

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

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(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	759,710	2.9	26,799	23.0	30,579	18.0	14,317	50.3
March 31, 2025	738,019	2.7	21,781	16.3	25,910	12.9	9,525	29.1

Note: Comprehensive income For the fiscal year ended March 31, 2026: 14,532 million yen [52.0%]
 For the fiscal year ended March 31, 2025: 9,563 million yen [26.4%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2026	91.31	91.20	5.7	7.2	3.5
March 31, 2025	57.08	57.01	3.7	6.0	3.0

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2026	422,482	248,875	58.9	1,609.62
March 31, 2025	422,682	251,258	59.4	1,557.87

Reference: Equity As of March 31, 2026: 248,703 million yen As of March 31, 2025: 251,068 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
March 31, 2026	37,521	(11,166)	(24,829)	10,858
March 31, 2025	36,172	(15,803)	(27,331)	9,333

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2025	-	22.0	-	22.0	44.0	7,237	77.1	2.8
March 31, 2026	-	22.0	-	24.0	46.0	7,154	52.0	2.9
Fiscal year ending March 31, 2027 (Forecast)	-	24.0	-	24.0	48.0		37.1	

3. Forecast of Consolidated financial results for the year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	398,000	5.7	17,500	34.3	18,800	29.0	13,100	24.7	84.78
Full year	785,000	3.3	30,500	13.8	33,500	9.5	20,000	39.7	129.44

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	168,000,000 shares
As of March 31, 2025	175,000,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	13,489,542 shares
As of March 31, 2025	13,838,782 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	156,798,047 shares
Fiscal year ended March 31, 2025	166,867,501 shares

* The number of treasury stock at the end of the period includes the Company shares held by the "Stock Grant ESOP Trust Account" (As of March 31, 2026: 405,567 shares, As of March 31, 2025: 411,774 shares). The Company shares held by the "Stock Grant ESOP Trust Account" are included in the treasury stock as a deduction in the calculation of the average number of shares during the period (Fiscal year ended March 31, 2026: 408,532 shares, Fiscal year ended March 31, 2025: 413,651 shares).

* Financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to be a promise by the Company that they will be achieved. Actual results may differ materially due to various factors.

(How to obtain supplementary materials for financial results)

Supplementary materials for the financial results will be posted on the Company's website promptly after the announcement of the financial results.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

(Operating Results for the Fiscal Year Under Review)

During the fiscal year under review, the Japanese economy continued to recover moderately, but the outlook remains uncertain due to geopolitical risks such as trends in the U.S. trade policy and increasing tensions in the Middle East. In terms of personal consumption, rising consumer prices and energy prices continue to heighten awareness of the need to protect people's livelihoods. Under these circumstances, our Company Group has advocated "Gammaranai (don't push ourselves)" management, which we do the right things in a reliable manner without overdoing it, aiming to satisfy our customer's in the ideal way, and has provided services from the customer's point of view, such as "Cash discounts," "Free long-term warranties," and "Anshin Pass Port App," in order to carry out the "real kindness" communicated to customers. As a home appliance / electronics store, our Company Group has developed community-based stores and conducted sales activities that emphasize customer convenience. The K's Denki Group has established "We will spread the harmony with, and circles of people through our business activities, leading to greater contribution to society." as its corporate philosophy and purpose, and is working on further sustainability management. The basic policy of our Company Group under "the Medium-Term Management Plan 2027" is to "strengthen the foundation for medium - to long-term growth by reevaluating the efficiency of existing stores and enhancing customer service capabilities," and our Group is working to achieve this.

As for operating results, PCs continued to perform well even after the end of support for Windows10. In addition, mobile phones performed well due to the arrival of the replacement cycle from the residual value-based contracts that became widespread in earnest about two years ago. Air conditioners performed well due to the record-breaking heat wave, the expansion of subsidies under the "Tokyo Zero Emission Points," a subsidy system for the purchase of energy-saving home appliances by the Tokyo Metropolitan Government. And last-minute demand ahead of the so-called "The 2027 Air Conditioner Problem," which is a concern about price increases due to the increase in the energy-saving standards in April 2027, becoming apparent toward the end of the fiscal year.

As a result, net sales, operating income, ordinary income, and the current period profit attributable to owners of parent all increased year-on-year.

As for store openings and closings, the Company opened 5 Directly-managed Stores and closed 5 Directly-managed Stores to improve management efficiency as described below. As a result, the number of stores as of March 31, 2026 was 556 (552 Directly-managed Stores and four Franchisee's Stores).

Store Openings and Closings

location	Open	Close
Ibaraki Prefecture		Namegata (April)
Saitama Prefecture		Soka (September)
Kanagawa Prefecture		Kawasaki Nogawa (April)
Shizuoka Prefecture		Omaezaki (March)
Osaka Prefecture	Nishinari (April) Icoramall-Izumisano (April)	Izumiya-Hirakata (March)
Yamaguchi Prefecture	Iwakuni (August)	
Saga Prefecture	Karatsu (July)	
Miyazaki Prefecture	CROSS MALL-Hanagashima (January)	

As a result of the above, net sale was 759.71 billion yen (102.9% year on year), operating income was 26.799 billion yen (123.0% year on year), ordinary income was 30.579 billion yen (118.0% year on year), and net income attributable to owners of parent was 14.317 billion yen (150.3% year on year).

(2) Overview of Financial Position for the Fiscal Year Under Review

(Analysis of Assets, Liabilities, Net Assets and Cash Flows)

(i) Assets

Total assets at the end of the fiscal year under review decreased by 199 million yen from the end of the previous fiscal year to 422.482 billion yen.

This was mainly due to increases of 6.656 billion yen in merchandise and 3.325 billion yen in cash and deposits, and a decrease of 13.623 billion yen in property, plant and equipment.

(ii) Liabilities

Total liabilities at the end of the fiscal year under review increased by 2.183 billion yen from the end of the previous fiscal year to 173.607 billion yen.

This was mainly due to a decrease of 45.3 billion yen in short-term loans payable and increases of 40 billion yen in long-term loans payable and 6.139 billion yen in accounts payable.

As working capital, the Company concluded a syndicated loan agreement (term loan agreement and commitment line agreement) with a total amount of 100 billion yen, and procured 40 billion yen as a term loan.

(iii) Net assets

Total net assets at the end of the fiscal year under review decreased by 2.382 billion yen from the end of the previous fiscal year to 248.875 billion yen.

This was mainly due to a decrease of 2.44 billion yen in retained earnings.

As a result of the above, the equity ratio changed from 59.4% at the end of the previous fiscal year to 58.9%.

(iv) Cash Flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review increased by 1.525 billion yen from the end of the previous fiscal year to 10.858 billion yen.

The status of each cash flow is as follows:

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities was 37.521 billion yen (compared with 36.172 billion yen in the same period of the previous fiscal year).

Major factors included income before income taxes of 19.972 billion yen, depreciation and amortization of 13.595 billion yen, impairment loss of 11.255 billion yen, an increase in inventories of 6.658 billion yen, an increase in notes and accounts payable - trade of 6.139 billion yen, and income taxes paid of 8.183 billion yen.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities was 11.166 billion yen, compared with 15.803 billion yen used in the same period of the previous fiscal year.

This was mainly due to payments into time deposits of 15.3 billion yen, proceeds from withdrawal of time deposits of 13.5 billion yen, and payments for acquisition of property, plant and equipment of 9.205 billion yen.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities was 24.829 billion yen, compared with 27.331 billion yen used in the same period of the previous fiscal year.

This was mainly due to net decrease in short-term loans payable of 45.3 billion yen, proceeds from long-term loans payable of 40 billion yen, purchase of treasury shares of 10.031 billion yen, and dividends paid of 6.995 billion yen.

Trends in cash flow indicators

	43rd fiscal year Fiscal year ending March 2023	44th fiscal year Fiscal year ending March 2024	45th fiscal year Fiscal year ending March 2025	46th fiscal year Fiscal year ending March 2026
Equity-to-asset ratio (%)	61.7	61.4	59.4	58.9
Shareholders's Equity Ratio at Market Value (%)	46.9	53.4	51.9	61.2
Ratio of cash flow to interest-bearing liabilities (Years)	-	0.9	1.3	1.1
interest coverage ratio (times)	-	103.8	66.4	45.7

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: interest-bearing debt / cash flows

Interest coverage Ratio: Cashflow/interest payment

Notes: 1. All indicators are calculated based on consolidated financial figures.

2. Market capitalization is calculated based on the number of shares issued excluding treasury shares (including the ESOP trust account for granting shares).

3. Cash flow refers to cash flows from operating activities.

4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet for which interest is paid.

5. Interest-bearing debt to cash flow ratio and interest coverage ratio are not stated for periods when cash flows from operating activities are negative.

(3) Future Outlook

As for the future of the Japanese economy, while economic recovery is expected to progress due to an increase in real wages resulting from wage increases, the future remains uncertain due to geopolitical risks, including trends in U.S. trade policy and increasing tensions in the Middle East. The impact on prices and energy prices and growing awareness of protecting livelihood are expected to continue to require close attention.

Under such circumstances, the fiscal year ending March 31, 2027 will be the final year of the three year "Medium-Term Management Plan 2027" of our Company Group. The consumer electronics products handled by our Company Group are supported by steady replacement demand, which is replacement demand when the products break down. By product category, last-minute demand ahead of the so-called "The 2027 Air Conditioner Problem," which is a concern about price increases due to the increase in the energy-saving standards in April 2027, is expected to significantly occur, and is expected to drive overall sales. Based on these assumptions, we expect both sales and profit to increase in the fiscal year ending March 31, 2027.

In terms of expenses, we will actively raise wages under the management policy of "focusing on value of employees," while at the same time working to control expenses by conducting effective sales promotions, such as further power-saving measures at stores and the use of SNS, in order to curb rising expenses.

As for store openings and closings, our Group plans to open 9 directly managed stores and close 5 directly managed stores.

Our Company Group will continue to thoroughly implement the "real kindness" conveyed to customers and create stores that are supported by customers as home appliance / electronics specialty stores. At the same time, our Group will work on ESG management, promote store development while maintaining a sound and stable financial structure, aim for sustainable growth, and strive to improve customer satisfaction (CS) and shareholder value.

As a result, for the fiscal year ending March 31, 2027, the Company forecasts net sales of 785 billion yen (103.3% year-on-year), operating income of 30.5 billion yen (113.8% year-on-year), ordinary income of 33.5 billion yen (109.5% year-on-year), and net income attributable to owners of the parent of 20 billion yen (139.7% year-on-year).

However, the Company has not factored into its earnings forecast the impact of factors such as concerns about sharp rises in crude oil prices and commodity prices due to the recent deterioration in the situation in the Middle East, as well as unstable commodity supply, as it is currently difficult to make reasonable calculations.

2. Basic Policy to the Selection of Accounting Standards

The Company Group applies Japanese GAAP as its accounting standard to ensure comparability with other companies in the same industry in Japan.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	15,833	19,158
Accounts receivable - trade	33,137	33,706
Merchandise	168,460	175,116
Supplies	127	121
Other	7,127	7,523
Allowance for doubtful accounts	(0)	—
Total current assets	224,686	235,626
Non-current assets		
Property, plant and equipment		
Buildings and structures	247,099	241,654
Accumulated depreciation	(158,924)	(166,481)
Buildings and structures, net	88,174	75,173
Land	24,758	25,200
Leased assets	26,267	27,000
Accumulated depreciation	(16,927)	(18,296)
Leased assets, net	9,340	8,703
Construction in progress	2,459	2,577
Other	25,965	25,875
Accumulated depreciation	(22,867)	(23,322)
Other, net	3,097	2,552
Total property, plant and equipment	127,831	114,207
Intangible assets		
Goodwill	39	33
Leased assets	44	2
Other	3,877	5,071
Total intangible assets	3,960	5,107
Investments and other assets		
Investment securities	1,044	1,292
Long-term loans receivable	15,610	14,648
Leasehold and guarantee deposits	25,067	24,443
Deferred tax assets	21,135	24,009
Other	3,349	3,150
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	66,203	67,541
Total non-current assets	197,995	186,856
Total assets	422,682	422,482

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	44,648	50,788
Short-term borrowings	47,800	2,500
Lease liabilities	2,241	2,251
Income taxes payable	5,494	6,092
Contract liabilities	29,755	31,690
Provision for bonuses	4,950	5,166
Provision for loss on disaster	—	6
Other	13,673	13,463
Total current liabilities	148,565	111,959
Non-current liabilities		
Long-term borrowings	—	40,000
Lease liabilities	16,867	15,700
Deferred tax liabilities	159	—
Asset retirement obligations	4,282	4,351
Provision for share awards	206	263
Other	1,341	1,332
Total non-current liabilities	22,858	61,647
Total liabilities	171,423	173,607
Net assets		
Shareholders' equity		
Share capital	18,125	18,125
Capital surplus	50,069	50,069
Retained earnings	201,197	198,757
Treasury shares	(18,652)	(18,792)
Total shareholders' equity	250,740	248,160
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	327	542
Total accumulated other comprehensive income	327	542
Share acquisition rights	190	172
Total net assets	251,258	248,875
Total liabilities and net assets	422,682	422,482

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	738,019	759,710
Cost of sales	533,695	549,496
Gross profit	204,323	210,213
Selling, general and administrative expenses		
Advertising expenses	10,365	10,321
Commission expenses	9,180	9,542
Outsourcing expenses	10,883	10,503
Salaries and allowances	53,285	54,928
Provision for bonuses	4,950	5,166
Retirement benefit expenses	1,216	1,215
Depreciation	14,440	13,400
Rent expenses on land and buildings	32,311	32,300
Utilities expenses	8,036	7,705
Other	37,871	38,329
Total selling, general and administrative expenses	182,541	183,414
Operating profit	21,781	26,799
Non-operating income		
Interest income	282	305
Purchase discounts	3,621	3,382
Rental income from buildings	759	691
Other	645	953
Total non-operating income	5,308	5,333
Non-operating expenses		
Interest expenses	544	821
Commission expenses	19	272
Expenses for closed stores	225	262
Rent expenses on store(construct in progress)	190	133
Other	199	63
Total non-operating expenses	1,180	1,552
Ordinary profit	25,910	30,579
Extraordinary income		
Gain on sale of non-current assets	539	736
Gain on cancellation of rental contracts	22	35
Gain on sale of investment securities	—	0
Compensation income for damage	18	—
Total extraordinary income	580	771
Extraordinary losses		
Impairment losses	11,210	11,255
Loss on retirement of non-current assets	105	84
Loss on disaster	24	30
Loss on cancellation of rental contracts	176	5
Loss on valuation of investment securities	—	2
Loss on sale of non-current assets	—	0
Retirement benefits for directors (and other officers)	580	—
Total extraordinary losses	12,097	11,379
Profit before income taxes	14,392	19,972
Income taxes - current	7,338	8,777
Income taxes - deferred	(2,471)	(3,122)
Total income taxes	4,867	5,654
Profit	9,525	14,317
Profit attributable to owners of parent	9,525	14,317

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	9,525	14,317
Other comprehensive income		
Valuation difference on available-for-sale securities	38	214
Total other comprehensive income	38	214
Comprehensive income	9,563	14,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,563	14,532

(3) Consolidated Statements of Changes in Equity

Previous Consolidated Fiscal Year (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,125	50,069	219,425	(18,962)	268,658
Changes during period					
Dividends of surplus			(7,535)		(7,535)
Profit attributable to owners of parent			9,525		9,525
Purchase of treasury shares				(20,000)	(20,000)
Disposal of treasury shares		5		86	91
Cancellation of treasury shares		(5)	(20,218)	20,223	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(18,228)	310	(17,917)
Balance at end of period	18,125	50,069	201,197	(18,652)	250,740

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	289	289	210	269,158
Changes during period				
Dividends of surplus				(7,535)
Profit attributable to owners of parent				9,525
Purchase of treasury shares				(20,000)
Disposal of treasury shares				91
Cancellation of treasury shares				—
Net changes in items other than shareholders' equity	38	38	(19)	18
Total changes during period	38	38	(19)	(17,899)
Balance at end of period	327	327	190	251,258

Current Consolidated Fiscal Year (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,125	50,069	201,197	(18,652)	250,740
Changes during period					
Dividends of surplus			(6,991)		(6,991)
Profit attributable to owners of parent			14,317		14,317
Purchase of treasury shares				(10,000)	(10,000)
Disposal of treasury shares		(2)		96	93
Cancellation of treasury shares		2	(9,766)	9,764	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(2,440)	(139)	(2,579)
Balance at end of period	18,125	50,069	198,757	(18,792)	248,160

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	327	327	190	251,258
Changes during period				
Dividends of surplus				(6,991)
Profit attributable to owners of parent				14,317
Purchase of treasury shares				(10,000)
Disposal of treasury shares				93
Cancellation of treasury shares				—
Net changes in items other than shareholders' equity	214	214	(17)	196
Total changes during period	214	214	(17)	(2,382)
Balance at end of period	542	542	172	248,875

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	14,392	19,972
Amortization of goodwill	5	5
Depreciation	14,535	13,595
Impairment losses	11,210	11,255
Retirement benefits for directors (and other officers)	580	—
Loss on disaster	24	30
Loss (gain) on sale of securities	—	(0)
Loss on retirement of non-current assets	105	84
Increase (decrease) in provision for bonuses	235	215
Increase (decrease) in provision for share awards	69	56
Increase (decrease) in allowance for doubtful accounts	(4)	(0)
Increase (decrease) in provision for loss on disaster	(63)	6
Interest and dividend income	(311)	(345)
Interest expenses	544	821
Commission expenses	19	272
Compensation income for damage	(18)	—
Loss (gain) on sale of non-current assets	(539)	(736)
Decrease (increase) in trade receivables	(989)	(568)
Decrease (increase) in inventories	2,659	(6,658)
Increase (decrease) in trade payables	2,939	6,139
Increase (decrease) in contract liabilities	281	1,935
Other, net	(4,243)	341
Subtotal	41,433	46,423
Proceeds from insurance income	9	7
Interest and dividends received	34	94
Interest paid	(544)	(820)
Payments of retirement benefits for directors (and other officers)	(580)	—
Proceeds from compensation for damage	18	—
Income taxes paid	(4,197)	(8,183)
Net cash provided by (used in) operating activities	36,172	37,521
Cash flows from investing activities		
Payments into time deposits	(11,000)	(15,300)
Proceeds from withdrawal of time deposits	4,500	13,500
Purchase of property, plant and equipment	(10,839)	(9,205)
Proceeds from sale of property, plant and equipment	483	737
Proceeds from sale of investment securities	—	2
Loan advances	(633)	(1,337)
Proceeds from collection of loans receivable	2,084	2,058
Payments of leasehold and guarantee deposits	(516)	(381)
Proceeds from refund of leasehold and guarantee deposits	1,235	930
Other, net	(1,117)	(2,171)
Net cash provided by (used in) investing activities	(15,803)	(11,166)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,000	(45,300)
Proceeds from long-term borrowings	—	40,000
Purchase of treasury shares	(20,113)	(10,031)
Repayments of lease liabilities	(2,676)	(2,292)
Dividends paid	(7,540)	(6,995)
Commission fee paid	—	(210)
Other, net	0	0
Net cash provided by (used in) financing activities	(27,331)	(24,829)
Net increase (decrease) in cash and cash equivalents	(6,961)	1,525
Cash and cash equivalents at beginning of period	16,295	9,333
Cash and cash equivalents at end of period	9,333	10,858

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

No items to be reported

(Significant Accounting Policies for the Preparation of Consolidated Financial Statements)

1. Disclosure of scope of consolidation

The nine consolidated subsidiaries are GIGAS CORPORATION, KANSAI K'S DENKI CO., LTD., BIG·S CO., LTD., Hokuetsu K's CO., LTD., KYUSHU K'S DENKI CORPORATION, Denmodo Co., Ltd., K'S CAREER STAFF CORPORATION, K'S DENKI TECHNICAL SUPPORT CORPORATION, and K'S CARRY SERVICE CORPORATION.

2. Disclosure about application of equity method

There are no affiliates to which the equity method has been applied.

3. Fiscal year end of consolidated subsidiaries

The last day of consolidated subsidiaries' business year corresponds with the consolidated settlement day.

4. Matters relating to the accounting policy

(1) Accounting policy for measuring significant assets

(i) Securities

Other securities

Securities other than shares, etc. without a market price

The market value method (valuation difference is booked directly as net assets, and the cost of securities sold is calculated using the moving average method) is adopted.

Shares, etc. without a market price

A cost method based on a moving average is used.

Investments in limited liability investment partnerships and similar partnerships (those deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are accounted for based on the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement, and the amount equivalent to the Company's equity interest in the partnerships is included at the net amount.

(ii) Inventories

Merchandise

Stated at cost determined by the first in, first out method (book value devaluation based on decreased profitability).

Supplies

Cost method based on the last purchase cost method is adopted.

(2) Accounting policy for depreciation of significant assets

(i) Tangible fixed assets (excluding lease assets)

Buildings (excluding facilities attached to buildings)

Based on the straight-line method.

Other than buildings

Based on the fixed rate method.

However, facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

The estimated useful lives of the major fixed assets are summarized as follows

Buildings and structures 3 to 50 years

Other 2-20 years

(ii) Intangible assets (excluding lease assets)

Software for internal use is amortized using the straight-line method over the estimated useful life within the Company (five years).

(iii) Leased assets

Lease assets related to finance lease transactions that do not transfer ownership

The equal installment method is employed by setting the lease term as the useful life and the remaining price as zero.

(iv) Long-term prepaid expenses

Goodwill is amortized on a straight-line basis over the period during which it is effective.

(3) Accounting policy for significant provisions

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at an amount sufficient to cover probable losses on collection. The amount is based on the historical write-off ratio for general receivables and an estimate of the uncollectible amount for specific receivables such as doubtful receivables.

(ii) Provision for bonuses

To provide for the payment of bonuses to employees, an allowance is provided based on the estimated amount of payments.

(iii) Provision for loss on disaster

In order to prepare for the payment required for the restoration of assets damaged by disasters, the amount expected to be incurred in the future is recorded.

(iv) Provision for stock benefits

To prepare for the delivery of the Company's shares to the employees of the Company and the Company's subsidiaries in accordance with the Stock Benefit Rules, a provision for share awards is recorded based on the estimated amount of the share award obligations at the end of the current fiscal year.

(4) Accounting policy for recognition of significant revenues and expenses

"The Company Group, which operates home appliance / electronics specialty stores, recognizes revenue from contracts with customers related to the sale of products. For the sale of products, revenue is recognized mainly at the time of delivery to customers based on the judgment that the performance obligations are satisfied by the customer acquiring control over the products at the time of delivery. For contracts that provide "Free long-term warranties" ", which is a free repair guarantee service, or" "Anshin Extended Warranty" ", which is a paid repair guarantee service, revenue is recognized over a certain period throughout the guarantee period based on the judgment that the performance obligations are satisfied by the provision of the guarantee service to the customer."

If the Company determines that the role of the Company Group in a sale to a customer is that of an intermediary or an agent, revenue is recognized at the net amount of the total consideration less payments to third parties.

(5) Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method over a reasonable period of time.

(6) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash on hand, demand deposits and short-term investments with high liquidity, readily convertible and with little risk of fluctuation of value with maturity date within three months from acquisition date.

(Changes in Presentation Methods)

(Consolidated Statement of Income)

"Acquisition cost of treasury shares" in "Non-operating expenses," which was presented separately in the previous fiscal year, is included in "Other, net" in the current fiscal year because the amount has become less important. "Commission expenses," which was included in "Other, net" in "Non-operating expenses," is presented separately in the current fiscal year because the amount has become more important. To reflect these changes in presentation methods, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 113 million yen presented as "Expenses for purchase of treasury shares" and 106 million yen presented as "Other" under "Non-operating expenses" in the consolidated statements of income for the previous fiscal year have been reclassified as "Commission expenses" of 19 million yen and "Other" of 199 million yen.

(Consolidated Statement of Cash Flows)

"Commission expenses," which was included in "Other" under "Cash flows from operating activities" in the previous fiscal year, is presented as a separate item from the current fiscal year due to its increased monetary materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the Consolidated Statements of Cash Flows for the previous fiscal year, the amount of (4.223 billion yen) presented in "Other, net" under "Cash flows from operating activities" has been reclassified as "Commissions paid" of 19 million yen and "Other, net" of (4.243 billion yen).

"Proceeds from disposal of treasury shares," which was separately presented under "cash flows from financing activities" in the previous fiscal year, has been included in "other" under "cash flows from financing activities" from the current fiscal year due to its decreased financial materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 0 million yen presented as "proceeds from disposal of treasury shares" under "cash flows from financing activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified as "other" of 0 million yen.

(Per-Share Information)

item	Previous Consolidated Fiscal Year (from April 1, 2024 to March 31, 2025)	Current Consolidated Fiscal Year (from April 1, 2025 to March 31, 2026)
Net assets per share	1,557.87 yen	1,609.62 yen
Net earnings per share	57.08 yen	91.31 yen
Diluted earnings per share	57.01 yen	91.20 yen

(Note) 1. The basis for calculation of net assets per share is as follows.

item	Previous Consolidated Fiscal Year (March 31, 2025)	Current Consolidated Fiscal Year (March 31, 2026)
Total net assets (millions of yen)	251,258	248,875
Amounts deducted from total net assets (millions of yen)	190	172
Major components of the difference (Subscription rights to shares (million yen))	190	172
Net assets for common stock at period end (millions of yen)	251,068	248,703
The number of common shares at the end of the term used for calculating net assets per share (Thousand shares)	161,161	154,510

2. The basis for the calculation of net income per share and diluted net income per share is as follows

item	Previous Consolidated Fiscal Year (from April 1, 2024 to March 31, 2025)	Current Consolidated Fiscal Year (from April 1, 2025 to March 31, 2026)
Net earnings per share		
Net income for the current term attributable to the shareholders of the parent company (millions of yen)	9,525	14,317
Account not reverting to ordinary shareholders (millions of yen)	-	-
Current period net earnings attributable to shareholders of the parent company in respect of ordinary shares (millions of yen)	9,525	14,317
Average number of shares during the period (thousand shares)	166,867	156,798
Diluted earnings per share		
Current term net profit adjustment amount attributable to shareholders of the parent company (millions of yen)	-	-
Increase in common share (Thousand shares)	212	193
Subscription rights to shares (thousand shares)	212	193
Outline of dilutive shares that were not included in the calculation of diluted net income per share because they have no dilutive effect	-	-

(Note) The Company has introduced the Stock Grant ESOP Trust. Shares of the Company held in the Stock Grant ESOP Trust account, which are recorded as treasury shares in shareholders' equity, are included in treasury shares excluded from the total number of shares outstanding at the end of the period for the purpose of calculating net assets per share (411,774 shares for the Stock Grant ESOP Trust account at the end of the previous fiscal year; 405,567 shares for the Stock Grant ESOP Trust account at the end of the current fiscal year).

In addition, for the purpose of calculating "the current period profit per share" and "the current period profit per share (diluted)," the Company's own shares were included in treasury shares, which were to be deducted from the number of shares that was used to calculate the weighted-average number of shares outstanding during the period (413,651 shares for the ESOP Account for Shares Granted in the previous fiscal year; 408,532 shares for the ESOP Account for Shares Granted in the current fiscal year).

(Significant Subsequent Events)

No items to be reported

4. Supplementary Information

Net sales by product category

Name by product type	Previous Consolidated Fiscal Year (from April 1, 2024 to March 31, 2025)			Current Consolidated Fiscal Year (from April 1, 2025 to March 31, 2026)			
	Net sales of Directly managed Stores (million yen)	Net sale of Franchisee's Stores, etc. (million yen)	Total (million yen)	Net sales of Directly managed Stores (million yen)	Net sale of Franchisee's Stores, etc. (million yen)	Total (million yen)	from the previous fiscal year (%)
Visual - Audio							
TV	61,365	215	61,580	61,836	217	62,054	100.8
Blu-ray and DVD	8,671	32	8,703	8,041	25	8,066	92.7
Audio	13,798	40	13,838	13,291	37	13,329	96.3
Other	7,702	27	7,729	6,883	21	6,904	89.3
Subtotal	91,536	315	91,852	90,052	302	90,354	98.4
ITs							
PC·information devices	42,401	135	42,536	55,170	180	55,351	130.1
PC peripheral devices	31,665	96	31,762	31,833	95	31,928	100.5
Mobile phones	87,274	20	87,294	103,258	19	103,278	118.3
Other	23,448	127	23,575	22,138	116	22,255	94.4
Subtotal	184,789	380	185,169	212,400	412	212,813	114.9
Home appliances							
Refrigerator	71,368	237	71,605	68,118	220	68,339	95.4
Washing machines	71,358	233	71,592	70,095	222	70,317	98.2
Vacuum cleaners	26,242	88	26,330	25,876	81	25,958	98.6
Cooking appliances	51,345	175	51,521	52,283	170	52,454	101.8
Beauty & health appliances	33,329	115	33,445	33,710	108	33,819	101.1
Other	28,225	103	28,329	28,015	108	28,124	99.3
Subtotal	281,870	953	282,824	278,099	912	279,012	98.7
Seasonal							
Air conditioners	93,268	333	93,602	101,387	361	101,749	108.7
Other	26,561	92	26,654	25,408	97	25,506	95.7
Subtotal	119,830	426	120,256	126,796	459	127,255	105.8
Other	57,549	367	57,916	49,916	358	50,275	86.8
Total	735,577	2,442	738,019	757,265	2,445	759,710	102.9

(Notes) 1. "Net sale of Franchisee's Stores, etc." is sales of merchandise supplied to Franchisee's Stores.

2. As the Company has only one segment, the breakdown by segment is not stated.

3. Sales related to the free long-term warranties service (5.281 billion yen in the previous fiscal year and 5.458 billion yen in the current fiscal year) are included in "Other" of "Net sales of Directly managed Stores."