

# Integrated Report 2021

Year ended March 31, 2021



## EDION Corporation

Securities code: 2730

<https://www.edion.com>

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## Corporate Philosophy

# Achieving Long-Lasting Customer Satisfaction Through Outstanding Products and Reliable Service

### Outstanding Products with High Utility

We do not simply sell products. Through the sale of products, we provide our customers with value and satisfaction in addition to pleasure, richness and convenience.

### Reliable Service

We provide all possible service to ensure that our customers can use their purchases in optimal condition over a long period of time.

## Corporate Message

### Reassuring Feelings and Lasting Satisfaction

We strive to be a company that continually endeavors to support richness and abundance in our customers' lives. We have a large selection of attractive products that provide utility for our customers. We place great emphasis on taking responsibility and helping customers use the products they have purchased from us in the best possible condition over a long period of time. We additionally offer a variety of services tailored to customers' lifestyles with the aim of having our customers continue to live in comfort for as long as possible.

EDION strives to build stronger relationships of trust with customers by ensuring that each and every employee maintains a sense of gratitude for customers and treats them with the utmost care and respect.



### Editorial Policy

EDION and the EDION Group publish information on its CSR activities on its website and in print so that its stakeholders can comprehend the Group's approach to CSR and environmental activities.

This integrated report has been prepared as a booklet with reference to the framework presented by the International Integrated Reporting Council (IIRC) to serve as an annual report and guide to the Company.

### Cautionary Notice Regarding Forward-Looking Statements

Forecasts, plans, and outlooks regarding future business performance contained in this integrated report are based on information currently available to EDION and the EDION Group. Actual results may differ from these forecasts due to changes in various factors including economic conditions and product demand in core markets, and changes in rules and regulations and accounting standards and practices in Japan and overseas.

Please note that the statements regarding future information in this report are current as of the time this report was issued, and the Company has neither an obligation nor a policy of keeping such information up to date. The figures in this report are based on Japanese GAAP.

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## We Understand the Value of “Omotenashi.” Together with Employees, We Will Strive to Be a Company that Is Appreciated by People in the Community.

**Masataka Kubo**

Chairman and CEO

### EDION's Unique Approach to COVID Countermeasures

The global coronavirus pandemic, which began in 2020, continues to have a huge impact on our day-to-day lives, as well as economic activities and corporate business operations. At EDION, we have put in place coronavirus countermeasures to ensure customers' peace of mind, while prioritizing the safety of business partners, employees, and their families.

Even amid various restrictions, we consider the forms of customer service that will ensure peace of mind, and the ways in which we can optimize the experience of customers who visit stores during the pandemic. For example, employee name tags display the employee's body temperature, measured at the start of the shift, to dispel any unease in the customers they meet. We also offer speech training so that employees can communicate clearly even when wearing masks, as well as “expression training” during morning meetings so that the employee's smile and spirit of “Omotenashi” comes across even through that mask.

We have received an outstanding response to these measures, with customers saying, “I felt safe because they clearly explained their coronavirus countermeasures,” and “With their temperature shown on their name tags, I could see that they take these countermeasures seriously.” All EDION employees will continue their efforts to ensure that our customers can shop with peace of mind.

### EDION's Strength: Customer Service

The challenges brought about by this unprecedented global pandemic brought with them a number of important reminders.

First of all, we were reminded that home electronics products are not luxury items; rather, they are essential to our day-to-day lives. We have also seen new areas of demand, such as “stay-at-home demand,” for big-screen TVs, home video games, and other items that make our time at home more enjoyable, and home office products that have become integral to the new “working from home” culture. This year, sewing machines sold at three times the pace of 2020, amid a shortage of non-woven fabric masks, with new demand born from a desire to create comfortable masks in children's sizes, and masks that are a little more fashionable. “Stay-at-home” directives have given rise to demand for products that even we never expected; for example, board games that the whole family can enjoy. I am proud to say that EDION is a company that supports and enriches its customers' lives, and I am grateful that we are able to undertake business in such a positive environment.

The second thing that we were reminded of is that our strength is in the services which enable customers to visit our stores with peace of mind. At every outlet, employees work each day to improve their sales skills and interpersonal skills, for example by increasing their knowledge of products. The pandemic has brought about an increased demand for Internet shopping at EDION as well, but at the same time, we have gained a new awareness of the importance of “brick-and-mortar” stores. We offer customers our full support, from sales through to delivery, installation, and repairs. I have been reminded that EDION's strength lies in its ability to offer this full range of services.

Having received a request from the government to promote “working from home,” we have implemented teleworking and the increased use of distributed offices, mainly for head office employees. Trying new things offers the advantage of identifying issues that might have gone unnoticed in the past. For example, as we promoted teleworking, we realized that even at EDION, some employees had to come to the office just to attach their seal to documents. With this in mind, we re-examined the flow of operations, including the way that information is communicated, and rapidly promoted the automation and digitalization of workflows. We also migrated our core systems to the cloud, taking a major step toward building more efficient management platforms.

### Thorough Understanding of Corporate Philosophy Leads to Optimized Profits

During FY2020, people faced many restrictions as a result of the coronavirus pandemic, not only in their personal lives, but in business activities as well; for example, with the declaration of a state of emergency. Nevertheless, EDION was able to post its highest profits ever, dating back to the company's estab-



lishment.

Since it was established in 2002, EDION has undergone integrations with numerous companies, each with its own unique corporate culture. The key element that brought these companies together and served as a driving force for growth was the universal knowledge and understanding of EDION's corporate philosophy: “Achieving long-lasting customer satisfaction through outstanding products and reliable service.”

But what does “outstanding products and reliable service” really mean? Ever since I was appointed president, through morning meetings and gatherings of representatives from all stores, I have strived to communicate to employees EDION's corporate philosophy and the “Omotenashi mindset,” which is the starting point of this philosophy.

To avoid carrying dirt from outside into the customer's home, whenever we deliver a product or undertake construction, employees change into new white socks at the front door. We have been doing this since before the pandemic, but recently, we have received praise from customers, who say: “That's exactly what I would expect from EDION. They really are considerate. I know I don't have to worry.” When I hear this, I am reassured that EDION's corporate philosophy is the right one.

I believe that achieving record profits is a direct result of each and every employee's thorough understanding of EDION's corporate philosophy, and their determination to provide thoughtful and considerate service.

### Aiming for Continuous Growth in Four Businesses

The EDION Group strives to achieve continuous growth based on its medium-term management vision, which focuses on four pillars of business: home electronics sales, home improve-

ments, logistics, and education.

First, in the home electronics sales business, we will leverage the expertise and strong customer service capabilities that we have cultivated up to now, to strengthen our dominant areas and aim for steady growth in the future as we expand into new areas. We will take measures to strengthen e-commerce (EC), where sales growth is accelerating amid demand arising from consumers spending more time at home, by leveraging EDION's strengths in collaborations with brick-and-mortar stores.

We have expanded the home improvement business with a focus on home improvements, all-electric homes, and solar power systems, through the Eco/Living/Solar (ELS) business, which we entered in earnest in 2009. Sales in FY2020 were ¥52.1 billion, making EDION the No. 1 home electronics volume retailer in this segment for the ninth consecutive year. We have grown in terms of sales to the point where we now rank ninth in the home improvement industry overall, making this a new pillar of profits for EDION, second only to home electronics sales. Up to now, we have focused mainly on comparatively small-scale projects; for example, with "Petit de Reform," which involves the replacement of equipment and devices; "Pack de

## Our Basic Goal as a Company Is to Ensure that Each and Every Employee Thinks, "I Am Glad that I Work at EDION."



Reform," through which we propose easy-to-understand home improvements to kitchens and bathrooms, including interior decorating, with a package price; and "O-uchi de Reform," which involves proposals ranging from interior to exterior work on the customer's house. In recent years, however, we have seen an increase in new orders for large-scale projects with total construction costs of ¥5 million or more. Moving forward, we will expand the scope of our business by strengthening proposals for, and the pursuit of, a carbon-free society, for example through the construction of 200V charging facilities to accommodate the popularization of electric vehicles (EV), and by combining solar power systems with storage batteries.

Our goal is to expand and strengthen the logistics business in the medium to long term as a major pillar for EDION, next to home electronics sales and home improvements, and also as a foundation business that supports the growth of e-commerce. One of the EDION Group's strengths is that rather than simply delivering products, we can provide services that are ideally suited to the customers' needs, including installation and construction. I believe that being able to provide these services even outside of areas where we have established stores will not only enable us to improve quality and strengthen structures for the e-commerce business in the future, but will also lead to the growth of the logistics business. With this in mind, we are working to build a nationwide logistics structure.

The event that triggered the start of the education business was a visit to a home electronics trade fair in Berlin, Germany. Many educational materials on robotics were on display, and I became acutely aware that training for physical science engineers had become a major global trend. Thinking about what we could do to contribute to Japan's future, in 2018, we opened the EDION Robot Academy, and in 2019, to further accelerate business growth, we acquired Youmemiru Inc., which operates the "Robo-Done" robot programming classroom, as a Group subsidiary.

We will expand our business through efforts to secure 100,000 members by 2025. Through involvement in the training of science and engineering manpower that can compete in the global arena, we will contribute to the future of the region and to Japan as a whole.

## Becoming a Company that Continually Supports Society

The EDION Group has been involved in a variety of contribution activities targeting society and the environment, based on a desire to be "a company that continually endeavors to support richness and abundance in our customers' lives." In the future, in addition to these activities, we will actively promote initiatives aimed at resolving social issues, including activities

targeting SDGs.

In order to become a company that is essential to and can contribute to society, we feel that it is important for each and every employee to think, "I am glad that I work at EDION." There are many important themes to work on, including diversity, respect for human rights, promoting work/life balance, and building comfortable workplaces, but we believe that if employees feel a sense of satisfaction and joy in their work, then this will tie into their active participation in social contribution activities.

As part of EDION's community and social contribution activities, we have been involved in promoting sports for the past 30 years, supporting a women's track and field club and an archery club. These clubs have since grown to the point where they have produced athletes that represent Japan in the global arena. Consistently supporting contributions to the community and society is important, and we will strive to be a company that continuously offers this support.

## Activities Targeting a Carbon-Free Society

The Japanese government has declared its intention to achieve a carbon-free society, with net zero CO<sub>2</sub> emissions by 2050. EDION actively promotes activities aimed at contributing to realizing this carbon-free society, for example by introducing clean energy facilities as well as LED lighting and other energy-efficient facilities, and by installing solar power systems in stores and service centers. We are discussing the establishment of themes and targets as top priority issues, to respond to the Task Force on Climate-Related Financial Disclosures (TCFD).

I believe that environmental issues do not end when you introduce energy-efficient facilities and renewable energy; rather, the most important thing is to ensure continuous activities. More than 30 years ago, I was asked by the government to serve as the chairman of a group in Hiroshima Prefecture working on environmental issues, and ever since then, I have been involved in these activities on both a personal and a professional level. I participate in a variety of environmental protection activities; for example, I conducted a tour of a recycling plant to help regional residents understand the importance of sorting waste for collection. I have always been thinking about what we can do to protect the global environment. My hobby is sailing, and I enjoy going out on the ocean, but even in the Coral Sea off of Australia, which is known for having the clearest water in the world, there is an increasing amount of plastic waste, and every time I see it, I ask myself whether there is anything I can do to help.

I had a valuable encounter while I was thinking about the importance of environmental protection. When I was attending a certain dinner event, I coincidentally met a man who had

come to sell a recycling device. He told me, "The home electronics that you handle contain a lot of gold, silver, and copper. This is called an urban mine, and it's important to reuse these materials for the sake of the global environment." I immediately began to study the recycling business. That turned into the industry's first small home electronics reuse business, and led to the establishment of E.R. JAPAN Corporation, a recycling business subsidiary.

One thing that I have learned over these many years is that activities targeting environmental issues are like throwing a stone in the water, and watching the ripples spread outwards: each person's actions gradually lead to measurable results. At EDION as well, each and every employee recognizes the importance of environmental protection, and works on issues close to home, like conserving energy and resources, extending those activities to include family members as well. At EDION stores, we provide customers with clear explanations of air conditioners and other home electronics products that offer outstanding energy efficiency, actively promoting the proliferation of these energy-efficient products. We increase environmental awareness starting from employees and their families, and those ripples spread out to impact society as a whole. I believe that it's important to continue these simple but steady efforts if we are to achieve a sustainable society in harmony with the global environment.

## Growth that Captures Changes in the Era

I always say, "Don't continue the home electronics business, but don't drift away from the home electronics business; change what's inside." The spread of the novel coronavirus infection has given rise to a "new normal," and this in turn has led to a rapidly evolving "digital transformation" (DX) that is changing the way we live and do business. Activities targeting a carbon-free society are also moving forward at an unprecedented pace. How can we respond to these changes in the business environment, and ensure sustainable growth?

EDION has expanded the scope of its business from home electronics to include e-commerce, ELS, logistics, and education, but at the foundation of all these businesses lies the customers' trust in our services, built up through home electronics sales, and our expertise in store operations. The support that we have enjoyed from customers even through the pandemic has reinforced my confidence in our activities up to now, and has opened my eyes to new possibilities as well. Even as we remain faithful to our core business, changing and evolving the content of that business will tie into the company's growth.

My goal is for EDION to be a company that accurately captures the constantly changing tides of each era, and meets the expectations of all its stakeholders. I look forward to your continued support.

## Tripartite Talk with the CEO and Two Vice Presidents

The CEO and two newly appointed vice presidents held a special tripartite talk in July 2021.



Masataka Kubo, Chairman, CEO, and Representative Director

### The Goals of Structural Reforms and Appointing New Vice Presidents

**Kubo** We felt an urgent need to put in place a structure that would allow us to make rapid management judgments and execute them quickly, in response to the rapidly changing business environment, including the COVID-19 pandemic and the evolution of digital transformations (DX). A major goal of the recent structural reforms and appointing new vice presidents was to respond to these changes even more quickly than in the past.

**Yamasaki** Talking about the structural reforms, we reorganized four existing divisions—Corporate Planning, Sales, Logistics IT Service, and Management—into the Business Division and the Logistics Service Division, the two sales-oriented divisions essential to EDION's business, and the Corporate Planning Division, which combines the departments that support the other two divisions. In October 2021, we will make a change to a structure that emphasizes even greater collaborations. Consolidating these divisions has led to more active exchanges of opinions and sharing of information

### EDION Is Striving for Further and Management Policies with

among divisions, as well as more rapid decision-making.

I'm now in charge of not only corporate planning, store development, and HR, as I was in the past, but also general affairs and financial accounting. In this way, through day-to-day communications, I can now monitor how the various general managers are thinking about current conditions. This offers a huge advantage in that even when I am discussing policies with you (CEO Kubo and Vice President Kaneko), I am able to make comments knowing that I can take action immediately.

**Kubo** You (Vice President Kaneko) have contributed to promoting digitalization at EDION as chief information and logistics officer. EDION is a sales company, so we appointed you to watch over the Business Division because we wanted you to gain experience as the person responsible for the Sales Department.

**Kaneko** I also hold the title of vice president, but even more than that, I am acutely aware of the weight of responsibility that comes with being the head of the Business Division, which is the department that generates all of EDION's sales. With the recent structural reforms, the Information Systems Supervisory Division was added to the list of sales-related supervisory divisions. At any company with strong sales capabilities, not only at EDION, it would seem that there is an

awareness of the sales department as playing a leading role, while the information systems and other IT departments play a supporting role, but now that they are within the same division, we have created an organization in which it is easier for the system side to offer proposals to the sales department. Whether you are talking about brick-and-mortar stores or e-commerce, the use of IT is becoming increasingly important in terms of expanding sales. I see my mission (in Information Systems) not as simply creating systems that are requested, but thinking carefully about what the company should be doing, and creating better frameworks with closer communications among the various departments.

### Results of FY2020 Performance, and the Medium-Term Management Vision

**Yamasaki** First of all, to summarize business performance in FY2020, despite the slowdown in the economic environment resulting from the coronavirus pandemic, some individual consumption has increased due to new demand in areas such as teleworking and the tendency to spend more time at home.

### Growth Based on a Clear Vision a View toward a New Era.

Net sales are increasing at EDION as well, and net income is at its highest point ever since EDION was established. ROE is 8.9%, and I think that in general, we have achieved our initial goal of 9%. In terms of finances, the shareholders' equity ratio is 50.2%, so we continue to maintain a level of 50% or more. Operating cash flow increased dramatically over FY2019, and free cash flow has improved substantially, resulting in net negative interest-bearing liabilities. Although there are some reimbursements on convertible bonds, the financial structure is extremely robust, and our credit rating from the Japan Credit Rating Agency as a long-term issuer has been changed from "A (Stable)" to "A (Positive)."

We will work to reduce costs while maintaining this stability in business performance and finances in the future as well.

**Kubo** EDION has put forward a medium-term management vision that strives for continuous growth based on four pillars of business: home electronics sales, home improvement, logistics, and education, but we do not publicly disclose our numerical targets.

**Yamasaki** In FY2014, when the consumption tax was increased to 8%, we conducted in-house discussions on whether we should publish our medium-term management plan.

In the retail industry, performance projections have been severely impacted by factors such as the increase in the con-

sumption tax rate and climate change, with warm winters and blistering summers.

Given the uncertainty of changes in the external environment, we decided that rather than publishing interim targets, it was more important to reliably achieve numerical targets for each fiscal year.

As a result, we achieved almost all of our published targets for business performance from FY2014 to FY2020.

Moving forward, we will continue to discuss disclosures at various points in time; for example, when the pandemic has been resolved.

**Kubo** We are always conducting in-house discussions about the directions in which we should be headed with a view toward business three and five years onward, including specific targets. Amid an era of change not only in products but in consumers' purchasing trends, what new approaches to sales should EDION adopt, and how should we leverage EDION's strengths, tying both of these into the next growth strategies? In addition to expanding e-commerce sales, we are starting up a variety of new projects with a view toward this new era, including store development, product initiatives, and new businesses, creating growth strategies that will enable us to



Norio Yamasaki, Executive Vice President, General Manager, Chief Corporate Planning Officer, and General Manager of Store Development, Management Department

keep one step ahead of the times.

**Kaneko** Rather than just lining up items on the store shelves, we offer products and services that allow customers to imagine a richer life. Our goal is an approach to sales that allows customers to “buy dreams and excitement.”

To do this, we conducted discussions with staff from our stores, on themes like “What makes customers happy, and what makes them feel that their lives are enriched?” We asked our younger employees, “What constitutes an e-commerce purchase experience that transcends a brick-and-mortar store?” I think that the free and flexible ideas from young employees will give rise to new sales methods, and this in turn will energize the company as a whole. If employees can express their opinions freely, and if they feel that this is an enjoyable and satisfying workplace, this will further improve our customer service capabilities, and convert more customers into EDION fans, ultimately leading to increased sales. This is the positive cycle that we are aiming for.



**Satoshi Kaneko**, Executive Vice President, General Manager of Business Headquarters

## Management Strategies from an ESG Perspective

**Kubo** From an early stage, EDION has undertaken business activities targeting environmental protection and a carbon-free society; for example, promoting the proliferation of environment friendly, energy-efficient home electronics, rolling out environment friendly stores, and entering the recycle/reuse business through our subsidiary, E.R. JAPAN Corporation.

**Kaneko** In the sale of solar power systems, we boast an overwhelming share of more than 90% for the home electronics industry. Solar power is gaining renewed attention as a clean energy that contributes to a carbon-free society, and we are proud to say that we have continued to sell these products based on their environmental contribution, even as competitors are pulling out of this business. Moving forward, we will further expand the ELS business, which contributes to a carbon-free society; for example, we will focus our efforts on

## ESG Growth Strategies

offering solar power as a set with storage batteries, to enable “electrical self-sufficiency.”

**Kubo** We are also investing efforts into the proliferation of charging facilities for electric vehicles and plug-in hybrid vehicles (EVs/PHVs), and have already installed charging stations at 36 stores nationwide.

We see the proliferation of electric vehicles as a major opportunity for EDION, which has the capabilities to install these charging facilities. In the future, there will be an increasing demand for household charging facilities, and I think we will even be able to offer electric vehicles at our stores. Right now, in collaboration with automakers, we are discussing ways that EDION can contribute to the proliferation of EVs.

**Yamasaki** One major issue for the industry as a whole is long working hours. We have made considerable progress in workstyle reforms over the past two years. As a result of efforts to reduce overtime by increasing operating efficiency, we have cut average overtime hours dramatically, by 15% last year compared to the previous year, and by 25% during the current fiscal year.

**Kaneko** In addition to re-examining operations, we introduced systems to support efficient work approaches, and these have contributed to workstyle reforms as well.

**Kubo** Three years ago, we aggressively implemented a policy aimed at completely eliminating overtime. At the same time, we gave instructions on building frameworks to ensure that the absence of overtime would not adversely affect employees' lives.

**Yamasaki** We adopted a framework in which salaries were increased to cover the decline in overtime, so that even with fewer overtime hours, salaries would remain the same. We also put in place a system that allows employees to work a second job based on limitations in the number of working hours, so that employees are not overworked.

“Promoting the active participation of female employees” is an important theme in terms of resolving social issues. We are currently working on establishing a career vision from a woman's perspective, in keeping with each individual's life plan. There are many female employees who are candidates for managerial positions, so we have implemented career improvement training and related initiatives, and we are strengthening activities to enable these talented women to undertake managerial posts in the near future. We are focusing on enhancing systems to support a work-life balance, and we are investing efforts into creating an environment that makes it easy for women to continue working even while taking various lifetime milestones into account, such as having children. More years of continued employment ties into more

## for the Future

opportunities for female managers, so it is important to design systems that make continuing to work both a feasible and attractive option.

As part of efforts to strengthen governance, during this fiscal year, we have increased the overall ratio of outside officers, adding one new independent director and one new independent auditor. In addition to promoting more active debate, we believe that this change will also improve management transparency.

Then, in July 2021, we established the Sustainability Promotion Section to oversee SDGs and social contributions. This section will aggressively work toward resolving social issues, for example by setting sustainable management goals and responding to the Task Force on Climate-Related Financial Disclosures (TCFD).

## Laying Out Clear Growth Strategies for the Future

**Yamasaki** I feel that another one of my important missions as Vice President is to foster the next generation of managers, as this is critical to future growth.

**Kaneko** EDION's stores demonstrate many strengths that can be leveraged in e-commerce as well. Customers choose EDION stores because those stores demonstrate strengths that our competitors lack. By leveraging these strengths, we can change e-commerce as well.

EDION is always thinking about the future. We were the first in the industry to offer extended warranties, because we



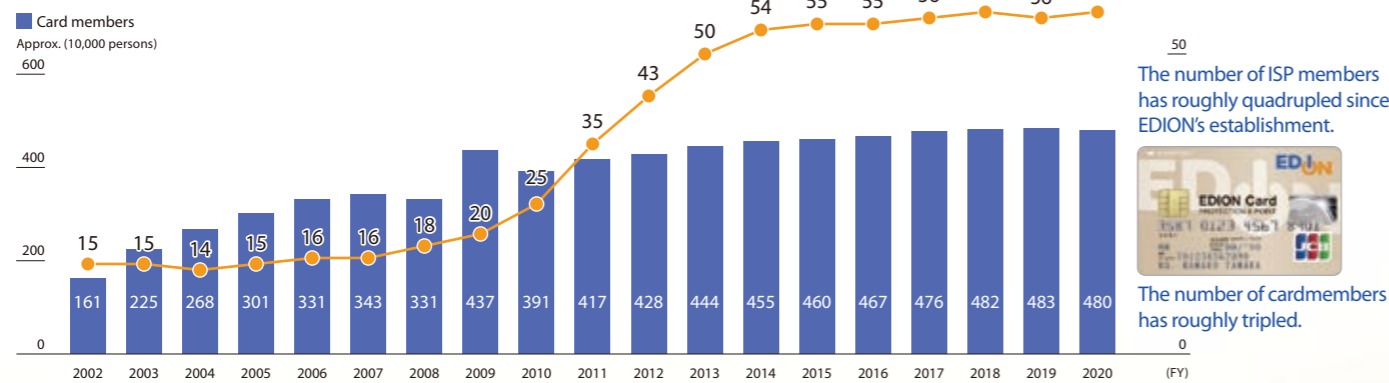
want the customers to be satisfied long after they have made their purchase. Our efforts targeting the education business are also based on a long-term view of when those children will become adults. EDION's strengths lie in business activities that focus on the future, and in the company's ability to respond flexibly to change.

**Kubo** If a company doesn't grow, its people won't grow either. The most important thing is to follow through on a given goal, with clear directions in mind. As managers, it's important for us to lay out clear directions based on a thorough understanding of the company's circumstances, in terms of how we intend to grow.

The scale of the home electronics retail market is said to be more than ¥7 trillion, and the market scale is expected to remain at this level in the future as well. As e-commerce accounts for an increasing segment of this market, consumers' purchasing channels are diversifying, and we need to think about how we can increase our share of household spending online. How far can EDION expand this share? How far should we expand the products that we handle outside of home electronics? How should e-commerce be linked with brick-and-mortar stores, how should stores be designed, and what types of products should we offer? We will strive to increase our corporate value by changing and growing with the times, without being limited by the established concepts of the past. We will lead EDION forward as a company that employees take pride in and that can demonstrate sustainable growth, with both the Omotenashi mindset and the unique spirit of EDION as the starting point for increasing value.

# Expanding EDION's Business

EDION Card Members / ISP Members

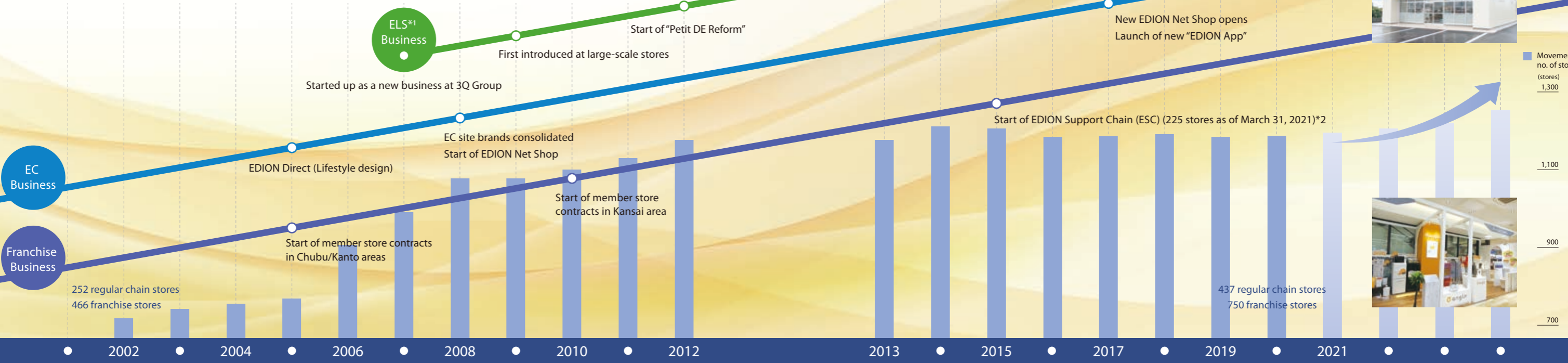


ISP members  
Approx. (10,000 persons)

The number of ISP members has roughly quadrupled since EDION's establishment.



The number of cardmembers has roughly tripled.



EC Business

Franchise Business

Home Electronics Sales



EDION Corporation established (through share transfer by DEODEO Corporation and EIDEN Co., Ltd.)

Store brand consolidated nationwide

"e angle" brand products released (EDEON private brand products)

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Education Business

Introduction of industry's first easy-to-understand "Pack Reform"



Start of "O-uchi DE Reform"

EDION Housing (real estate broker) established

New EDION Net Shop opens  
Launch of new "EDION App"

Start of exterior painting

Youmemiru Inc. acquired as a subsidiary

Start of online learning

Participating in international robotics competitions (WRO/WER)



Kickoff of EDION Diversity Project

Strengthened disaster support; e.g., for extreme weather events

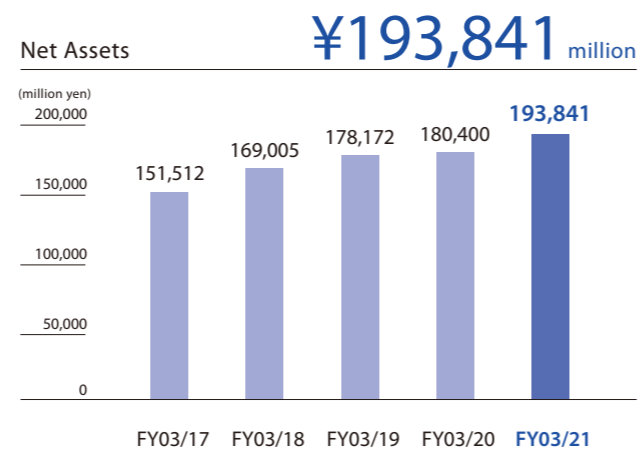
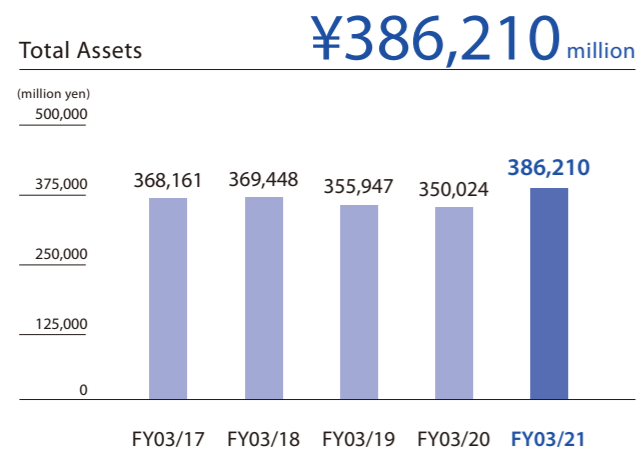
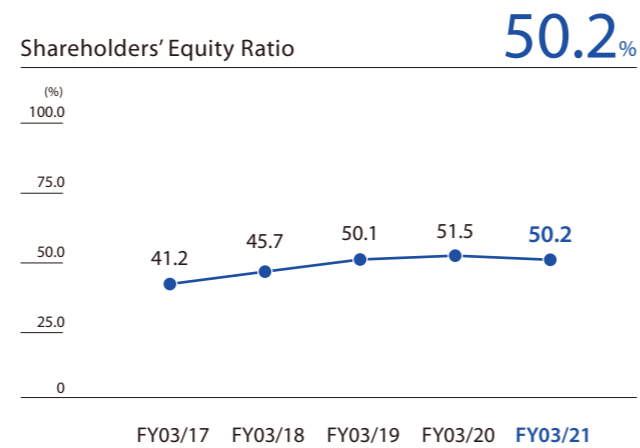
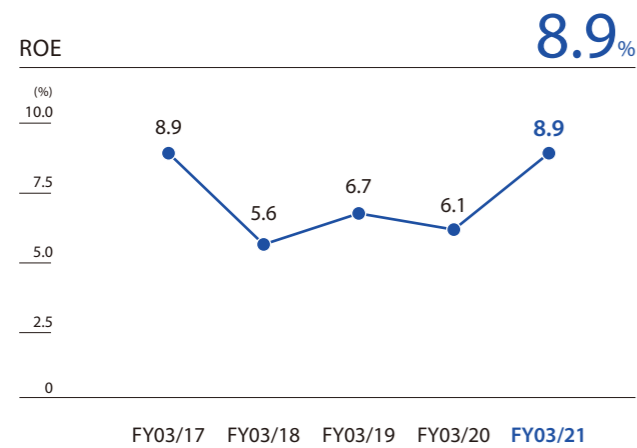
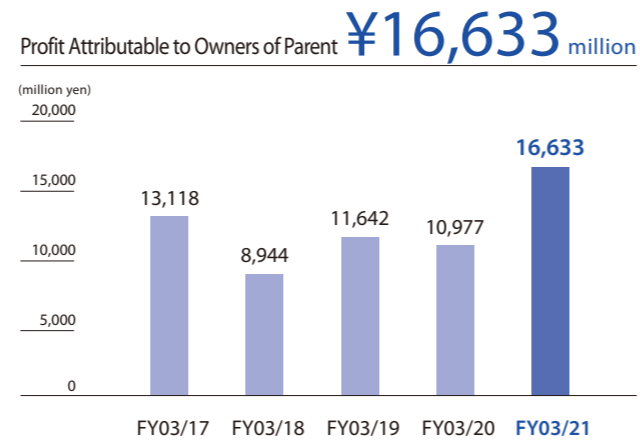
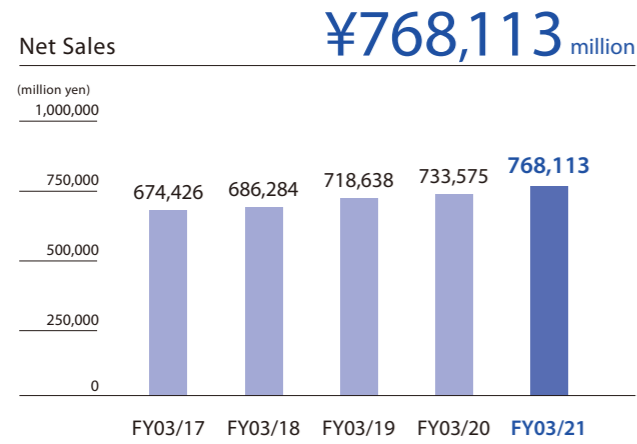
Start of "e-smart reservations" in response to diversifying needs

Environmental response: Begins charging for shopping bags

\*1 Eco Living Solar (ELS): A general term that refers to renovations involving residential solar power facilities and other solar power systems  
\*2 The number of ESC stores does not include EDION Group stores

# Financial/ESG Highlights

## Financial Highlights



## ESG Highlights

### Emissions Due to Industrial Waste (FY03/20)

**49,241 t**

To contribute to a recycling-oriented society, EDION promotes the appropriate recovery, reuse, and recycling of industrial waste and used home electronics

### CO<sub>2</sub> Emissions (FY03/20)

**110,994 t-CO<sub>2</sub>**

EDION strives to reduce CO<sub>2</sub> emissions by introducing LED lighting, switching to energy efficient air conditioning, and installing Building and Energy Management Systems (BEMS)

### Number of Solar Power Systems Installed, and CO<sub>2</sub> Reductions (FY03/20)

**72 locations**  
**More than 1,500 t/yr.**

EDION has installed solar power systems at 72 stores and service centers nationwide, contributing to CO<sub>2</sub> reductions of more than 1,500t/yr.

### No. of Qualified Asbestos Handlers (FY03/20)

**110 persons**

EDION has increased the number of employees qualified as "operations chief of asbestos work," as part of measures to prevent asbestos-related health damage arising during home improvement construction work.

### No. of People at Sales Outlets Holding Certifications (FY03/20)

**7,063 persons**

To maintain and improve customer satisfaction, EDION actively supports the acquisition of certifications aimed at increasing employees' skills

### Programming Classes (FY03/20)

**EDION Robot Academy 3 schools**  
**Robo-Done 112 schools**  
**Total no. of students Approx. 4,000 persons**

The goal of EDION's education business is to eliminate regional disparity in education, and to foster children who can compete in the global arena

### Women in Senior Positions (vs. 5 yrs. ago)

**45 (FY03/15) → 112 (FY03/20)**  
**2.49x**

Senior positions: Head office manager, head office assistant manager, store manager, coordinator, deputy store manager, floor manager, mobile manager, group leader

### Rate of Employees Receiving Health Checkups (FY03/20)

**90.3%**

As part of health management activities, EDION strives to maintain and improve the health of employees

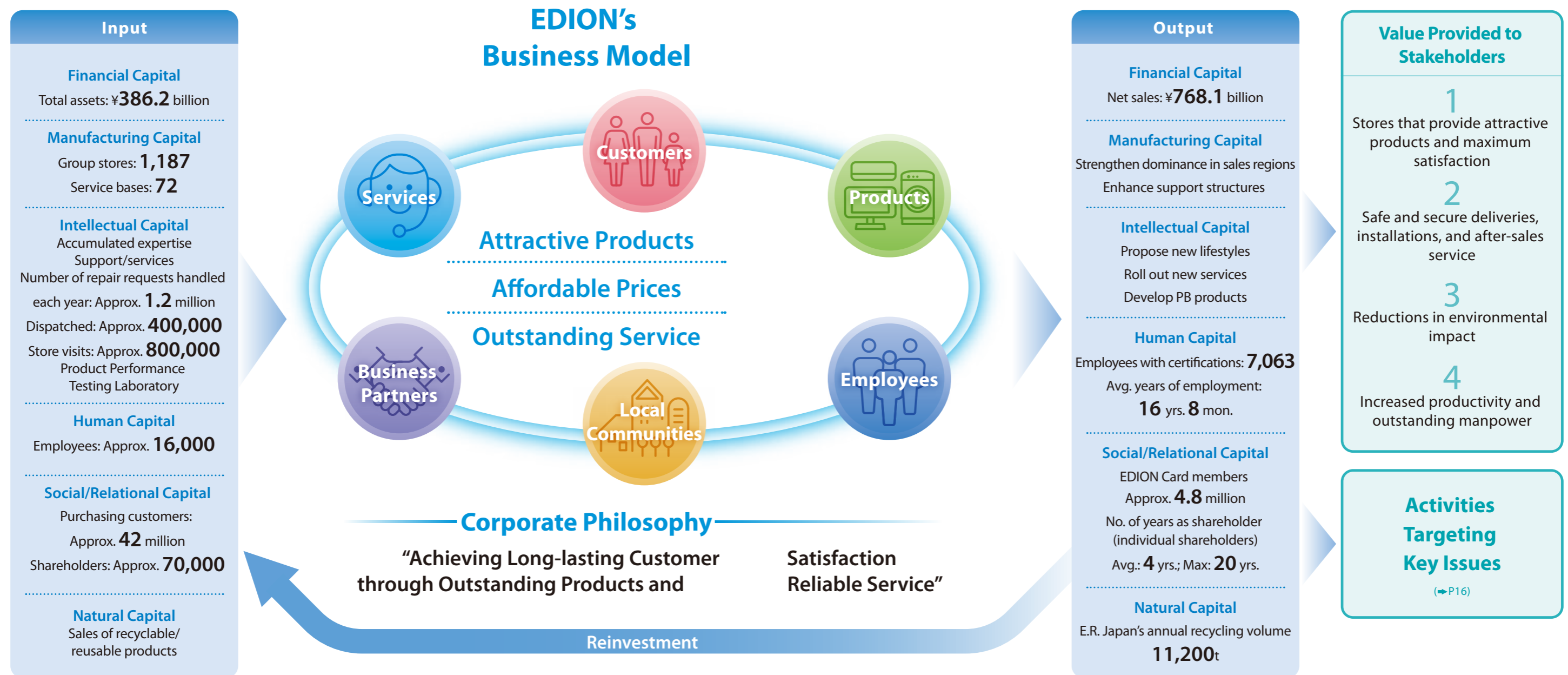
### Ratio of Independent Directors (As of June 29, 2021)

**50%**  
**In-house directors: 5**  
**Independent directors: 5**

To ensure a high level of transparency in management, 50% of EDION's directors are independent directors.

# Value Creation Process

EDION achieves sustainable value creation by undertaking business activities that leverage the strength of its management philosophy throughout the Group, and by continuously meeting society's needs on many levels.



# Priority Issues

In order to increase corporate value in the medium and long term, EDION has inventoried changes in the corporate environment that impact business activities and the role that the company should play in society through its business activities, as a means of identifying important priority issues.



## Helping Customers Realize Lives of Convenience and Affluence

- Providing attractive products at affordable prices**  
 Activities: Build structures to pick up on customer comments and leverage that information in management  
 We roll out products and stores in keeping with customers' lifestyles.
- Rapid response to changing lifestyles**  
 Activities: Secure users of online apps  
 We will respond to changes in the social environment, including "stay-at-home demand" and "telework demand."
- Provide outstanding service**  
 Activities: Put in place structures to increase customer satisfaction  
 We will strive to earn trust in the brand and increase operating efficiency.
- Provide peace of mind**  
 Activities: Disaster and infection prevention measures and barrier-free facilities  
 We will provide products that help during disasters and create business continuity plans, and ensure that diverse customers can use EDION stores with peace of mind.

## Contribute to a Society in Harmony with the Environment

- Undertake environment friendly product sales, logistics, and services**  
 Activities: Sell products that meet energy conservation standards  
 We actively provide environment friendly products, and promote activities in the context of logistics and services.
- Rollout of environment friendly stores**  
 Activities: Fully adopt LED lighting fixtures in stores  
 We will actively promote regional contributions and reductions in environmental impact at all EDION stores.
- Contribute to a recycling-oriented society**  
 Activities: Annual recycling volume: 11,200t or more  
 We promote the recycling and reuse of products after sales and reduce waste throughout the EDION Group.
- Environmental protection activities**  
 Activities: Participate in afforestation activities  
 We will actively promote environmental protection and the realization of a recycling-oriented, carbon-free society.

## Organizations that Offer Work Satisfaction, and Diverse Manpower Training

- Health management**  
 Activities: Acquire "Health & Productivity Management" certification  
 We have put in place work environments that promote healthy and sustainable careers.
- Promoting optimum work safety (and sanitation)**  
 Activities: Disaster prevention training and infection prevention measures  
 We build attractive workplaces where employees can work safely and with peace of mind.
- Promoting work/life balance**  
 Activities: Reduce overtime by improving work efficiency  
 We have put in place an environment where diverse manpower can demonstrate their abilities through diverse work styles.
- Promoting employment of persons with disabilities**  
 Activities: Actively support persons with disabilities  
 We promote activities aimed at recruiting diverse individuals throughout the EDION Group.
- Building comfortable workplaces**  
 Activities: Promote diversity & inclusion  
 We will strive to be an organization characterized by diversity and mutual respect.
- Manpower training and career development**  
 Activities: Training systems that lead to diverse careers  
 We provide a variety of training programs and self-improvement opportunities to support career development.

## Actively Contributing to the Community

- Promoting sports**  
 Activities: Operate sports divisions and sponsor sports teams and events  
 By promoting sports, we will encourage communication with and contribute to the development of the community.
- Fostering the next generation**  
 Activities: Promote educational support activities  
 We help to foster children of the next generation through our robot programming education business and other educational support activities, including contributions to the Children's Book Forest.
- Disaster support activities**  
 Activities: Promote the introduction of IT-BCP  
 We will put in place structures to ensure continuity of store operations even in the event of a disaster, to fulfill a function as part of the lifestyle infrastructure.
- Contributing to the community**  
 Activities: Nationwide simultaneous cleanup activities  
 Through cleanup activities, we will actively contribute to the community surrounding directly managed stores.

## Building Good Relationships with Business Partners and Shareholders

- Strengthening governance**  
 Activities: Appoint female independent directors  
 We promote structures to ensure the operation of fair and impartial organizations.
- Sustainable logistics**  
 Activities: "White Logistics" initiatives  
 We have put in place logistics structures to provide products and services to a broad range of customers.
- Enhanced stakeholder communications**  
 Activities: Hold one or more company explanation meetings for shareholders  
 We will actively communicate with stakeholders both inside and outside of the company using diverse methods, disclosing corporate information at the appropriate time.
- Fair and impartial transactions with business partners**  
 Activities: Establish a code of ethics  
 We will deal fairly with suppliers, affiliates, and other partner companies, striving to grow by maintaining good relationships.

## Establishing a Business Platform that Supports Sustainability

- Continuous business activities**  
 Activities: Put in place a BCP structure  
 We will continue to fulfill our mission in society by maintaining stable business operations.

Special Feature

## Activities at E.R. JAPAN

E.R. JAPAN Corporation, a fully owned subsidiary of the EDION Group, contributes to a recycling-oriented society through the recycling of used small home electronics and other products, and the reuse of PCs and mobile phones. At the same time, it promotes activities aimed at resolving social issues from a variety of perspectives; for example, contributing to the community by providing a place where diverse individuals can participate.

Employees with Disabilities: **30**  
(as of March 2021)



Annual Recycling Volume: **11,200t**



## Demonstrating True Sustainability by Achieving “Reliable Service,” the Embodiment of the Corporate Philosophy, throughout the EDION Group



**Hiroshi Okumoto**

President, E.R. JAPAN Ltd.

“Ever since I was appointed president in 2020, I have been working to increase production efficiency, for example through planned reduction and increasing the visibility of tasks. My goal is to create value for the EDION Group, by efficiently producing high-quality recycled products.”

### ● E.R. JAPAN Ltd.

Established in April 2012; began operations in 2014. Through efficient recycling using four types of lines, it conducts the recycling business with a monthly recycling process capacity of 2,000 tons, and a “reuse” business that involves safe and secure processes which employ

flawless information security measures. The company has installed solar panels in its plant roof, which generate 2.5 million kilowatts of power, equivalent to the annual usage volume for approximately 50 regular households.



### Pursues “Complete Sales” up to Recycling after the Product’s Life is Done

Home electronics and telecommunications devices contain large amounts of iron, aluminum, and copper, as well as gold, rare metals, and other precious metals. The Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment was enacted in April 2013 to promote the use of these resources. E.R. JAPAN was designated as an “approved recycling business” based on that act, and from 2014, has undertaken the recycling of used small home electronics and other products into usable resources, as well as the reuse business, in which PCs, mobile phones, and other devices are bought back from consumers for use as new products.

“The EDION Group has a management philosophy of ‘Reliable Service,’ taking responsibility for supporting customers up to the very end, after the life of a purchased product is done. E.R. JAPAN contributes to a recycling-oriented society by returning ‘end of use’ products into resources, in an untiring pursuit of complete sales in response to the needs of the era.” (Hiroshi Okumoto, President)

E.R. JAPAN recycles as much as 11,200 tons of materials each year. Used small home electronics collected at EDION Group stores nationwide account for approximately 60% of this volume, while products recovered from local governments and companies based on contracts account for the remaining 40%. The recovered products are dismantled and crushed either manually or using crushers or sorting ma-

chines; metals are sorted into iron, aluminum, and copper wire, or mixed metals as a source of gold, silver, copper, and rare metals, while plastics are sorted into types such as acrylonitrile/butadiene/styrene (ABS), polypropylene (PP), and polystyrene (PS). This highly accurate selection process enables an outstanding recycling rate of 93% (in FY2019).

“The materials that we recycle and recover, like iron and plastics, are converted into construction materials, industrial products, and household goods, while copper, gold, and rare metals are used as materials in electronic devices and electric vehicles. Increasing the recycling rate through highly accurate selection contributes to the effective reuse of resources, which is a critical issue for Japanese society.”

### EDION Group Entities Work Together as One to Propose Waste-free Lifestyles

“EDION is the only Group in the home electronics industry where Group entities work together as one throughout the product lifecycle, from sales through to recycling, on a nationwide scale. Recycling and reusing the products collected at EDION Group stores is a given, but another important aspect of our company’s mission is to leverage the knowledge and experience gained through the recycling business in enhancing the EDION Group’s environmental protection and social contribution activities.”

Achieving a recycling-oriented society requires all of the “3Rs”—not just reuse and recycling, but also reducing; that is, reducing the volume of materials used to make the product, and also the volume of waste materials generated. As a member of the EDION Group, E.R. JAPAN offers proposals and advice on approaches to reduction.

“Working together with EDION, we can propose recyclable materials to manufacturers, and also propose lifestyles to customers through home electronics sales and home improvements to minimize waste. The EDION Group is uniquely positioned to contribute to reductions because of its work in the recycling business.”

There are four lines at the plant in keeping with the types of devices recycled, to increase sorting accuracy.



Copper is mainly recovered from A/C piping, while gold and silver are recovered from IT device circuit boards.



### Contributing to the Community through Employment is also Part of EDION’s DNA

E.R. JAPAN actively promotes the employment of persons with disabilities, to contribute to a society where everyone can live comfortably. It receives trainees from three special support schools in the region, hiring about two disabled people each year. There are currently 30 on staff. People with disabilities mainly handle sorting and dismantling of PCs and telecommunications devices, supporting E.R. JAPAN’s high recycling rate with their careful and skilled work (total of 88 employees).

“The important thing is not just to hire these individuals, but to put in place an environment that enables them to continue working as long as possible. To do this, we assign work that is ideally suited to each individual’s unique attributes, and our support staff maintains equipment and facilities and frequently checks on employees to ensure a safe and secure work environment.”

These employees also sort copper resources from piping removed during A/C replacements, and sort ink cartridges collected at stores. These activities are conducted in collaboration with regional companies, in the hopes that they will contribute to revitalizing the community.

We also emphasize the broad acceptance of seniors through temp staff companies, striving to contribute to the community as a company that can employ a wide range of manpower.

“The next step we are working on is to expand the scope of positions available to people with disabilities. As always, our goal is to be a company where diverse individuals can continue to work energetically and with a sense of job satisfaction.”

## To Be a Company that Continues to Be Needed by Society

### Our Goal: Be a Company that Supports Regional Lifestyle Infrastructures All the Time



## Create a Company that is Strong Even in the Face of a Disaster, Always Protecting the Safety of Customers and Employees

**Masayuki Okajima**

Executive Director, Management Planning Division  
Head of General Affairs and Legal Affairs Departments

### Progress of Business Continuity Plan (BCP)

Our business continues, supported by many stakeholders, including customers, business partners, and employees.

EDION has equipped its stores and distribution centers with the stock required to quickly protect people's lives in the event of a disaster. At the same time, we have created a business continuity plan (BCP) with the mission of ensuring safety and providing essential products as quickly as possible in the event of a disaster.

In the initial stages of our BCP, IT-BCP was not sufficient, but we are currently putting in place IT-BCP as well, along with related systems.

EDION has business bases covering broad geographical areas, so one issue was an inability to quickly confirm disaster conditions and the safety of employees in remote locations. To resolve this issue, we collaborated with our subsidiary NWORK Corporation in the joint development of a "facilities

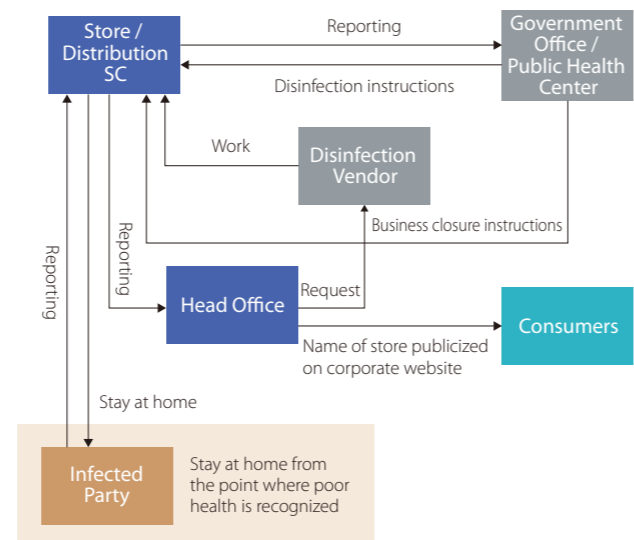
status visualization tool" that quickly gathers information from each base when a disaster occurs. Using this tool, we are able to constantly update information even from remote locations, and put forward future response policies, mainly from the Disaster Response Headquarters. When a disaster does occur, conditions are constantly changing, so this tool is an essential element of our BCP response.

### Responding to the Novel Coronavirus Pandemic

EDION has created a BCP that assumes the possibility of novel influenza epidemics as well as natural disasters such as earthquakes and typhoons. In the case of the novel coronavirus infection, which was designated as a pandemic by the World Health Organization (WHO), we placed an emphasis on increasing the speed of information gathering. For example, the headquarters gathers information not only when somebody is infected, but also when someone receives a PCR test because they were not feeling well, and then we observe trends after that, in collaboration with various divisions. In this way, we have put in place a structure that allows us to respond quickly in the event that somebody is infected. When an employee at one of our stores contracts the virus, the PR Department notifies outside parties to ensure the transparency of information.

The General Affairs Division played a central role in creating manuals, for example on infection prevention measures and customer response, distributing disinfectants and thermometers, and obtaining masks. Head office employees were encouraged to effectively use telework and remote meetings, both internally and with outside business partners, even when a state of emergency was not in effect. Employees working at offices were required to take their temperature, wear masks, and practice off-peak commuting, in order to minimize the risk of infection.

### Flow of Measures in the Event of a Positive COVID Test Result



Kumamoto Main Store



Kumamoto Main Store: Emergency tents



SunLive City Kumanan Store

After the Kumamoto Earthquake (in 2016), although damage rendered the store unusable, we reopened quickly, mainly offering essential daily goods.

We also donated 50 microwave ovens for people who had to stay at hotels while they recovered from COVID. We received postcards and messages of appreciation from people saying how happy they were to be able to eat hot food.

### Leveraging the Strength of On-site Communications

I feel that one of EDION's strengths is the ability of frontline staff to act autonomously; for example, in addition to responses led by the head office, people at the stores and on the front lines of logistics services implemented many activities independently. In response to COVID, employees checked their temperature before they started their shift, and wrote it on their name tags and name cards, so that customers would feel more at ease. When we deliver products to the customer's home, the staff cleans anything they touch with a disinfectant sheet before they leave. This measure originated with a suggestion from our front-line staff. In the event of an earthquake or torrential rain, our employees voluntarily participate in cleanup activities in the affected regions. They also put products out on tables in the store parking lot, selling products that are essential in a disaster, like flashlights and batteries. The strength of our BCP is not just an awareness of risk management; it is a corporate culture that allows employees to think and act autonomously, in terms of how they can personally contribute to the region's recovery.

The broad rollout of these positive ideas and activities from the front lines helps to improve the company as a whole. We have received a very positive response to our pandemic countermeasures, with customers saying, "I felt safe because they clearly explained the measures they were taking," and "With their temperature shown on their name tags, I was relieved to see that they take these countermeasures seriously."

### Enhanced Measures and Involvement in the Community

In addition to refining our BCP overall, we want to be able to respond to disasters even more quickly, based on assumptions about real-world scenarios. For example, we will give training in reporting measures using safety check-ins and

base status visualization tools.

In the future, we plan to establish a BCP for the supply chain as a whole, in collaboration with our suppliers.

We need to strengthen awareness of disaster prevention measures, so we plan to conduct educational activities on a day-to-day basis. We will keep stores open as much as possible even during disasters. We need to be able to quickly offer people in the region the products that they need; not only mobile batteries, which are considered essential, but also things like fans and compact air conditioners in the summer, and heaters in the winter. We have seen predictions of potential major disasters, like a "Nankai megathrust earthquake" in the Nankai Trough near Western Japan. It is important for us to build and strengthen structures that allow us to continue our business operations, while protecting the lives of customers and employees. We will continue to strengthen these measures, incorporating comments and suggestions from the front lines.

### About the EDION "Himawari"

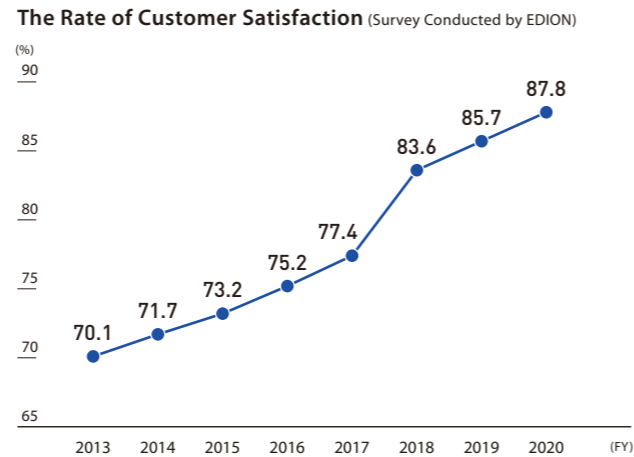
The Himawari (Sunflower) is a truck with special specs for diagnosing problems in home electronics. It is equipped with various antennas, testers, and tools that allow dedicated staff to provide free diagnoses of problems in home electronics products brought in by customers. When a problem is identified, it can be resolved on the spot, or else the product can be taken back to the shop for full repairs. The Himawari, which is the only home electronics diagnostic truck in Japan, travels around the country mainly for new store openings and other events. Following torrential rains in July 2020, this truck provided repairs for various home electronics in Hitoyoshi, Kumamoto Prefecture, one of the areas most seriously affected.



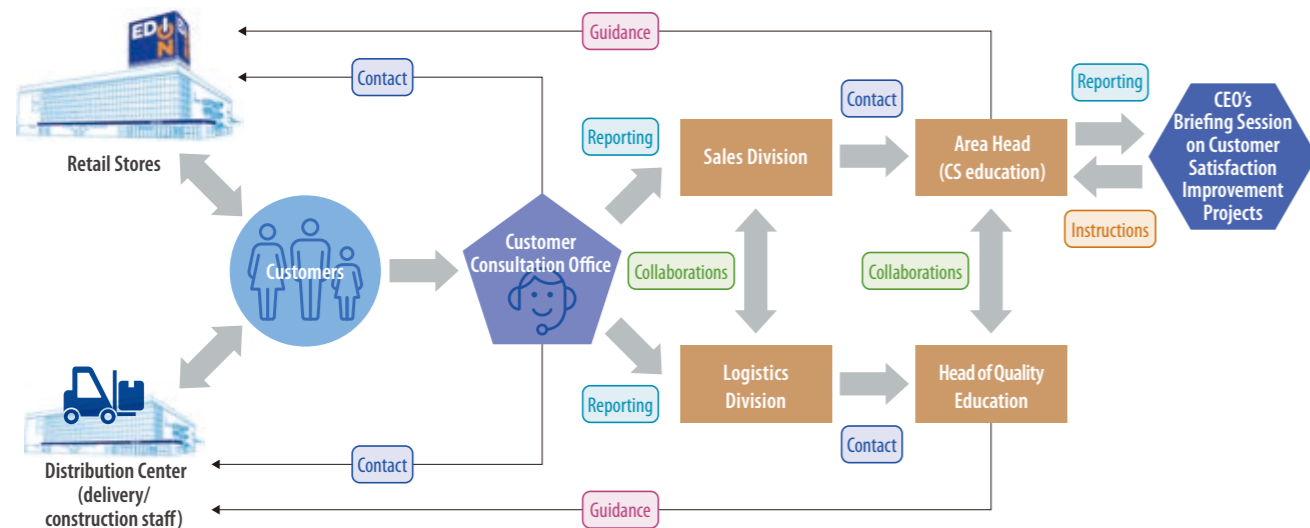
# Helping Customers Realize Lives of Convenience and Affluence

## Activities Aimed at Increasing Customer Satisfaction

As part of activities aimed at increasing customer satisfaction, the EDION Group has established a Customer Consultation Office and has put in place structures to quickly resolve customer issues and requests in collaboration with stores. We also gather comments and impressions from customers through survey postcards distributed with receipts as well as with deliveries and installations. The survey data collected are tabulated, and words of praise, requests, and complaints from customers are fed back directly to retail stores and logistics centers on a day-to-day basis, so that issues can be resolved quickly. In FY2020, we received a total of 688,105 responses via postcards and the Internet, and the customer satisfaction rate was 87.8%.



### Mechanisms for Tying Customer Feedback into Improvements



## Example of Improvements Based on Customer Comments

We place a high value on comments from customers, and we always put these comments to use in service improvements and product development. The Customer Consultation Office and the Sales Supervisory Division work together to improve services based on complaints and improvement requests received from customers. We also hold regular CEO's Briefing Sessions on Customer Satisfaction Improvement Projects, so that the CEO can hear comments from the front lines firsthand. In this way, we are able to improve services quickly and continuously.

There was one case where these activities brought to light the potential for misunderstandings regarding delivery schedules. We improved the situation by handing over a

delivery slip with the store receipt whenever a customer requests a delivery. This helps to prevent misunderstandings about the delivery date. We will continue our efforts to be an even better company, and to improve customers' satisfaction and earn their support.



## Leveraging Customer Experiences

The strength of brick-and-mortar stores is their ability to provide customers with experiences that they could not enjoy through online shopping. Think about experiencing the feeling of water pressure in a showerhead or high-pressure cleaner, comparing the taste of rice prepared using different rice cookers, or taste testing fresh-brewed coffee. We create stores that appeal to the customers' five senses and offer excitement, for example through immersive entertainment experiences that combine high quality video on a large screen with cutting-edge audio systems. All EDION stores are also fully equipped with in-house Wi-Fi so that customers can experience the latest in IoT home electronics. We will continue to respond quickly to customer needs as they change in keeping with the times.



Video experience booth

## Responding to the Growing e-Commerce Market

As a result of the coronavirus pandemic and the proliferation of teleworking, customer lifestyles are changing, and we have seen an increase in online purchases as well. In the EDION Group, we have strengthened collaborations between our own EDION Net Shop website and "Koko-de-Cow," an Internet shopping portal site operated by our subsidiary, Forest Corporation. Shopping points can be shared between the two sites, and we have expanded the lineup of products handled. We have also newly added a "Smart Phone de Scan" function to our EDION smart phone app. With this function, the user just scans the electronic price tag with their smart phone, and it connects them to the EDION Net Shop.

We will continue to promote collaborations between our stores and the Net Shop, to further improve customer convenience.



EDION Net Shop

## Activities Aimed at Providing Safer Products

In 1987, EDION opened the Product Performance Testing Laboratory to ensure that customers can use our products with peace of mind. This facility conducts independent tests of safety, durability, practicality, and ease of operation, mainly for new and imported products.

In addition to standards required by law, the laboratory checks items like product safety, basic performance, and component wear. In addition, the Environmental Laboratory tests durability in various environments common throughout Japan, including high and low temperatures and high humidity, and tests product effectiveness and economy based on independent in-house standards. It also conducts a variety of tests from the customer's perspective, including comparisons of performance and power consumption under specified conditions.



Testing at the Product Performance Testing Laboratory

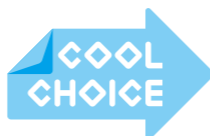
# Contribute to the Realization of a Society in Harmony with the Environment

## The EDION Group's Basic Approach to the Environment

The EDION Group promotes the proliferation of energy-efficient home electronics that are environment friendly and easy on the family budget as well. We also conduct the activities shown on the right, in support of the "Cool Choice" initiative, which promotes reductions in greenhouse gas emissions and contributes to the creation of a carbon-free society. To further promote the disclosure of climate related information, we comply with the directives of the Task Force on Climate-Related Financial Disclosures (TCFD), which was

established by the Financial Stability Board (FSB).

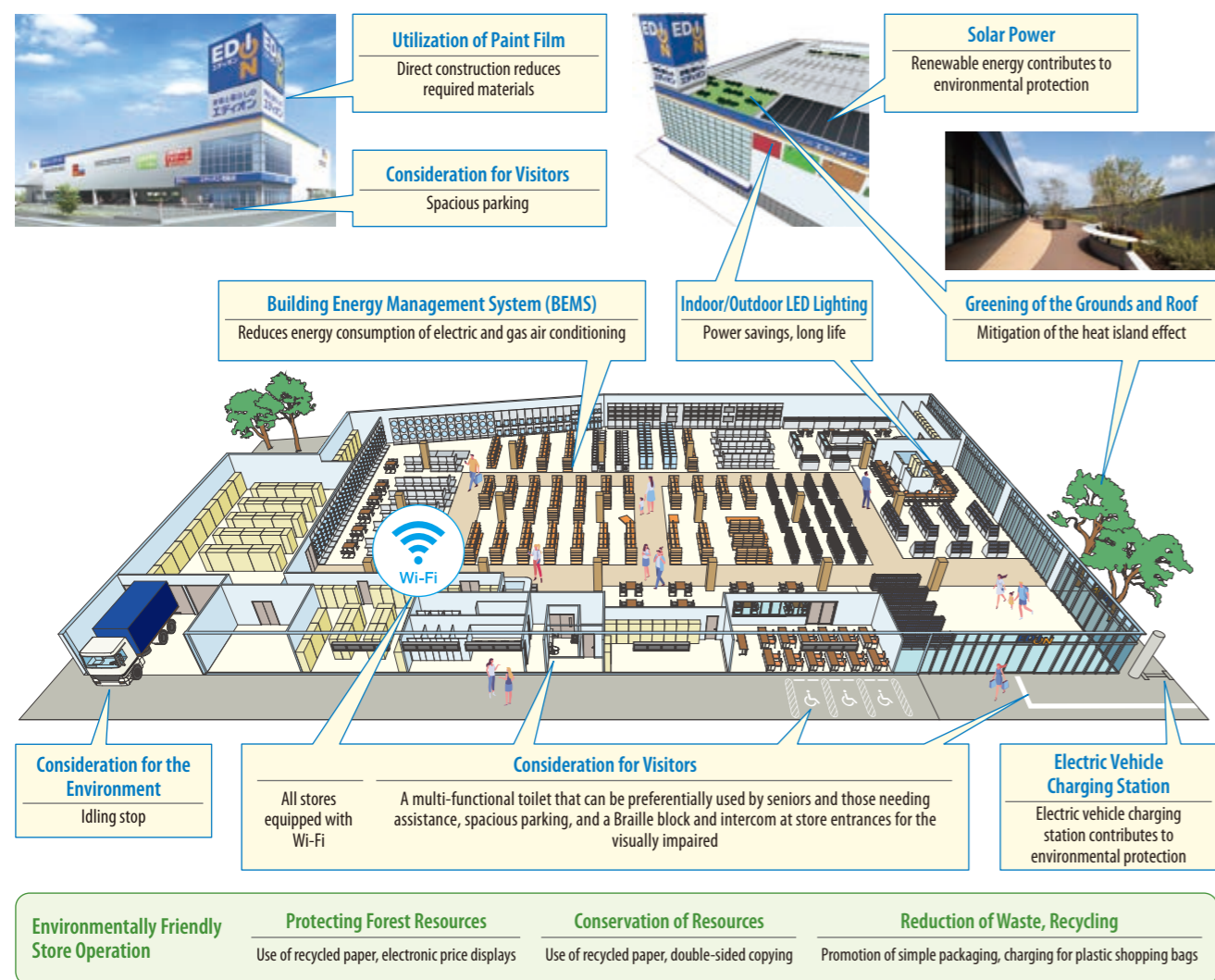
1. Provide environmental training for employees
2. Create pamphlets that encourage energy conservation, and distribute these materials to customers
3. Broadcast recommendations for energy-efficient products in stores
4. Display posters and panels recommending energy-efficient products in stores



## Convenient and Environment Friendly Store Design

As part of efforts targeting environmental pollution and global warming, we actively sell solar power systems at EDION stores. Through our subsidiary, EDION HOUSE SYSTEM Corporation, we are also able to offer industrial solar power systems and other large-scale facilities. We place an emphasis on the sales

of other environment friendly products through the home improvement business as well, including "all electric" homes, storage batteries, water conserving toilets, and external paints that offer outstanding insulating effects.



## Reducing Waste Materials

As part of efforts to achieve a recycling-oriented society, in 2012, we established the subsidiary E.R. JAPAN Corporation, to promote the recycling and reuse business. In this way, rather than simply selling home electronics, the EDION Group is able to effectively use resources even after the product's life is complete (ref. PP'18-19).

The recycling business supports the recycling of resources in Japan, by collecting useful materials such as plastics, aluminum, and steel, as well as mixed metals as a source of gold, silver, and copper, along with rare metals, and selling these materials to metals trading companies and refining plants. In the reuse business, employees carefully and manually delete data from PCs, mobile phones, and other devices bought back from customers one by one, and repair external casings, so that the products can be re-sold.



## Promoting Sales of Energy-efficient Home Electronics

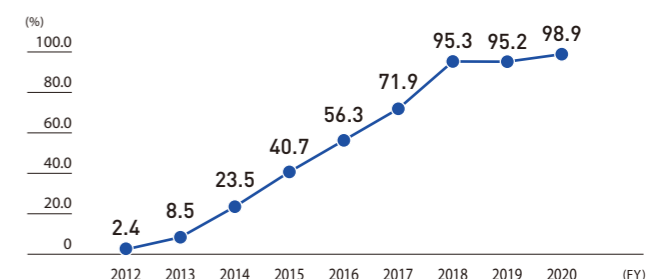
By offering energy-efficient products and services at EDION stores, we help customers to understand the importance of these efforts. We actively sell products that contribute to the environment. EDION HOUSE SYSTEM, another Group company, contributes to the realization of a carbon-free society by installing industrial solar power systems and storage batteries.



## Preventing Global Warming

We strive for operations that reduce greenhouse gas emissions, for example by introducing LED lighting fixtures and other energy-efficient facilities as well as clean energy facilities, in order to achieve a carbon-free society. As of this writing, 98.9% of directly operated stores have adopted LED lighting fixtures.

LED Lighting Adoption Rate at Directly Operated Stores



## Use of Clean Energy at All Stores

Since 2007, the EDION Group has conducted "Nationwide simultaneous cleanup" activities, not only around head office workplaces and directly operated stores, but in public areas such as roadways and parks as well.

Each year, about 10,000 employees participate in these activities at 480 locations nationwide.



## Forest Maintenance Activities

At Mt. Yoshino in Nara Prefecture, which is registered as a World Heritage Site, a decline in forestry has resulted in a patchwork of barren areas and abandoned forest sections, which creates problems in terms of the landscape, as well as erosion and flood control. EDION participates in the Yoshino Forest Maintenance Project to help resolve these issues. In cooperation with local companies and municipal and prefectural governments, a broad range of citizens contribute to the Project by thinning and planting trees along the mountain trail that runs from Yoshino Jingu Shrine to the main hall of Kinpusenji Temple ("Zao-do"), which is registered as a national treasure.



# Organizations that Offer Work Satisfaction and Diverse Manpower Training

One part of the EDION Group’s code of ethics states, “We strive to create a comfortable workplace, and one in which employees are treated fairly and equitably, and have equal opportunities for skill development.” Regarding the composition of employees, we respond to the ever-changing business environment and diversifying customer needs by respecting, accepting, and leveraging the differences arising from the various backgrounds of our employees, including gender, nationality, age, and type of employment.

## Creating Comfortable Workplaces

We implement a variety of initiatives and support so that employees can balance their work and personal lives according to their respective lifestyles and maintain motivation and energy in the workplace. These include promoting work-life balance, a support system for workers with dependents (childcare/long-term care support), benefits that support diverse workstyles, and thorough health and safety measures. At our Business Improvement and Cost Reduction Conference, we welcome ideas related to workstyle reforms and promoting the creation of more comfortable workplaces.



### Number of Employees

Scope	Category	FY2017	FY2018	FY2019	FY2020
Non-consolidated		7,416	7,834	7,830	7,918
	Male	6,667	6,846	6,798	6,866
	Female	749	988	1,032	1,052
	Temporary employees	6,037	6,127	6,273	6,377
	Male	2,031	2,087	2,160	2,203
	Female	4,006	4,040	4,113	4,174
	Total	13,453	13,961	14,104	14,295
Group	Full-time employees	8,653	8,761	8,778	9,007
	Temporary employees	6,843	6,827	7,111	7,202
	Total	15,496	15,588	15,889	16,209

### Avg. Employee Age (Non-consolidated)

Category	FY2017	FY2018	FY2019	FY2020
Overall	41 yrs. 4 mon.	41 yrs. 2 mon.	41 yrs. 4 mon.	41 yrs. 6 mon.
Male	42 yrs. 3 mon.	42 yrs. 4 mon.	42 yrs. 7 mon.	43 yrs. 0 mon.
Female	33 yrs. 1 mon.	32 yrs. 11 mon.	33 yrs. 4 mon.	34 yrs. 0 mon.

### Avg. Years of Employment (Non-consolidated)

Category	FY2017	FY2018	FY2019	FY2020
Overall	16 yrs. 7 mon.	16 yrs. 3 mon.	16 yrs. 7 mon.	16 yrs. 8 mon.
Male	17 yrs. 4 mon.	17 yrs. 4 mon.	17 yrs. 8 mon.	18 yrs. 1 mon.
Female	10 yrs. 2 mon.	9 yrs. 3 mon.	9 yrs. 6 mon.	10 yrs. 0 mon.

### Turnover Rate (%) Note: Does not Include People Who Retire at the End of March

Category	FY2018	FY2019	FY2020
Overall	3.38	3.73	3.04
Male	2.76	3.33	2.53
Female	8.27	6.36	6.27

## Health Management

EDION places an emphasis on maintaining and improving the health of employees. In recent years, in keeping with an increase in the average age of our employees, we encourage regular health checkups and promote preventative measures to ensure that those employees can enjoy long and healthy careers with EDION.

### Health Management Declaration

Since employees form EDION’s management base, the health of employees and their families is essential to achieving EDION’s management philosophy of “putting customers first by providing utility and complete sales.”

EDION gives top priority to the physical and mental health of employees and their families, and declares that it will strive to maintain or improve employee health and promote health management so that employees can work at the peak of their abilities.

September 2019

**Masataka Kubo**

Chairman, CEO, and Representative Director

### Recognized as a Health & Productivity Management Organization in 2021

The Company was selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi to be recognized in the 2021 Certified Health & Productivity Management Award (Large Enterprise Category) for excellence in strategically implementing health management initiatives from the perspective of managing employee health. Certified as a “Health & Productivity Management Organization (Large Enterprise Category)” in 2021 for the second consecutive year. Going forward, we will continue to strive to maintain and improve the health of our employees.



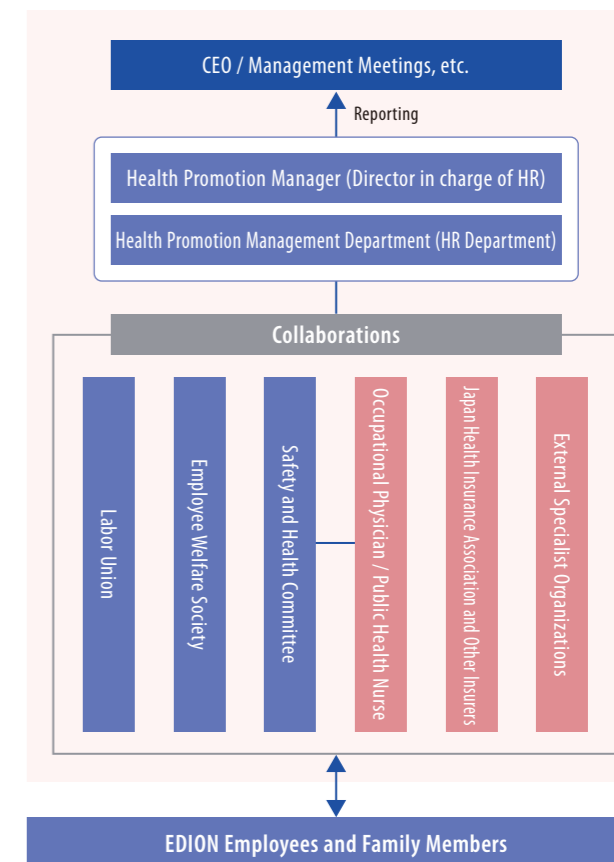
### Healthy Labor/Management Relationships

EDION conducts regular discussions and exchanges of information to build healthy relationships between labor and management. It holds regular meetings of the Management Council, the Joint Labor/Management Conference, and the Time Management Conference to discuss matters such as wage disputes and bonus negotiations, and quickly communicates the results of those discussions via the in-house portal site and company newsletters.

### Main activities during FY2020

- Labor-Management Diversity Promotion Project activities
- Guidelines for work in the event of a disaster
- Introduction of 65-yr. Retirement System and Work Interval System

### Mechanisms to Promote and Improve Health



### Setting Health Management Guidelines

EDION sets guidelines and monitors the status of activities to further promote health management. Results for FY2020 and goals for FY2021 are as follows.

- (1) **Rate of Employees Receiving Health Checkups**  
FY2020 results: 90.3%; FY2021 goal: 100%
- (2) **Reducing stress rates**  
FY2020 results: 5.9%; FY2021 goal: 5.8%
- (3) **Average overtime**  
FY2020 results: 15.4 hrs.; FY2021 goal: 12 hrs.
- (4) **Average days of paid leave used**  
FY2020 results: 11.7 days\*; FY2021 goal: 10.1 days  
\*Including special leave as part of coronavirus prevention measures
- (5) **Employees who smoke**  
FY2020 results: 26.4%; FY2021 goal: 26.2%

## Organizations that Offer Work Satisfaction and Diverse Manpower Training

### Improving Work/Life Balance

We are enhancing activities aimed at achieving reforms in autonomous approaches to work and vacations as a means of maintaining motivation and positive energy in the workplace.

#### ● Introduction of a "Work Interval System"

It is important to ensure that after employees complete their shift, they have an appropriate break to get enough sleep and enjoy personal time as well. We believe that providing appropriate breaks helps to maintain employee health and increase workplace motivation, and that this in turn enables employees to perform at their peak capacity and contributes to increased productivity.

We have implemented an attendance management system with a standardized 11-hour rest interval between shifts for all employees.

#### ● Reducing Working Hours

Most EDION stores operate for more than 10 hours a day, but a shift system ensures that employees are not working excessively long hours or putting in too much overtime.

#### ● Improving Communications

EDION promotes recreational activities at retail stores to improve workplace communications. The labor union newsletter "Harmony" is issued regularly to keep employees apprised of various workplace initiatives and labor/management projects.

### Mental Health Initiatives

The EDION Group conducts annual stress checks as part of its mental health initiatives. Based on the results of these checks, public health nurses and other professionals visit high-stress workplaces, while occupational physicians provide consultations for employees experiencing high levels of stress. EDION's stress checks are conducted at all workplaces, rather

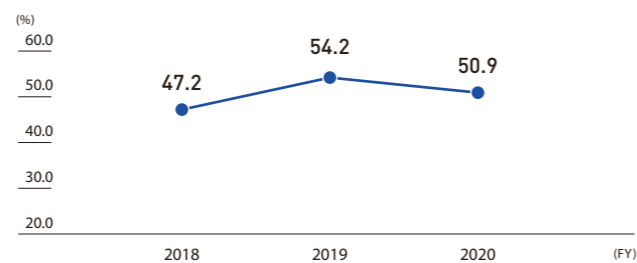
than only workplaces with 50 employees or more, as stipulated in the Industrial Safety and Health Act.

### Encouraging the Use of Systems

EDION encourages employees to use a variety of systems designed to improve work/life balance.

We also offer manager-level training to ensure that managers are aware of systems put in place to support employees in balancing work with responsibilities such as childbirth, child-rearing, and caring for elderly family members.

#### Ratio of Employees Using Paid Leave



#### Number of Employees Taking Long-term Care Leave / Number Returning to Work

		FY2018	FY2019	FY2020
Male	Number taking leave	1	1	3
	Number returning to work	0	1	3
Female	Number taking leave	8	3	9
	Number returning to work	8	3	8

#### Number of Employees Taking Childcare Leave / Number Returning to Work

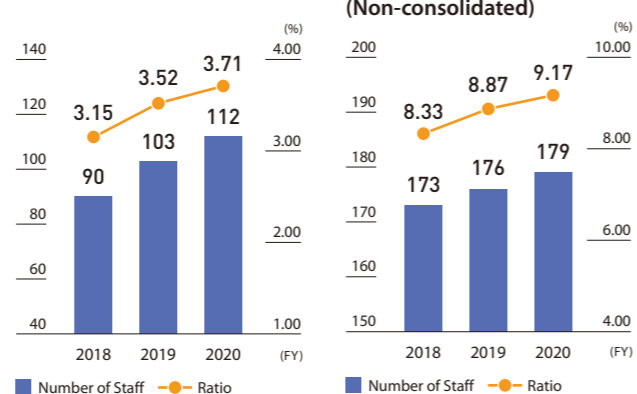
		FY2018	FY2019	FY2020
Male	Number taking leave	1	3	2
	Number returning to work	1	1	2
Female	Number taking leave	95	104	110
	Number returning to work	86	84	89

## Diversity & Inclusion

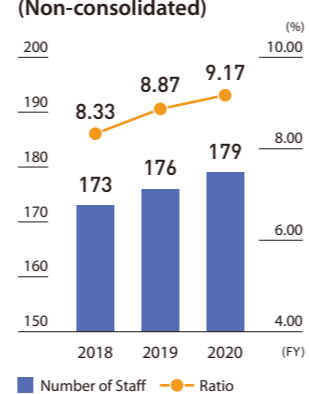
### Promoting Participation by Women

As noted earlier, part of the EDION Group's code of ethics states, "We strive to create a comfortable workplace, and one in which employees are treated fairly and equitably, and have equal opportunities for skill development." With this in mind, we coordinate with labor unions to promote active participation by female employees. We picked up on comments from female employees who have been active in the Labor-Management Diversity Promotion Project, which was kicked off in FY2016, and introduce these comments broadly within the company.

#### Number and Ratio of Female Senior Staff (Non-consolidated)



#### Number and Ratio of Female Senior Staff Candidates (Non-consolidated)



### Comments

#### Comments from Female Employees

#### EDION Creates an Atmosphere Where it Is Easy to Ask Questions, So We Can Actively Use a Variety of Systems.



**Erika Ikeda**  
Deputy Store Manager, Takarazuka store

I previously worked at 3Q Co., Ltd. (an EDION subsidiary), both at the head office and in the stores, and I'm currently working as an EDION deputy store manager. These systems didn't exist when I first joined the company, but now a wide range of systems are available, like new employee training, training for specific positions, and training to help female employees define their own career vision.

I would like to see all employees freely use their paid holidays and other vacations in the way that best suits their own situation, but for that to happen, we have to create an environment where employees can use these systems proactively, and the store managers need to adopt a flexible approach. I think that systems like childcare leave and long-term care leave will be needed even more in the future, regardless of the employee's gender. I personally end up thinking about things from a manager's perspective, but I plan to actively encourage

employees at the Takarazuka Store to use these systems. The job of "second in command" can be really tough at times, but at this store, I try to make it easy for the employees to talk to me about things. When I first joined 3Q, there were almost no female employees working in home electronics sales. Recently, the ratio of female employees has increased, and this has brought to light the problem that it can be difficult for women to keep working. We're no longer in that era when women were just expected to quit their full-time job when they get married and switch to part-time work, or to choose to quit completely because of an important life event. There are many women who want to continue working full-time. I think that the future growth of the company will depend on whether or not those women have support, and I do feel that the company is making an effort to accommodate those choices. I would really like to see the company set up childcare centers, even if it's only one in each area. If women are going to continue working as they raise children, it's very important for them to have someplace where they can leave their kids for the day, and go to work with peace of mind." I think we will have an increasing number of opportunities to think about diversity; for example, in terms of LGBTQ employees. I want my position to be one of protecting the employees I work with, and making sure that they are as happy as possible, so I will do my best to apply all my experiences up to now in making that happen.

#### This Is a Comfortable Work Environment, So I Am Going to Make the Best of My Own Strengths to Improve My Career.



**Jie Liu**  
Namba main store

I grew up in Dalian, where there are a lot of Japanese companies, so I was interested in Japanese life and culture. I came to Japan to study when I was a university student, and I just stayed and got a job here after I graduated. At first, I worked in a different industry,

but I wanted to apply my strengths in languages, so I applied for a job with EDION when they were starting up a duty-free specialty store for inbound tourists at Universal Citywalk Osaka, and I joined the company as a contract employee. Even after that, I was involved in the startup of stores for inbound tourists, including the Shinsai-bashi Store, where I received shoppers and showed them all of the various products. Based on that experience, I was chosen as one of the staff for the opening of the Namba Main Store.

Right now, I'm in charge of home electronics in the beauty and health category. Every day, I try the products out for myself, and study their features, so when a customer visits the store—not just foreigners living in Japan, but anyone—then I can recommend products with confidence. I get a real sense of satisfaction working for EDION, so I want to keep working here well into the future. I can take paid holidays whenever I want, and many of my colleagues take childcare and maternity leave as well. EDION is very conscientious about supporting working

women, for example offering shorter work hours when they come back to work. The store manager and the other managers make an effort to create a comfortable working environment. I don't feel like there are any barriers; we work together as colleagues, and we can communicate easily, any time. The employee evaluations are fair and reliable too, regardless of gender or nationality. In fact, this spring, I received a recommendation, and I was promoted. My goal is to one day be the manager of a large store like this one, so I'm going to keep working on improving my career.

#### Message for Employees: Takahiro Nishida, Manager, Namba Main Store

To make sure that employees are evaluated fairly, we make the evaluation indexes clearly visible and easy to understand. They study very hard, so I can see how serious they are about studying the products. They have very clear expectations about their work, so when they offer a suggestion, I make improvements where I can, and if I can't, then I explain the reason, and they understand. We always keep the lines of communication open. I received a request at a staff meeting about our in-house customer reception materials, suggesting that they should be made available in different languages, and I am working on remedying that. We have employees of various nationalities at the Namba Main Store, including Chinese, South Korean, and Vietnamese, and I want that diversity to be a source of mutual inspiration and growth for all of us.



(Left) Takahiro Nishida, Executive Director, Namba main store Manager

## Organizations that Offer Work Satisfaction and Diverse Manpower Training

### Support for Employees with Children

EDION has received "Kurumin" certification from the Ministry of Health, Labour and Welfare as a company that offers support for childcare. Under the Kurumin system, which is based on the Act on Advancement of Measures to Support Raising Next-Generation Children, companies formulate general business action plans and apply for certification after meeting certain targets laid out in those plans, along with other specified standards.

EDION has implemented a number of original systems to support employees who are raising children; for example, male employees can take two days of special paid holiday when their spouse gives birth. We will apply for the next level of the Kurumin certification this year as well, based on a plan that includes the creation of video training materials aimed at encouraging employees to take maternity and child care leave.

The fourth plan, covering the period from March 2021 to February 2023, has been created with a focus on educating male employees regarding childcare leave, and encouraging them to use the system. All employees are made aware of this system, for example through in-house portal sites and company newsletters.

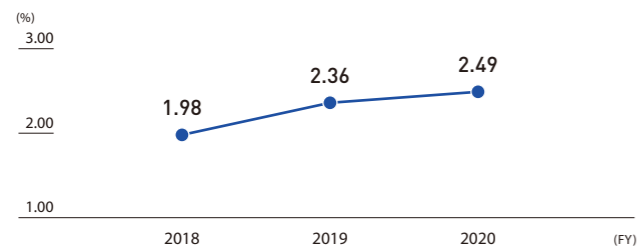
#### ● Short Working Hour System

A system has been introduced to allow short working hours to accommodate time for raising children, mainly for employees returning to work after taking childcare leave. Working time can be set at seven, six, or five hours per day, in order to ensure an optimum work life balance.

### Promoting Employment of People with Disabilities

E.R. JAPAN Corporation, an EDION Group company, actively promotes the employment of people with disabilities (ref. P18). Our goal is to be a company in which anyone can work with peace of mind, for example by putting in place comfortable workplace environments and providing thorough guidance throughout the Group as a whole. Since May 2019, we have provided further support for employment of people with disabilities through a new program that focuses on work in farming and other areas of agriculture."

#### Employment Rate for Persons with Disabilities



### Accommodating Second Jobs

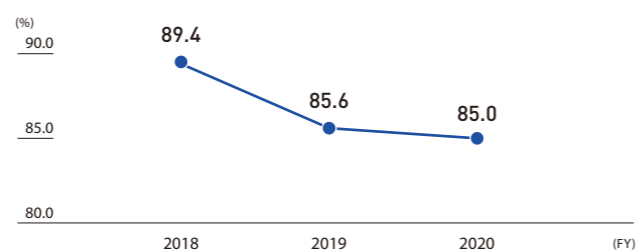
Amid an annual increase in the number of employees wishing to work at second jobs, we have initiated a new system that allows sideline work (concurrent work).

In addition to increasing the employee's income, the goal of this system is to allow the employee to acquire knowledge and skills that could not be obtained within the company, and contribute to the development of the employee's future career.

### Use of Senior Manpower

EDION has put in place a reemployment system for retirees, recording a reemployment rate of 85% in FY2020. The company is investing effort into creating an environment in which seniors can continue to work if they wish to do so. For example, the retirement age will be extended by one year at a time starting from employees who turned 60 in FY2020, and from 2029 onward, the retirement age will be increased to 65 across all Group companies.

#### Rehiring of Retirees



### "Mama Shine" Gatherings

The term "Mama Shine" is used to refer to employees who have taken a leave of absence before or after childbirth, employees who are pregnant and are planning to take childcare leave, and employees returning to work after completing childcare leave. Mama Shine gatherings are held regularly for Mama Shine employees, providing a venue for exchanging opinions and sharing information.

#### Comments

#### Comments from Participants in the Mama Shine Gathering

- "Exchanging information with the other participants gave me a good opportunity to think about my approach to work."
- "It was encouraging for me to see how hard everybody is working."
- "I was able to get answers to my questions about balancing work with raising children."
- "I can choose my working hours, and this will allow me to stay with the company longer."
- "I'm now able to use my own experience as a Mama Shine employee in my interactions with customers."



## Manpower Training

### EDION's PR Structure

EDION has introduced an evaluation system that incorporates evaluations of both performance and behavior. Practicing behaviors that tie into results, using this evaluation system as an index, will also lead to the growth of each individual.

Employees are provided with feedback on their evaluation results. This evaluation is also linked with multiple HR systems, including accreditations, salaries, skills development, and online training. This in turn increases employee motivation, promotes skills development, and ties into fair and impartial treatment.

### Maintaining an Environment that Enables Learning Even During the State of Emergency

During FY2020, Group training was suspended or postponed to prevent the spread of COVID-19. In FY2021, we have switched Group training, which is mainly conducted for younger employees up to their fifth year with the company, to online training, so that these employees have the opportunity to learn despite the state of emergency declaration.

#### ● Blended Training During the Pandemic

We have implemented blended training that combines face-to-face and online training, depending on the goals. Knowledge acquisition and self development are achieved with training videos, while customer service and collaborative skills are acquired through group and online training. Reviewing basic knowledge and key points through videos allows more time to be allocated to collaborative learning, group work, and role-playing at real training venues.



Online training screen

### Training Systems Accommodate Diverse Career Formats

Because EDION's main business is home electronics sales, we conduct a variety of training with a focus on interactions with customers and maintaining sincerity in those interactions. As part of coronavirus prevention measures, we are planning to hold events that combine online and group training.

#### FY2021 Goal-specific Training

Title	Trainees
New Store Manager Training	New store managers
Next-generation Manager Training	Senior service staff
Regular Employee Skills Training	Regular service staff
Coaching Training	Staff in charge of coaching new employees
Women's Career Vision Training	Regular female employees
Basic Knowledge Training for the Business World	New recruits (before starting employment)
Training in Critical Thinking	Head Office division employees
Partner Training	Contract/partner employees

#### FY2021 Training Policy

- Manpower training based on the corporate philosophy
- Training programs constructed in keeping with corporate policies
- The goal of training is to increase customer satisfaction and employee satisfaction



Coaching training



New employee training



# Actively Contributing to the Community

## Promoting Sports

EDION contributes to the promotion and development of sports, mainly through the EDION Women's Track and Field Club, which was established in 1989, and the EDION Archery Club, established in 1990. We also sponsor several professional sports teams, including the Sanfrece Hiroshima J-League soccer team and four professional baseball teams: the Chunichi Dragons, Hiroshima Toyo Carp, the Fukuoka SoftBank HAWKS, and the Hokkaido Nippon-Ham Fighters.

### EDION Women's Track and Field Club

Since it was established in 1989, the EDION Women's Track and Field Club has competed in the Queen's Ekiden, part of the All-Japan Women's Corporate Ekiden Championship, a total of 27 times, and its runners have won numerous awards representing Japan in international competitions.



#### Community Contributions by the Women's Track and Field Club

The EDION's Women's Track and Field Club holds track and field workshops for local elementary school students, providing easy-to-understand instructions in the basics of running, including short distance, hurdles, and relays.

By communicating the joy of track and field through these interactions with local children, the team members contribute not only to promoting sports, but to the community as a whole.



### EDION Archery Club

Established in 1990; members have won first place in numerous national competitions, and have participated in international competitions as well.



### Recent History of the EDION Group's Sports Achievements

#### EDION Women's Track and Field Club

Year	Competition	Event	Place	Athlete
2016	100 <sup>th</sup> Japan Championships in Athletics	100m Hurdle	1 <sup>st</sup> Place	Ayako Kimura
	101 <sup>st</sup> Japan Championships in Athletics	100m Hurdle	1 <sup>st</sup> Place	Ayako Kimura
2017	16 <sup>th</sup> World Athletics Championships (London, UK)	100m Hurdle	Japan's first semifinal round	Ayako Kimura
	102 <sup>nd</sup> Japan Championships in Athletics	800m	1 <sup>st</sup> Place	Yume Kitamura
2018	73 <sup>rd</sup> National Sports Festival of Japan	3,000m Steeplechase	1 <sup>st</sup> Place	Yukari Ishizawa
	66 <sup>th</sup> All Japan Inter-Corporate Track & Field Championships	10,000m Walking	2 <sup>nd</sup> Place* New record for the event, and new record for Japanese "Under 20"	Nanako Fujii
	57 <sup>th</sup> All Japan Race Walking in Takahata	General Women's 20km Walking	1 <sup>st</sup> Place	Nanako Fujii
	58 <sup>th</sup> All Japan Race Walk-in Wajima	10km Walking	1 <sup>st</sup> Place	Nanako Fujii
	23 <sup>rd</sup> Asian Athletics Championships (Doha, Qatar)	100m Hurdle	1 <sup>st</sup> Place	Ayako Kimura
2019	103 <sup>rd</sup> Japan Championships in Athletics	100m Hurdle	1 <sup>st</sup> Place	Ayako Kimura
	17 <sup>th</sup> World Athletics Championships (Doha, Qatar)	100m Hurdle	Competed	Ayako Kimura
	67 <sup>th</sup> All Japan Inter-Corporate Track & Field Championships	20km Walking	7 <sup>th</sup> place	Nanako Fujii
	74 <sup>th</sup> National Sports Festival of Japan	800m	1 <sup>st</sup> Place	Yume Kitamura
2020	103 <sup>rd</sup> Japan Championships in Athletics Cross Country Running	Senior Women's 8km	1 <sup>st</sup> Place	Yukari Ishizawa
	44 <sup>th</sup> All Japan Race Walk - Nomi	20km Walking	1 <sup>st</sup> Place	Nanako Fujii
	104 <sup>th</sup> Japan Championships in Athletics	Women's 20km Walking	1 <sup>st</sup> Place	Nanako Fujii
2021	104 <sup>th</sup> Japan Championships in Athletics Cross Country Running	Senior Women's 8km	1 <sup>st</sup> Place	Kaede Hagitani
	36 <sup>th</sup> Shizuoka International Athletics Meet	800m	1 <sup>st</sup> Place	Yume Kitamura
	32 <sup>nd</sup> Olympic Games (Tokyo, Japan)	100m Hurdle	Competed	Ayako Kimura
		5,000m	Competed	Kaede Hagitani
		Women's 20km Walking	13 <sup>th</sup> place	Nanako Fujii

#### EDION Archery Club

Year	Competition	Event	Place	Athlete
2017	65 <sup>th</sup> All-Japan Corporate Archery Competition	Recurve Men's team	1 <sup>st</sup> Place	Hideki Kikuchi / Shohei Ota / Ayumi Iwata
	1 <sup>st</sup> ISPS HANDA Cup	Recurve Men's team	1 <sup>st</sup> Place	National Team B (Ayumi Iwata)
	World Archery Championships (Mexico City, Mexico)	Men's Recurve	5 <sup>th</sup> place	Hideki Kikuchi
2018	51 <sup>st</sup> All Japan Target Archery Championship	Recurve Regular Men's	1 <sup>st</sup> Place	Shohei Ota
	66 <sup>th</sup> All Japan Industrial Archery Championships	Men's Recurve	1 <sup>st</sup> Place	Ayumi Iwata
2019	2 <sup>nd</sup> ISPS HANDA Cup	Young Men's Individual	1 <sup>st</sup> Place	Hideki Kikuchi
	67 <sup>th</sup> All Japan Industrial Archery Championships	Team Recurve	1 <sup>st</sup> Place	Hideki Kikuchi / Ayumi Iwata / Hinano Osawa
	74 <sup>th</sup> National Sports Festival of Japan	Men's Recurve	1 <sup>st</sup> Place	Hideki Kikuchi
Young Women's Individual		1 <sup>st</sup> Place	Risa Horiguchi	
2020	Hiroshima Chairman's Cup	Recurve Men's team	New Japanese record	Hideki Kikuchi / Ayumi Iwata / Yuki Kawata
	68 <sup>th</sup> All Japan Industrial Archery Championships	Men's Recurve	1 <sup>st</sup> Place	Yuki Kawata
2021	32 <sup>nd</sup> Olympic Games (Tokyo, Japan)	Men's Individual	Competed	Yuki Kawata
		Mixed team	Competed	Yuki Kawata
		Men's team	Bronze Medal	Yuki Kawata

### Sanfrece Hiroshima

EDION has been contributing to the promotion and development of regional sports as a top club partner since 1997.



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### Sanfrece Hiroshima Regina

EDION is a club partner for Japan's first women's professional soccer league (WE League), which kicked off in September 2021.



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### Acquisition of Naming Rights

As a member of the local community, we have acquired naming rights for various facilities, including Hiroshima Regional Park Main Stadium, a multi-purpose sporting arena in Hiroshi-



ma, in the spirit of contributing to the development of local sports and culture.

- Other**
- Osaka: EDION Arena Osaka (Osaka Prefectural Gymnasium)
  - Nagoya: Edion Hisaya Plaza (Hisaya Plaza)

### DetonatioN Gaming (a professional e-sports team)

Based on a sponsorship agreement completed in 2018, EDION contributes to the promotion and development of e-sports, for example by actively holding in-store events featuring the DetonatioN Gaming team.

### Professional Baseball Sponsorship Activities

We have signed a sponsorship agreement with the Chunichi Dragons, Hiroshima Toyo Carp, and Fukuoka SoftBank HAWKS. As a company rooted in local communities, we actively contribute to the region, for example by conducting sales promotions in support of local teams to invigorate team support while increasing interest in EDION stores as well.

Our subsidiary 3Q Co., Ltd. also supports the professional baseball team Hokkaido Nippon-Ham Fighters.

### Supporting the Japan Junior Tennis Tour

In 2021, we began supporting the Japan Junior Tennis Tour, which holds approximately 250 qualifiers and three major national events throughout Japan. By holding EDION Japan Junior Tennis Tour events nationwide, we contribute to the further popularization of tennis, strengthening the skills of junior athletes, and promoting interactions with overseas entities.



## EDION's Education Business

EDION opened the EDION Robot Academy as a directly operated school in 2018. In 2019, we acquired Youmemiru Inc. as a Group subsidiary that operates more than 100 "Robo-Done" robot programming classrooms across Japan.

Through the education business, by offering experience-based learning and classes targeting elementary and junior high school students, EDION contributes to fostering children who can learn and apply their new skills independently.

During 2020, when classes were suspended due to the state of emergency declaration, we continued to provide learning opportunities to the students who could not attend EDION Robot Academy classes in person, for example through the "#Stay Home Robotics Challenge" robot contest.

In the summer of 2021, we conducted extracurricular classes in the event hall of the Hiroshima Main Store, with full

coronavirus prevention measures in place. We received an outstanding response from the children who participated, and from the parents as well.

We will continue to provide venues for learning in keeping with social conditions. Through the further rollout of our education business, we will strive to resolve regional disparity in IT education, and foster people who can take on challenges in the global arena.



Extracurricular classes

# Building Strong Relationships with Business Partners and Shareholders

## Involvement with Business Partners

The EDION Group's code of ethics states that we will "Conduct transparent business with our partners and strive for mutual development," and "Strictly handle personal information and corporate confidentiality of customers and business partners." We deal fairly and impartially with our suppliers, affiliate companies, and other business partners, and during business transactions, we strictly abide by laws and regulations related to commercial transactions as well as healthy business practices, and maintain clear transaction conditions and good relationships, to promote the mutual growth of all parties involved.

### Promoting Fair Business Transactions

As we observe laws and sound business practices related to commercial transactions, and strive for mutual development under transparent conditions and while maintaining good relationships, we also strictly screen potential collaborators to ensure compliance with all regulations pertaining to outsourcing and information management. We have established "Action Guidelines for Compliance with Antitrust Law," and we created an "Antitrust Law Compliance Manual," which is distributed to all EDION Group entities to promote strengthened awareness of compliance throughout the Group.

#### Action Guidelines for Compliance with Antitrust Law

The EDION Group will comply with antitrust law, other related laws, and sound business practices, and will conduct business activities based on the principle of free and fair competition.

Our business partners are partners with whom we have an equal relationship. The EDION Group seeks to establish long-term, reliable relationships of trust with our business partners.

(Established April 1, 2012)

### "White Logistics" Movement

#### Voluntary Action Declaration Toward Realizing Sustainable Logistics

We have declared our commitment to the following initiatives in support of the aims of the Ministry of Land, Infrastructure, Transport and Tourism's "White Logistics" Movement.

#### ● Policy

We recognize continuously and reliably securing the logistics capabilities required for business activities as a management issue. As such, with the mutual understanding and cooperation of business partners, logistics companies, and other relevant parties, we will endeavor to achieve highly efficient logistics and realize workstyle reforms.

#### ● Legal Compliance

We give due consideration in ensuring that our logistics company partners comply with labor-related laws and road freight business-related laws, for example by appropriately handling revisions in contracts and transportation details whenever there is a risk of legal violations.

#### ● Clarification of Contract Details and Compliance with Contracts

We strive to clarify the details of all contracts, including those for shipping and non-shipping-related work such as handling and inspection, and endeavor to comply with those contracts in cooperation with related parties such as business partners and logistics companies.

### Initiatives to Improve the Quality of Logistics Services

We are striving to improve quality not only through the efforts of our employees, but also by cooperating with collaborators. Specifically, collaborators in logistics conduct biannual etiquette training seminars to maintain and improve etiquette quality. We also focus on creating a system that can provide more comfortable services by sharing complaints and positive feedback, and working to prevent accidents and reoccurrences of issues when delivering services.

We will continue to work with our collaborators from the customer's perspective, and will continue to provide services that satisfy our customers.



Etiquette training in the classroom



Technical training

## Activities with Shareholders

The EDION Group will strive to continue growing sustainably, improve corporate value in the medium to long term, and fulfill its obligation to social contributions. We will disclose important information regarding the management of the company to shareholders, investors, and other stakeholders both inside and outside the company in a timely and appropriate manner and actively communicate with those stakeholders.

### Communications with Shareholders and Investors

The EDION Group maintains dialogues with shareholders and investors in keeping with fair disclosure rules, and with an awareness of the management of insider information, for example by holding IR meetings for institutional investors and individual explanations at securities companies for individual investors. We report regularly to the management team on comments and opinions from shareholders, and apply this information in future management. We actively provide information, for example by ensuring timely disclosures based on Tokyo Stock Exchange regulations, and by publishing items expected to contribute to shareholders' investment decisions on our company website.

The Ordinary General Meeting of Shareholders is held every June. Regarding shareholder proposals, we send notices of convocation early and post the relevant information on our website so that each proposal can be fully considered. We also have a system in place to exercise voting rights in writing or online to improve convenience. Regarding the General Meeting of Shareholders held in June 2021, to prevent the spread of COVID-19, we increased the spacing between seats and reduced the number of seats at the venue compared to past years, and urged our shareholders to exercise their voting rights in writing or online whenever possible.

### Expansion of the Shareholder Special Benefit System

We have introduced a shareholder special benefit system with the aim of attracting more medium- and long-term shareholders. The system presents shareholders with gift cards that can be used at EDION Group stores.



In the past, we issued and presented vouchers as a benefit to shareholders, but in order to improve ease of use, we have changed this to the EDION Gift Card,

which can be used on our e-commerce sites as well. We have also introduced an additional gift as an expression of gratitude to shareholders who have held our shares for one year or longer (with the end of March 2020 as the reference date). This system was implemented starting with the June 2021 delivery.

### Basic Policy on Profit Distribution

The EDION Group strives to secure a stable management base and considers shareholder returns to be an important management issue. Our basic policy is to determine dividends taking into account the implementation of stable dividends for our shareholders, business performance, and retained earnings to strengthen the management base. Our basic policy is to pay dividends from surplus twice a year: an interim dividend and a year-end dividend.

#### Dividend Per Share and Dividend Payout Ratio\* (Unit: Yen)

	FY2017	FY2018	FY2019	FY2020	FY2021 forecast*
Interim Dividend	13.00	14.00	18.00	20.00	22.00
Year-end Dividend	15.00	18.00	16.00	26.00	22.00
Annual Dividend	28.00	32.00	34.00	46.00	44.00
Dividend Payout Ratio (Consolidated)	30.8%	30.4%	33.6%	29.6%	33.2%

\*At the time of disclosure on June 29, 2021

#### Overview of the Shareholder Special Benefit System

Target	Shareholders listed in the shareholder registry as of March 31 every year with one unit (100 shares) or more
Period of Validity	Through June 30, 2022 (one year)
Available Stores	EDION and 100-Man Volt stores (including franchise stores), and the EDION Net Shop ( <a href="https://www.edion.com">https://www.edion.com</a> )

Number of Shares Held	Special Gift Payout	Additional Benefits for Long-term Shareholders
100-499 shares	¥3,000 gift card	+ ¥1,000
500-999 shares	¥10,000 gift card	
1,000-1,999 shares	¥15,000 gift card	+ ¥2,000
2,000-4,999 shares	¥20,000 gift card	
5,000-9,999 shares	¥25,000 gift card	
10,000 shares or more	¥50,000 gift card	

# Corporate Governance

## Basic Approach to Corporate Governance

We develop a community-based business built on the peace of mind and trust of our shareholders, customers, local communities, business partners, employees, and other stakeholders. As a service-based retailer, in order to be accepted by the local community and gain the patronage of a wide range of customers, we position the following three principles as basic guidelines for business management.

First, we will carry out business activities based on corporate social responsibility (CSR) as a good member of the local community, as well as ensuring directors, executive officers, and employees comply with all laws and regulations.

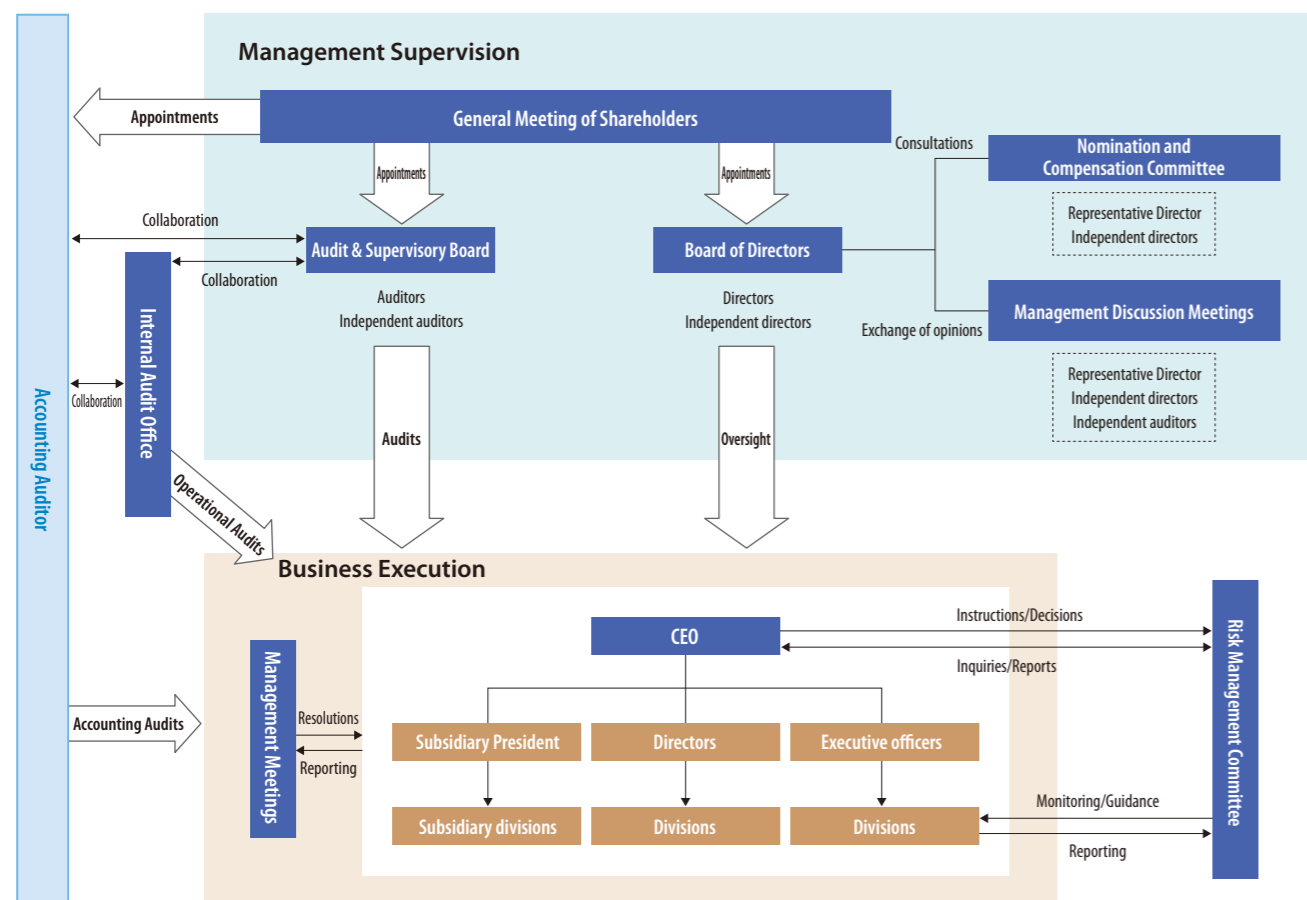
Second, we will ensure the rationality and acceptability of management measures from the perspective of stake-

holders (especially shareholders), as well as the transparency of the decision-making process, while delivering accountability to stakeholders.

Third, we will strive to achieve a top management structure that enables swift and accurate decision-making and thorough business execution, and to improve internal communication such that on-site information and the opinions and requests of stakeholders reach top management in a timely manner.

The Group recognizes the establishment of a management monitoring system to ensure these principles are realized as a corporate governance issue.

## Internal Control and Risk Management Systems



## Overview of the Corporate Governance System

EDION has appointed five independent directors and three independent auditors.

At the Board of Directors, which supervises management decision-making and business execution, we believe that the five independent directors will contribute to improving governance by giving opinions and advice from an impartial standpoint based on their own experience and knowledge. We are strengthening management oversight functions by appointing independent auditors who are well-versed in taxation, accounting, finance, and law as three of the four auditors.

Through the operation of an internal control system, we strive to strengthen group-wide governance, achieve continuous growth in the company, and increase corporate value in the medium to long term.

### ● Board of Directors: 20 Meetings

In addition to resolving statutory items and reporting on the status of execution for directors' duties, meetings of the Board of Directors serve as a venue for reviewing and deciding items that are important to management, such as items related to the EDION Group's management policies and strategies. These reviews and decisions are deliberated based on opinions and advice from independent directors and independent auditors, to ensure transparency in decision-making processes.

### ● Audit & Supervisory Board: 10 Meetings

The Audit & Supervisory Board rigorously audits decision-making and execution of duties at the Board of Direc-

tors, and shares information at meetings with the internal audit department and through other means.

### ● Nomination and Compensation Committee: 7 Meetings

As an advisory body for the Board of Directors, the Nomination and Compensation Committee studies items related to the appointment and dismissal of directors and executive officers at EDION and its subsidiaries, as well as succession plans and compensation.

### ● Management Discussion Meetings: 4 Meetings since Establishment in 2016

This meeting serves as a venue for exchanges of opinion between the representative director and independent directors; e.g., advice from the perspective of an independent director on issues deemed important to management.

### ● Management Meetings: 14 Meetings

Management meetings serve as a venue for discussions that enable the rapid execution of top management duties; e.g., reviews and decisions on items related to the execution of individual tasks based on the EDION Group's management strategies, and reporting on conditions in the various divisions.

### ● Risk Management Committee: 4 Meetings

Members identify, evaluate, and analyze serious risks, for example regarding compliance and response policies in the event of an emergency (BCP, etc.), and also study and monitor countermeasures, providing comprehensive management of risks that impact Group companies.

## Policy for Nominating Directors and Auditors and Appointing and Executives

The following three items are taken into consideration when deciding on members of the management team (executive officers) or candidates for the roles of director or auditor: possession of insight and ability, with a track record of achievements; possession of strong ethical integrity; and an ability to act toward the realization of the Group's corporate philosophy. The following will also be considered with regard to independent directors and independent auditors: possession of specialized knowledge and abundant experience; and

an ability to oversee the execution of directors' duties and to give advice on management policies and plans from an independent and objective perspective.

Among other items stipulated by the company, "the violation of laws or regulations, the Articles of Incorporation, or other rules of the Group in such a way as to cause a significant loss for the Group or hinder its business activities" are considered grounds for dismissal.

## Policies for the Training of Officers

The company arranges for external education and training to enable directors and auditors to acquire the basic knowledge needed to effectively execute their duties, and support is provided, at the company's expense, to achieve a deeper

understanding of the roles and duties expected of a director or auditor. All company officers, including independent directors and independent auditors, are eligible for this training upon request.

Corporate Governance

### Evaluating the Effectiveness of the Board of Directors

In March 2021, the Board of Directors conducted a survey to evaluate all directors (9) and all auditors (3). The goal of the survey was to analyze and evaluate the effectiveness of the Board of Directors as a whole during FY2020, including the makeup of the Board of Directors, deliberation and decision-making processes, and supervision of status regarding the execution of duties.

The results of this survey indicated that EDION's Board of Directors is functioning appropriately on the whole, for example in terms of the makeup of the Board and its decision-making

ing processes, and that because Board evaluations showed improvement as compared to FY2019, the effectiveness of the Board has been secured. The evaluation also indicated a need for more enhanced deliberations based on management indexes such as ROE and ROIC, as well as risk analysis in decision-making.

Based on the results of this evaluation, we will continue to strive for further effectiveness and improved functions in the Board of Directors.

### Expectations Concerning the Role of Independent Directors

Following are the roles expected of EDION's independent directors, as laid out in the Corporate Governance Code.

1. Provide advice on management policies and improvements to management based on one's own knowledge from the perspective of promoting the sustainable growth of the company and improving corporate value over the medium to long term
2. Oversee management through appointment and dismissal of executives and other important decisions of the Board of Directors
3. Oversee conflicts of interest between the company and management/controlling shareholders
4. See that the Board of Directors appropriately reflects the opinions of stakeholders, including minority shareholders, from a position of independence from management/controlling shareholders

EDION's five independent directors are experienced managers and experts in their respective fields. They each fulfill the Company's expectations for the role of independent director based on their specialized knowledge and abundant experience, overseeing the execution of the directors' duties and giving advice on management policies and plans from an independent and objective perspective.

Name	Current Position	Expertise	Reason for Appointment
Shozo Ishibashi	Independent Director Chairman of the Nomination and Compensation Committee	Corporate management	Mr. Ishibashi has abundant experience and knowledge in corporate management and finance. Through activities based on this experience and knowledge, such as making remarks at meetings of the Board of Directors and in other settings, and serving as the chairman of the Nomination and Compensation Committee (an advisory body to the Board of Directors), he is contributing to improving the transparency of management and strengthening the supervisory functions of the Board of Directors.
Shimon Takagi	Independent Director Nomination and Compensation Committee Member	Law	As a lawyer, Mr. Takagi has experience and specialized knowledge in corporate legal affairs. Through activities based on this experience and knowledge, such as making remarks at meetings of the Board of Directors and in other settings, and serving as a member of the Nomination and Compensation Committee (an advisory body to the Board of Directors), he is contributing to improving the transparency of management and strengthening the supervisory functions of the Board of Directors.
Naoko Mayumi	Independent Director	Finance	Ms. Mayumi is contributing to improving the transparency of management and strengthening the supervisory functions of the Board of Directors by giving advice based on her abundant experience in finance and securities, and in other ways.
Yoshihiko Fukushima	Independent Director	Economy/Management	Mr. Fukushima is contributing to improving the transparency of management and strengthening the supervisory functions of the Board of Directors by giving advice based on his knowledge as a scholar of economics and management, and in other ways.
Isao Moriyasu	Independent Director	Corporate Management	Contributes to strengthening the Board of Directors' supervisory functions and improving the transparency of management through activities based on his own knowledge and experience; e.g., provides advice by applying his extensive knowledge and experience as the manager of a company that provides digital contents and services using the Internet and AI.

### Overview of the Executive Compensation System

1. Basic Policies

EDION pays executive compensation to provide an incentive to improve corporate value while aiming for sustainable growth and fostering management awareness from the perspective of shareholders. Executive compensation comprises basic monetary compensation, performance-based compensation, and stock compensation (awarding of restricted shares). The total of monetary compensation and stock compensation is within the scope of the limits decided at the respective General Meetings of Shareholders, and the standard for stock compensation is 20% or less of the whole.

2. Method for Deciding Compensation Amounts

To determine the amount of each type of compensation, a voluntary Nomination and Compensation Committee chaired by an independent director, as an advisory body to the Board of Directors, conducts an investigation and a decision is made by the Board of Directors.

(1) Basic Compensation

Basic compensation is a fixed amount determined each year based on the director's position, term of office, and degree of contribution to the Company.

(2) Performance-Based Compensation

Performance-based compensation is determined based on the degree to which performance targets are achieved during the fiscal year in question (Profit attributable to parent company shareholders).

(3) Stock Compensation

Stock compensation is determined and restricted shares are allocated based on the director's position and degree of contribution to the Company.

Independent directors are responsible for overseeing management of the Company and the Group as a whole, as well as giving advice from an objective standpoint. Similarly, auditors are responsible for auditing the execution of business by directors from an objective standpoint. Only basic (fixed) compensation is paid to independent directors and auditors.

## Compliance, Risk Management and BCP

### Basic Approach to Compliance and Risk Management

The EDION Group established its code of ethics as a part of corporate governance. It distributes an Ethics and Compliance Manual and a Code of Ethics Card to be carried by employees, and conducts training and awareness promotion activities, including new employee training.

Risk Management Policies

EDION holds regular meetings of the Risk Management Committee, to share information and conduct studies regarding issues that affect Group companies. If there are concerns about a possible compliance violation, or if any serious problems arise, the problem is studied, and a decision is made on how to respond.

The Risk Management Committee also coordinates with related divisions to promote risk management functions in the event of a natural disaster, social change, accident, or incident.

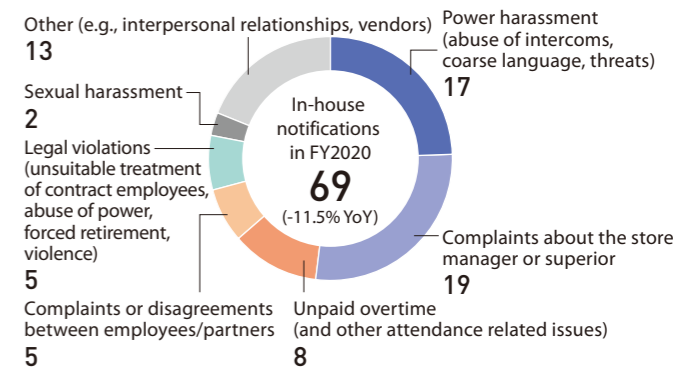
Compliance Policies

- Text laid out in the labor regulations and service regulations states that compliance violations are not acceptable, and also provides employees with knowledge and understanding as to the reasons and background that might lead to such violations.
- In addition to providing employees with knowledge and understanding about compliance violations and background factors through in-house notifications and posters, EDION also offers employee training to increase awareness of compliance in general.
- The company has established a contact point for in-house notifications as well as a notification structure to actively encourage consultations.
- If there are concerns about a possible compliance violation, or if any serious problems arise, the facts are quickly checked and countermeasures are discussed, with all these activities reported to the Risk Management Committee.

### In-house Notification Structure

EDION has established contact points for in-house notifications, and has put in place external contact points with entities such as labor unions and law offices. A hotline structure has also been put in place to facilitate employee consultations. Incidents reported are investigated and verified by the related divisions, and the parties involved are provided with guidance on improvements.

Number of In-house Notifications (FY2020)



### Information Security Structure

To ensure compliance with the Act on the Protection of Personal Information, we have established a policy on the protection of personal information and basic rules for the management of personal information, and have put in place a personal information management system under the supervision of the General Affairs Department.

For our policy on the protection of personal information, please visit: <https://www.edion.co.jp/privacy>.

### Business Continuity Plan (BCP)

The EDION Group's goal is to be a company that continually endeavors to support richness and abundance in our customers' lives.

Based on this approach, in order to ensure the safety and security of all stakeholders, including customers, even in the event of a crisis that results in serious damage, we have formulated a business continuity plan (BCP), which is implemented as part of efforts to continue essential operations and achieve rapid business recovery.

BCP Basic Policy

1. We give top priority to ensuring life, safety, and health.
2. We will strive to fulfill our social responsibilities by continuing essential operations such as product sales and aiding early recovery.
3. We will cooperate in an effort to ensure the safety of local communities.
4. We will strive to prepare during normal times, including through education and training, and will continuously review and improve business continuity planning (BCP) to promote business continuity management (BCM) initiatives.

### Compliance Training

EDION provides training regarding harassment, along with awareness promotion activities and sharing case studies, through level-specific training, morning meetings, and in-house bulletin boards.

Status of Training in FY2020

- New employee training: once each year (April)
- Training for store manager, office manager, and head office manager candidates: twice each year (August / February)
- Training for deputy store manager and ELS manager candidates: twice each year (August / February)
- Training for senior service staff candidates: twice each year (August / February)
- Store manager training: once each year
- New store employee training

## Interview with an Independent Director



## I Try to Give Advice that is Useful in Management Decision-making from an Outside Perspective, to Increase Corporate Value.

**Shimon Takagi**  
Independent Director

### Q Amid calls for strengthened governance, how do you see your mission as an independent director?

**A** The Board of Directors is responsible for the Company's management, so our mission is to provide judgments and information that contribute to that corporate management, both inside and outside of the company. In that context, independent directors hold a position that is different from a person inside the Company, so we can say whatever we want, without being worried about the consequences. My specialty is in law, but I'm not a management specialist, so I encounter some challenges; for

example, management judgments about opening new stores. I adopt the stance of leaving those sorts of things up to the specialists.

In terms of directing management, there are things that I might not notice where someone within the company would, but on the other hand, if I see something that seems strange, then I should investigate it carefully from an independent perspective, and respond in collaboration with auditors.

### Q Do you see energetic debates at the meetings of the Board of Directors? Please tell us about some of the discussions that left an impression on you.

**A** All the directors are able to express their opinions freely, and we have active debates. There are a lot of technical discussions about management, so I personally learn a lot. We have many opportunities to make comments from a third-party perspective, and that brings a degree of depth to the discussion.

I'd have to say that the discussions which leave the strongest impression on me are the debates about laws and regulations. Independent directors are internal advisors, so we can make judgments that would not be easy

for an outside lawyer or law office. There have been cases where we provided information that formed the foundation for a decision, changing the direction for presenting evidence, and as a result, we were able to avoid substantial losses. Looking at M&A, given the time limitations, there are cases where the materials obtained through due diligence are not sufficient to make a decision. When the time to make the judgment was growing short, we had in-depth discussions about how to verify corporate value in order to reduce risks, and that was very memorable.

### Q When you make management decisions as an independent director, are you always provided with sufficient information and support?

**A** If we don't have those materials, we can't do our job as directors. When a problem arises, it's important for us to be able to provide advice on how to avoid the problem, so we are always provided with sufficient materials to do that. Aside from the materials that are provided in advance, the company offers explanations when questions arise during the Board of Directors' meetings, and they also provide additional materials when the need arises. There are many requests for materials at the Board of

Directors' meetings, and I feel that the Company always provides the support needed for independent directors to function effectively, in terms of information and follow-up.

We sometimes interact directly with the people in charge, not only at the Board of Directors' meetings. I'm working from the position of a lawyer, so I ask the people responsible for M&A and legal affairs about the current status, and I sometimes obtain materials that are not available at the Board of Directors' meetings.

### Q You've been involved with a variety of companies up to now as a lawyer. Based on that experience, what is your impression of EDION's corporate culture and atmosphere?

**A** The home electronics industry involves the simple work of selling things, and the target customers are regular consumers, so healthy, commonsense management is important. EDION never pursues excessive profits, and it never uses legal tactics to force its business partners to take on undue risks in complex transactions. It's a company that works diligently at its business activities; namely,

purchasing products at appropriate prices, and then selling those products at appropriate prices.

My impression is that EDION places a high value on trust relationships with customers, and that compared to other industries, the employees work very hard to keep customers coming back to the stores, and to make sure that those customers are satisfied.

### Q You were appointed independent director in June 2015. Have you noticed any changes in EDION's corporate governance structure since then?

**A** When I was first appointed, there were only two independent directors; most of the members were in-house directors. Now, there are five independent directors and there are more advisors, including specialists in organizations and finances. These people are able to provide advice from a variety of perspectives, and I see this as being useful in management.

I feel that when independent directors from various fields make comments that are useful to management, we are able to approach a better conclusion, but that doesn't

mean we should be intervening in management judgments or forcing a conclusion on others.

As a corporate lawyer, I check items related to compliance and corporate legal affairs when the need arises, but I don't get involved in management judgments by placing an excessive emphasis on compliance and direction. It's the management team that earns the trust of the shareholders, so independent directors need to be careful about maintaining a balance, and not intervening too much.

### Q What are your aspirations for the future as an independent director?

**A** Personally, I want to be a valuable asset to the company, providing advice that will increase corporate value. For example, I want to study approaches to gathering information that will help the company to avoid problems.

There is no question that the outside environment is changing, for example with the revision to Japan's Corporate Governance Code, but there are not always sufficient discussions about methods for achieving the goals on a broader societal level. Just increasing the number of independent directors does not necessarily make a company better; in some cases, it makes things less efficient. Basically, I think that the important thing is to create internal mechanisms that maintain a high degree of transparency in management.

I've been an independent director at EDION for six years, and there have been no major scandals in all that time. I think that's wonderful. And EDION's management is demonstrating results. I suppose my aspiration would be to see the company get even better at PR, to say "This is the kind of thing that we are doing." I believe that if EDION can improve its external PR capabilities, then it will be an even better company.



# Board of Directors and Auditors (as of June 29, 2021)



9 6 4 2 1 3 5 7 8 10

## Directors

### 1. Masataka Kubo

**Chairman and CEO**  
 Born February 18, 1950  
 Number of shares held: 2,141,875  
 Board of Directors attendance: 100%

**Career Highlights**  
 April 1992 Representative Director and President, Daiichi Corporation (currently EDION Corporation)  
 March 2002 Chairman and Representative Director, EDION Corporation  
 July 2003 President and Representative Director, EDION Corporation  
 October 2004 Representative Director and Vice President, Fureai Channel Co., Ltd. (currently CHUPICOM CORP.)  
 June 2012 Chairman and CEO, and Representative Director, EDION Corporation  
 February 2015 Chairman and Representative Director, Sanfrece Hiroshima FC Co., Ltd. (current)  
 April 2018 Chairman and CEO, 3Q Co., Ltd. (current)  
 June 2018 Chairman and CEO, EDION Corporation (current)

### 2. Norio Yamasaki

**Executive Director; Vice President**  
 Born January 15, 1957  
 Number of shares held: 48,329  
 Board of Directors attendance: 100%

**Career Highlights**  
 June 2009 Director, EDION Corporation  
 April 2012 General Manager of Corporate Planning Department and General Manager of Public Relations Department, EDION Corporation  
 June 2012 Managing Director, EDION Corporation  
 October 2012 General Manager of Corporate Planning Department, General Manager of Corporate Planning Department, and General Manager of Public Relations Department, EDION Corporation  
 February 2014 General Manager of Corporate Planning Department, EDION Corporation (current)  
 June 2014 Senior Managing Director, EDION Corporation  
 June 2018 Senior Executive Director, EDION Corporation  
 June 2021 Vice President, EDION Corporation (current)

### 3. Satoshi Kaneko

**Executive Director; Vice President**  
 Born August 1, 1972  
 Number of shares held: 17,286  
 Board of Directors attendance: 100%

**Career Highlights**  
 April 1998 Joined Oracle Corporation Japan  
 May 2001 Senior Software Engineer, Oracle Corporation  
 December 2007 Loudmouth Golf LLC, Chief Information Officer  
 January 2012 Loudmouth Golf LLC Managing Director International  
 October 2013 President, Loudmouth Japan Co., Ltd. (current)  
 January 2014 Loudmouth Golf LLC, Chief Strategy Officer & Managing Director  
 June 2016 Oracle Corporation, Group Manager  
 June 2018 Independent Director, EDION Corporation  
 June 2019 Senior Executive Director, EDION Corporation  
 General Manager of Logistics IT Service Department  
 June 2019 President and Representative Director, e-Logi Corporation  
 February 2021 General Manager of Business Department, EDION Corporation (current)  
 June 2021 Vice President, EDION Corporation (current)

### 6. Shozo Ishibashi

**Independent Director\***  
 Born July 5, 1949  
 Number of shares held: 0  
 Board of Directors attendance: 100%

**Career Highlights**  
 January 1995 General Manager of Management Development Department, Nomura Research Institute, Ltd.  
 April 1997 General Manager of Management Research Department, Financial Research Institute, Nomura Securities Co., Ltd.  
 June 1998 Deputy General Manager of Financial Research Institute and General Manager of Corporate Research Department, Nomura Securities Co., Ltd.  
 May 2000 Managing Director, Lehman Brothers Japan Inc.  
 September 2003 Representative Director, The Ishibashi Tanzan Memorial Foundation (current)  
 April 2004 Director, Tokyo Medical and Dental University  
 April 2005 Auditor, Rishso University  
 June 2007 Outside Auditor, Minkabu Inc. (currently MINKABU THE INFONOID, Inc.)  
 April 2008 Director, Kurimoto Educational Institution (Nagoya University of Commerce & Business) (current)  
 June 2014 Independent Director, EDION Corporation (current)  
 March 2017 Outside Director, Minkabu Inc. (currently MINKABU THE INFONOID, Inc.) (current)

### 7. Shimon Takagi

**Independent Director\***  
 Born December 23, 1962  
 Number of shares held: 0  
 Board of Directors attendance: 100%

**Career Highlights**  
 April 1990 Registered as a lawyer; Joined Blakemore & Mitsui  
 October 1992 Joined Adachi Henderson Miyatake & Fujita  
 August 1999 Partner, Tokyo Aoyama Aoki Koma Law Office  
 August 2002 Partner, White & Case LLP  
 March 2014 Opened Takagi Law Office (to present)  
 June 2015 Independent Director, EDION Corporation (current)

### 8. Naoko Mayumi

**Independent Director\***  
 Born October 29, 1955  
 Number of shares held: 0  
 Board of Directors attendance: 100%

**Career Highlights**  
 April 1977 Joined Okasan Securities Co., Ltd.  
 July 1993 Pension Sales Department Group Leader, Zurich Scudder Investments Japan (currently Deutsche Asset Management Japan Limited)  
 May 2002 Managing Executive Officer and Head of Pension Client Services Department, Zurich Scudder Investments Japan (currently Deutsche Asset Management Japan Limited)  
 July 2002 Managing Director and Head of Pension Sales Department, UBS Global Asset Management Co., Ltd. (currently UBS Asset Management)  
 August 2005 Marketing and Client Services Department Director and Head of Pension Team, Lazard Japan Asset Management LLC  
 June 2019 Independent Director, EDION Corporation (current)

### 4. Kozo Takahashi

**Executive Director**  
 Born September 12, 1961  
 Number of shares held: 20,017  
 Board of Directors attendance: —

**Career Highlights**  
 February 2014 Executive Officer, EDION Corporation  
 February 2014 Manager of Chugoku/Shikoku Sales Department, EDION Corporation  
 April 2015 Kinki Sales Manager, EDION Corporation  
 February 2018 Sales Supervising Manager, EDION Corporation  
 July 2018 Senior Executive Officer, EDION Corporation  
 October 2020 Product Supervising Manager, EDION Corporation  
 February 2021 Deputy General Manager of Business Department and Product Supervising Manager, EDION Corporation (current)  
 June 2021 Executive Director, EDION Corporation (current)

### 5. Haruyoshi Jogu

**Executive Director**  
 Born March 9, 1957  
 Number of shares held: 5,400  
 Board of Directors attendance: —

**Career Highlights**  
 June 2016 Director and Executive Officer, Joshin Denki Co., Ltd.  
 In charge of CS Promotion, Sales Division  
 July 2018 Executive Officer, EDION Corporation  
 July 2018 Corporate Sales Supervising Manager, EDION Corporation  
 April 2019 E-Commerce/Business Supervising Manager, EDION Corporation  
 June 2019 President and Representative Director, Forest Co., Ltd.  
 July 2019 Senior Executive Officer, EDION Corporation  
 February 2021 General Manager of Logistics Service Department, EDION Corporation (current)  
 February 2021 CEO, e-Logi Corporation (current)  
 June 2021 Executive Director, EDION Corporation (current)

### 9. Yoshihiko Fukushima

**Independent Director\***  
 Born October 30, 1963  
 Number of shares held: 0  
 Board of Directors attendance: 100%

**Career Highlights**  
 April 1990 Joined Salomon Brothers Asia Securities Co., Ltd. (currently Citigroup Global Markets Co., Ltd.)  
 July 1995 Lecturer (Economics), KTH Royal Institute of Technology in Stockholm (Sweden)  
 April 2003 Associate Professor, Faculty of General Business Administration, Nagoya University of Commerce & Business  
 July 2006 Professor, Faculty of General Business Administration, Nagoya University of Commerce & Business  
 April 2007 Professor, Faculty of Political Science and Economics, Waseda University (current)  
 April 2010 CSR Research Institute Director, Waseda University  
 June 2019 Independent Director, EDION Corporation (current)

### 10. Isao Moriyasu

**Independent Director\***  
 Born September 21, 1973  
 Number of shares held: 0  
 Board of Directors attendance: —

**Career Highlights**  
 April 1998 Joined Oracle Corporation Japan  
 November 1999 Joined DeNA Co., Ltd.  
 June 2006 Director, DeNA Co., Ltd.  
 April 2009 Director and COO, DeNA Co., Ltd.  
 June 2011 President and Representative Director, DeNA Co., Ltd.  
 April 2013 President and CEO, DeNA Co., Ltd.  
 April 2021 Director, DeNA Co., Ltd.  
 June 2021 Independent Director, EDION Corporation (current)

\* Independent director as described in Article 2-15 of the Companies Act of Japan. Also fulfills the requirements for designation as an independent officer as prescribed in the regulations of the Tokyo Stock Exchange and complies with the Company's Criteria regarding the Independence of Officers.

Note: Number of shares held as of March 31, 2021

## Board of Directors and Auditors (as of June 29, 2021)



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## Auditors

## 1. Fujio Yamada

**Auditor (Full-time)**  
Born August 29, 1959  
Number of shares held: 4,227  
Board of Directors attendance: 95%

## Career Highlights

March 1982 Joined Eidensha Co., Ltd. (currently EDION Corporation)  
April 2010 General Manager of Finance Department, EDION Corporation  
April 2013 Executive Officer, EDION Corporation Administrative Division, General Manager of Finance and Accounting Department and General Manager of Finance Department, EDION Corporation  
April 2015 Administrative Division, General Manager of Finance and Accounting Department and General Manager of Management Department, EDION Corporation  
April 2017 Administrative Division, General Manager of Finance and Accounting Department, EDION Corporation  
June 2017 Auditor, EDION Corporation (current)  
Auditor, 3Q Co., Ltd. (current)  
Auditor, NWORK Corporation (current)  
Auditor, EDION HOUSE SYSTEM Corporation (current)  
Auditor, E.R. JAPAN Corporation (current)  
March 2018 Auditor, e-Logi Corporation (current)  
November 2019 Auditor, Jtop Co., Ltd. (current)

## 4. Kenji Nakai

## Independent Auditor\*

Born November 18, 1946  
Number of shares held: 0  
Board of Directors attendance: —

## Career Highlights

January 1996 Director of the Finance Division, Minister of Justice and Hosokai / Japanese Correctional Association / Japan Rehabilitation Aid Association Auditor  
June 1998 Director of the Special Investigation Department, Tokyo District Public Prosecutors Office  
September 1999 Chief Public Prosecutor, Hakodate District Public Prosecutors Office  
April 2001 Supreme Public Prosecutor and Justice System Reform Promotion Headquarters Member  
August 2002 Director-General of the Correction Bureau, Ministry of Justice and Japan Rehabilitation Aid Association Director  
September 2003 Chief Public Prosecutor, Hiroshima District Public Prosecutors Office  
July 2005 President, Ministry of Justice Research and Training Institute and Examination Board for Judicial Apprentice / Selection Board for Summary Court Judge Member  
April 2010 Nihon University Law School Visiting Professor (current)  
September 2012 Sendai University (Department of Modern Martial Arts) Visiting Professor (current)  
May 2016 Sendai University / Meisei High School Director (current)  
December 2016 Registered as a lawyer; Joined Tanabe & Partners Law Office (to present)  
April 2021 Takaoka University of Law Visiting Professor (current)  
June 2021 Independent Auditor, EDION Corporation (current)

## 2. Somitsu Takehara

## Independent Auditor\*

Born April 1, 1952  
Number of shares held: 0  
Board of Directors attendance: 95%

## Career Highlights

January 1977 Pete Marwick Mitchell Accounting Office  
December 1981 Coopers & Lybrand Accounting Office  
August 1996 Representative Employee, Chuo Audit Corporation  
April 2005 Representative Director, ZECO Partners Inc.  
2007 Examiner, Certified Public Accountant Exam  
June 2014 Independent Auditor, EDION Corporation (current)  
June 2015 Outside Director, Genki Sushi Co., Ltd. (current)  
June 2016 Outside Director, Mitsubishi Paper Mills Limited (current)  
November 2017 Chairman, ZECO Partners Inc. (current)  
June 2020 Outside Auditor, Tokyo Broadcasting System Holdings, Inc. (currently TBS Holdings, Inc.) (current)

## 3. Yuki Fukuda

## Independent Auditor\*

Born July 30, 1963  
Number of shares held: 0  
Board of Directors attendance: 100%

## Career Highlights

January 1997 Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC)  
April 1997 Registered as a Certified Public Accountant  
August 2000 Registered as a tax accountant  
Opened Fukuda CPA and Tax Accountant Office (to present)  
April 2016 Expert Advisor, Osaka District Court and High Court (current)  
June 2017 Independent Auditor, EDION Corporation (current)  
November 2017 Auditor, SEIKOU Co., Ltd. (current)

\* Independent auditor as described in Article 2-16 of the Companies Act of Japan. Also fulfills the requirements for designation as an independent officer as prescribed in the regulations of the Tokyo Stock Exchange and complies with the Company's Criteria regarding the Independence of Officers.

Note: Number of shares held as of March 31, 2021

## Consolidated Financial Statements (Summary)

## Consolidated Balance Sheet

	(Unit: Million yen)	
	FY2019 (Year ended March 31, 2020)	FY2020 (Year ended March 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	15,974	43,072
Notes and accounts receivable	33,666	39,074
Merchandise and products	91,286	97,918
Other	12,427	12,546
Allowance for doubtful receivables	(58)	(61)
Total current assets	153,296	192,549
<b>Non-current assets</b>		
Property and equipment, at cost		
Buildings and structures, net	59,868	56,381
Tools, furniture and fixtures, net	7,672	7,146
Land	60,612	57,941
Leased assets, net	1,752	2,178
Construction in progress	292	1,640
Other, net	692	575
Total property and equipment, at cost	130,891	125,864
Intangible assets		
Goodwill	2,986	4,274
Other	7,756	7,562
Total intangible assets	10,743	11,836
Investments and other assets		
Investment securities	2,320	2,741
Guarantee deposits	26,093	26,616
Deferred tax assets	22,728	23,252
Other	4,257	3,643
Allowance for doubtful accounts	(306)	(294)
Total investments and other assets	55,093	55,960
Total non-current assets	196,727	193,660
<b>Total assets</b>	<b>350,024</b>	<b>386,210</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	34,434	43,905
Short-term loans payable	70	187
Current portion of long-term loans payable	3,106	2,524
Current portion of bonds with share acquisition rights	—	80
Lease obligations	237	331
Income taxes payable	895	9,228
Accrued consumption taxes	1,414	4,032
Provision for bonuses	5,453	7,146
Provision for point card certificates	11,055	9,082
Other	23,098	27,277
Total current liabilities	79,766	103,798
<b>Non-current liabilities</b>		
Convertible bond-type bonds with subscription rights to shares	15,117	13,837
Long-term loans payable	38,700	37,365
Lease obligations	2,135	2,441
Deferred tax liabilities	623	481
Deferred tax liabilities for land revaluation	1,597	1,591
Provision for merchandise warranties	9,285	10,399
Net defined benefit liability	8,251	7,849
Asset retirement obligations	8,842	9,230
Other	5,304	5,374
Total non-current liabilities	89,856	88,571
<b>Total liabilities</b>	<b>169,623</b>	<b>192,369</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,940	11,940
Capital surplus	84,945	84,951
Retained earnings	94,978	107,697
Treasury shares	(4,972)	(4,889)
Total shareholders' equity	186,892	199,700
<b>Accumulated other comprehensive income (loss)</b>		
Valuation difference on available-for-sale securities	(235)	59
Revaluation reserve for land	(4,894)	(4,835)
Remeasurements of defined benefit plans	(1,360)	(1,083)
Total accumulated other comprehensive income (loss)	(6,491)	(5,858)
<b>Total net assets</b>	<b>180,400</b>	<b>193,841</b>
<b>Total liabilities and net assets</b>	<b>350,024</b>	<b>386,210</b>

## Consolidated Statement of Income

	(Unit: Million yen)	
	FY2019 (Year ended March 31, 2020)	FY2020 (Year ended March 31, 2021)
<b>Net sales</b>	<b>733,575</b>	<b>768,113</b>
<b>Cost of sales</b>	<b>522,970</b>	<b>542,475</b>
<b>Gross profit</b>	<b>210,605</b>	<b>225,638</b>
<b>Selling, general and administrative expenses</b>	<b>198,321</b>	<b>198,852</b>
<b>Operating income</b>	<b>12,284</b>	<b>26,785</b>
<b>Non-operating income</b>		
Interest and dividend income	89	91
Administrative service fee income	177	220
Subsidy income	627	876
Equity in income of affiliates	12	—
Other	1,117	931
Total non-operating income	2,024	2,119
<b>Non-operating expenses</b>		
Interest expense	269	246
Contribution	500	600
Equity in losses of affiliates	—	63
Other	172	184
Total non-operating expenses	942	1,094
<b>Ordinary income</b>	<b>13,365</b>	<b>27,811</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	1,363	42
Subsidy income	—	69
Penalty income	52	101
Surcharge refund	1,236	—
Other	0	9
Total extraordinary income	2,652	223
<b>Extraordinary loss</b>		
Loss on sales of non-current assets	20	80
Loss on sales or disposal of property and equipment	440	496
Impairment loss	1,838	1,350
Loss on cancellation of leasehold contracts	4	176
COVID-related loss	—	584
Other	207	73
Total extraordinary loss	2,511	2,761
<b>Profit before income taxes</b>	<b>13,506</b>	<b>25,273</b>
<b>Income taxes - current</b>	<b>2,165</b>	<b>9,543</b>
<b>Income taxes - deferred</b>	<b>363</b>	<b>(903)</b>
<b>Total income taxes</b>	<b>2,529</b>	<b>8,639</b>
<b>Profit</b>	<b>10,977</b>	<b>16,633</b>
<b>Profit attributable to owners of parent</b>	<b>10,977</b>	<b>16,633</b>

# 10-Year Financial/Non-Financial Summary (Consolidated)

	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
	Million yen									
<b>Results</b>										
Net Sales	759,025	685,145	766,699	691,216	692,087	674,426	686,284	718,638	733,575	768,113
Operating Income	9,286	(2,476)	13,720	10,745	17,050	15,273	15,378	17,842	12,284	26,785
Ordinary Income	16,384	1,476	14,883	11,118	17,275	16,005	16,167	18,889	13,365	27,811
Profit Attributable to Owners of Parent	3,697	(2,640)	5,149	4,929	6,022	13,118	8,944	11,642	10,977	16,633
<b>Financial Status</b>										
Total Assets	362,653	378,087	385,799	367,338	360,307	368,161	369,448	355,947	350,024	386,210
Net Assets	144,229	138,489	146,756	145,086	141,986	151,512	169,005	178,172	180,400	193,841
<b>Cash Flow</b>										
Cash Flows from Operating Activities	15,133	(4,643)	45,741	(17,215)	37,154	19,333	21,553	28,304	25,278	42,964
Cash Flows from Investing Activities	(10,231)	(13,400)	(13,154)	(3,774)	(9,753)	(13,484)	(8,944)	(12,419)	(5,559)	(7,975)
Cash Flows from Financing Activities	(14,210)	17,325	(22,259)	9,697	(24,156)	(8,168)	(14,308)	(15,077)	(12,780)	(7,891)
Cash and Cash Equivalents at End of Period	10,685	9,967	20,293	9,001	12,246	9,927	8,227	9,035	15,974	43,072
	Yen									
<b>Per Share Information</b>										
Net Income	35.87	(25.80)	48.42	45.77	60.04	133.04	90.84	105.34	101.33	155.34
Diluted Earnings Per Share (EPS)	34.88	—	48.33	42.69	47.66	102.89	71.90	93.78	90.49	139.79
Dividend	20.00	20.00	22.00	20.00	22.00	26.00	28.00	32.00	34.00	46.00
Net Assets	1,384.69	1,361.19	1,325.29	1,389.43	1,437.65	1,558.86	1,535.84	1,601.53	1,685.50	1,809.68
	%									
<b>Indicators</b>										
Equity Ratio	39.5	36.6	38.0	39.5	39.4	41.2	45.7	50.1	51.5	50.2
Return on Equity (ROE)	2.6	(1.9)	3.6	3.4	4.2	8.9	5.6	6.7	6.1	8.9
Sales-to-operating Income Ratio	1.2	(0.4)	1.8	1.6	2.5	2.3	2.2	2.5	1.7	3.5
P/E Ratio (times)	16.17	—	11.88	19.75	14.22	7.69	13.63	9.17	8.81	7.98
P/B Ratio (times)	0.42	0.32	0.43	0.65	0.59	0.66	0.81	0.60	0.53	0.68
Return on Invested Capital (ROIC) *Including Convertible Bonds	2.1	(0.4)	3.2	2.5*1	4.1*1	4.0*1	4.2	5.0	4.2	7.0
D/E Ratio (times) *Including Convertible Bonds	0.7	0.9	0.7	0.8	0.7	0.6	0.4	0.4	0.3	0.3
Dividend Payout Ratio	55.8	—	45.4	43.7	36.6	19.5	30.8	30.4	33.6	29.6
<b>Non-Financial Information</b>										
Total Number of Employees	16,261	16,052	16,002	15,537	15,645	15,227	15,496	15,535	15,889	16,209
Number of Full-time Employees	9,759	9,602	9,109	8,788	8,663	8,551	8,653	8,761	8,778	9,007
Number of Temporary Employees (*Converted to 8 hr. days)	6,502	6,450	6,893	6,749	6,982	6,676	6,843	6,827	7,111	7,202
Ratio of Female of Employees, Including Temporary Employees (Non-consolidated)	—	—	—	—	35.6%	35.5%	35.4%	36.1%	36.3%	36.6%
Ratio of Independent Directors (%)	0.0%	0.0%	9.1%	15.4%	16.7%	14.3%	40.0%	44.4%	44.4%	50.0%
Total Number of Stores	1,176	1,177	1,212	1,212	1,206	1,185	1,186	1,191	1,184	1,187
Total Sales Floor Area (1,000 m <sup>2</sup> ) *Excluding Franchise Stores	1,040	1,042	1,053	1,030	1,024	1,019	1,020	1,039	1,055	1,058
EDION Card Members (10,000 persons)	430	440	456	465	469	475	482	489	490	486
Anshin Hoshō (Assured-warranty) Card Members (10,000 persons)	—	163	341	502	640	720	775	798	809	829
Emissions Due to Industrial Waste (t)	—	—	—	—	38,794	41,302	49,036	45,811	49,610	49,241
Emissions Due to Recycling Small Home Electronics (t) *EDION / 3Q (Excluding Hokkaido)	—	—	—	—	4,922	5,283	5,312	5,274	5,593	6,470
Emissions Due to Recycling Small Home Electronics (t)*2	—	—	—	—	5,914	6,664	6,906	7,486	8,398	8,506
CO <sub>2</sub> Emissions (t)	—	—	—	—	151,306	138,773	126,736	111,327	112,809	110,994
Number of Solar Power Systems Installed	—	—	1	4	26	53	65	72	72	72
Power Generation Capacity of Solar Power Systems (1,000 kWh)	—	—	—	—	—	2,338	3,334	4,622	4,524	4,608
CO <sub>2</sub> Reduction Due to Solar Power Systems (t)	—	—	—	—	—	792	1,130	1,566	1,534	1,561

\*1 Excludes special factors for reversal and addition of deferred tax assets due to changes in tax rates, etc.

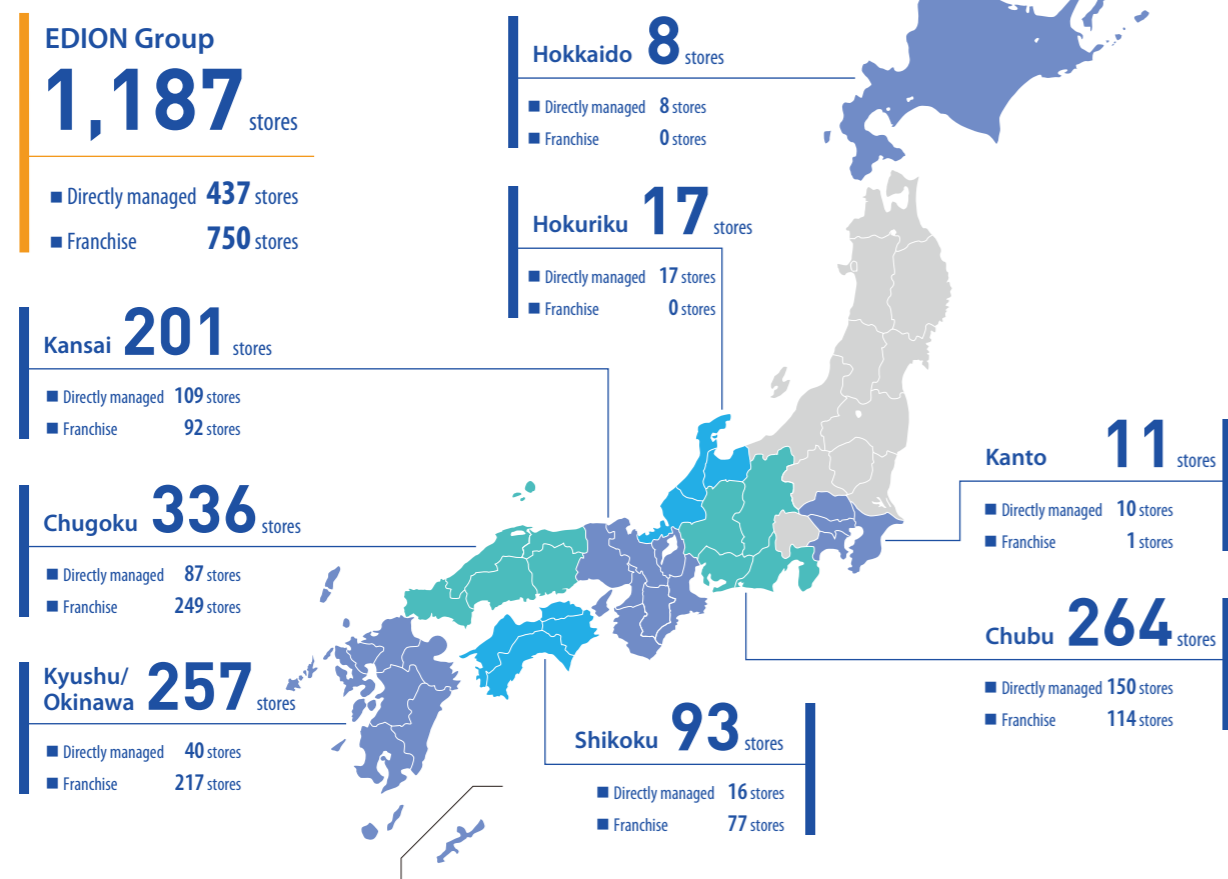
\*2 EDION Group emissions, corporate buy-backs, and processing volumes following recovery from municipalities

## EDION Group Companies (As of June 30, 2021)

Name	Location	Capital (million yen)	Main Business Activities	Shareholding of Voting Shares (%)
<b>Consolidated Subsidiaries</b>				
SANKYU Co., Ltd.	Fukui-shi, Fukui	10	Sales of home electronics and other products	100.00
Forest Co., Ltd.	Omiya-ku, Saitama-shi	90	Online sales of stationery, office supplies and equipment, and daily necessities	100.00
Forest Shuhan Co., Ltd.	Omiya-ku, Saitama-shi	12	Sales of alcohol and other products	100.00
NWORK Corporation	Chikusa-ku, Nagoya-shi	30	Operation and development of information systems	100.00
PTN Corporation	Shinjuku-ku, Tokyo	0	Provides operational guidance to PTN Group entities	100.00
EDION HOUSE SYSTEM Corporation	Naka-ku, Hiroshima-shi	20	Sales and installation of solar power systems, home improvement projects	100.00
Jtop Co., Ltd.	Nakamura-ku, Nagoya-shi	94	General freight delivery of free newspapers, job magazines, and other magazines	100.00
E.R.JAPAN Corporation	Naka-ku, Hiroshima-shi	100	Operation of reuse and recycle businesses	100.00
e-Logi Corporation	Naka-ku, Hiroshima-shi	50	Freight delivery, warehouse management, etc.	100.00
Youmemiru Inc.	Kita-ku, Sakai-shi	10	Provision of programming education	100.00
PRIME STATION Corporation	Shinjuku-ku, Tokyo	41	Planning / printing business	100.00
Hampstead Co., Ltd.	Shinagawa-ku, Tokyo	32	System development / digital marketing business	100.00
EdBank Corporation	Shinagawa-ku, Tokyo	10	Operation of programming classes, etc.	100.00
<b>Equity Method Affiliates</b>				
Sanfrecce Hiroshima FC Co., Ltd.	Nishi-ku, Hiroshima-shi	220	Operation of professional soccer team	46.96
Maruni Wood Industry Inc.	Hatsukaichi-shi, Hiroshima	100	Manufacturing and sales of furniture	23.49

Note: We have introduced a cash management system (CMS) at core consolidated subsidiaries to centrally manage funds, allowing, for example, the easy lending of funds and accepting of surplus funds.

## Store Network (As of March 31, 2021)



## Company Information (As of March 31, 2021)

Company Name	EDION Corporation
URL	https://www.edion.com
Headquarters	2-1-18 Kamiyacho, Naka-ku, Hiroshima-shi, Hiroshima
Head Office	Osaka Mitsui Bussan Building, 2-3-33 Nakanoshima, Kita-ku, Osaka-shi, Osaka TEL: 06-6202-6011 (Main representative)
Date of Establishment	March 29, 2002
Capital Stock	¥11,940 million
Fiscal Year	March 31 of each year
Number of Employees	16,209 (9,007 full-time employees, 7,202 temporary employees)

## Stock Information (As of March 31, 2021)

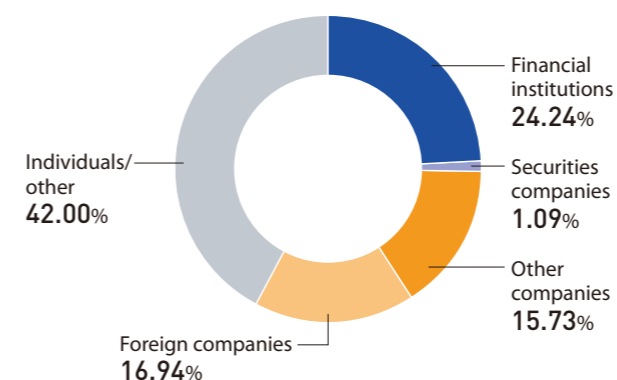
Stock Listing	First sections of Tokyo and Nagoya Stock Exchanges
Securities Code	2730
Number of Shares Issuable	300,000,000
Number of Shares Outstanding	112,005,636
Number of Shareholders	70,764
Stock Agent	Mitsubishi UFJ Trust and Banking Corporation
Minimum Trading Unit	100
Name of the Auditing Firm	EY Japan (Ernst & Young ShinNihon LLC)

### Major Shareholders

Name	Shares held (Thousands)	% of outstanding shares (excluding treasury shares)
LIXIL Corporation	8,961	8.37
EDION Group Employee Stock Ownership Plan	8,017	7.49
The Master Trust Bank of Japan, Ltd. (Trust account)	4,214	3.93
Daichi Co., Ltd.	3,449	3.22
Custody Bank of Japan, Ltd. (Trust account)	3,090	2.89
Masataka Kubo	2,141	2.00
The Dai-ichi Life Insurance Company, Ltd.	1,811	1.69
MUFG Bank, Ltd.	1,692	1.58
Sumitomo Life Insurance Company	1,624	1.52
The Hiroshima Bank, Ltd.	1,621	1.51

(Note) 1. "Shares held" is rounded down to the nearest thousand shares.  
 2. EDION Corporation holds 4,892,126 shares of treasury stock, which is excluded from the above major shareholders.  
 3. Treasury stock does not factor into the shareholding ratio calculation.

### Distribution of Shares by Owner (As of March 31, 2021)



### Total Shareholder Yield

(Comparison Index Including Dividends: TOPIX [Tokyo Stock Price Index])

