889	46,074	98,875	74,136	50,064
29,779	14,692	24,605	51,798	50,555	31,824
588,740	591,593	645,166	672,545	676,277	611,775
1,175,568	1,184,042	1,163,494	1,252,599	1,271,668	1,271,181
61,689	36,023	62,433	122,281	21,084	43,740
△12,668	△8,469	△8,234	△14,777	△22,265	△25,209
△32,920	△27,461	△58,091	△82,837	△16,647	△29,453
51,326	51,175	48,397	73,760	56,470	46,486
710	710	710	710	711	711
49.8	49.7	54.6	51.8	51.6	47.6
17.35	30.02	15.19	9.50	6.23	11.33
2.6	1.2	2.1	4.3	4.0	2.5
5.2	2.5	4.0	8.1	7.9	5.0
731.57	723.55	721.37	792.26	785.50	853.67
36.77	18.18	28.38	62.82	60.96	40.25
36.65	18.07	27.01	62.53	60.67	40.02

Note:
The Accounting Standards for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) have been applied since the beginning of the 45th business year (fiscal 2022). As such, all figures for the 45th business year and thereafter are the figures after these accounting standards have been applied.

Consolidated Balance Sheets

(million yen)

	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)
Assets		
Current assets		
Cash and time deposits	57,184	47,236
Notes receivable	4,647	4,832
Accounts receivable	68,753	68,821
Accounts receivable from completed construction contracts	2,378	3,134
Operating loans	6,322	14,448
Merchandise and finished goods	356,043	338,382
Real estate for sale	35,542	48,760
Costs on construction contracts in progress	8,172	7,600
Work in process	1,234	1,418
Raw materials and supplies	3,797	6,361
Other current assets	78,824	74,667
Allowance for doubtful accounts	△1,622	△1,889
Total current assets	**621,279**	**613,773**
Non-current assets		
Property and equipment		
Buildings and structures (net)	201,122	201,943
Land	203,087	204,726
Lease assets (net)	13,509	14,332
Construction in progress	4,840	6,023
Other (net)	14,931	12,542
Total tangible fixed assets	**437,490**	**439,569**
Intangible fixed assets	**40,955**	**42,095**
Investments and other assets		
Investment securities	10,384	14,362
Long-term loans receivable	3,019	2,578
Net defined benefit assets	1,789	1,553
Deferred tax assets	54,102	57,587
Guarantee deposits	77,423	76,611
Other assets	28,081	25,945
Allowance for doubtful accounts	△2,858	△2,895
Total investments and other assets	**171,942**	**175,742**
Total fixed assets	**650,388**	**657,407**
Total assets	**1,271,668**	**1,271,181**

(million yen)

	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable	94,564	90,632
Accounts payable on construction contracts	15,037	14,156
Short-term loans payable	60,755	122,725
Current portion of long-term loans payable	50,300	55,201
Lease obligations	4,870	6,282
Income taxes payable	4,677	1,552
Contract liabilities	58,530	50,343
Advances received on construction contracts in progress	23,370	20,194
Provision for bonuses	12,062	12,777
Other provisions	4,178	4,278
Other current liabilities	63,340	60,787
Total current liabilities	**391,688**	**438,932**
Long-term liabilities		
Long-term loans payable	111,111	124,739
Lease obligations	11,102	10,592
Provision for directors' retirement benefits	796	316
Provision for product warranties	1,675	1,407
Other provisions	217	145
Net defined benefit liabilities	31,523	34,311
Asset retirement obligations	35,786	36,748
Other long-term liabilities	11,488	12,211
Total fixed liabilities	**203,701**	**220,472**
Total liabilities	**595,390**	**659,405**
Net assets		
Shareholders' equity		
Common stock	71,100	71,124
Capital surplus	80,989	74,653
Retained earnings	564,882	581,540
Treasury stock	△61,251	△121,784
Total shareholders' equity	**655,720**	**605,535**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△24	△1,139
Foreign currency translation adjustments	1,404	1,943
Remeasurements of defined benefit plans	△397	△1,719
Total accumulated other comprehensive income	**982**	**△914**
Subscription rights to shares	**1,725**	**1,963**
Non-controlling interests	**17,849**	**5,191**
Total net assets	**676,277**	**611,775**
Total liabilities and net assets	**1,271,668**	**1,271,181**

Consolidated Statements of Income

(million yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Net sales	**1,619,379**	**1,600,586**
Cost of sales	**1,154,418**	**1,151,815**
Gross profit	**464,960**	**448,771**
Selling, general and administrative expenses	**399,257**	**404,705**
Operating profit	**65,703**	**44,066**
Non-operating income		
Interest income	588	730
Purchase discounts	2,452	2,307
Sales of electric power	1,905	1,908
Other	6,700	5,238
Total non-operating income	**11,646**	**10,186**
Non-operating expenses		
Interest expenses	1,421	1,472
Cost of sale of electric power	775	772
Other	1,016	1,942
Total non-operating expenses	**3,213**	**4,187**
Ordinary profit	**74,136**	**50,064**
Extraordinary income		
Gain on sale of fixed assets	29	70
Gain on sale of investment securities	216	242
Gain on sale of shares of affiliated companies	190	—
Gain on revision to retirement benefit plan	3,061	893
Other	89	80
Total extraordinary income	**3,587**	**1,287**
Extraordinary loss		
Loss on disposal of fixed assets	616	268
Impairment loss	3,961	6,445
Loss on disasters	1,345	321
Retirement bonuses for directors	1,010	—
Other	1,259	732
Total extraordinary losses	**8,192**	**7,767**
Profit before income taxes	**69,531**	**43,584**
Corporation, resident and enterprise taxes	15,959	14,172
Income taxes-deferred	1,289	△2,830
Total income taxes	**17,249**	**11,341**
Current net income	**52,281**	**32,242**
Profit attributable to non-controlling interests	1,726	417
Profit attributable to owners of parent	**50,555**	**31,824**

Consolidated Statements of Comprehensive Income

(million yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Current net income	**52,281**	**32,242**
Other comprehensive income		
Valuation difference on available-for-sale securities	128	△1,103
Foreign currency translation adjustments	763	539
Adjustments for defined benefit plans	△2,082	△1,322
Share of other comprehensive income of associates accounted for using equity method	△3	△2
Total other comprehensive income	**△1,194**	**△1,888**
Comprehensive income	**51,087**	**30,354**
Comprehensive income attributable to:		
Owners of parent	49,512	29,928
Non-controlling interests	1,575	426

Consolidated Statement of Changes in Shareholders' Equity, etc.

(million yen)

Previous fiscal year (April 1, 2021 to March 31, 2022)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	71,077	84,235	560,958	△68,882	**647,388**
Cumulative effects of changes in accounting policies			△31,955		△31,955
Restated balance	71,077	84,235	529,002	△68,882	615,432
Changes during the period					
Issuance of new shares	22	22			45
Cash dividends			△14,754		△14,754
Profit attributable to owners of parent			50,555		50,555
Purchase of treasury stock				△5	△5
Disposal of treasury stock		△5		51	45
Change in scope of consolidation			17		17
Increase by merger			61		61
Increase (decrease) in equity from purchase of shares of consolidated subsidiaries		△3,263		7,585	4,321
Changes during the period of items other than shareholders' equity (net)					—
Total changes during the period	22	△3,246	35,880	7,631	**40,287**
Balance at end of year	71,100	80,989	564,882	△61,251	**655,720**

	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	Accumulated adjustments for defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	△269	609	1,685	2,025	1,578	21,551	**672,545**
Cumulative effects of changes in accounting policies							△31,955
Restated balance	△269	609	1,685	2,025	1,578	21,551	640,589
Changes during the period							
Issuance of new shares							45
Cash dividends							△14,754
Profit attributable to owners of parent							50,555
Purchase of treasury stock							△5
Disposal of treasury stock							45
Change in scope of consolidation							17
Increase by merger							61
Increase (decrease) in equity from purchase of shares of consolidated subsidiaries							4,321
Changes during the period of items other than shareholders' equity (net)	244	794	△2,082	△1,043	146	△3,702	△4,598
Total changes during the period	244	794	△2,082	△1,043	146	△3,702	**35,688**
Balance at end of year	△24	1,404	△397	982	1,725	17,849	**676,277**

(million yen)

Current fiscal year (April 1, 2022 to March 31, 2023)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	71,100	80,989	564,882	△61,251	**655,720**
Changes during the period					
Issuance of new shares	24	24			48
Cash dividends			△15,048		△15,048
Profit attributable to owners of parent			31,824		31,824
Purchase of treasury stock				△78,925	△78,925
Disposal of treasury stock		△1		8	6
Increase by merger			△118		△118
Increase (decrease) in equity from purchase of shares of consolidated subsidiaries		△6,010		18,384	12,373
Increase (decrease) in equity from purchase of treasury stock of consolidated subsidiaries		△347			△347
Changes during the period of items other than shareholders' equity (net)					
Total changes during the period	24	△6,335	16,658	△60,532	**△50,185**
Balance at end of year	71,124	74,653	581,540	△121,784	**605,535**

	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	Accumulated adjustments for defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	△24	1,404	△397	982	1,725	17,849	**676,277**
Changes during the period							
Issuance of new shares							48
Cash dividends							△15,048
Profit attributable to owners of parent							31,824
Purchase of treasury stock							△78,925
Disposal of treasury stock							6
Increase by merger							△118
Increase (decrease) in equity from purchase of shares of consolidated subsidiaries							12,373
Increase (decrease) in equity from purchase of treasury stock of consolidated subsidiaries							△347
Changes during the period of items other than shareholders' equity (net)	△1,114	539	△1,322	△1,896	237	△12,657	△14,316
Total changes during the period	△1,114	539	△1,322	△1,896	237	△12,657	**△64,502**
Balance at end of year	△1,139	1,943	△1,719	△914	1,963	5,191	**611,775**

Consolidated Statements of Cash Flows

(million yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	69,531	43,584
Depreciation	23,686	24,621
Impairment loss	3,961	6,445
Amortization of goodwill	742	504
Increase (△ represents a decrease) in allowance for doubtful accounts	△218	234
Increase (△ represents a decrease) in net defined benefit liability	△953	1,527
Interest and dividend income	△826	△1,045
Interest expenses	1,421	1,472
Foreign exchange loss (△ represents a gain)	△360	△101
Loss (△ represents a gain) on sale of investment securities	△216	△211
Loss (△ represents a gain) on disposal of fixed assets	587	197
Decrease (△ represents an increase) in trade receivables	△65	△831
Decrease (△ represents an increase) in accounts receivable	1,049	△4,536
Decrease (△ represents an increase) in operating loans receivable	△2,067	△821
Decrease (△ represents an increase) in inventories	3,041	1,430
Increase (△ represents a decrease) in accounts payable	△11,443	△5,620
Increase (△ represents a decrease) in advances received on construction contracts in progress	5,911	△4,124
Increase (△ represents a decrease) in contract liabilities	△6,788	△8,186
Other, net	△10,420	3,143
Sub-total	**76,570**	**57,683**
Interest and dividend income received	334	571
Interest expenses paid	△1,422	△1,468
Income taxes refunded (△ represents payment)	△54,397	△13,046
Net cash provided by operating activities	**21,084**	**43,740**

(million yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Expenditure from payments into time deposits	△672	△672
Proceeds from withdrawal of time deposits	636	636
Expenditure from purchases of property, plant and equipment	△28,797	△20,363
Proceeds from sale of property, plant and equipment	141	427
Expenditure from purchases of intangible fixed assets	△756	△1,172
Expenditure from purchase of investment securities	△3,925	△1,105
Proceeds from sales and redemption of investment securities	425	679
Expenditure from purchase of shares of subsidiaries and affiliated companies	△1	△4,841
Expenditure from payments for guarantee deposits	△2,264	△3,169
Proceeds from collection of guarantee deposits	10,286	5,291
Expenditure from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	△1,618
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	24	539
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,067	–
Expenditure on loans receivable	△266	△221
Proceeds from collection of loans receivable	682	520
Other, net	1,154	△140
Net cash used in investing activities	**△22,265**	**△25,209**
Cash flows from financing activities		
Net increase (△ represents a decrease) in short-term loans payable	16,470	53,939
Proceeds from long-term loans payable	41,000	75,336
Expenditure from repayments of long-term loans payable	△53,731	△59,205
Expenditure from purchase of treasury stock	△5	△78,925
Expenditure from repayments of lease obligations	△4,573	△5,266
Cash dividends paid	△14,743	△15,041
Other, net	△1,063	△291
Net cash used in financing activities	**△16,647**	**△29,453**
Effect of exchange rate changes on cash and cash equivalents	**484**	**810**
Increase (△ represents a decrease) in cash and cash equivalents	**△17,343**	**△10,111**
Cash and cash equivalents at beginning of year	**73,760**	**56,470**
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	**53**	**128**
Cash and cash equivalents at end of year	**56,470**	**46,486**

Corporate Information (As of March 31, 2023)

Sales Network / Reuse & Recycling Sites

Japan

Number of stores 11,593

Number of show home locations 343

Various directly operated consumer electronics stores

The aim is to create an integral store network, centered around LIFE SELECT, with different types of stores ideally located according to commercial area and customer needs. This area strategy of Yamada will not cause any internal competition between stores in the Group.

LABI LIFE SELECT
Urban store offering "Total-Living" products and services centered on home appliances

Tecc LIFE SELECT
Suburban store offering "Total-Living" products and services centered on home appliances

Tecc Land
Suburban consumer electronics store

Outlet & Reuse
Handles old and reused products, creating a market to meet this demand

Community-based
Consumer electronics stores based in local communities

LABI
Consumer electronics store located in urban areas

web.com store
Consumer electronics store and hub for shipping online orders

Kaden Sumairu Kan
Suburban store centered on sales and service geared toward home appliances and renovation projects

Shopping centers and in-shop
Offering everyday home appliances and services to the local area with a focus on families

Overseas

Number of stores 28

Malaysia
Directly operated consumer electronics stores: 8

Singapore
Directly operated consumer electronics stores: 13

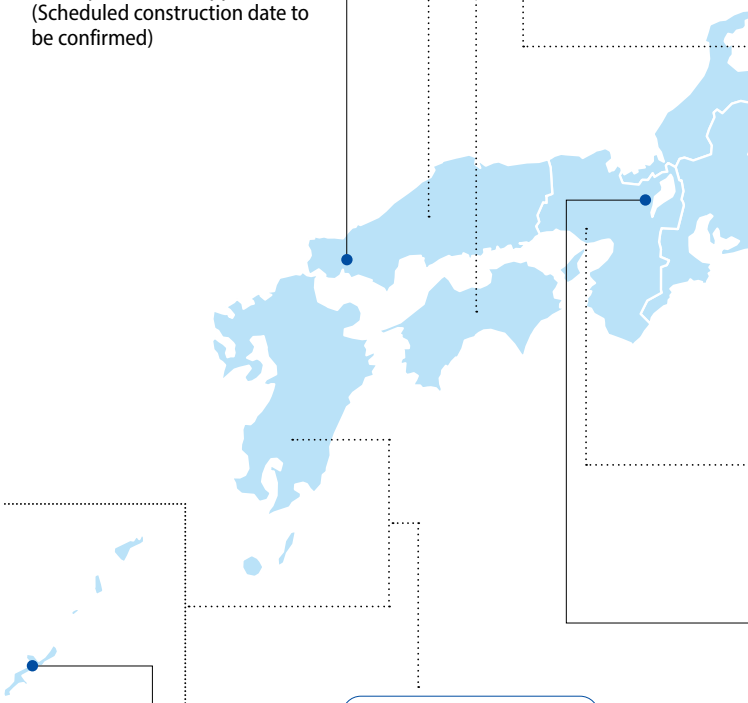
Indonesia
Directly operated consumer electronics stores: 7

Koshinetsu and Hokuriku
Directly operated consumer electronics stores: 77
Franchised stores: 974
Show homes: 38

Shikoku
Directly operated consumer electronics stores: 41
Franchised stores: 452
Show homes: 12

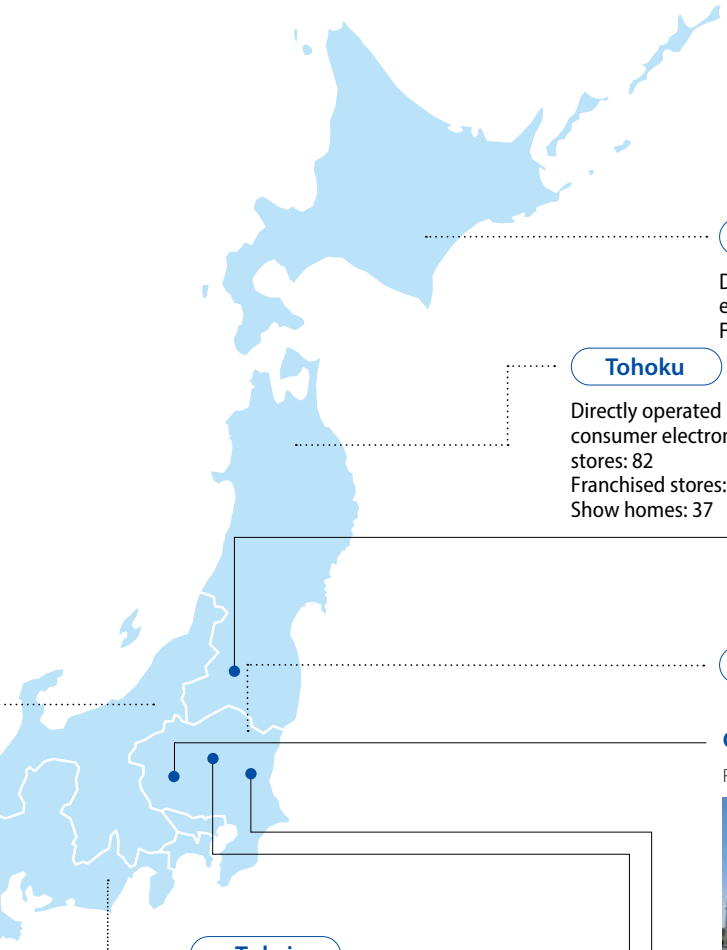
Chugoku
Directly operated consumer electronics stores: 71
Franchised stores: 728
Show homes: 8

Yamaguchi
Reuse plant (home appliances) (Scheduled construction date to be confirmed)



Kyushu and Okinawa
Directly operated consumer electronics stores: 238
Franchised stores: 1,913
Show homes: 32

Okinawa
Reuse plant (home appliances) (Scheduled construction date to be confirmed)



Hokkaido

Directly operated consumer electronics stores: 49
Franchised stores: 696

Tohoku

Directly operated consumer electronics stores: 82
Franchised stores: 952
Show homes: 37

Tohoku area

Reuse plant (home appliances)
(Scheduled construction date to be confirmed)

Fukushima

Recycling plant (housing waste, etc.)
Waste-to-energy plant
Controlled final landfill site

Controlled final landfill site

Kanto

Directly operated consumer electronics stores: 234
Franchised stores: 2,244
Show homes: 159

Gunma

Reuse plant (home appliances)

Recycling plant (home appliances)

Recycling plant (home appliances)

(Scheduled to begin construction in fiscal 2024)

Waste-to-energy plant

(Scheduled to begin construction in fiscal 2026)

Ibaraki

Recycling plant (housing waste)

Tochigi

Reuse & recycling plant (computers)

Tokai

Directly operated consumer electronics stores: 85
Franchised stores: 1,616
Show homes: 27

Kansai

Directly operated consumer electronics stores: 123
Franchised stores: 1,018
Show homes: 30

Shiga

Reuse plant (home appliances)

Corporate Information (As of March 31, 2023)

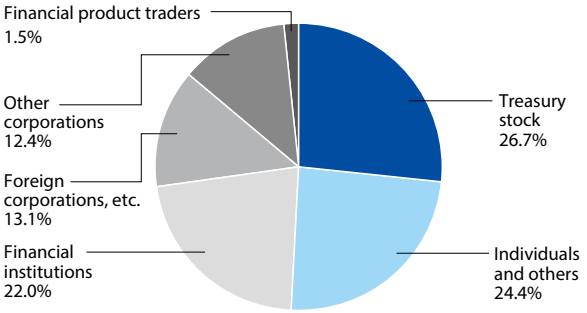
Corporate Profile

Company name : YAMADA HOLDINGS CO., LTD.
Headquarters address : 1-1 Sakae-cho, Takasaki-shi, Gunma 370-0841 Japan
Founded : April 1973
Established : September 1983
Common stock : ¥71.1 billion
Total assets : ¥1,271.1 billion (consolidated)
Capital adequacy ratio : 47.6% (consolidated)
Number of employees : 25,284 (consolidated)

Stock Information

Total number of authorized shares : 2,000,000,000
Total number of issued shares : 966,748,539
Number of shareholders : 421,140
Listed stock exchange : Tokyo Stock Exchange
Shareholder register administrator : Mizuho Trust & Banking Co., Ltd.

Shareholding Ratio



* Figures rounded to one decimal place

Major Shareholders

Shareholder name	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	115,324	16.28
TECC PLANNING Co., Ltd.	65,327	9.22
Custody Bank of Japan, Ltd. (Trust Account)	35,979	5.08
Noboru Yamada	28,924	4.08
SoftBank Corp.	24,200	3.42
The Gunma Bank, Ltd.	12,000	1.69
JPMorgan Chase Bank 385770 (Standing agent: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	9,595	1.35
State Street Bank West Client - Treaty 505234 (Standing agent: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	8,479	1.20
State Street Bank and Trust Company 505103 (Standing agent: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	7,153	1.01
THE TOWA BANK, LTD.	7,008	0.99

YAMADA HOLDINGS holds 258,493 thousand shares of treasury stock, excluded from the above shareholders.
Shareholding ratios are calculated excluding treasury stock.

Information Disclosure Media

YAMADA HOLDINGS discloses information on its website and in various reports so that all its stakeholders can get an understanding of the Group's efforts.

Corporate Websites

Financial Information

Investor relations
https://www.yamada-holdings.jp/lang-en/irdata.html

Securities reports and financial reports, etc.

Non-Financial Information

Sustainability
https://www.yamada-holdings.jp/lang-en/csr_index.html

Monthly CSR reports and ESG data, etc.

YAMADA HOLDINGS Group Integrated Report

Editorial Note

Koichi Kiyomura

Executive Officer, Head of Corporate Planning Office and Head of Sustainability Promotion Office

Thank you for reading the 2023 Integrated Report to the end.

In April 2023, I attended the ceremony of the Tecc LIFE SELECT Maebashi Yoshioka store, which opened in Yoshioka Town, Gunma Prefecture, the Company's place of origin. In his speech at the ceremony, the Company's founder Noboru Yamada said, "As a small town electrical store, I used to visit customers' homes in Yoshioka." Since those days, Yamada has grown thanks to the local people who have supported us over the years, and I also would like to thank all of these people as it is truly a pleasure to be involved in a company on its 50th anniversary. YAMADA HOLDINGS has expanded its business from a home appliance mass retailer to a business that offers "lifestyle proposals" for a wide range of products and services related to daily life centered around home appliances. Now that the business foundation for the "Total-Living" strategy is in place, YAMADA HOLDINGS has embarked on its journey for the next 50 years with the keyword of "growth." This integrated report looks back on the history of Yamada, the birth and implementation of the "Total-Living" strategy and its process. It has been produced with the main aim of conveying to stakeholders in an easy-to-understand manner why we are involved in the housing, finance, and environmental resource development businesses, and how those businesses demonstrate synergies to support the idea of "Total-Living," as well as the initiatives being worked on.

In the second half of the report we cover ESG and sustainability management. In addition to basic ideas such as governance, strategy, risk management, metrics and targets, the report focuses on issues in the field of the "environment" such as the Group's response to climate change, information disclosure based on the TCFD recommendations, waste reduction and resource recycling. In terms of "society," topics, especially on human resources, are described widely and in detail so please be sure to read the articles in full. We regularly report on our progress toward metrics in this report and on our website, continuing to promote dialogue with our stakeholders.

In closing, I would like to express my sincere gratitude to everyone who has read this report, including everyone involved in its production. I hope this report serves as a tool for all stakeholders, including customers, shareholders and investors, our business partners, and our employees, to gain a better understanding of the Group. I look forward to your continued support for the YAMADA HOLDINGS Group.

Members of the Corporate Planning Office and Sustainability Promotion Office (June 2023)