EDION Corporation Analyst Meeting

Q3 FY03/23

February 3, 2023

Agenda of the Day

1. Q3 FY03/23 Results

2. FY03/23 Earnings Forecast

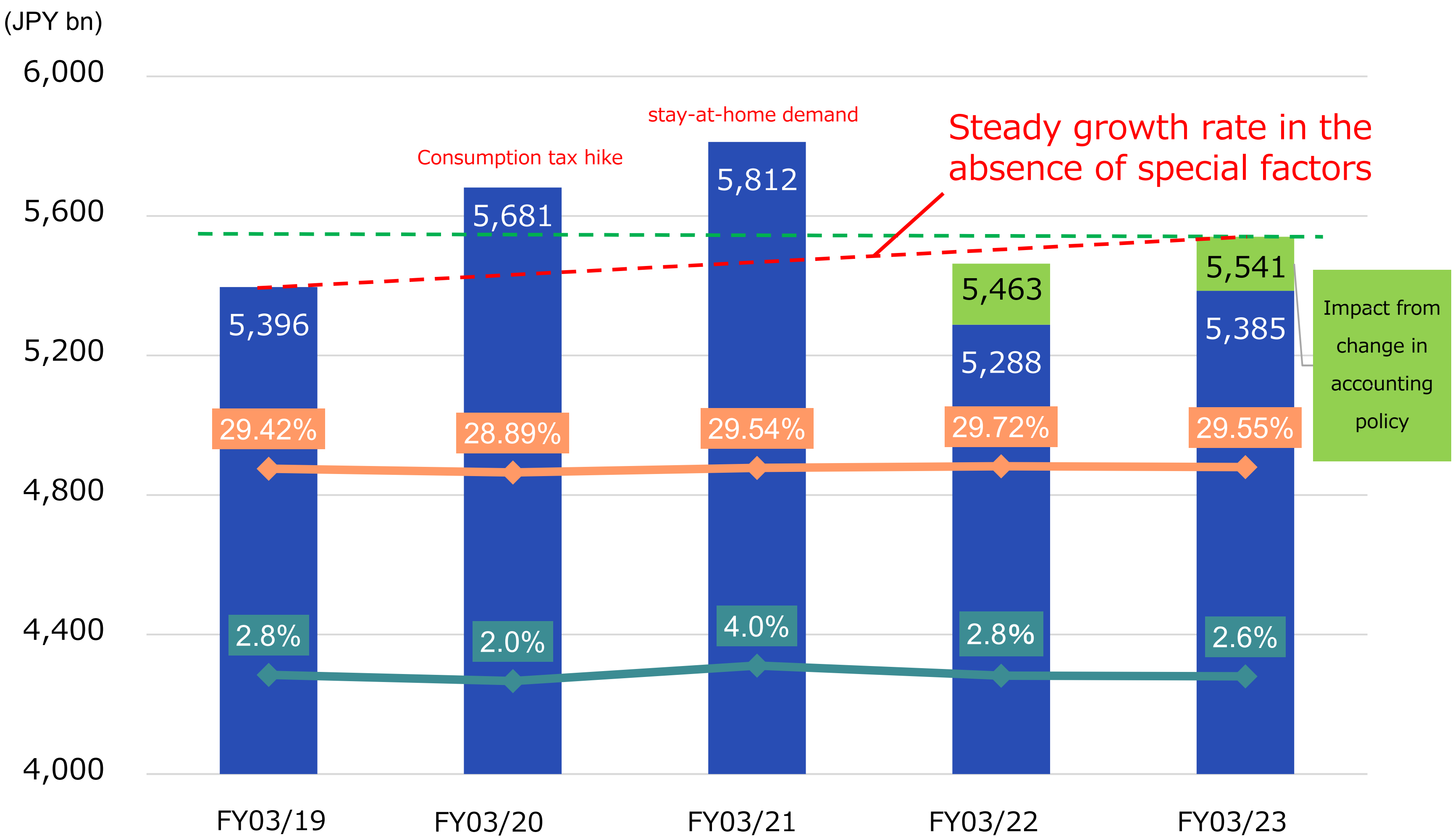
3. Key Topics

1. Q3 FY03/23 Results

Consolidated Statements of Income

Million yen, %	Q3 FY03/22			Q3 FY03/23			
	% of Sales	Results	% of Q3 FY03/21	% of Sales	**Results**	% of Q3 FY03/22	YoY Change
Net Sales		**528,808**	**91.0**		**538,554**	**101.8**	**9,745**
Gross Profit	**29.72**	**157,138**	**91.5**	**29.55**	**159,119**	**101.3**	**1,981**
SG&A Expenses	**27.3**	**144,111**	**96.9**	**26.9**	**144,902**	**100.5**	**790**
Advertising and Selling Expenses	6.8	35,901	84.8	6.6	35,557	99.0	△344
Personnel Expenses	11.3	59,760	101.4	11.1	59,625	99.8	△135
Equipment Costs and Administrative Expenses	7.5	39,772	101.3	7.7	41,628	104.7	1,855
Depreciation	1.6	8,677	106.8	1.5	8,092	93.3	△585
Operating Profit	**2.5**	**13,026**	**56.6**	**2.6**	**14,216**	**109.1**	**1,190**
Non-Operating Income	0.5	2,704	213.4	0.2	1,041	38.5	△1,663
Non-Operating Expenses	0.2	809	98.2	0.2	1,256	155.3	447
Ordinary Profit	**2.8**	**14,921**	**63.6**	**2.6**	**14,000**	**93.8**	**△920**
Extraordinary Income	0.1	285	270.7	0.1	530	185.9	245
Extraordinary Losses	0.1	390	27.1	0.1	347	88.9	△43
Profit before Income Taxes	2.8	14,816	66.9	2.6	14,183	95.7	△632
Total Income Taxes	0.9	4,929	66.2	0.9	4,801	97.4	△128
Profit Attributable to Owners of the Parent	**1.9**	**9,886**	**67.3**	**1.7**	**9,382**	**94.9**	**△503**

Q3 Earnings Trends



Net Sales

JPY 538.5bn

(Before change in accounting policy)
JPY554.1bn

GPM

29.55 %

Ordinary Profit Margin

2.6 %

■Net Sales

＞Q3 FY03/23 sales: JPY538.5bn; Change YoY: ＋JPY9.7bn

■Profits

＞Gross profit margin in Q3 FY03/23: 29.55%; in Q3 FY03/22: 29.72（Maintains levels of the past few years)

＞Ordinary profit margin declined slightly

Sales by Product (Monthly Disclosure Basis)

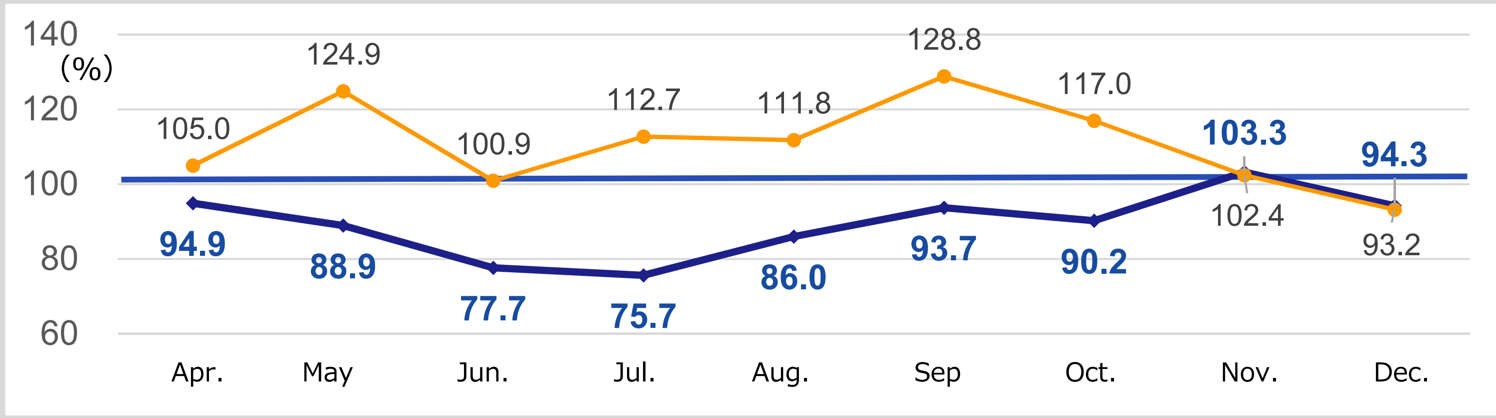
% of Q3 YoY; includes orders (orders received at POS)

YoY: % of FY03/22 sales
Vs. 2018 (for reference): % of FY03/19 sales

TVs

Q3 YoY **88.9%**
(Vs. 2018 108.8%)

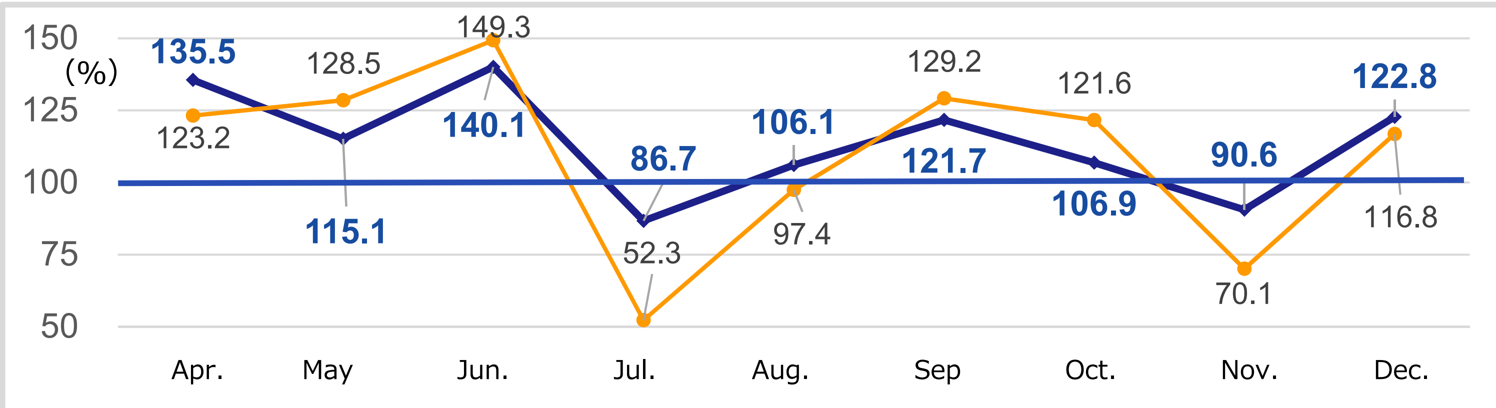
April–December Sales



Air Conditioners

Q3 YoY **112.0%**
(Vs. 2018 96.3%)

April–December Sales



TVs: Demand was boosted by replacement purchases, particularly of large-screen televisions, and the hosting of the World Cup soccer tournament.
Air Conditioners: November was slightly warmer, but demand increased in December due to the cold weather.

Sales by Product (Monthly Disclosure Basis)

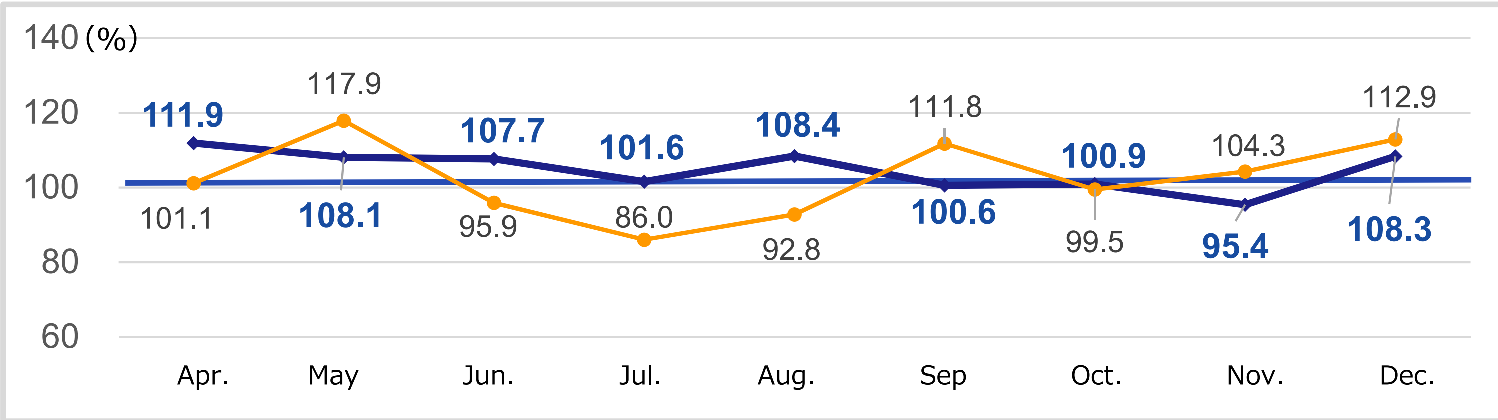
% of Q3 YoY; includes orders (orders received at POS)

YoY — % of FY03/22 sales
Vs. 2018 (for reference) — % of FY03/19 sales

Refrigerators

Q3 YoY **104.5%**
(Vs. 2018 100.2%)

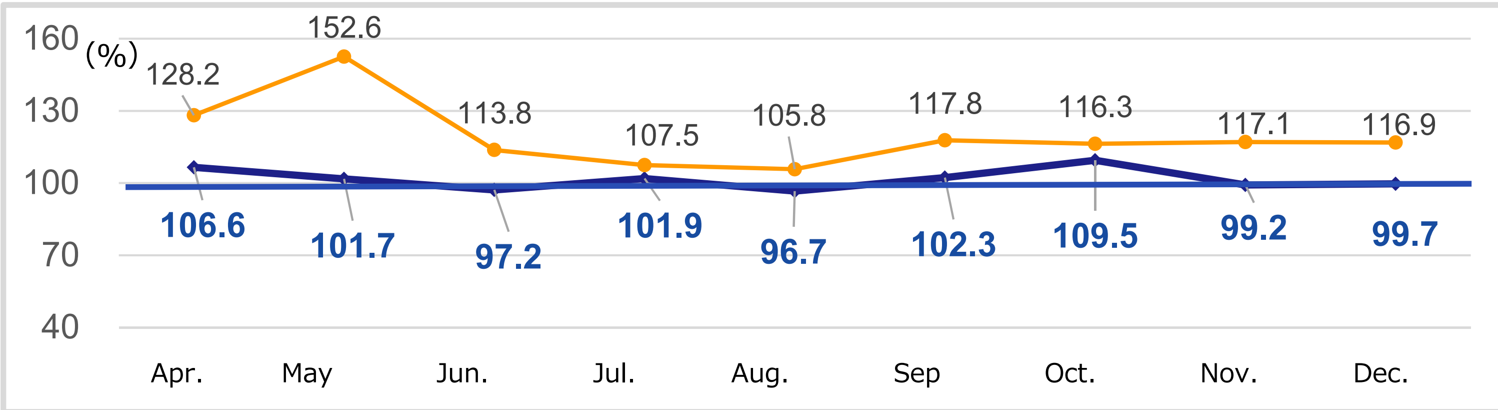
April–December Sales



Washing Machines

Q3 YoY **101.4%**
(Vs. 2018 118.1%)

April–December Sales



Refrigerators: Sales of the 400L class, with its ease of use and energy-saving performance, continue to be strong.
Washing Machines: Sales of drum-type washing machines drove sales.

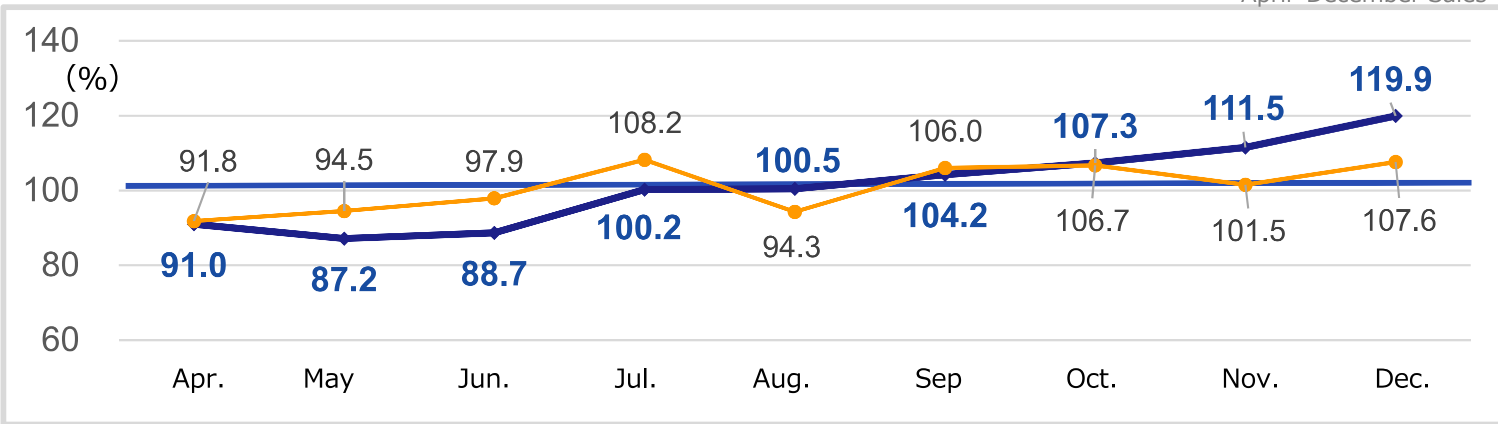
Sales by Product (Monthly Disclosure Basis)

% of Q3 YoY; includes orders (orders received at POS)

YoY — % of FY03/22 sales
Vs. 2018 (for reference) — % of FY03/19 sales

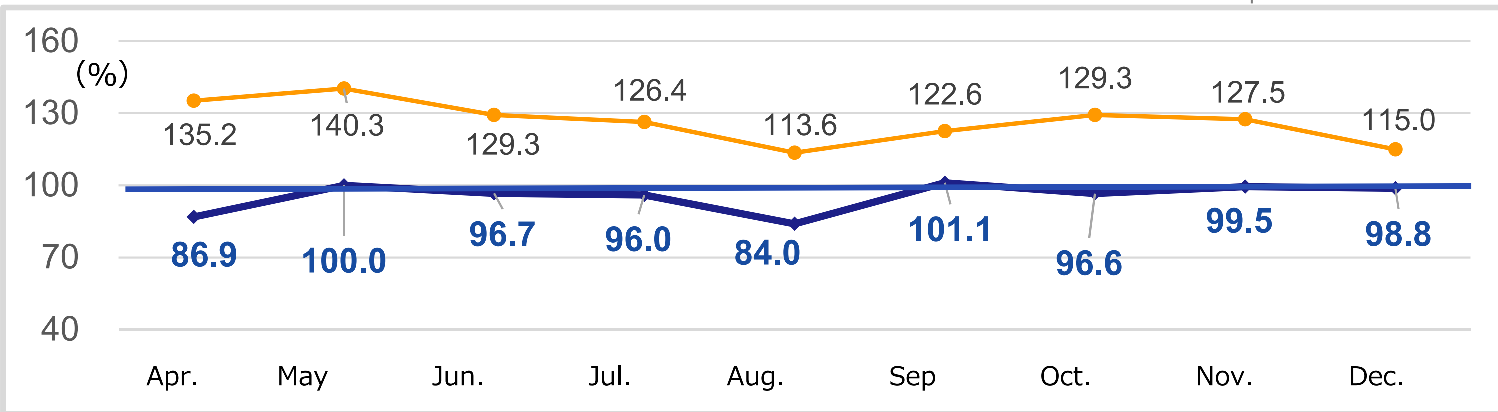
PCs

Q3 YoY **101.4%**
(Vs. 2018 101.0%)



Mobile Phones (by units sold)

Q3 YoY **95.4%**
(Vs. 2018 126.2%)



PCs: Replacement demand due to end of support for windows 8.1 on January 10, 2023.
Mobile Phones: Number of contracts increased compared to before the spread of COVID-19 infection.

Sales by Product (Monthly Disclosure Basis)

% of Q3 YoY; includes orders (orders received at POS)

YoY — % of FY03/22 sales

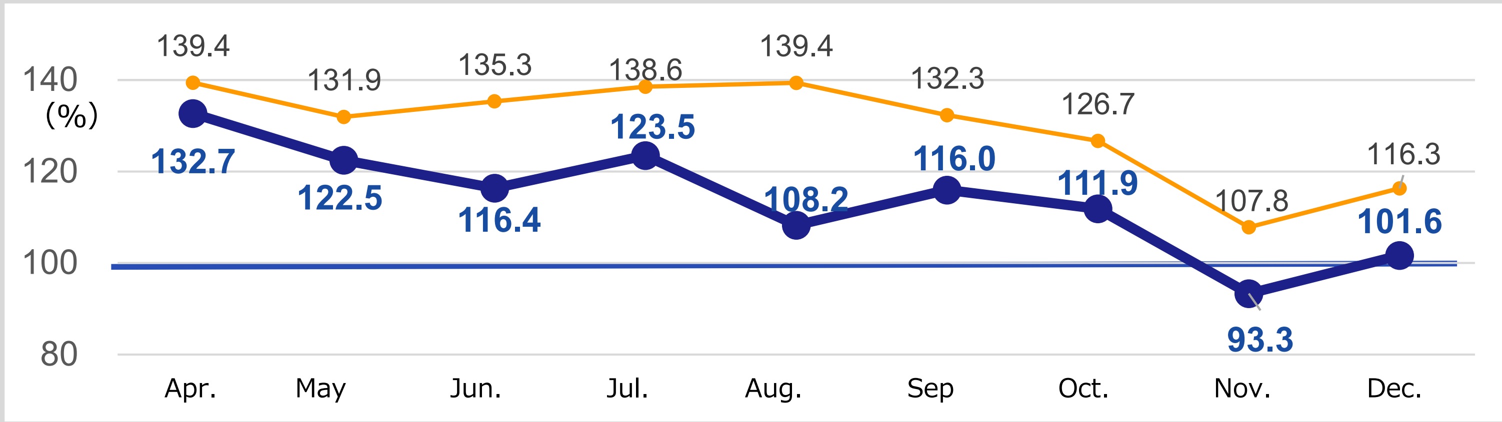
Vs. 2018 (for reference) — % of FY03/19 sales

April–December Sales

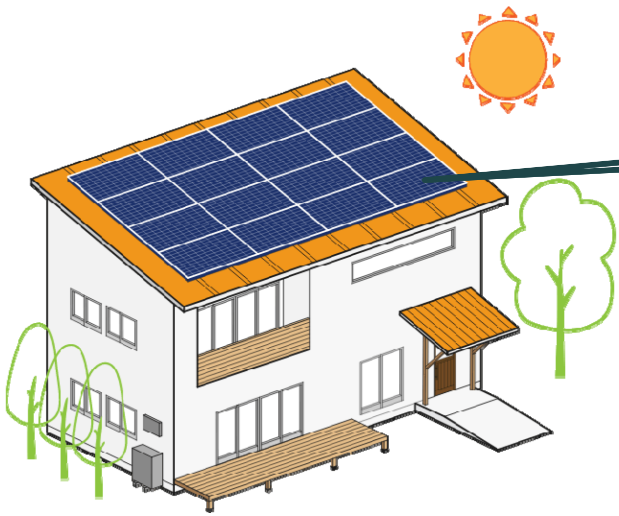
Home Improvement (ELS Business)

Q3 YoY **113.0%**

(Vs. 2018 128.9%)



EDION has Continued to Focus on Smart Energy Business Since the Start of ELS Business in 2007



Contribution to carbon neutrality, phased FIT demand for solar and storage batteries, and growth potential for EVs and V2H are also expected

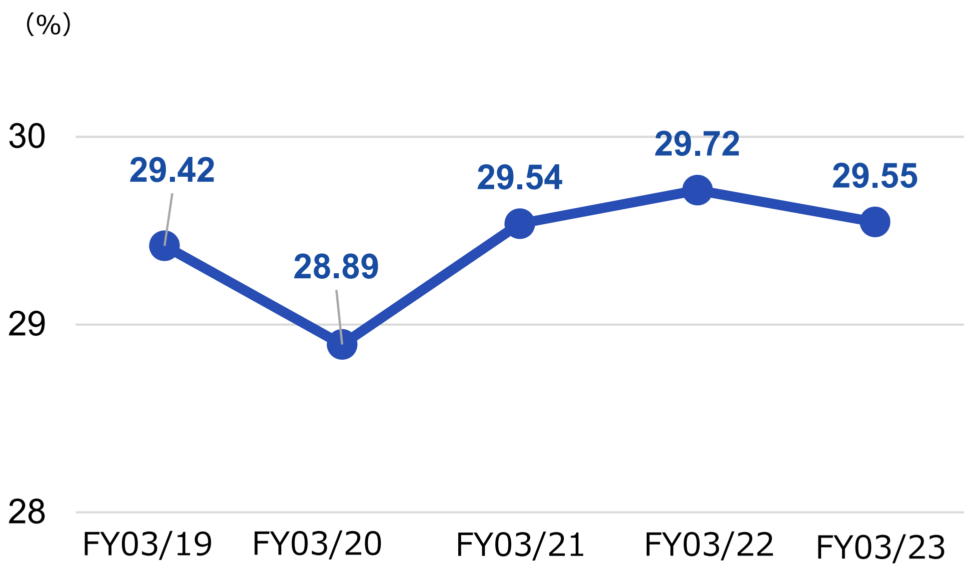
Underpinning Market Expansion

Japanese government support for energy-saving renovation, a partnership between the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment, is scheduled to continue in FY2023.

Step-by-step testing of Nitori HD product booths at large directly-managed stores

Q3 Gross Profit Margin and SG&A Ratio

1 Gross Profit Margin

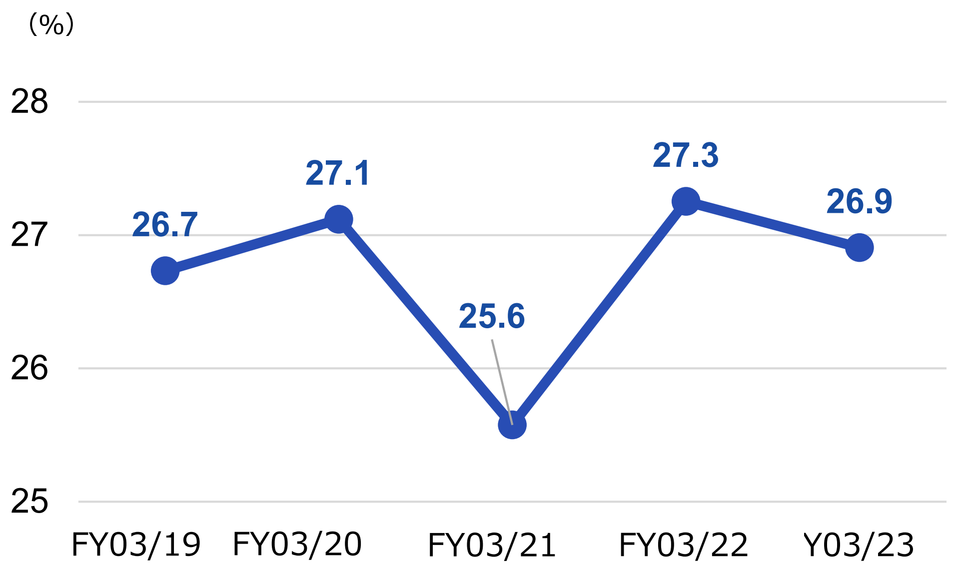


■Gross profit margin in Q3 FY03/23: 29.55%; Change YoY: -0.17pp

・Comparison for the first quarter: 30.71% in FY2022 30.36% in FY2021, +0.35pp q/q
・Comparison for the second quarter: 30.13% in FY2022 30.49% in FY2021, -0.36pp q/q

・Comparison for the third quarter: 27.94% in FY2022 28.34% in FY2021, -0.40pp q/q
＞Compared to the previous year, the gross profit margin declined due to a larger sales mix of game/toy products and PCs in the year-end sales season.

2 SG&A-to-sales Ratio



■SG&A expenses in Q3 FY03/23: JPY144.9bn; Change YoY: +JPY0.79bn

＞Advertising and sales expenses -0.34bn yen
＞Personnel expenses -0.14bn yen
＞Equipment costs and administrative expenses +1.85bn yen
(Utilities +0.95bn yen Rent +0.67bn yen)
＞Depreciation -0.58bn yen

Q3 Consolidated Balance Sheet and Consolidated Statements of Cash Flows

Consolidated Balance Sheet

(Million yen)

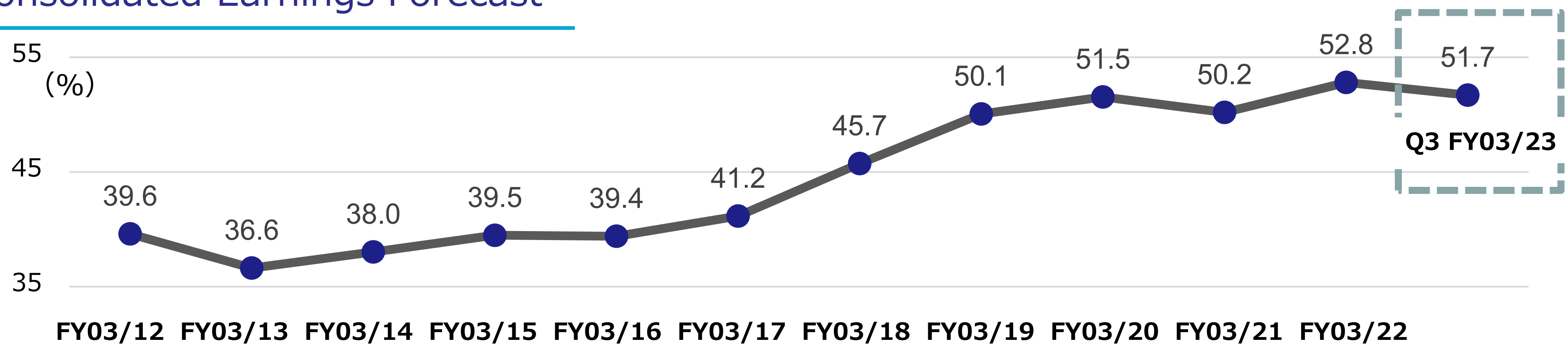
	End-March 2022	End-December 2022	YoY Change
Current Assets	190,597	207,699	17,102
Property, Plant, and Equipment	125,504	124,504	△1,000
Intangible Assets	10,169	10,008	△160
Investments and Other Assets	51,699	49,709	△1,989
Non-Current Assets	187,373	184,223	△3,150
Total Assets	**377,970**	**391,922**	**13,952**
Current Liabilities	109,003	129,237	20,234
Non-Current Liabilities	69,486	59,973	△9,512
Total Liabilities	**178,489**	**189,211**	**10,722**
Net Assets	199,480	202,710	3,230
Total Liabilities and Net Assets	**377,970**	**391,922**	**13,952**

Consolidated Statements of Cash Flows

(Million yen)

	Q3 FY03/22	Q3 FY03/23
CFs from Operating	1,217	10,311
Activities	△9,036	△6,324
CFs from Investing	△7,819	3,987
Activities	△12,336	△11,382
FCF	22,916	22,489

Consolidated Earnings Forecast



2. FY03/23 Earnings Forecast

Consolidated Earnings Forecast

Million yen, %	FY03/22		Q3 FY03/23		Forecast for FY03/23			
	Results	YoY Change	Results	YoY Change	% of Sales	Forecast	% of FY03/22	YoY Change
Net Sales	**713,768**	**92.9**	**538,554**	**101.8**		**736,000**	**103.1**	**22,231**
Gross Profit	**209,681**	**92.9**	**159,119**	**101.3**	**29.38**	**216,300**	**103.2**	**6,618**
SG&A Expenses	**190,884**	**96.0**	**144,902**	**100.5**	**26.3**	**193,800**	**101.5**	**2,915**
Advertising and Selling Expenses	46,751	85.9	35,557	99.0	6.5	47,668	102.0	916
Personnel Expenses	79,877	99.7	59,625	99.8	10.9	80,000	100.2	122
Equipment Costs and Administrative Expenses	52,561	99.3	41,628	104.7	7.5	55,368	105.3	2,807
Depreciation	11,693	102.5	8,092	93.3	1.5	10,763	92.0	△930
Operating Profit	**18,796**	**70.2**	**14,216**	**109.1**	**3.1**	**22,500**	**119.7**	**3,703**
Ordinary Profit	**21,589**	**77.6**	**14,000**	**93.8**	**3.1**	**22,500**	**104.2**	**910**
Profit Attributable to Owners of the Parent	**13,109**	**78.8**	**9,382**	**94.9**	**1.9**	**14,000**	**106.8**	**890**

No profit revision is made to the full-year forecast.

■Net sales

＞Existing stores y/y: 2H 102.2% Full year 101.5%

■Ordinary Profit 03/22FY: Subsidy income: 2.4bn yen (1H: 0.98bn yen, 2H: 1.43bn yen)

Store Openings, Relocations, and Closings (Actual and Planned)

Newly opened in EDION Seya, Kanagawa in December 2022

EDION Group

1,210 stores

- **EDION-owned stores 453**
- **Franchise stores 757**

As of end-December 2022

(Stores)		New Openings	Relocations and Renovations	Closures	YoY Change	End-of-Period Store Count
FY03/22 Results	Full-year	16	3	4	+ 12	449
FY03/23 Plan	Actual results from April to December 2022	5	3	1 (including one non-home electronics stores)	+4	453
	Plans for January to March 2023	No plans to open new stores	—	—	—	453
	Full-year	**5**	**3**	**1** (including one non-home electronics stores)	**+4**	**453**

In FY2022, the company is focusing on repainting and repairing the brand logo and exterior walls of existing stores rather than opening new stores. Store openings are in line with the plan at the beginning of the period.

3. Key Topics

■ Key Topics : Focus on Education Business

EDION Programming School Students Placed 4th and 7th in the Junior Division of the 2022 WRO!

In November 2022, 365 teams from around the world participated in the WRO Germany Dortmund. Three teams from our company, Robo-Done, participated in the competition, having achieved good results in Japan

We will continue to provide world-class educational opportunities and contribute as a company to the growth of children who will lead the next generation

The company also plays a role in contributing to society by holding regular learning events at its directly managed stores

Focus on e-commerce and Logistics Businesses to Meet Diversifying Customer Needs

Enhancement of the EDION website

Single packs combined with Nitori HD furniture are also available at directly managed stores.

Enhanced in-store guidance

Enhancement of delivery and service capabilities

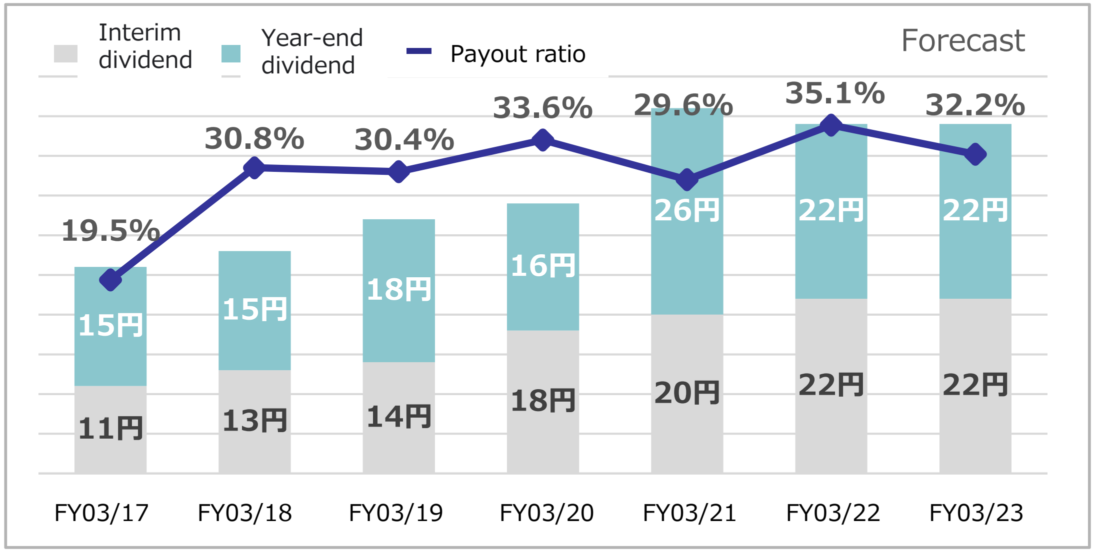
We Will Continue to Develop Products Developed from the Viewpoint of Our Customers

New Living, From a New Angle

angle

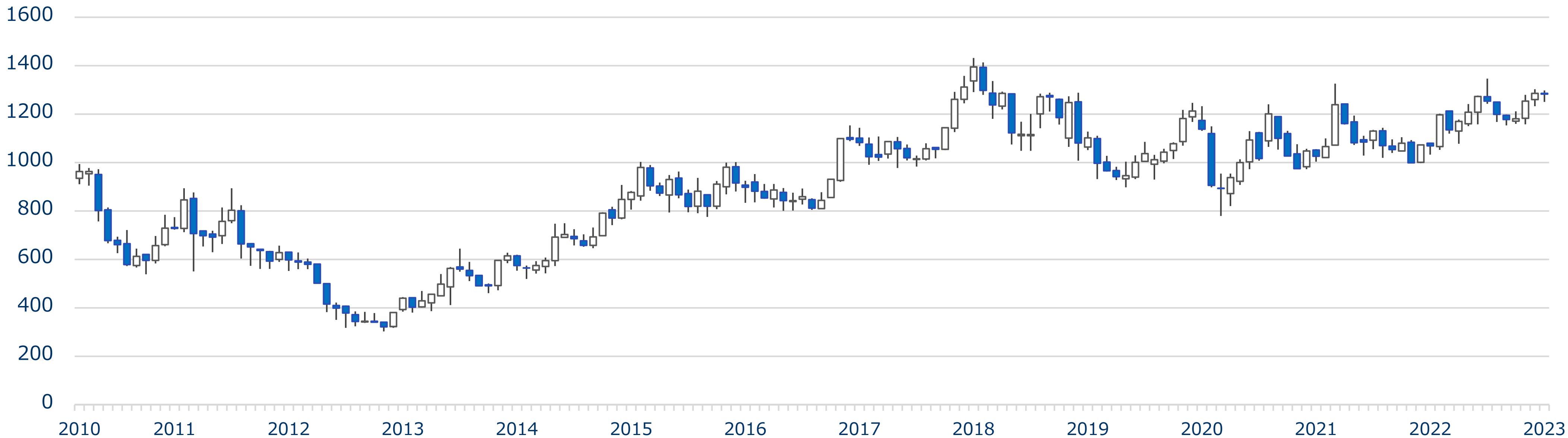
Dividends and Share Prices

While striving to improve capital efficiency, as measured through ROIC growth, we will focus on maintaining a sound and stable balance sheet.



1. Dividend Policy
EDION recognizes the return of profits to shareholders as an important management issue. Accordingly, we maintain a basic dividend policy of providing stable dividends with a payout ratio of at least 30% while comprehensively considering relevant factors such as business performance and our operating environment.

2. Share Buybacks
Based on the assumption that shareholder return measures contribute to the improvement in capital efficiency, we will flexibly implement these measures while comprehensively considering factors such as business performance, our operating environment, and various elements related to our market environment, including investments and stock prices.



Strengthening of Sustainability Management: Toward Solving Social Issues

Intensification of Relevant Initiatives

1 Initiatives Targeting a Sound Material-Cycle Society

In pursuit of a sound material-cycle society, we actively ensure proper disposal of home electronics products covered by the Act on Recycling of Specified Home Appliances, as well as the recycling of small home electronics and polystyrene foam. In addition, we promote multifaceted efforts targeting the resolution of social issues, such as the creation of opportunities for active participation from a diverse range of human resources.

2 Promotion of Health Management

2022
健康経営優良法人
Health and productivity

EDION values the health of its employees and is therefore committed to its maintenance and improvement. The Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi awarded EDION Corporation its 2022 Certified Health & Productivity Management Award (in the Large Enterprise category) in recognition of our outstanding initiatives.

3 Community Support

Paralym Art®

We support Paralym Art® activities directed by the Shougaisha Jiritsu Suishin Kikou Association in support of promoting independence for artists with disabilities and have served as an official partner since September 2021.
Through our support for these efforts, we will target further collaboration with local communities and contribute to the realization of a sustainable society.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SUSTAINABLE DEVELOPMENT GOALS

Disclaimer

- The financial forecasts and other forward-looking statements in these materials are based on judgment made under normally foreseeable conditions, in accordance with information reasonably available to the Company as of the date these materials were produced.
- The forward-looking statements in these materials are subject to various risks and uncertainties, and no guarantees or assurances are provided concerning their accuracy or completeness. Consequently, they are subject to change without prior notice.
- These materials aim to provide information on the Company's businesses, financial performance, and other areas, and are not intended to solicit investment in securities issued by the Company.
- These materials may not be reproduced, forwarded, or otherwise distributed without permission.

EDION

February 3, 2023