EDION Corporation Analyst Meeting
Q3 FY03/22



February 4, 2022

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Consolidated Statements of Income

Million yen, %	Q3 FY03/21			Q3 FY03/22				Before Application of the Accounting Standard for Revenue Recognition (Reference) Q3 FY03/22		
	% of Sales	Results	% of Q3 FY03/20	% of Sales	**Results**	% of Q3 FY03/21	YoY Change	% of Sales	Results	% of Q3 FY03/21
Net Sales	**100.0**	**581,289**	**102.3**		**528,808**	**91.0**	**-52,480**		**546,337**	**94.0**
Gross Profit	**29.5**	**171,694**	**104.6**	**29.7**	**157,138**	**91.5**	**-14,556**	**29.6**	**161,964**	**94.3**
SG&A Expenses	**25.6**	**148,668**	**96.5**	**27.3**	**144,111**	**96.9**	**-4,556**	**27.3**	**148,901**	**100.2**
Advertising and Selling Expenses	7.3	42,317	89.7	6.8	35,901	84.8	-6,415	7.4	40,690	96.2
Personnel Expenses	10.1	58,961	100.2	11.3	59,760	101.4	799	10.9	59,760	101.4
Equipment Costs and Administrative Expenses	6.8	39,264	99.1	7.8	39,772	101.3	508	7.6	41,315	105.2
Depreciation	1.4	8,125	96.8	1.3	8,677	87.8	-990	1.3	7,134	87.8
Operating Profit	**4.0**	**23,026**	**228.4**	**2.5**	**13,026**	**56.6**	**-9,999**	**2.4**	**13,063**	**56.7**
Non-Operating Income	0.2	1,267	77.4	0.5	2,704	213.4	1,437	0.5	2,704	213.4
Non-Operating Expenses	0.1	824	248.5	0.2	809	98.2	-15	0.1	809	98.2
Ordinary Profit	**4.0**	**23,469**	**206.1**	**2.8**	**14,921**	**63.6**	**-8,547**	**2.7**	**14,958**	**63.7**
Extraordinary Income	0.0	105	8.0	0.1	285	270.7	179	0.1	285	270.7
Extraordinary Losses	0.2	1,443	349.1	0.1	390	27.1	-1,052	0.1	390	27.1
Profit before Income Taxes	3.8	22,131	180.1	2.8	14,816	66.9	-7,315	2.7	14,853	67.1
Total Income Taxes	1.3	7,442	315.4	0.9	4,929	66.2	-2,512	0.9	4,940	66.4
Profit Attributable to Owners of the Parent	**2.5**	**14,688**	**147.9**	**1.9**	**9,886**	**67.3**	**-4,802**	**1.8**	**9,913**	**67.5**

final version

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Results Summary

Net Sales

- Q3 FY03/22 sales: JPY528.8bn; Change YoY: -JPY52.4bn (90.9% of Q3 FY03/21; accounting policy changes accounted for -JPY17.5bn)

- Same-store sales were 90.2% of Q3 FY03/21 (April - December; on a POS basis)
  - Q1: Sales were affected by temporary store closures due to the state of emergency declaration
  - Q2: Sales of seasonal products such as air conditioners struggled, affected by extended rains and other factors (lower sales for air conditioners to the tune of -JPY8.5bn YoY)
  - Q3: Strong sales in air conditioners, white goods, and home improvement (air conditioner sales were 110.2% of Q3 FY03/21, refrigerators 104.6%, and home improvement 109.1% [on POS basis previous year])

Profits

- Gross profit margin in Q3 FY03/22: 29.72%; Change YoY: +0.18pp (a 0.10pp improvement adjusting for the effects of changes in accounting policy)
  - Gross profit margin improved 0.07pp on the application of the Accounting Standard for Revenue Recognition
  - Lower sales pushed down gross profit by JPY15.5bn; A higher gross profit margin increased gross profit by JPY940mn

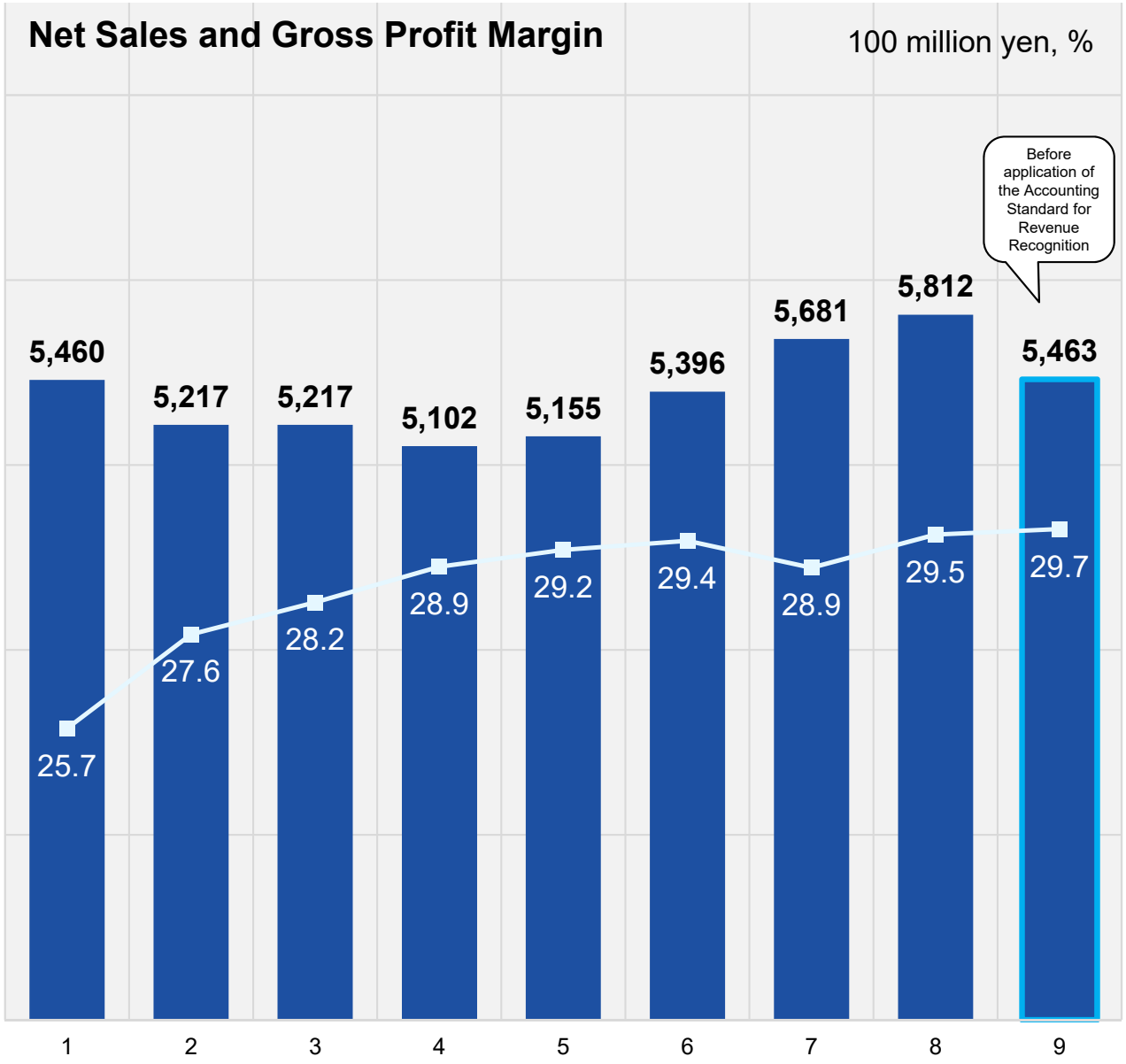
- SG&A expenses in Q3 FY03/22: JPY144.1bn; Change YoY: -JPY4.5bn
  - Advertising and selling expenses: -JPY6.4bn (-JPY4.7bn due to the effects of changes in accounting policy)
  - Personnel expenses: +JPY790mn (transfer of extraordinary losses from previous fiscal year: JPY490mn)
  - Equipment costs and administrative expenses: +JPY2.1bn (one-time depreciation for consumables for store openings: +JPY310mn; rent: JPY1.2bn)
  - Depreciation: +JPY350mn (goodwill amortizations: +JPY190mn; electronic price leasing etc.,: JPY140mn)

- Non-Operating Income
  - Subsidy income: JPY1.1bn (large-scale facility cooperation subsidy [temporary closure; shortening hours])

- Extraordinary losses
  - COVID-related losses in Q3 FY03/21: JPY580mn; in Q3 FY03/22: JPY40mn; Change YoY: -JPY540mn

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Q3 Earnings Trends



1H FY03/20: Rush demand due to the consumption tax hike (8% to 10%)
1H FY03/21: Special cash payments from the government, at-home demand, and other factors

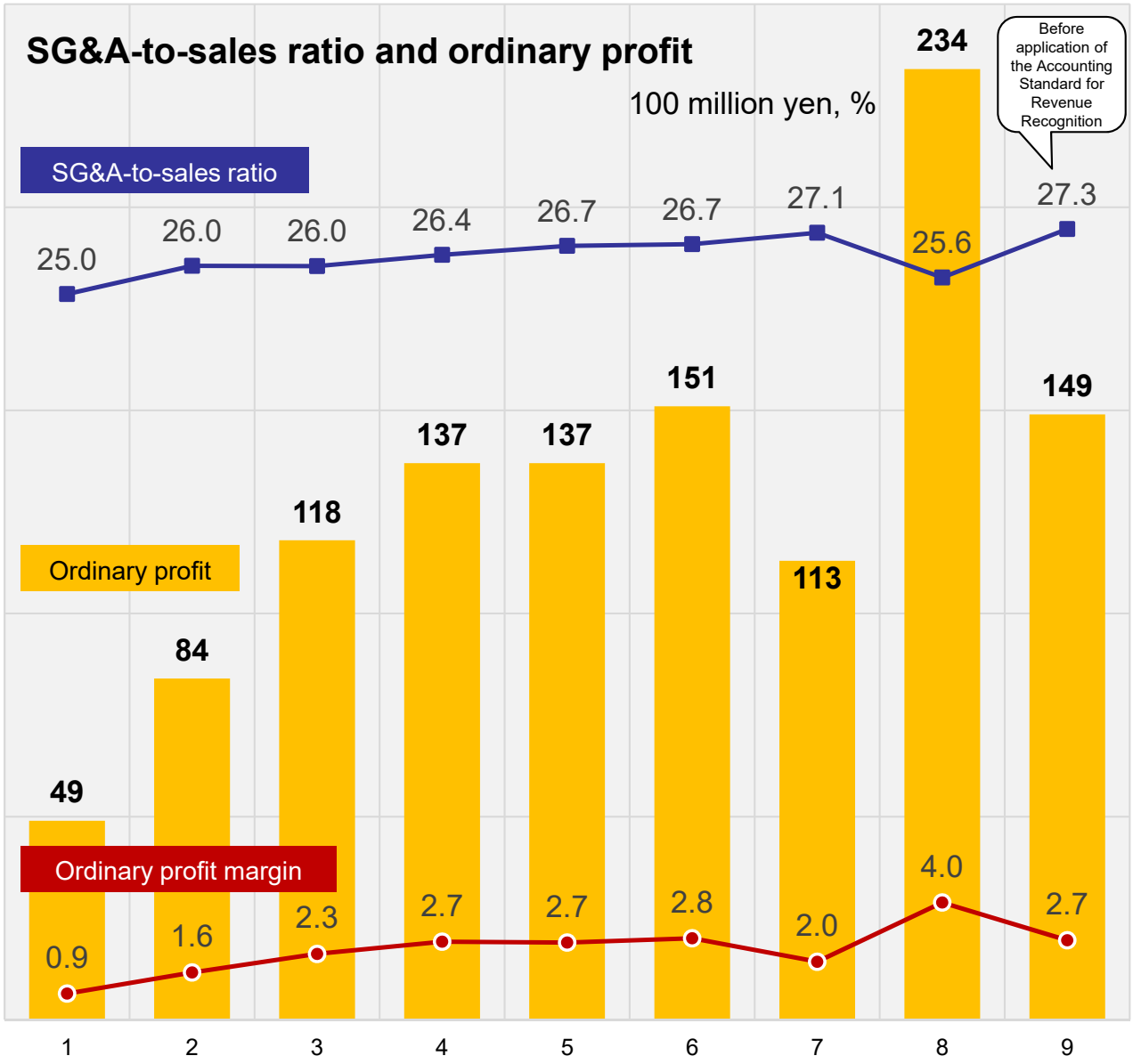
1H FY03/22
Calls for temporary closures affected up to 93 stores (April to June).

Gross profit margin
Comparison before consumption tax hike

FY03/19		FY03/22
29.4%	➡	**29.7%**

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Q3 Earnings Trends



SG&A-to-sales ratio: 27.3% (up 1.7pp YoY)

■ % of sales

Pre-application of the Accounting Standard for Revenue Recognition

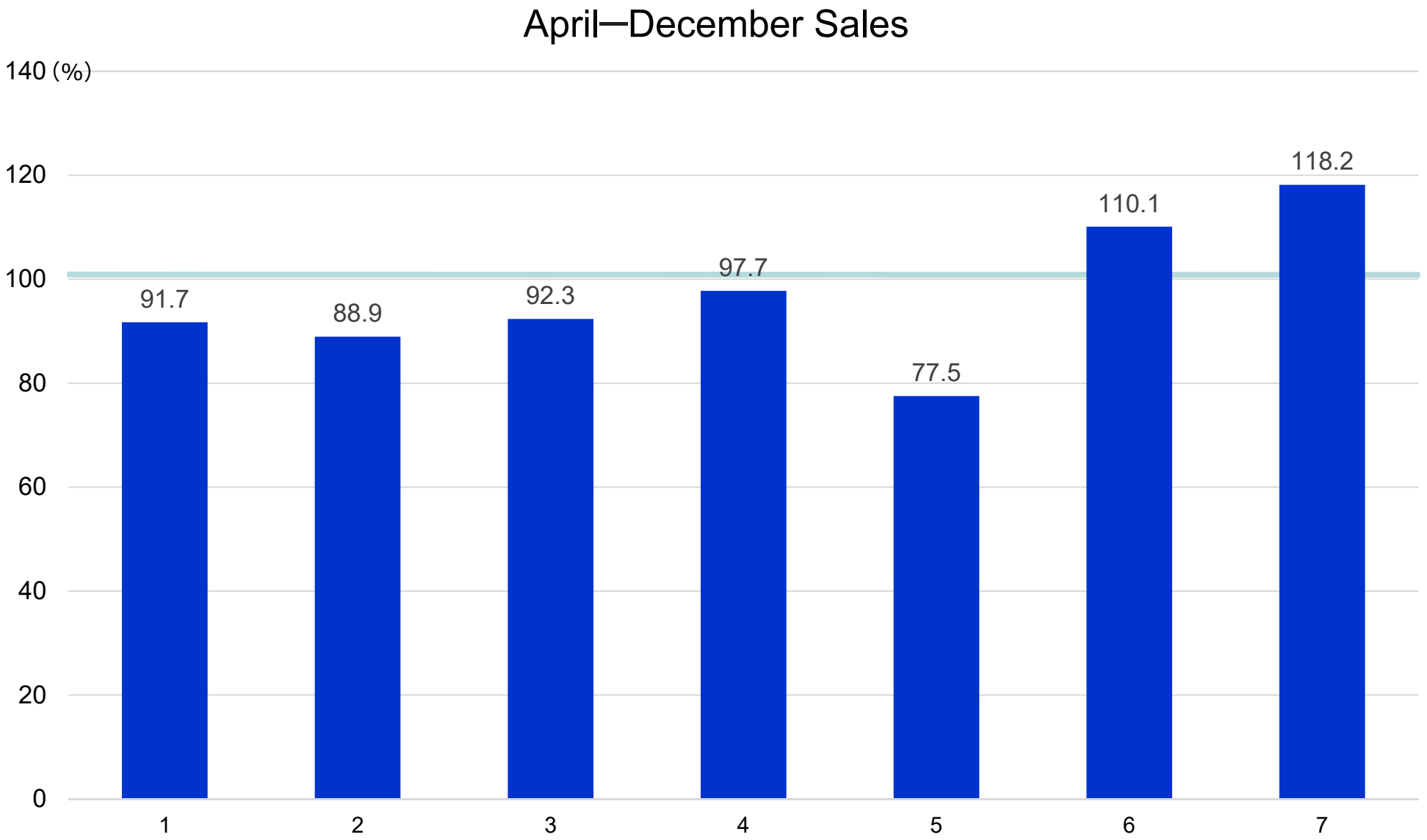
	Q3 FY03/21	Q3 FY03/22	YoY Change
Advertising and selling expenses	7.2	7.4	+0.2
Personnel expenses	10.1	10.9	+0.8
Equipment costs and administrative expenses	6.7	7.5	+0.8
Depreciation	1.4	1.3	-1.0

Ordinary profit margin

FY03/14 **0.9%** ➡ **FY03/22** **2.7%**

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Sales by Product



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Consolidated Balance Sheet

Million yen	End-March 2021	End-December 2021	YoY Change
Current Assets	192,549	192,791	241
Property, Plant, and Equipment	125,864	127,237	1,373
Intangible Assets	12,050	11,047	-1,003
Investments and Other Assets	55,960	51,440	-4,519
Non-Current Assets	193,875	189,725	-4,149
Total Assets	**386,425**	**382,517**	**-3,907**

Million yen, %	End-March 2021	End-December 2021	YoY Change
Current Liabilities	103,798	108,263	4,465
Non-Current Liabilities	88,785	78,099	-10,685
Total Liabilities	**192,583**	**186,363**	**-6,220**
Net Assets	193,841	196,154	2,312
Total Liabilities and Net Assets	**386,425**	**382,517**	**-3,907**

Shareholders' Equity Ratio	**50.2**	**51.3**	**+1.1**

Current assets: +JPY240mn

Cash and deposits: -JPY20.1bn

Merchandise and finished goods: +JPY17.1bn

Other: +JPY3.2bn

Non-current assets: -JPY4.1bn

Property, plant, and equipment: +JPY1.3mn

Intangible assets: -JPY1.0bn

Investments and other assets: -JPY4.5bn

Deferred tax assets: -JPY5.3bn

Other: +JPY700mn

Current liabilities: +JPY4.4bn

Accounts payable - trade: +JPY17.3bn

Provision for bonuses: -JPY4.5bn

Provision for point card certificates: -JPY9.0bn

Contract liabilities: +JPY23.8bn

Other: -JPY23.1bn

Non-current liabilities: -JPY10.6bn

Provision for product warranties: -JPY10.3bn

Other: -JPY280mn

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Store Openings, Relocations, and Closures

As of end-December 2021

Opened 16 Stores in Q3 (Edion-owned chain stores)

■ Openings of Edion-owned chain stores

	Month	Prefecture	Openings
1	April	Osaka	Aeon Mall Ibaraki
2		Osaka	Kishiwada
3	May	Kyoto	Kyoto Shijo Kawaramachi
4		Aichi	Aeon Mall Aratamabashi
5	June	Wakayama	Wakayama Kano
6		Osaka	Matsuzakaya Takatsuki
7		Fukuoka	Across Mall Kasuga
8	September	Osaka	Viva Mall Mihara Minami IC
9	October	Aichi	Komaki
10		Aichi	Takabarihara
11	November	Fukuoka	Aeon Mall Yahatahigashi
12		Ishikawa	Aeon Matto (100-Man Volt)
13	December	Kanagawa	Hiyoshi
14		Toyama	Toyama Nakagawara (100-Man Volt)

In addition to the above, we also opened two Docomo shops

■ Relocations

	Month	Prefecture	Before Relocation	Relocated to
1	April	Hyogo	Sanda Woody Town	Aeon Sanda Woody Town
2	September	Kyoto	Katsuraminami	Aeon Rakunan
3	December	Osaka	Neyagawa	HOME'S Neyagawa

■ Closures

	Month	Prefecture	Before Relocation
1	July	Aichi	TSUTAYA Okazaki Tosakicho
2	August	Aichi	Komaki IC
3	September	Gifu	TSUTAYA Mizunami
4	November	Aichi	Ele City Kariya

(in preparation for relocation)

Edion-owned chain stores **449 (+12 stores)**
Franchise stores **753 (+3 stores)**
Total group stores **1,202**

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Planned Store Openings

New Store Openings (Plan; Edion-Owned Chain Stores)

		New Openings	Relocations and Renovations	Closures	YoY Change	End-of-Period Store Count
FY03/21 Results	FY	8	1	4	+4	437
FY03/22	1H	10 (including two non-home electronics stores)	2	3 ((including two non-home electronics stores)	+7	444
	2H	6	1	1	+5	449
	FY	16	3	4	+12	449



Edion Hiyoshi (Yokohama; Opened December 3)

Q4 Store Opening Plan

We have no plans to open stores in Q4

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Consolidated Earnings Forecast

(Reference)

Million yen, %	FY03/21			FY03/22				2H FY03/21		
	% of Sales	Results	% of Q3 FY03/20	% of Sales	**Results**	% of Q3 FY03/21	YoY Change	% of Sales	Results	% of Q3 FY03/21
Net Sales		**768,114**	**104.7**		**715,000**	**93.1**	**-53,114**		**366,231**	**95.0**
Gross Profit	29.4	225,639	107.1	29.7	212,401	94.1	-13,238	29.0	106,286	96.4
SG&A Expenses	25.9	198,853	100.3	27.1	193,501	97.3	-5,352	26.6	97,396	97.2
Advertising and Selling Expenses	7.1	54,434	96.4	6.7	47,610	87.5	-6,824	6.4	23,447	90.1
Personnel Expenses	10.4	80,099	102.2	11.2	79,777	99.6	-322	10.9	39,987	97.2
Equipment Costs and Administrative Expenses	6.9	52,906	101.5	7.7	55,194	104.3	2,288	7.7	28,361	105.2
Depreciation	1.5	11,414	100.1	1.5	10,920	95.7	-494	1.5	5,601	92.5
Operating Profit	**3.5**	**26,786**	**218.0**	**2.6**	**18,900**	**70.6**	**-7,886**	**2.4**	**8,890**	**88.1**
Ordinary Profit	**3.6**	**27,812**	**208.1**	**2.9**	**21,000**	**75.5**	**-6,812**	**2.7**	**9,800**	**88.1**
Profit Attributable to Owners of the Parent	**2.2**	**16,634**	**151.5**	**1.7**	**12,500**	**75.1**	**-4,134**	**1.3**	**4,893**	**78.4**

- Net Sales: We forecast same-store sales to be 92.8% of those in 2H FY03/21.
- Gross Profit Margin: We forecast a gross profit margin similar to that of 2H FY03/21
- We expect 2H FY03/22 results to be affected by changes in accounting policy as follows.

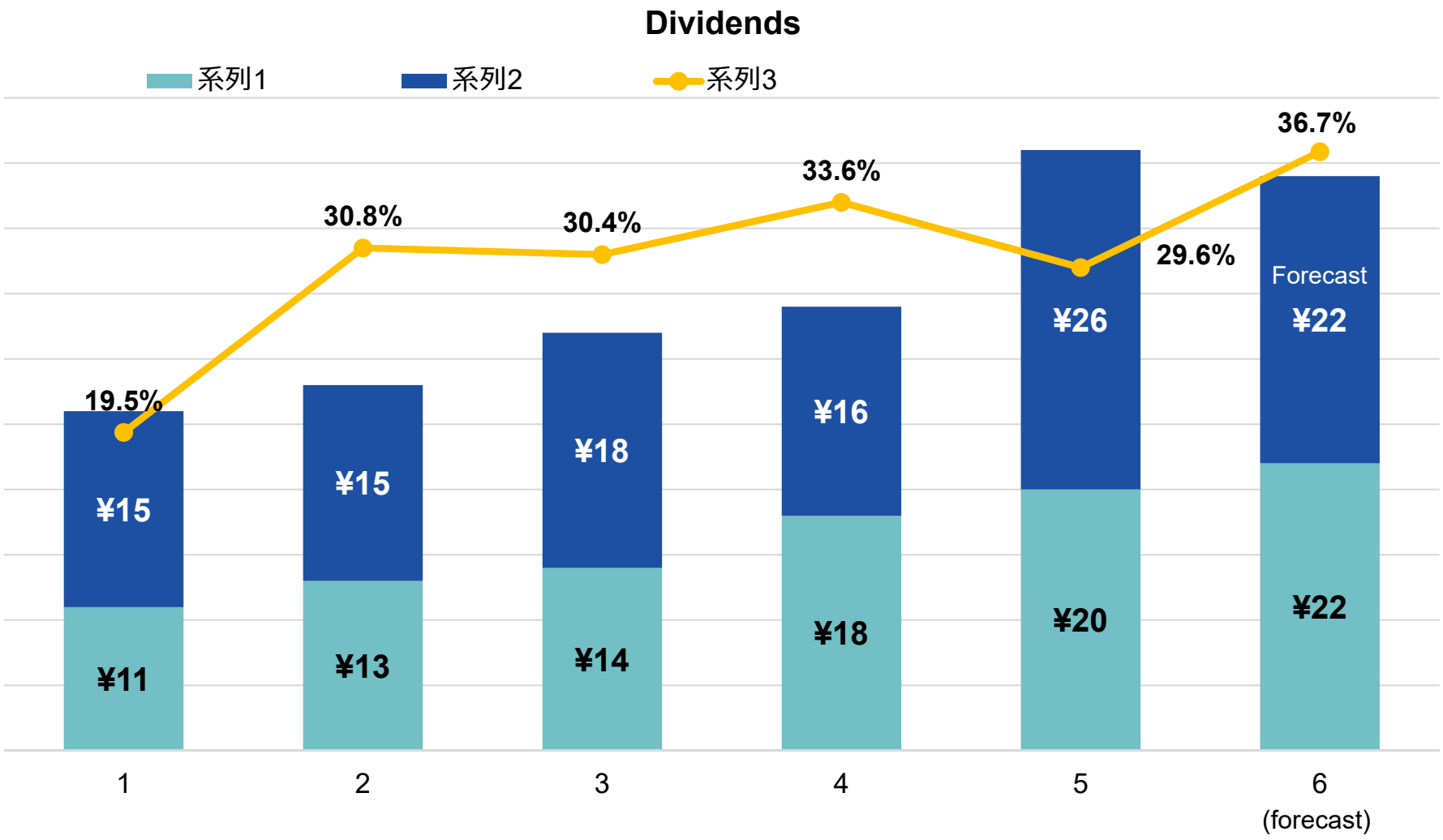
  Net Sales: -JPY10.3bn

  Gross Profit: -JPY2.2bn

  SG&A Expenses: -JPY2.2bn

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Shareholder Returns



Profit	JPY13.1bn	JPY8.9bn	JPY11.6bn	JPY10.9bn	JPY16.6bn	JPY12.5bn
EPS	JPY89.15	JPY92.61	JPY87.54	JPY101.33	JPY155.34	JPY119.83
Dividend payout ratio	19.5%	30.8%	30.4%	33.6%	29.6%	36.7%

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Topic: Robot Programming Education Business

We launched the Edion education business in 2017, and it has expanded to 115 classrooms. Students have performed well in international competitions.

We are steadily opening new schools in Edion stores.

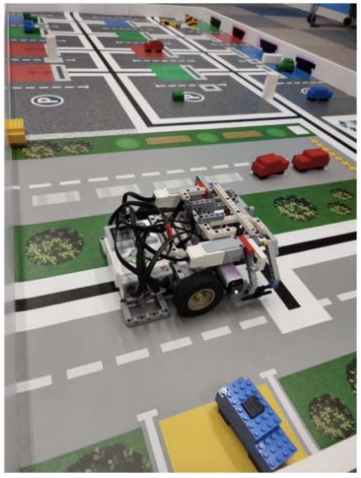
Edion stores that have opened schools:
Ibaraki Fujinosato, Kobe Kitamachi,
Viva Mall Mihara Minami Interchange, Morinomiya,
Nishinomiya, JR Amagasaki Station, Kishiwada, Hiyoshi



Edion Hiyoshi School (Yokohama)

We are working to foster personnel that will make a difference in the world





Awarded fifth place in the world championship (WRO2021)

Lego Mindstorm EV3 Division: Excellence Award



Robo-Done students awarded the Excellence Award

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Topic: Maintenance Business (Home Electronics Total Support)

Based on our philosophy of “safe and reliable products, long-term satisfaction,” we offer a variety of services to ensure that our customers can enjoy our products over a long period of time. We will continue to focus on the maintenance business as a company that endlessly supports the affluent lives of our customers, living up to the trust we have built by fulfilling over 200,000 orders per year.



Cleaning Service

- Air conditioners
- Range hoods
- Washing machine tubs

Cleaning and Inspection Services

- Refrigerators
- Washing machines
- Cable management
- Microwave ovens
- Stoves
- Vacuum cleaners
- Etc.

Business expansion through collaboration with other companies

Akachan Honpo x Edion
Launch of “Raku Pro Honpo,” which supports the removal of mold and house dust

December 17, 2021 (Friday)



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作成者, 2022/02/10

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February 4, 2022

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