

EDION Integrated Report 2022

EDION Corporation

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EDION

**Integrated Report
2022**

Year ended March 31, 2022

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 an emphasis on taking responsibility for helping customers continue to 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 EDION's 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 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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CEO's Message

Evolving with a View to the Future, along with a Society in Transformation



Masataka Kubo

Chairman and CEO

EDION's Significance

Ever since it was established, EDION has undertaken management from a customer perspective, to embody its corporate philosophy of "Achieving long-lasting customer satisfaction through outstanding products and reliable service." This approach is rooted in the belief that "Stores are there for the customers, and the customers are the best consultants." The Group's mission is to propose and provide rich lifestyles through business activities, and we strive to ensure that customers can use the products that they have purchased in the best possible condition. We have enhanced structures to provide a wide range of services, including customer reception and product explanations at stores, guidance regarding home visit repairs in the event of a breakdown, and other repair and maintenance services. The words "Omotenashi mindset" (the unique Japanese approach to hospitality) are clearly laid out in EDION's management guidelines. It is important that all employees understand and practice the fundamental approach embodied by these words, and I believe that this ties into the true significance of EDION's existence; that is, "to support richness and abundance in our customers' lives."

The EDION Group comprises numerous business companies, and the approaches of the various employees differ due to disparities in their previous corporate cultures. When someone has a different culture and different approach, it can take a lot of time for them to understand the fundamental elements of a new approach.

I have always made a point of communicating to employees about EDION's philosophy or core approaches whenever the opportunity arises. For the past eight years, I have held regular morning meetings on a weekly basis with the managers of all EDION stores using a teleconferencing system, to continually confirm these approaches, along with the ideal form and superiority of EDION's business in the backdrop of conditions in Japan and around the world. At first, not everyone understood on the same level, but over the past three

years or so, I feel that a shared awareness has finally been achieved. Employees become able to think and act naturally, of their own accord, about what EDION can do for the customers. This gets passed on from the more experienced employees to new employees, giving rise to a positive chain reaction. As everyone gains an understanding of the management philosophy and comes in direct contact with customers, if this can be reflected in everyday activities like product purchasing and store creation, then it will inevitably lead in a positive direction. Rather than saying "It's gotten through, so I don't need to do anything else," I want to continue being like a missionary, communicating over and over, anytime and anywhere. What kind of an organization should we become, so that we can practice this philosophy more effectively? This is an important theme that I will continue to think about in the future.

There is an event that I consider very important when I think about the organization. In the past, EDION conducted employee training at a temple. I'd like to tell you about something that happened during the training that was very eye-opening. First, the participants split up into groups of ten people each, and the head priest handed the first person in each group a piece of paper with about 20 words written on it. They had to communicate the message down the line, to the last person in each group, like the "telephone game." Everyone thought that it would be easy enough to do, but not a single group was able to communicate the message accurately to the last person in the line. As this experience teaches us, when an organization has multiple levels, communicating information becomes problematic. In multilayered organizations, if information or the meaning of instructions are not communicated accurately, then the speed of management can be adversely affected. With this in mind, I believe that it's best for organizations to be as simple as possible. In order to respond as the times continue to evolve, I'd like to create a flatter organization, for example by placing divisions directly tied into core aspects of business operations immediately under the jurisdiction of top management.

Awareness of the Business Environment

An urgent issue for EDION is finding ways of responding to changes in the demographic structure in Japan—for example, the shrinking population, the declining birthrate, and the growing senior population—and to changes in the consumption environment, as in the case of subscription sales and direct to consumer (D2C) sales. It's said that the current scale of the home electronics market in Japan is ¥7 trillion, but there are also forecasts that this will decline by more than 10% over the next 10 years, to around ¥6 trillion.

In the future, we will strengthen the home improvement business, which has a high affinity with home electronics sales, and enhance maintenance service, which includes home electronics repairs and air conditioner cleaning, which represents one of EDION's strengths. We will also expand the logistics business, with a focus on installations. We will also invest effort into the education business. Rather than just seeking profitability, through the education business, I want to contribute to the community and to fostering people who can be active on the global stage.

Also, as the number of Japanese manufacturers declines, rather than just waiting for new home electronics products to arrive, I think it is important to propose ways of enriching customers' lives, by adding value and functions in keeping with the times; for example, by making existing products easier to use, or by helping to save time. I also think that online sales and the development of private brand products have a lot of potential. Sales volumes in the domestic e-commerce market are increasing every year, and the sales ratio for home electronics is also increasing.

In order to accommodate online sales, which are expected to increase in the future as well, I would like to enhance the logistics infrastructure while also strengthening the development of private brand products, and use this as an engine for growth. By developing popular products suited to targeted age groups and regions, we will increase the component ratio of sales for

CEO's Message

private brand products to around 25–30%. In terms of lighting fixtures, food preparation appliances, and beauty appliances in particular, I am confident that we can entrench brands by focusing efforts on the development of private brand products with enhanced design, functions, and prices, which are in line with the times and reflect customers' requirements.

Capital Tie-up Agreement with Nitori Holdings Co., Ltd.

On April 27, 2022, EDION completed a capital tie-up agreement with Nitori Holdings Co., Ltd. (Nitori HD). By making maximum use of their respective management resources, EDION and Nitori HD will contribute to richer lives for customers and strive to increase corporate value for both companies.

Our relationship with Nitori HD began when I was invited to do a lecture at a donated university course on Nitori's "Science of Logistics and Services," which gave us the opportunity to exchange a variety of opinions. During that event, I felt that Chairman and CEO Akio Nitori sympathized with EDION's

corporate philosophy. That connection was one of the things that led to this tie-up.

On five projects, targeting themes including logistics, product development, and systems, we have been actively exchanging opinions, for example by starting up subcommittees for each project and identifying issues. I believe that we will be able to demonstrate a variety of synergistic effects in the area of products; for example, with Nitori and EDION stores handling one another's products, and energizing the market by developing new products that leverage our respective areas of expertise. A broad range of discussions are ongoing aside from product development, so you can look forward to some positive results.

More than anything else, Nitori's nationwide network will provide EDION with a major opportunity to open new stores in the future. With the ideal combination of Nitori's focus on furniture and lifestyle sundries and EDION's emphasis on lifestyle proposals for customers, I believe that we can expect to improve our competitiveness in the market.

Large-scale "Nitori Mall" shopping centers offer one-stop purchasing of a variety of products related to customer lifestyles, and EDION can collaborate by leveraging its strength in installations and deliveries, so this is a win-win relationship for both companies.

I meet with Chairman Nitori once a month to regularly conduct direct dialogues, so the decision-making process is

Studies of Business Tie-up with Nitori HD

- (1) Collaborations in the development of attractive stores
- (2) Mutual exchanges of products and enhanced product line
- (3) Creating synergy in the e-commerce business
- (4) Mutual use of logistics networks, installation services, and after-sales service networks
- (5) Creating synergy in home improvement business and corporate business

going smoothly. I expect that these activities will tie into operating revenues, and by extension, growth strategies as well.

We were involved in a capital tie-up with LIXIL Corporation, but LIXIL's owned shares in EDION have been transferred to Nitori HD, so the capital relationship with LIXIL has been dissolved, but the business relationship will continue as before, in terms of providing EDION's home improvement products and the creation of sales floors.

Medium-Term Management Vision and Growth Scenarios

We announced our Medium-Term Management Vision in May 2022. We will work to increase corporate value on a developing basis, by leveraging EDION's strengths. Furthermore, in order to respond to the changing market environment and continue to evolve, we have organized key medium-term items and points with a focus on three platforms—the Infrastructure Platform, the Business Platform, and the Customer Platform—to build a firm corporate structure. We have also established KPIs as medium-term targets for FY2025, and we will work toward achieving these targets. (See p. 12-13 for details)

| Medium-term Target KPIs | (Unit: Million yen) | |
|-------------------------|---------------------|-----------------|
| | FY2022 (plan) | FY2025 (target) |
| Net Sales | 736,000 | 810,000 |
| Ordinary Income | 22,500 | 41,000 |
| Net Income* | 14,000 | 25,000 |
| Ordinary Income Margin | 3.05% | 5% |
| ROE | 6.6% | 10% or more |
| ROIC | 5.6% | 10% or more |

*Profit attributable to owners of parent

Structures that Support Continuous Growth

In the context of corporate governance, EDION places an emphasis on incorporating opinions from outside the company. The current component ratio of independent outside directors is 50%. We are able to obtain objective opinions that differ from approaches considered a given in the past, and this leads to very valuable discussions.

Corporate governance is never "complete," but we take pride in the extremely high quality of operations conducted by our Board of Directors. We have made substantial progress in reforms compared to five years ago, and there is no question that governance reforms have a positive impact on management. We created a "skill matrix for directors and auditors," and there is a good balance of key skills and experience among the corporate officers, so at meetings of the Board of Directors, you can assume that there will be open exchanges of diverse opinions between officers with differing backgrounds. (See p. 45 for details)

This year, someone with long years of experience in the retail business was appointed as a new Independent Director. He is expected to make good use of his past experience, including his knowledge of economic trends and trends in customer needs.

Activities Aimed at Resolving Social Issues

EDION contributes to the community through a wide range of activities, including the promotion of sports and culture, and activities aimed at achieving a society in harmony with the environment.

In terms of contributions to the community, in addition to the rollout of the education business and support for sports,

we ensure that every employee understands what social issues are, and supports activities targeting the solutions put forward by the government. In this way, one of our goals is to do what we can do right now, starting with the obvious.

● Activities Aimed at Achieving a Society in Harmony with the Environment

The name card that I use is half the size of a regular name card. I have been doing this for decades, as conserving paper resources provides an opportunity to think about the global environment and the importance of limited environmental resources, and I can start by encouraging a shared awareness with the people close to me. EDION's environmental activities did not just begin yesterday. One of the activities that I have been involved in, aimed at improving the volumes of waste generated, was conducted in Hiroshima City about 34 years ago. We drew attention to environmental problems to increase awareness of sorting waste, for example by encouraging regional residents to go on tours of waste incineration plants. This led to an increased interest in the environment among large companies that we had interacted with in Hiroshima, and has since evolved into a major initiative involving residents, called Ecobank. When I visited Europe for commercial discussions, I was surprised and inspired by the strong awareness of environmental issues.

We have continued to conduct a variety of activities; for example, when I visited Australia, I learned about activities aimed at preventing skin cancer caused by fluorocarbons, and we began what were probably Japan's first fluorocarbon gas recovery activities.

My hobby is yachting, and I have stopped at various island ports, including Ogasawara. Whenever I see the huge volumes of plastic and Styrofoam washing up on the island shores, I worry about the impact on nature and marine life. Nature is a cycle, and these things will inevitably come back to us.

Protecting the natural environment is like throwing a stone in a pond and watching the ripples spread out. I believe that it is important for each and every one of us to spread this awareness, as an individual, as a company, and as a resident on this planet Earth.

● Contributing to Employees, and Manpower Training

We are also strengthening improvements to the work environment. We are working to enhance health management, so that not only employees but all stakeholders can enjoy good health. We also strive to promote diversity, including human rights issues. The company needs to make more progress in maintaining work environments where women can play an active role. I believe that assigning women to positions of responsibility will also tie into their individual growth.

● Compliance

EDION provides education in ethics and maintains rules and management structures, but regrettably, violations of regulations have still not been completely eliminated. In order for all employees to feel good about their work and form their own futures, it is important for the staff to understand what behaviors are not acceptable, and we emphasize this in our recruiting activities as well. I believe that by communicating over and over, on a day-to-day basis, the things that are not acceptable for a working adult in society, and by reinforcing that understanding, we can increase awareness of compliance.

Message to Stakeholders

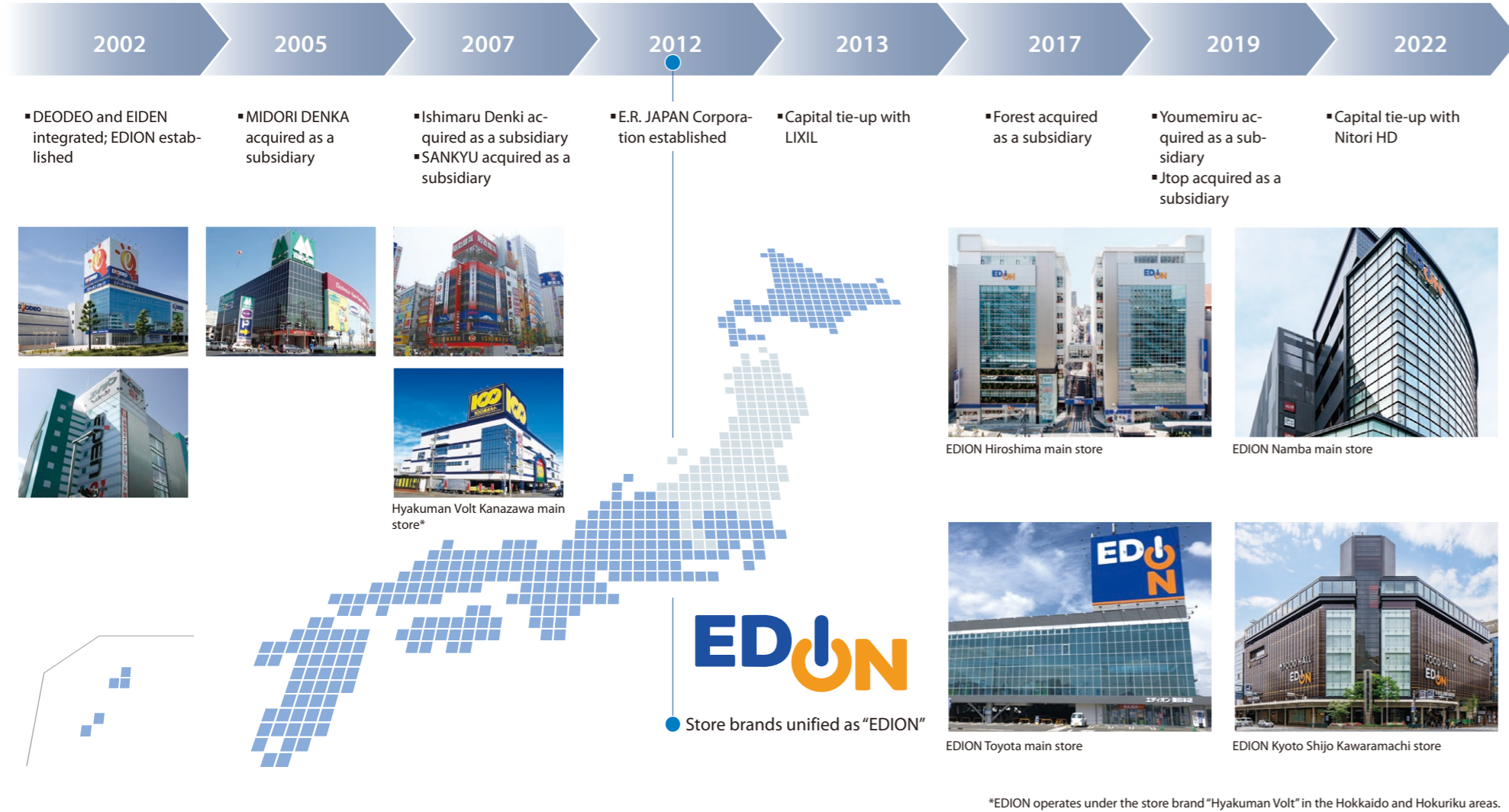
My goal is for EDION to be a company that faces a variety of management issues head on, and meets the expectations of all its stakeholders. I look forward to your continued support.



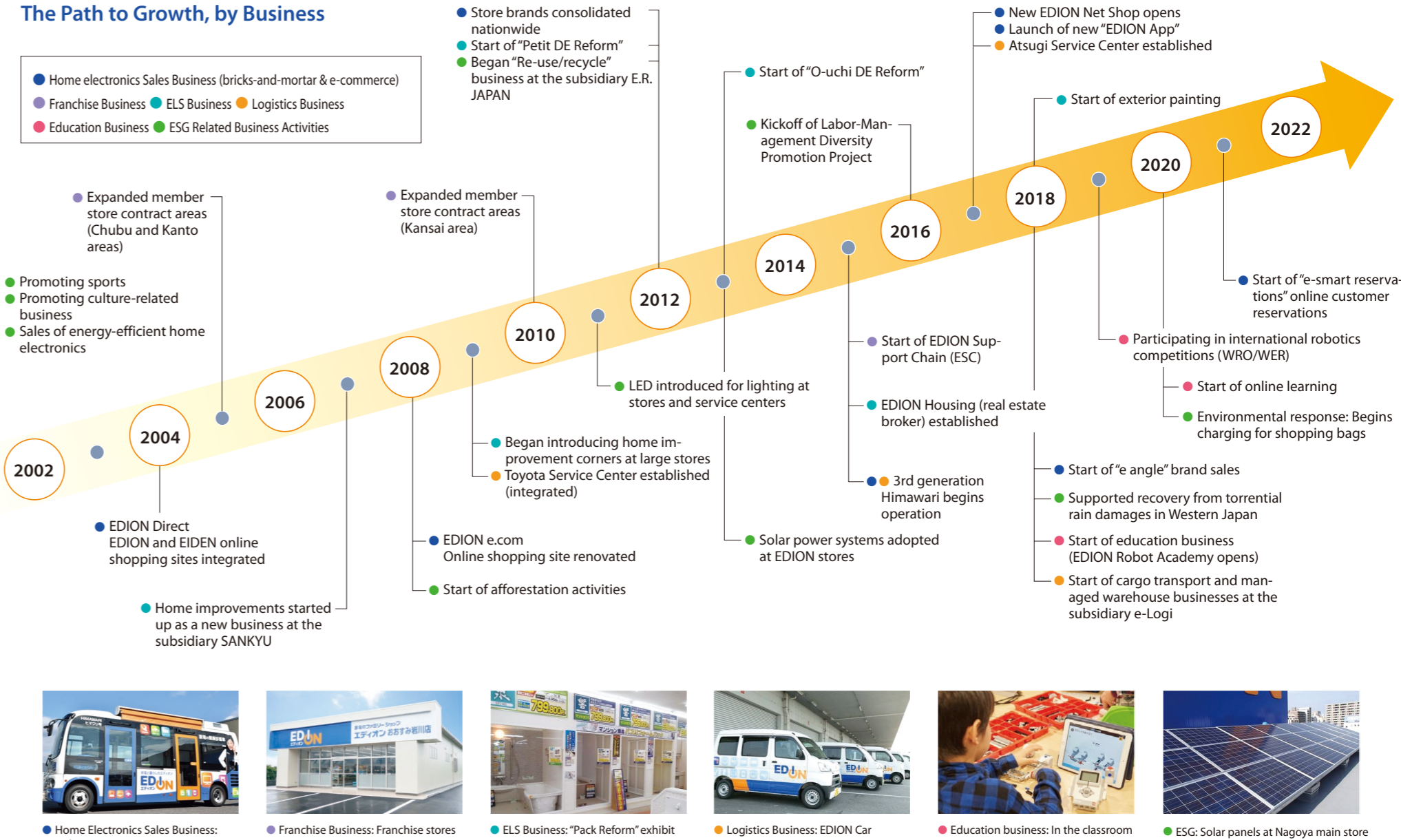
Expanding EDION's Business

The mission of EDION's business is to support the comfortable, convenient lifestyles that customers are seeking. Based on this mission, we have followed a path with regional residents in an increasingly diverse era, and we recently celebrated our 20th anniversary as EDION Corporation.

Keeping close to the customers in the future as well, we will strive to resolve social issues while also achieving continued development and business growth.



The Path to Growth, by Business

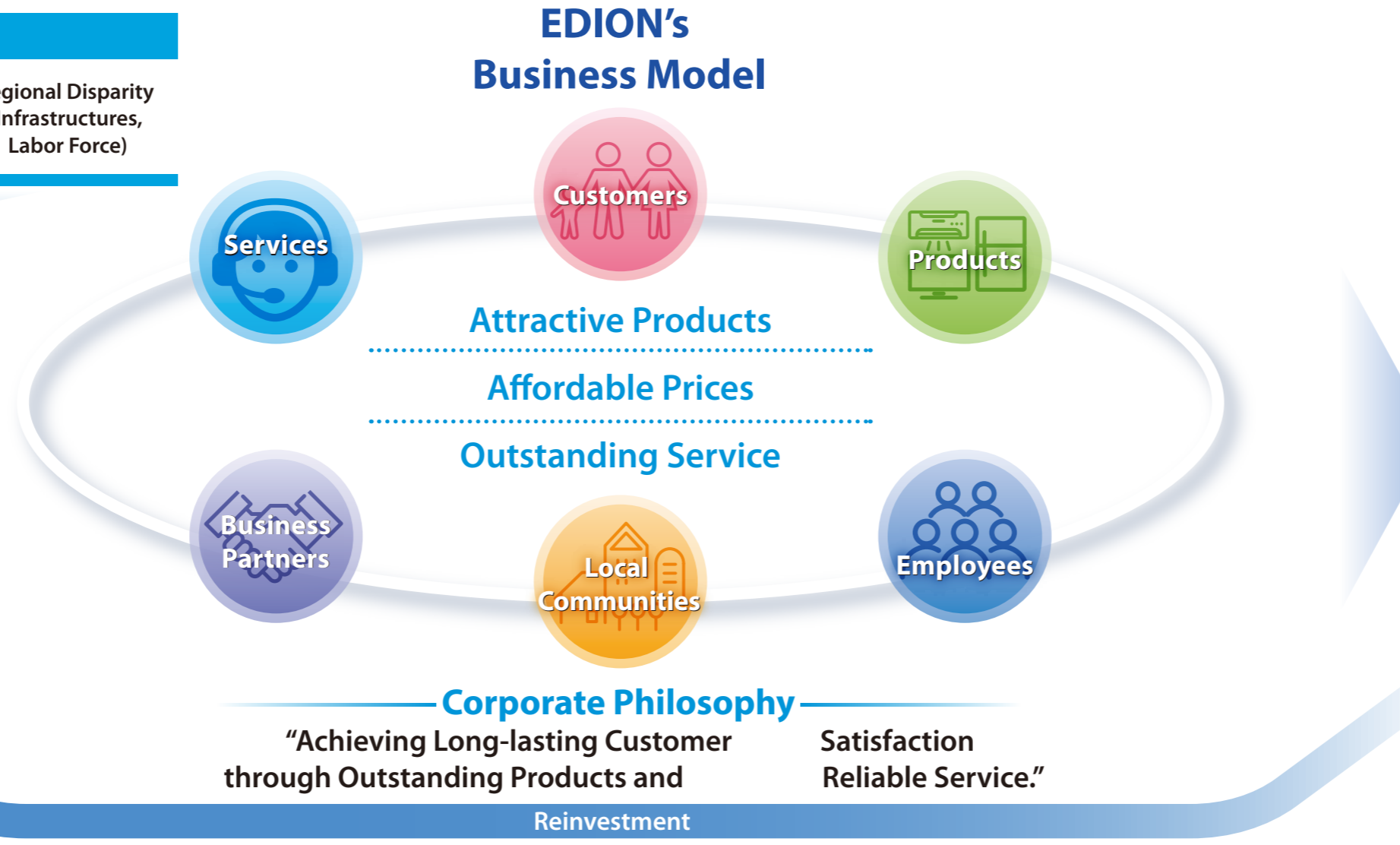


Value Creation Process

EDION achieves 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.

| Social Issues | | | | |
|--------------------------------------|----------------------|---------------------|----------------|---|
| Technology Innovations (AI, 5G, IoT) | Declining Population | Diversifying Values | Climate Change | Regional Disparity (Infrastructures, Labor Force) |

| Input | |
|--|---|
| Financial Capital Total assets: ¥377.9 billion | Human Capital Employees: Approx. 16,000 |
| Manufacturing Capital Number of Stores: 1,202 Number of Service Centers: 75 | Social/Relational Capital Purchasing customers: Approx. 46 million Shareholders: Approx. 105,000 |
| Intellectual Capital Accumulated expertise Support/services Number of repair requests handled each year: Approx. 1.22 million Dispatched: Approx. 810,000 Store visits: Approx. 410,000 Product Performance Testing Laboratory | Natural Capital Sales of recyclable/reusable products |



Ideal Form

Continually Endeavor to Support Richness and Abundance in Our Customers' Lives

| Output | |
|---|--|
| Financial Capital Net sales: ¥713.7 billion | Human Capital Employees with certifications: 8,745 Avg. years of employment: 16 yrs. 10 mon. |
| Manufacturing Capital Strengthen dominance in sales regions Enhance support structures | Social/Relational Capital EDION Card members Approx. 4.8 million No. of years as shareholder (individual shareholders) Avg.: 4 yrs.; Max: 20 yrs. |
| Intellectual Capital Propose new lifestyles Roll out new services Develop PB products | Natural Capital E.R. Japan's annual recycling volume 10,229t |

- Value Provided to Stakeholders**
- Stores that provide attractive products and maximum satisfaction
 - Safe and secure deliveries, installations, and after-sales service
 - Reductions in environmental impact
 - Increased productivity and outstanding manpower

Activities Targeting Key Issues
 (→ P14)

CFO's Message

Norio Yamasaki

Executive Vice President; Chief Corporate Planning Officer



Role of the CFO

In addition to corporate planning, store development, HR, and general affairs, since July 2021, I have been responsible for finances and accounting as well, and I have gained an even greater awareness of how business activities impact financial statements. Although EDION's performance has grown steadily over the past few years, the environment surrounding the company is changing dramatically, and I feel that the nature of the retail business is changing as well. On April 27, 2022, EDION completed a capital tie-up agreement with Nitori HD. I feel that in the long term, over five to 10 years, the retail industry will probably shift to the upstream side of distribution. The policies of home electronics manufacturers are changing as well: Where should we switch our investments to, and where should we put the company's resources? I see that as a major issue for us.

For the time being, we will mainly be investing in new stores, system development, and human resources. In systems in particular, we are promoting DX so that we can provide new purchasing experiences. I consider this to be an extremely important investment in the company's growth. There are still many issues to be dealt with, but we will maintain an awareness of cash flow, and respond flexibly to the changing environment.

FY2021 Performance Results and Issues

The figures for FY2021 have improved compared to the past and they look good at first glance, but if you dig deeper, there is still a lot of room for improvement.

Productivity is improving, in part because we have made progress in workstyle reforms and reducing overtime through operational improvements. Even so, the balance between growth in the top line and the pace of new store

openings is not good, and the profit margin is inferior to our competitors. These are important issues that need to be resolved in the medium to long term. The thing is, I feel that a part of this ties into EDION's strengths and corporate value, in part because we are spending a certain amount on customer support, including store labor costs. Also, leaving some degree of leeway ties into flexibility in management, so finding a balance here is important.

Moving on, I would like to talk about activities aimed at improving earning capabilities. I believe that EDION's strength is in a management style that emphasizes ties with the customers. For this reason, we need to provide customer services in keeping with the times, in a format that the customers want. For example, with sales promotions, to be in line with the era and with customer needs, rather than relying on traditional flyers alone, it will be important to use other routes as well, such as apps, e-mail, and social media. In order to secure members for the apps, those apps need to be supported by the customers. Also, to increase the impact of digital sales promotions, we have to cultivate a variety of analysis capabilities. By investing in enhancing these resources and strengthening contact points with the customers, we will be able to encourage store visits more effectively, with no barriers between online and brick-and-mortar stores. In terms of logistics and service structures as well, we need to invest in frameworks that increase efficiency to make up for staff shortages in the delivery industry, and in building nationwide logistics structures to enhance the e-commerce business. We also focus our efforts on improving store operating efficiency. We created teams to improve store operations, and at actual stores, we conducted surveys of store operation volumes using stopwatches and other tools. Looking at the results, we found that on average, as much as 40% of work time was being spent in tasks other than customer

service. Of course, improving efficiency in customer service is important, but another extremely important element is how efficiently we are using work time when not interacting with customers. Moving forward, we will improve store operating efficiency and promote workstyle reforms, while also working to increase productivity. By increasing earning capabilities, undertaking management with an emphasis on cash flow, and reducing assets and liabilities, we will increase capital efficiency and strive to improve management indexes such as ROE in the medium and long term.

The Medium-Term Management Vision

In May of this year, we announced the Medium-Term Management Vision along with medium-term targets. In recent years, the market environment has been unpredictable, for example with an increase in the consumption tax in 2019, so we decided that rather than announcing the Medium-Term Management Plan, reliably achieving published figures each year would be of more value to investors. With this in mind, the Medium-Term Management Plan that we created is used for in-house targets, but it was not published externally.

In the last couple of years, we have been for the most part successful in achieving target figures, with the exception of certain special factors. In the past, when we conducted business separately for each brand in each region, each brand had its own unique characteristics; for example, active investments, firm numerical forecasts, or significant variances but ambitious targets. The policies were all different, so there were substantial deviations from the target figures, and there was a degree of uncertainty as well. The brands were consolidated in 2012, and now, looking at trends over the past couple of years, I think we can see that certainty coming

into view; we have steadily caught up with the figures and accumulated the ability to read those figures, and we've seen uniformity in awareness as well. In our industry, demand fluctuates dramatically due to outside factors such as government policies or natural disasters. Even taking into account these unpredictable situations, there is a real sense that we have achieved a level of success. In the new Medium-Term Vision, we have announced targets for sales and profits, as well as targets for management indexes like ROE and ROIC.

Publishing target figures is a way of expressing our determination to outside parties, and I feel that this has played a part in dramatically changing in-house awareness.

Capital Policies

In terms of capital policies, to increase corporate value in the future, we will make growth investments, including M&As, and also achieve stable returns of profits to shareholders. Regarding capital investments, we will stipulate investment standards as being within the scope of operating cash flow, and we will invest in systems and store openings.

Our basic policy for returns to shareholders is to achieve stable dividends with a dividend payout ratio of 30% or more. In FY2021, dividends were ¥44 per share (interim dividend: ¥22; year-end dividend: ¥22), and the consolidated payout ratio was 35.1%. We will also consider whether to purchase treasury shares, taking into account a wide range of factors, including investments, stock prices, and the market environment. I would like to be able to use treasury shares in the future from the perspective of increasing employees' awareness of management.

We also plan to emphasize stock price measures, while conducting regular constructive dialogues with investors.

To increase the number of stable shareholders, we have also established an additional gift with the special gift payout as an expression of gratitude to shareholders who have held our shares for one year or longer. EDION's main customers are families, and we place great importance on opinions from a consumer perspective, so we will invest efforts into dialogues with individual investors as well. We received a very positive response when we switched the special gift to an electronic gift card in June 2020. In addition to being convenient to use, these cards can be used easily on the website, and as a result, the ratio of individual shareholders has increased. There has been an increase in the use of these cards by customers in areas where there are no directly operated stores, so we plan to improve convenience in the future as well. As of March 31, 2022, the shareholders' equity ratio had improved to 52.8%. In the future, we will emphasize management indexes such as ROE and ROIC, strive to reduce interest-bearing debt, and tie this into further improvements in capital efficiency. I encourage all of our shareholders to hold onto EDION's shares long into the future, and to watch our approach to management from a long-term perspective.

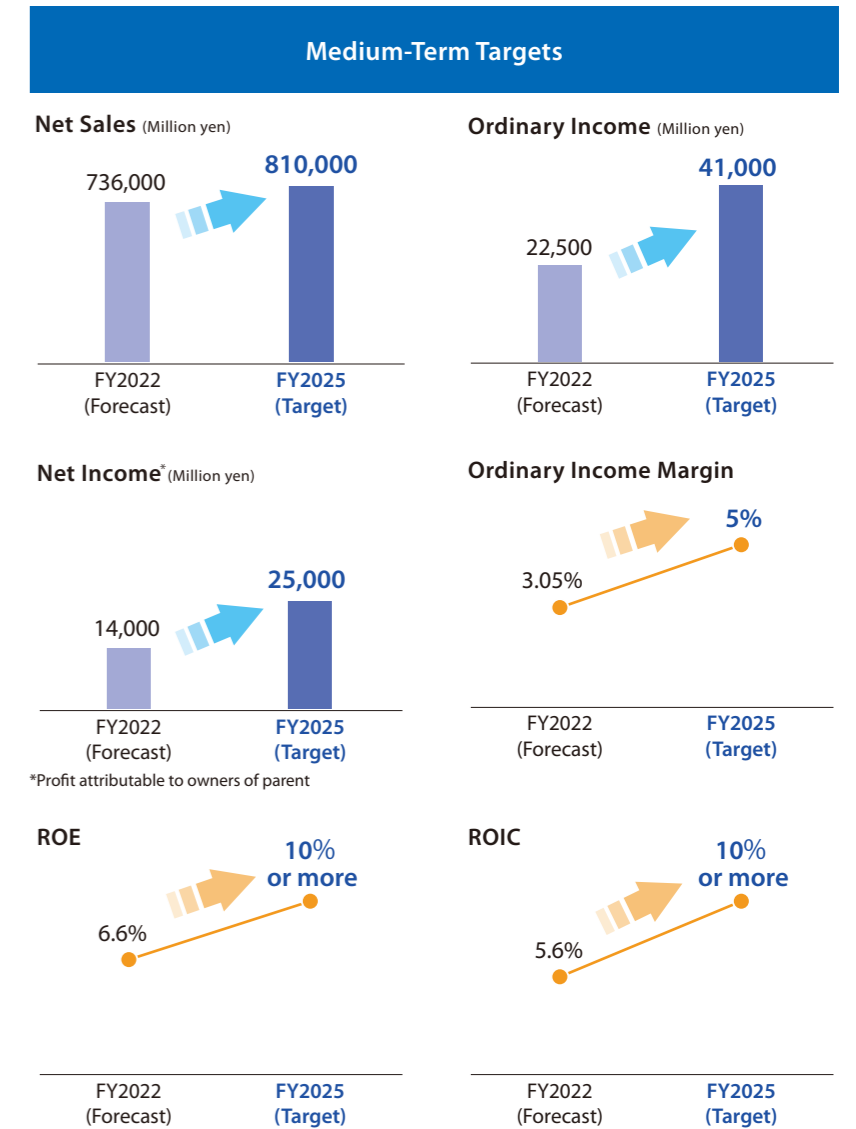


Medium-Term Management Vision

We have created a Medium-Term Management Vision that covers the period up to FY2025. As the world around us changes and resolving social issues becomes increasingly important, we will strive for continuous growth by steadily executing the activities outlined below.



| Medium-Term Management Vision, Strengthening the Three Platforms, and Key Medium-Term Items | | Key Points |
|---|------------------------------------|---|
| Infrastructure Platform | Activities Targeting New Systems | <ul style="list-style-type: none"> In-house operation rate of 80% by promoting DX Build new store systems (2025) |
| | Rebuilding the Logistics Structure | <ul style="list-style-type: none"> Build nationwide delivery and construction networks: Respond to increasing e-commerce demand Reorganize logistics networks in the Kanto area |
| | Creating Future HR Capabilities | <ul style="list-style-type: none"> Promote diversity and create HR capabilities that tie into the future Re-examine opportunities for managers to be active after retirement, and foster young managers Promote health management, emphasize work/life balance, and promote active participation by women Continuously develop capabilities |
| Business Platform | Home Electronics Sales Business | <ul style="list-style-type: none"> Seek out new markets and offer products Enhance private brand and original products (Component ratio of sales: 25% in FY2021 → 35% in FY2025) |
| | ELS Business | <ul style="list-style-type: none"> Support customers' lives, and propose more comfortable lifestyles Strengthen online sales discussions Strengthen newly handled products and lineups (FY2022: Exterior products) Strengthen sales of products that contribute to creating a carbon-free society (solar power systems, storage batteries) |
| | Logistics Service Business | <ul style="list-style-type: none"> Strengthen service menus and improve appeal Strengthen cleaning and coating services (e.g., air conditioners and washing machines) |
| | Education Business | <ul style="list-style-type: none"> Become a company that can contribute to creating Japan's future Increase the number of franchise stores, and enhance online learning |
| Customer Platform | Strengthening Dominance | <ul style="list-style-type: none"> Strengthen new store openings in areas with existing stores, and secure more franchise member stores |
| | Strengthening Contact Points | <ul style="list-style-type: none"> Strengthen ties with customers through apps and other tools |
| Build a Corporate Structure that Evolves by Responding to the Changing Market Environment | | Activities Targeting Social Issues / Establishing a Sustainable Management Structure |



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.



Using Global Reporting Initiative (GRI) standards and the SDGs adopted by the UN as a reference, EDION has identified items of concern for society, and has established themes in keeping with the company's future directions, in terms of business characteristics and the medium-term management vision.

The themes established in STEP 1 were evaluated based on two criteria: importance for stakeholders, and importance for EDION from the perspective of risks and opportunities. Based on these evaluations, we identified top priority items to be targeted for concrete action.

We reviewed the items identified in STEP 2, and obtained approval from top management.

| Priority Issues | Initiatives | Activities | SDGs |
|--|---|--|------|
| Helping Customers Realize Lives of Convenience and Affluence | Providing Attractive Products at Affordable Prices | Easy-to-understand price displays, and development of original products We create systems for gathering customer comments and applying that information in management, and roll out products and stores in keeping with customers' lifestyles. | |
| | Rapid Response to Changing Lifestyles | Securing users of online apps We will respond to changes in the social environment, including "stay-at-home demand" and "telework demand." | |
| | Provide Outstanding Service | 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 | 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 Decarbonized Society in Harmony with the Environment | Undertake Environment Friendly Product Sales, Logistics, and Services | 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 | Introduction of LED lighting at all stores, and installation of solar power systems We will actively promote regional contributions and reductions in environmental impact at all EDION stores. | |
| | Contribute to a Recycling-Oriented Society | Annual recycling volume: 10,000t or more We promote the recycling and reuse of products no longer in use and reductions in waste throughout the EDION Group | |
| | Environmental Protection Activities | Participate in afforestation activities We actively promote environmental protection and the realization of a recycling-oriented, carbon-free society. | |

| Priority Issues | Initiatives | Activities | SDGs |
|---|--|--|------|
| Organizations that Offer Work Satisfaction, and Diverse Manpower Training | Health Management | Acquire "Health & Productivity Management" certification We have put in place work environments that promote healthy and sustainable careers. | |
| | Promoting Optimum Work Safety (and Sanitation) | 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 | Reduce overtime by improving work efficiency We promote the systematic use of paid days off, and systems that support work-life balance (support for childcare leave, men's childcare leave, and long-term care). | |
| | Promoting Employment of Persons with Disabilities | Actively support persons with disabilities We promote activities aimed at recruiting diverse individuals throughout the EDION Group. | |
| | Building Comfortable Workplaces | Promote diversity & inclusion We will strive to be an organization in which diverse employees share mutual respect. | |
| | Manpower Training and Career Development | 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 | 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 | 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 | Promote the introduction of 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 | Supporting the arts and cultural activities We also actively contribute to the community through nationwide simultaneous cleanup activities. | |
| Building Good Relationships with Business Partners and Shareholders | Strengthening Governance | Appointing independent directors We promote structures to ensure the operation of fair and impartial organizations. | |
| | Sustainable Logistics | "White Logistics" initiatives We have put in place logistics structures to provide products and services to a broad range of customers. | |
| | Enhanced Stakeholder Communications | Hold 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 | Establish a code of ethics, Declaration of Partnership Building 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 | Put in place a BCP structure We will continue to fulfill our mission in society by maintaining stable business operations. | |

Special Feature 1: Enhancing Logistics Services



EDION Toyota Service Center (Aichi Pref.)

We focused our attention on the logistics business, which is one of EDION's strengths, including deliveries, installation, and related services, and conducted an interview at the Toyota Service Center, which is the largest service center in the EDION Group.

"In areas where we operate the EDION and Hyakuman Volt store brands, we conduct business activities with close ties to the community, and we will continue to provide logistics services that support richness and abundance in our customers' lives."



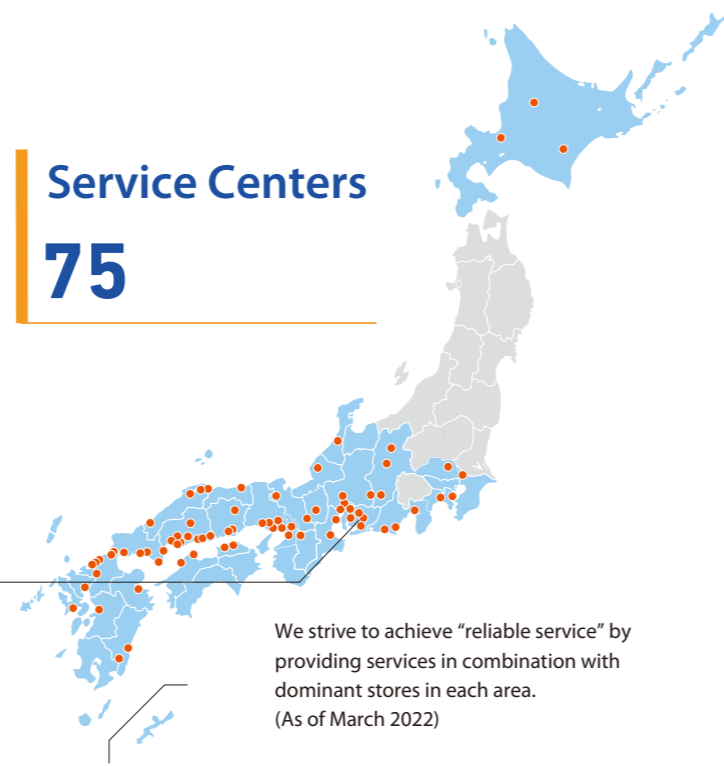
Masahiko Nakatsu; Office Manager, Toyota Service Center

Q What makes EDION's logistics business unique?

EDION's strengths are not only in creating stores that offer new realizations for customers' lives and in providing product proposals and detailed services to customers who visit the stores, but also in after-sales service capabilities, such as deliveries, installations, construction, home electronics cleaning services, and home visit repairs.

The EDION Group operates 75 service centers throughout Japan. There are five large-scale service centers, including this one in Toyota (Aichi Pref.), along with service centers in Habikino (Osaka Pref.), Amagasaki (Hyogo Pref.), Kasugai (Aichi Pref.), and Hiroshima (Hiroshima Pref.). These service centers form the foundations of the logistics network that supports EDION's business. During FY2021, there were 1.65 million deliveries, 1.06 million installations, and 810,000 home visit repairs. In addition to improving delivery and in-

Service Centers 75



We strive to achieve "reliable service" by providing services in combination with dominant stores in each area. (As of March 2022)

stallation services, we strive to improve the level of in-house repairs, and work every day to further enhance outstanding logistics services that cannot be matched by the competition.

When we deliver purchased products, we contact the customer by phone in advance to carefully check the details of the items being delivered and the delivery time. Some customers come to the store in a hurry to replace something that has broken down. If they purchase the product by 4:00 pm, and if we have the item in stock, we can make the delivery on the same day, free of charge. This is one of EDION's sales points. When we deliver the product, rather than just installing it, we ensure that the customer can use it with peace of mind; for example, we carefully check the product's operation to make sure there will be no accidents.

Recently, digital home electronics offer a variety of functions, and detailed settings may be required, so the staff provides explanations on how to use the product, while also offering proposals so that the customer can use it more conveniently.

Service staff from the service center visit the customers' homes to install air conditioners and other products that require specialized construction work. The customers are looking forward to the arrival of the products that they have purchased. That feeling of anticipation is important to us. When the service staff visits the customer's home, they change into new white socks to avoid bringing dirt in from outside. We also pay close attention to the employees' appearance; for example, ensuring that their shirts and uniforms are always clean.

When installing air conditioners or other products, the staff handles each job with the greatest of care, explaining the details of the work and confirming the installation location before they begin, and then cleaning up and checking the product's operations after the installation is complete.

Q Please tell us about what you emphasize in terms of embodying the corporate philosophy.

We want to make sure that even seniors can understand explanations easily, so the staff speaks slowly and avoids using specialized terminology. We also provide clear descriptions of reception for repairs and home visit repairs, so customers can continue using the product for a long time. In the event of a breakdown in a large product that is difficult to bring to the store, customers can reserve a home visit repair online or by telephone.

As part of our logistics service business, we have expanded after-sale service to include cleaning for air

conditioners, washing machines, and other products. This business came about through our corporate philosophy of ensuring that customers can use products in the best possible condition over a long period of time. Air conditioner cleaning is conducted during home visits. Air conditioners circulate air, so they become quite dirty inside. When customers watch the staff doing the cleaning, they are surprised to see the dirty water that comes out during that process. We are confident that this service will earn the customers' gratitude. When we clean washing machines, we take the product back to the service center from the customer's home and dismantle the parts, for example removing the washing machine tub.

The Toyota Service Center is fully equipped with cleaning facilities designed specifically for washing machines. To ensure that customers are not inconvenienced, substitute washing machines are available at each service center.

Customers often ask about the best time for cleaning. If air conditioners are cleaned before the seasons when cooling or heating functions are used the most, then in addition to being clean, energy consumption is reduced as well. Our goal is to provide reliable support that the customer is satisfied with, until the product reaches the end of its lifetime. EDION has a division that repairs small home electronics in-house, so that we can return the customers' valuable items as quickly as possible after repairs. The service staff in charge of repairs are constantly refining their skills, for example through training in customer service and repair techniques.

Also, to improve the products even further, the details of repairs and requests from customers are summarized and provided as feedback to the manufacturers.

Q Do you conduct any specific activities aimed at ensuring the customers' trust and satisfaction?

To ensure that all customers receive the same level of good services, we conduct group training at large-scale service centers in collaboration with the Head Office HR Development Department. In addition to training in product knowledge, personal appearance, and other aspects of business etiquette, we offer training in air conditioner installations and home electronics repairs, so that the staff can improve their skills comprehensively.

We have also established a home improvement training center, to support the home improvement business, which has become a pillar of EDION's business. Here at the Toyota Service Center, we have built a detached house for training, so that staff can acquire the knowledge and skills they need for home improvements on-site; for example, basic knowledge of the structure of homes, including electrical wiring and plumbing, and how to deliver large products.



Home Improvement Training Center (inside the Toyota Service Center)



EcoCute installation training (inside the Toyota Service Center)

Special Feature 1: Enhancing Logistics Services

We are striving to improve quality through the efforts of our employees, and also by cooperating with the staff of collaborating companies. We want those collaborators to understand what EDION's customers are thinking, and to tie this into better quality, so we conduct quality etiquette training twice each year for all of those companies. Through this training, we provide a deeper understanding of our corporate philosophy, and also continuously maintain and improve the quality of etiquette. We also focus on creating a system that can provide better services by sharing complaints and positive feedback, and working to prevent accidents and the recurrence of issues when delivering services.

We will continue to work with our collaborators from the customer's perspective, and continue to provide services that satisfy our customers. Based on our commitment to the aims of the Ministry of Land, Infrastructure, Transport and Tourism's "White Logistics" Movement, we have put forward a "Voluntary Action Declaration," and we are working to improve logistics through mutual understanding and cooperation with logistics companies and other business partners.

Q What can you tell us about your environmental activities?

At the various service centers, we recover small home electronics products, mobile phones, massage chairs, and other products from homes when they are no longer needed. The small home electronics products recovered are recycled into metals and plastics at E.R. JAPAN Corporation, a subsidiary certified by the Japanese government under the Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment.

Aside from the products themselves, the cardboard, plastics, and other materials generated during deliveries are separated, and the Styrofoam used as a shock absorbent

is broken down and compressed by a machine, and then melted at 170°C. The Styrofoam is converted into ingots with 1/20 of the original volume, which contributes to reducing CO₂ generated during transport. They are used to create new products, including PET bottles and clothing, serving as an important resource that supports a sustainable society.

All of the EDION vehicles used when visiting customers' homes are equipped with a drive recorder. The recorded driving conditions are reported and managed, and this information is put to use in improving service quality and avoiding risks, for example when employees are not feeling well. Drivers practice environment friendly driving, which further contributes to reductions in CO₂ emissions.

As freight transporters, the service centers strive to prevent traffic accidents. The Toyota Service Center is recognized as an outstanding logistics operator; for example, it was certified as having no accidents and no violations at a truck safety rally hosted by the Aichi Trucking Association.



Melting Styrofoam (inside the Toyota Service Center)



Styrofoam ingots (inside the Toyota Service Center)

Q Do you have a closing message for our readers?

To increase logistics efficiency, the Toyota Service Center consolidated three locations into a single large site measuring about 16,500m². All operations, from receipt to shipments, are efficiently managed using a computer system, so the digital transformation (DX) is moving forward steadily.

We plant trees within the site, and we will continue working diligently to promote harmony with the community, through interactions with nearby residents.

We will ensure that each and every employee, at the stores and the service centers, embodies the corporate message of "Reassuring Feelings and Lasting Satisfaction," and places value on ties with the customers, by emphasizing the spirit of "Omotenashi." Ever since I joined EDION, I have placed a high value on "Creating lifetime customers, and continually offering satisfactory services so that the relationship with the customers lasts for three generations." Our team will work together as one to respond quickly to any problems that customers face, and to propose the best solutions, always demonstrating sincerity.



The Toyota Service Center is convenient to road transportation, but is surrounded by rice fields

Special Feature 2: Fostering a New Generation of EDION Fans

At EDION, we believe that fostering the next generation of children, who bear responsibility for the future, is extremely important to achieving a sustainable society. EDION's education business began from a desire to foster children who can acquire knowledge and skills, and also independently learn creative approaches. We believe that our business activities will foster children and also tie into social contributions.

Given that programming education has become compulsory at elementary and junior high schools in recent years, EDION offers opportunities for a variety of programming education. We conduct various events that parents and children can enjoy together, and promote education that is closely linked to the community. We also develop programming education materials through joint research with universities and various companies.

The "Robo Done" robot programming classroom operated by Youmemiru Inc., a Group subsidiary, helps children to feel closer to society and to understand how the world works. Teaching materials are developed through projects in collaboration with other companies, and programming experience sessions are conducted using jointly developed content.

We will continue to collaborate with various municipalities, schools, and organizations and support educational activities to foster ICT talent and promote regional development.

In the front lines of school education, many events were canceled in FY2021 due to the COVID-19 pandemic. In that backdrop, we held an online plant tour as an experience-based event with the cooperation of Epson Sales Japan Corporation, and about 1,000 children participated nationwide. We provided an opportunity to learn about "the dawn of printing," as well as the principles of color and the latest technologies, starting from printers, which are a familiar home electronics product. The event encouraged children to explore their curiosity more deeply. The young engineers

working at Epson sent a message about the future to the children participating, and the event proved to be enjoyable not only for the children, but for their parents as well. (Held in August 2021)



Education that Promotes Individual Growth

Learning about Programming by Using Robots Cultivates Expressiveness, Good Judgment, and Flexible Thinking



Hiroyuki Fujioka
Class Director and Full-time Instructor
ALPARK Minami School;
EDION Robot Academy

Creating a Business that EDION can be Proud of

While most cram schools (private night schools) teach techniques to be used in tests and entrance exams, we emphasize thinking. Thinking deeply, trial and error, and spending time in studies tie into the formation of skills once you become an adult member of society. When I think about what these students will be like when they grow up, I look forward to the future. (Fujioka)

Robot programming requires the ability to work together as a team, as well as communication skills. When students think about how they can express their own ideas, the expressions on their faces change too. I'm very happy when I see shy students learn to show their own strengths. (Kimoto)



Arata Kimoto
Class Director and Full-time Instructor
Hiroshima Main School;
EDION Robot Academy

Programming Classes

(FY2021)



Special Feature 3: Customer Service that is Deeply Rooted in the Region



Developing a Franchise
that Protects and Fosters
the Community, in Keep-
ing with the Voices of
Customers and Owners

Ken Takada
Sales Department
General Manager, Franchise Supervisory Division,
Senior Executive Officer

EDION's Franchise Business




EDION's franchise business has a history that dates back to 1980. It started out with member stores only in the Chugoku and Kyushu regions, but member store areas expanded into the Chubu and Kanto regions in 2005, and into the Kansai region in 2010.

Regional home electronics stores affiliated with home electronics manufacturers, sometimes referred to as "mom-and-pop shops," are on the decline, as the owners grow older and it becomes difficult to find someone to take over the business. Still, home electronics shops with a recognizable face, which offer services linked to the community, cultivate trust and peace of mind because the relationships are based on family. As customers grow older, even if there are products that they want, it becomes more difficult to visit the store, and if a product they were using breaks down, they want it fixed quickly, or they want product explanations right away. These types of requests have been increasing recently. EDION's franchise stores strive to provide detailed

service, taking time for each individual visit, and I think that they will be in greater demand in communities in the future. We are grateful to have received an increasing number of inquiries regarding franchise memberships from potential operators who sympathize with EDION's corporate philosophy, and who want to meet the needs of the community. The number of franchise stores has increased dramatically, from 466 in 2002 when EDION was established through a corporate merger, to 753 at the end of March 2022.

To Meet Customers' Needs

There are two types of EDION franchise stores: Family Shops, which become EDION members in areas where EDION's directly operated stores have already established name recognition; and Member Shops, like SAN-A Co., Ltd. in Okinawa, which operate mainly in areas where there are no directly operated stores. Many Family Shops are operated by families, like the Senri-Momoyamadai store, which is introduced on the following page.

| Type | Family Shop (FS) | Member Shop (MS) | EDION Support Chain (ESC) |
|---------------|--|---|--|
| Format |  Sales floor: Less than 330 m ² ; Sales: Less than ¥300 million |  Sales floor: 330 m ² or more; Sales: ¥300 million or more |  Sales floor: None; Sales: No standard |
| No. of stores | 702 | 51 | 318 |
| Features | In addition to providing products, store operations are based on an understanding and practice of the EDION corporate philosophy Conducts sales activities with close ties to the community based on the standards of a directly operated store, and provides detailed services Conducts home visit sales, which are difficult for directly operated stores, making these stores essential for seniors Communicates closely with local customers, as a store that the community relies on | Comprises memberships by local companies and volume home electronics retailers in areas where there are no directly operated stores, contributing to an increased share of sales for EDION These stores become a symbol for the area, offering an extensive product lineup and transmitting timely information | EDION supports the sales of home electronics by businesses handling residential facilities, home improvements, and construction Unlike "voluntary chain" stores, which only offer products, ESCs receive EDION's support in purchasing, deliveries and installation, pricing, and repairs |

While operating mainly as directly operated EDION stores, franchise stores offer detailed services for individual customers that cannot be covered by regular directly operated stores. This coexistence of directly operated and franchise stores within a given region helps to earn greater trust from customers. Starting in FY2015, the "EDION Support Chain (ESC)" was added as a new membership format. Businesses in different industries, for example handling residential facilities, home improvements, and construction, are now able to sell EDION's home electronics products as peripherals to their own products and services. The residential facility business has a high affinity with home electronics products, so we have been able to build effective complementary relationships with ESC member stores.

EDION's franchise stores implement sales initiatives similar to directly operated stores, for example in terms of products and seasons. They can also use the logistics networks of directly operated stores for deliveries, installations, and services. After a store becomes a member, the supervisor in charge of the area visits the store regularly to provide information on new products and sales approaches in that area, and to offer follow-up in a variety of forms, such as sales analyses. Many of EDION's supervisors have experience as the manager of a directly operated store, and so have a deep understanding of EDION's corporate philosophy. In addition to practical sales skills, they have established strong ties with other stores and with logistics centers. In this way, they have earned the trust of franchise owners. A dedicated contact point for consultations has been set up at the Head Office, to enable reliable responses to questions and requests from franchise owners.

We will continue to grow the franchise business, maintaining close ties to communities, and listening sincerely to the voices of owners who have become EDION members. (Interview/photos: July 2022)

Franchise Owner Interview



Owner family; EDION Senri-Momoyamadai store

Continuing the Trust Cultivated Over 50 Years

Momoyamadai is a part of "Senri New Town," a community with 150,000 residents developed by Osaka Prefecture between Suita City and Toyonaka City in the early 1960s. There are many condominiums that were built around that time, so we have provided sincere support for the lifestyles of residents, as a manufacturer-affiliated home electronics shop that grows with the community. At that time, our shop was only about 33m², but we had many customers nearby (around 700 households), and we handled product proposals as well as deliveries and installations.

In recent years, the number of products offered by our affiliate manufacturer has declined, customer needs are changing, and residents in the community are growing older. To accommodate these changes, when we decided to pass on the business to our son, in December 2021, we entered a contract as an EDION franchise store. When we became a member store, the range of products we handle increased, and even during the lockdown resulting from the COVID-19 pandemic, when it was difficult to secure inventory, we were able to continue meeting expectations of the customers who trust and rely on us. That really helped us a lot.

As an EDION Franchise Store

We are able to submit requests to EDION's logistics center just like a directly operated store, so we can make multiple deliveries and constructions at once, without keeping the customers waiting. In cases that require a personalized response, we can take time to check the requirements and respond flexibly. The supervisor in charge of the area visits us several times a month, to provide seasonal products and new product information, just like a directly operated store. By becoming an EDION member store, we can enjoy friendly and helpful support, for example with sales analyses and proposals on how to approach customers, and we are grateful for that.

Valuable Relationships with the Surrounding Community

Every month, we deliver handmade fliers and direct mail to our customers' homes. If a customer calls with a problem, even if it's just a small item like a lightbulb, we will deliver it and install it. We will continue to place a high value on these relationships, where customers feel comfortable asking for our help. There are many households where children who moved out have come back home, and in a society where the aging population has become a concern, I think that the relationships we have cultivated since our foundation has earned us even greater trust as a store where people know our faces. Our goal is to continue proposing good products that suit the customers' lifestyles, so that everyone can live in comfort and security.



Helping Customers Realize Lives of Convenience and Affluence

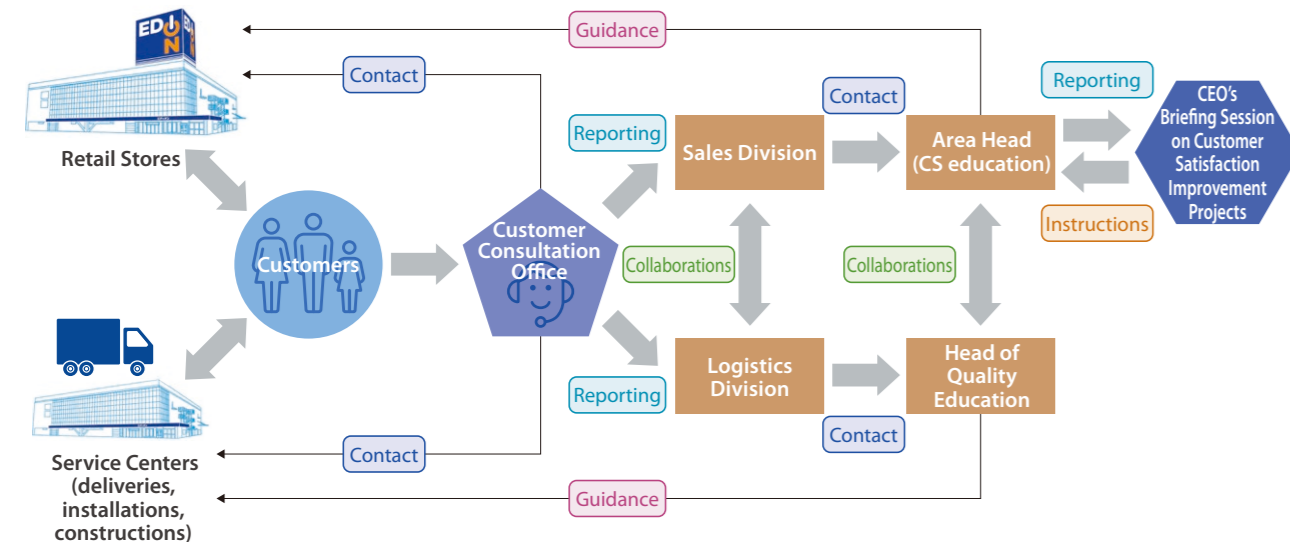
Activities Aimed at Increasing Customer Satisfaction

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 retail stores and service centers. We also gather comments and impressions from customers through online surveys that customers can respond to via links on receipts, as well as survey postcards distributed with deliveries and installations. The words of praise, requests, and complaints received from customers are fed back directly to retail stores and service centers on a day-to-day basis. In this way, we are able to create an environment where customers can enjoy shopping in greater comfort. In FY2021, we received a total of 761,548 responses via postcards and the Internet, and the customer satisfaction rate was 88.8%.

At EDION, the Customer Consultation Office and the various business divisions work together as one to improve

services based on the comments gathered from customers. This is the eighth year in which we have held CEO's Briefing Sessions on Customer Satisfaction Improvement Projects, to report directly to the CEO on status. The Human Resources Development Division also participates, to quickly reflect the reported material in front-line education, and EDION is building a structure to clarify issues and continuously provide good services. When the Project was first kicked off, the customer satisfaction rate was 70-79%. We have been working on a variety of improvements each year; for example, we introduced an installation check sheet to ensure that there are no omissions in communications to workers handling deliveries and installations regarding promises to the customers and other confirmation items. As a result, customer satisfaction is now approaching 90%. We will continue to respond to the customers who visit our stores in the spirit of Omotenashi, and strive to create stores that customers will use long into the future.

Mechanisms for Tying Customer Feedback into Improvements



Product Development that Incorporates Comments from Customers

We place a high value on comments from customers, and we always put these comments to use in service improvements and product development. e angle, EDION's private brand of home electronics, comprises original products developed by picking up on requests from customers. Innovative ideas are incorporated based on the concept of "lifestyles from a new angle," to develop new demand. By picking up on the opinions of employees who interact with customers at retail stores nationwide, we will continue to create new products one after another that make customers' lifestyles more comfortable and convenient.

Private Brand Home Electronics that EDION Handles from Manufacturing to Sales



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

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. Customers can test how it feels to use an actual showerhead or high-pressure cleaner with water. They can compare the taste of rice prepared using different rice cookers or taste fresh-brewed coffee at a taste testing corner to check their individual preferences, which they could not do by just using a catalog. EDION creates exciting stores with entertainment that stimulates the customers' five senses, by offering a variety of experiences; for example, the customers can watch high-quality video on an impressive large-screen TV using the latest audio system.

All stores are also fully equipped with Wi-Fi so that customers can experience the latest in IoT home electronics. Using the EDION app, they can view product explanations through the electronic price tag, or access



Video experience booth

the e-commerce site. This enables us to respond quickly to customer needs that change with the times.

In May 2022, the home improvement corner at the EDION Hiroshima main store began displaying barrier free home improvements, which is a first for volume retailers, including home centers. Kitchens and dressing tables that can be used while sitting down are examples of products that offer valuable suggestions not only for seniors and users with disabilities, but for all customers who visit the stores when thinking about home improvements. We believe that if a customer is going to be satisfied with the purchase of a product where demand will increase in the future, it is important for them to experience the product's ease of use in an actual display setting. Our goal is to operate stores with diverse proposal capabilities that cannot be achieved by showrooms or catalog sales.



Accommodating diversifying home improvements

Contribute to a Decarbonized Society in Harmony with the Environment

EDION recognizes that responding to climate change is an important management issue. In July 2021, we declared our support for TCFD* recommendations, and we will strive to enhance information disclosure based on TCFD. We will analyze the risks and opportunities for EDION's business presented by climate change and reflect these in corporate strategies and risk management, appropriately disclose progress, and contribute to decarbonization throughout society as a whole, as we strive for further growth.

Responding to TCFD Recommendations

EDION organizes activities related to the risks and opportunities involved in climate change according to the four disclosure items recommended by TCFD: Governance, Strategy, Risk Management, and Metrics & Targets. We will continue to disclose information related to climate change in accordance with the TCFD framework and strive to enhance these activities, to fulfill our responsibility for accountability to stakeholders.



*The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) at the request of the G20, to study the disclosure of climate-related information and financial institutions' responses to climate change. In June 2017, it published recommendations calling for the disclosure of climate change impact in the financial reports of financial institutions and other companies and organizations.

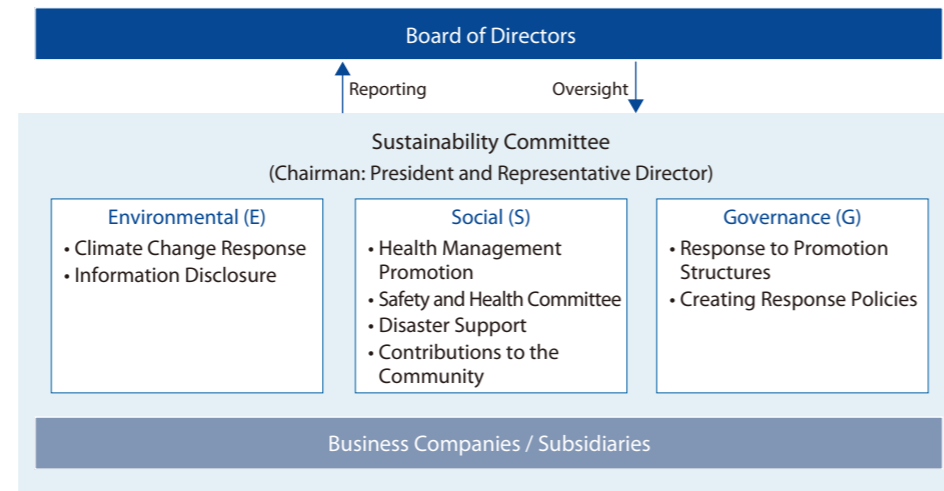
1. Governance

Based on the desire to be a company that continually endeavors to support richness and abundance in our customers' lives, we promote activities related to sustainability, to contribute to the company's continuous growth and the development of all stakeholders in accordance with the EDION Group's corporate philosophy.

We recognize that the risks and opportunities presented by climate change have a particularly significant impact on business strategies and financial plans, and we established the Sustainability Committee in June 2022 to promote sustainability management throughout the Group as a whole.

As climate change is one of the main themes handled by the Sustainability Committee, the Committee's activities include inventorying information disclosure items and increasing the visibility of GHG emissions in keeping with TCFD recommendations, and establishing response methods and sustainability policies, while also discussing the progress of targets and initiatives, and reporting to the Board of Directors.

As part of an oversight structure, the Board of Directors receives appropriate reports on the sustainability-related issues, targets, and responses discussed by the Committee, conducting reviews and passing resolutions as deemed necessary.



2. Strategy

EDION recognizes that the increase in climate-related damages from intensifying typhoons and torrential rains, and worldwide activities aimed at alleviating the effects of climate change (e.g., decarbonization), are important issues that have a significant impact on the company's management and business as a whole. EDION analyzes scenarios to monitor the risks and opportunities for the Group presented by climate change and the impact of those risks and opportunities, and to study the resilience of the EDION Group's strategies assuming global conditions in 2030 and the need for further measures. Through these scenario analyses, we identify the impact of climate-related risks and study appropriate responses. In this way, we strive to reduce the risks to EDION's business and gain opportunities to create value, so that we can secure sustainable stable earnings in the long term.

[Scenario Analysis Process]

In our scenario analyses, we adopted the 1.5°C/2°C scenario that assumes a transition to a carbon-free society, and the 4°C scenario that prioritizes economic activities.

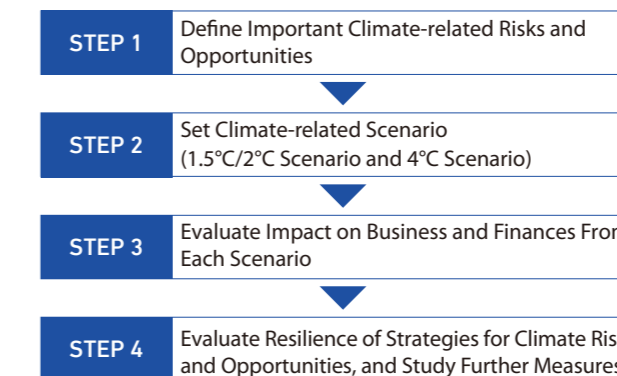
Under the 1.5°C/2°C scenario, we assume that social policies, emission regulations, and technology investments targeting decarbonization will progress more than they have at present to achieve Paris Agreement targets. Studies are conducted making reference to the Net Zero Emission by 2050 Scenario put forward by the International Energy Agency (IEA). The 4°C scenario assumes a future in which sufficient measures for alleviating climate change will not be achieved, GHG emissions will continue to increase, and the physical risks of climate damage will grow dramatically. Studies are conducted making reference to the IEA's current Stated Policies Scenario and the IPCC's SSP5-8.5 scenario. The scope of the scenario

analyses is the entire supply chain for eight Group companies involved in home electronics, home improvements, and the logistics business that could especially be impacted by climate change assuming global conditions in 2030.

| | |
|---------------------|---|
| Reference Scenario | • 1.5°C/2°C scenario: IEA NZE scenario • 4°C scenario: IPCC SSP5-8.5 |
| Scope of Businesses | 8 Group companies in the home electronics, home improvement, and logistics businesses |
| Target Year | Impact in 2030 |
| Timeline | Given that the impact of climate change could manifest over a long period of time, the short-, medium-, and long-term timelines are defined as follows. • Short-term: Present–2025 • Medium-term: 2026–2030 • Long-term: 2031 onward |

[Steps in Scenario Analysis]

The scenario analysis was conducted using the following steps.



[Scenario Analysis Results]

As a result of the scenario analysis, we determined that in both the 1.5°C/2°C scenario and the 4°C scenario, there are substantial risks for EDION, including a failure to keep up with changes in consumer lifestyles, and damage to the company's reputation due to delays in alleviating or adapting to climate change. On the other hand, it would be possible to transform risks into opportunities by conducting continued scenario analyses and building business strategies that can respond quickly to global conditions under the 1.5°C/2°C and 4°C scenarios ahead of the competition.

For example, in the 1.5°C/2°C scenario, carbon taxes and strengthened regulations related to energy conservation are expected, and these will result in increased costs for EDION. On the other hand, as regulations are put in place regarding energy conservation and zero energy buildings (ZEB) to achieve decarbonization, and as GHG emission regulations are strengthened, this will also lead to a change in social awareness. In that backdrop, demand for highly energy-efficient products with low GHG emissions will increase, and this also represents an opportunity for EDION, which is involved in the home electronics and home improvement businesses.

Meanwhile, in the 4°C scenario, as a result of increasingly severe natural disasters, damages from those disasters will be an issue, and sales opportunities are expected to be lost due to delays in deliveries resulting from interruptions in the supply chain. On the other hand, as average temperatures increase, there will be an increase in energy consumption for air conditioning to maintain temperatures and humidity at workplaces, leading to increased costs for air conditioning. The resulting demand for highly energy-efficient air conditioners also presents an opportunity for EDION.

Contribute to a Decarbonized Society in Harmony with the Environment

Main Risks and Opportunities for EDION Resulting from Climate Change

| Types of Risks and Opportunities | Risk/Opportunity Factors | Description of Main Risks and Opportunities, and Impact on the EDION Group | 1.5/2°C Scenario | | 4°C Scenario | | |
|----------------------------------|--------------------------|--|---|-----------------------------|--------------|-----------------------------|--|
| | | | Timeline | Impact on Business/Finances | Timeline | Impact on Business/Finances | |
| Risks | Transition Risks | Policies, Laws, and Regulations | Introduction of carbon taxes, and strengthened regulations related to energy conservation | Medium-term | High | N/A | |
| | | | Strengthened regulations related to product lifecycles (procurement, products, usage, disposal) | Long-term | High | N/A | |
| | | Violations of obligations related to policies, laws, and regulations, and failure to meet the needs of stakeholders | Short-term | High | Short-term | High | |
| | Technologies | Delays or failures in preparing products and services for customers to contribute to alleviating or adapting to climate change | Medium-term | High | Medium-term | High | |
| | Markets | Failure to identify changes in consumer lifestyles resulting from climate change | Medium-term | High | Medium-term | High | |
| | Reputation | Damage to reputation among the outside stakeholders due to insufficient response to climate change | Short-term | High | Short-term | High | |
| Physical Risks | Acute | Increase in abnormal weather events such as typhoons and floods | Medium-term | Low | Medium-term | High | |
| | Chronic | Changes in precipitation patterns and increased average temperatures | Medium-term | Low | Medium-term | High | |
| Opportunities | Products and Services | Expand products and services for customers to contribute to alleviating or adapting to climate change, and respond to changes in consumer tastes | Medium-term | High | Medium-term | High | |

3. Risk Management

EDION has stipulated risk management regulations governing basic policies and management structures for risk management throughout the Group as a whole. We have established a Risk Management Committee based on these regulations, to comprehensively manage the risks surrounding Group companies.

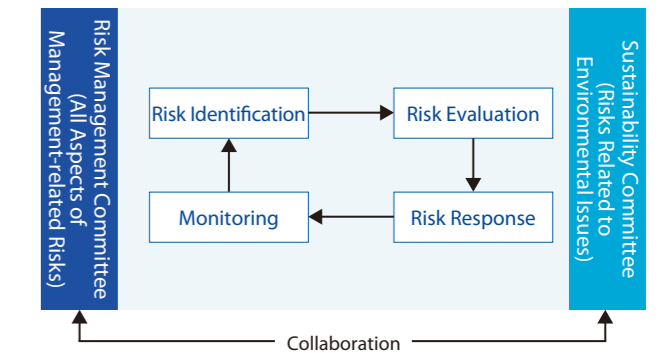
The Risk Management Committee identifies risks that could adversely impact EDION's business, and evaluates the degree of impact and the possibility that the risks will be manifested, to verify the importance of those risks.

Management targets and specific countermeasures are decided for the expected risks, and the status of progress is constantly monitored. Reports on the status of risk manage-

ment are submitted to the Board of Directors.

The Sustainability Committee evaluates and manages risks and opportunities related to climate change (e.g., CO₂ emission regulations). It manages companywide climate change risks and opportunities, discusses and decides on methods for identifying, evaluating, and managing those risks and opportunities, and reports to the Board of Directors. The climate change risks identified are categorized into "transition risks" and "physical risks," the financial impact of the risks and opportunities is evaluated, and after important risks and opportunities are identified, they are discussed with the Risk Management Committee, and countermeasures are studied.

Risk Management Process



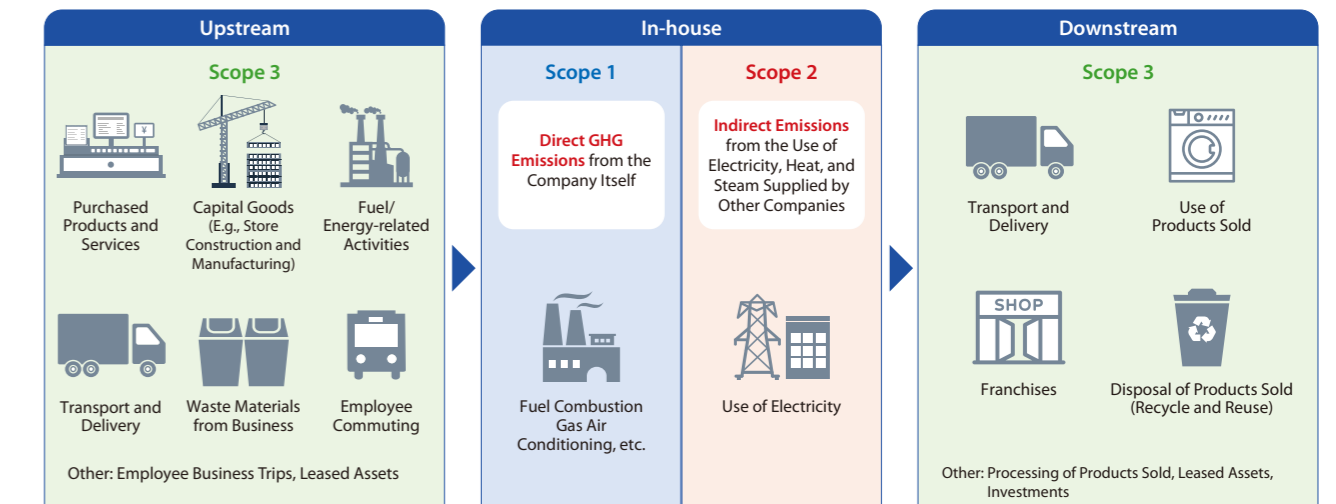
4. Metrics and Targets

We strive for operations that reduce greenhouse gas emissions, by introducing LED lighting fixtures and other energy-efficient facilities as well as clean energy facilities. By providing energy-efficient products and services, we help customers to understand the importance of these efforts. In this way, we actively contribute to achieving a carbon-free society.

We will continue Scope 1 and Scope 2 disclosures in accordance with GHG protocols. We are conducting studies for the setting of Scope 1 and Scope 2 reduction targets and for Scope 3 calculations, and we will disclose this information in stages.

We will calculate the financial impact of risks and opportunities based on the scenario analyses conducted recently, study new response measures to respond to risks and capture opportunities, and set KPIs as specific metrics and targets, as part of efforts to achieve a more effective response to climate change.

Main GHG Emissions in EDION's Supply Chain



Contribute to a Decarbonized 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. Changes in individual lifestyles are important in achieving a carbon-free society. We conduct the activities shown below, in support of the Ministry of the Environment's "Cool Choice" initiative, which promotes reductions in greenhouse gas emissions and contributes to a carbon-free society.

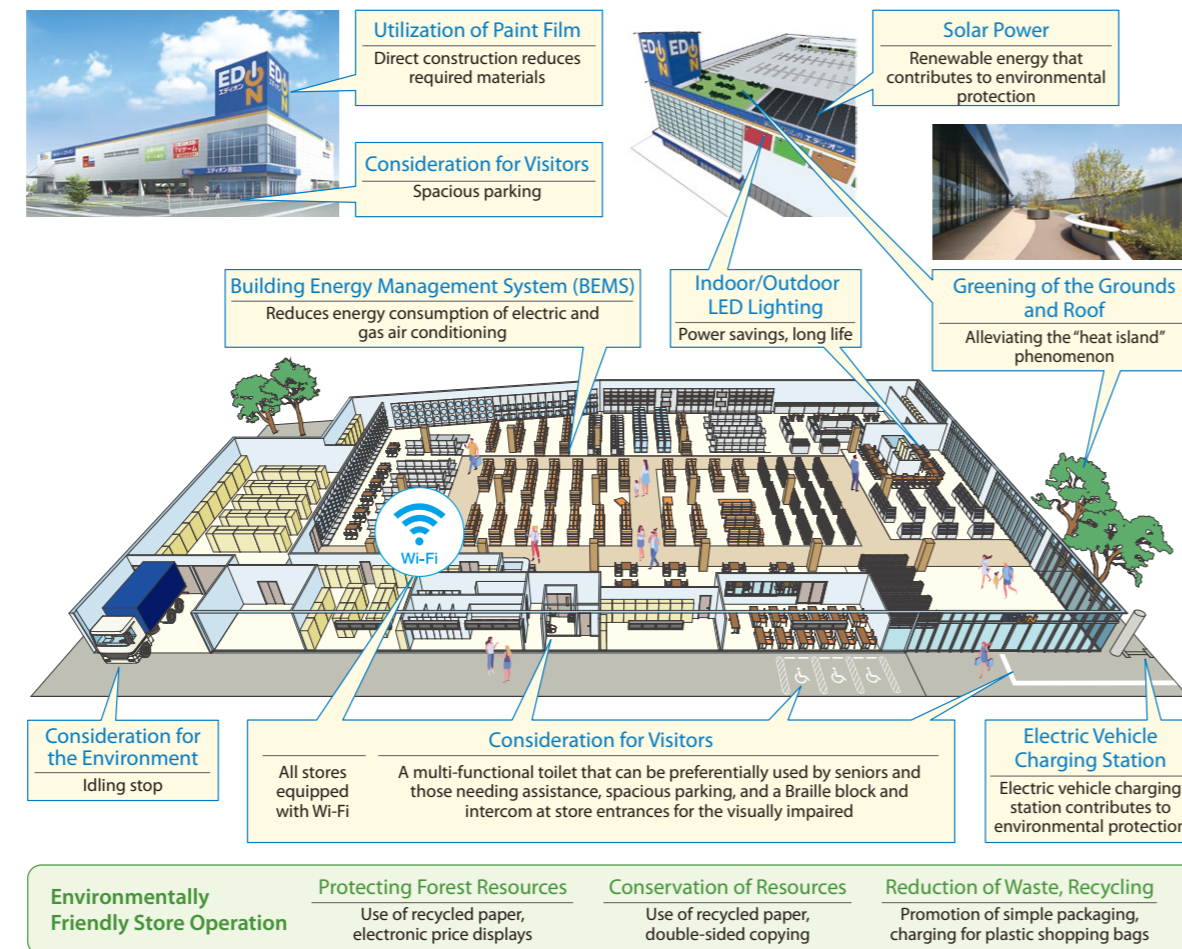
1. Provide environmental training for employees
2. Create pamphlets that encourage energy conservation, and distribute these materials to customers
3. Broadcast recommendations for energy-efficient products in stores
4. Display posters and panels recommending energy-efficient products in stores



Convenient and Environment Friendly Store Design

As part of efforts targeting environmental pollution and global warming, we actively sell solar power systems and power storage systems at EDION stores. We place an emphasis on the sales of other environment friendly products through the home improvement business, including "all electric" homes, storage batteries, water conserving toi-

lets, and external paints that offer outstanding insulating effects. Our subsidiary, EDION HOUSE SYSTEM Corporation, handles large-scale energy creation and energy conservation construction work, including electric vehicle charging systems and industrial solar power generation facilities for business owners.



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. The subsidiary EDION HOUSE SYSTEM Corporation contributes to the realization of a carbon-free society by installing industrial solar power systems and storage batteries.

Use of Clean Energy at All Stores

Since 2007, the EDION Group has conducted "Nationwide simultaneous cleanup" activities around Head Office workplaces, directly operated stores, and service centers, and in public areas such as roadways and parks as well.

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



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, to achieve a carbon-free society. As of this writing, 98.9% of directly operated stores have adopted LED lighting fixtures.

Reducing Waste Materials

As part of efforts to achieve a recycling-oriented society, in 2012, we established the subsidiary E.R. JAPAN Corporation, which handles the recycling and reuse business, supporting the efficient use of resources throughout the EDION Group.

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.



Forest Maintenance Activities

At Mt. Yoshino in Nara Prefecture, which is registered as a World Heritage Site, a decline in forest management 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.

Emissions from Industrial Waste

(FY2021)

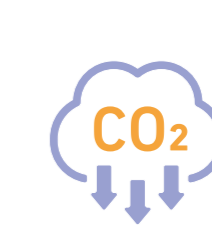


47,294t

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

CO₂ Emissions

(FY2021)

106,869t-CO₂

EDION strives to reduce CO₂ 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 CO₂ Reductions

(FY2021)

70 locations
More than 1,400t/yr.

EDION has installed solar power systems at 70 stores and service centers nationwide, contributing to CO₂ reductions of more than 1,400t/yr.

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." 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. Business Improvement and Cost Reduction Committee members play a central role in gathering ideas on day-to-day operational improvements and workstyle reforms, and promoting the creation of workplaces where employees can work in comfort.



Number of Employees

| Scope | Category | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|------------------|---------------------|---------------|---------------|---------------|---------------|---------------|
| Non-consolidated | Full-time employees | 7,416 | 7,834 | 7,830 | 7,918 | 8,037 |
| | Male | 6,667 | 6,846 | 6,798 | 6,866 | 6,905 |
| | Female | 749 | 988 | 1,032 | 1,052 | 1,132 |
| | Temporary employees | 6,037 | 6,127 | 6,273 | 6,377 | 6,426 |
| | Total | 13,453 | 13,961 | 14,103 | 14,295 | 14,463 |
| Group | Full-time employees | 8,653 | 8,761 | 8,778 | 9,007 | 9,158 |
| | Temporary employees | 6,843 | 6,827 | 7,111 | 7,202 | 7,276 |
| | Total | 15,496 | 15,588 | 15,889 | 16,209 | 16,434 |

Avg. Employee Age (Non-consolidated)

| Category | FY2019 | FY2020 | FY2021 |
|----------------|----------------|----------------|-----------------|
| Overall | 41 yrs. 4 mon. | 41 yrs. 6 mon. | 41 yrs. 10 mon. |
| Male | 42 yrs. 7 mon. | 43 yrs. 0 mon. | 43 yrs. 1 mon. |
| Female | 33 yrs. 4 mon. | 34 yrs. 0 mon. | 34 yrs. 0 mon. |

Turnover Rate (%) Note: Does not include people who retire at the end of March

| Category | FY2019 | FY2020 | FY2021 |
|----------------|--------|--------|--------|
| Overall | 3.73 | 3.04 | 2.67 |
| Male | 3.33 | 2.53 | 2.26 |
| Female | 6.36 | 6.27 | 5.12 |

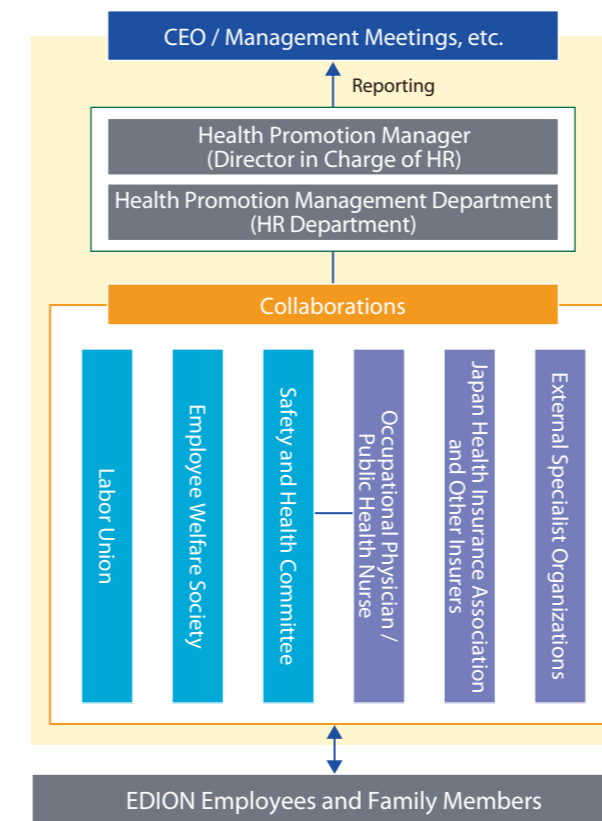
Avg. Years of Employment (Non-consolidated)

| Category | FY2019 | FY2020 | FY2021 |
|----------------|----------------|----------------|-----------------|
| Overall | 16 yrs. 7 mon. | 16 yrs. 8 mon. | 16 yrs. 10 mon. |
| Male | 17 yrs. 8 mon. | 18 yrs. 1 mon. | 18 yrs. 1 mon. |
| Female | 9 yrs. 6 mon. | 10 yrs. 0 mon. | 9 yrs. 0 mon. |

Health Management

EDION places an emphasis on maintaining and improving the health of employees and their families. 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.

Mechanisms to Promote and Improve Health



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 "Achieving long-lasting customer satisfaction through outstanding products and reliable service."

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 2022

EDION has been certified for three consecutive years by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi to be recognized in the 2022 Certified Health & Productivity Management Award (Large Enterprise Category) for excellence in strategically implementing health management initiatives from the perspective of managing employee health. Going forward, we will continue to strive to maintain and improve the health of our employees.



Setting Health Management Guidelines

EDION sets guidelines and monitors the status of activities to further promote health management. Results for FY2021 and goals for FY2022 are as follows.

- Rate of Employees Receiving Health Checkups**
FY2021 results: 94.8%; **FY2022 goal: 100%**
- Reducing Stress Rates**
FY2021 results: 5.3%; **FY2022 goal: 5.2%**
- Average Overtime**
FY2021 results: 12.9 hrs.; **FY2022 goal: Further reduction**
* Set in-house numerical targets, and strive to maintain and improve employee health
- Average Days of Paid Leave Used**
FY2021 results: 8.9 days; **FY2022 goal: 10.1 days**
- Employees Who Smoke**
FY2021 results: 25.4%; **FY2022 goal: 25.0%**

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"

EDION ensures that employees have a sufficient break between the end of one shift and the start of the next shift, to get enough sleep and enjoy personal time as well. We have implemented an attendance management system with a visual display to ensure that all employees have an 11-hour rest interval between shifts. We believe that maintaining employee health and increasing workplace motivation enables employees to perform at their peak capacity and contributes to increased productivity.

Organizations that Offer Work Satisfaction and Diverse Manpower Training

● Reducing Working Hours

Most EDION stores and service centers operate for more than 10 hours a day, but a shift system ensures that employees are not working excessive overtime hours.

● Improving Communications

EDION promotes company-wide recreational activities 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

As part of mental health measures, stress checks are conducted annually at all workplaces, rather than only workplaces with 50 employees or more as stipulated in the Industrial Safety and Health Act. Based on the results of these checks, public health nurses and other professionals visit workplaces where many employees are under stress, while occupational physicians provide consultations for employees experiencing high levels of stress.

Creating Organizations with Mutual Understanding and Diverse Workstyles

A Workplace Where Anyone Can Work in Comfort

I have been working with EDION for 33 years, and approaches to things like family and lifestyles have changed a lot, in part due to the COVID-19 pandemic; for example, approaches to taking paid leave, and workstyle reforms for creating comfortable working environments through shorter working hours and increased operating efficiency.

A little more than ten years ago, when I was a Deputy Store Manager, my wife had a baby. I told the store manager at the time that the baby was born with no complications, and he said, "You should take the day off today."

I was happy that my child was born, and of course I wanted to take the day off, but with my responsibilities for store operations, I couldn't say that so easily. I was thrilled that the manager was thoughtful enough to be concerned about my wife's health after she gave birth. I still remember how impressed I was at his character, being so natural in his response.

Now, I devote myself every day to being that kind of store



Ikuaki Otani
Store Manager;
EDION Shin-Kakogawa Store
(Formerly Store Manager;
Nikke Parktown Store)

manager too. Currently, employees are able to take two special days of leave when their spouse has a baby. I make an effort to communicate this clearly to the employees at the Shin Kakogawa store where I was transferred on April 1, to tell them about the system, and also to express my congratulations.

In my case, my parents were in a long-term

care facility, so there were times when I received an emergency phone call, for example from a hospital. I can understand how it feels to deal with this while you are working; the anxiety about caring for elderly parents, and how the situation continues for a long time.

You often hear about how social issues are increasing, but you can't really apply the systems effectively if you don't experience it yourself, and understand the other person's family situation.

Whether you are caring for young children or elderly parents, the situation is not always the same for everyone. My goal is to firmly monitor the situation, and respond flexibly through clear communications about time off, shorter working hours, and shifts, to minimize the impact on customers and store operations.

In early October, I received an inquiry from an employee, Mr. Ishitobi, about taking childcare leave. That was the second such request at the Nikke Parktown store, and I think that he was relieved to be in an environment where he could speak to someone with a similar experience, and easily consult with the HR Division.

I had heard about his family situation from before his wife gave birth, and I spoke to him about when he would be taking time off. November marks the start of the year-end "sales war," when we have our biggest sales, so it was easy to imagine that his absence would have a greater impact on other employees at the store. The area manager who I spoke to was very understanding, though, and he arranged for temporary support staff to help out. We were able to make preparations and accommodate customers visiting the store without reducing the staff during the busiest sale period. I think this worked out well, because it laid the foundations for that employee to return to the store gradually, for example

using his paid days off even after taking childcare leave.

At a small store, it's difficult to adjust work times flexibly. It's not good for differences to arise between stores, so it's important to flexibly reassign staff within the area and put in place temporary support structures. In any case, you can't understand the real meaning of a situation unless you actual-

Comments from a Male Employee Who Took Childcare Leave

My first son was born ahead of schedule, and I remember clearly that my wife spoke about her anxiety. When she became pregnant with our second child, our daughter, I asked about the due date, and I remembered what we went through the first time. I knew that my wife wouldn't be feeling well after giving birth, and that caring for the children is difficult, so I used one month of childcare leave to take some of the burden off of her.

EDION has a labor union newsletter for employees, with descriptions of recreational activities and a special page to celebrate when employees have children, so I always look forward to it, but it also has information about childcare leave and other childcare support systems, which was very helpful. When I actually applied for childcare leave, I spoke to the HR Division as well, and I was relieved to be able to check the details of the systems that are available. Our son was still young, so I used my paid holidays to take care of him while my wife was in the hospital before and after giving birth, which put her at ease when she had the baby.

I was the second male employee at the store where I was working to take childcare leave, so the environment made it easy to talk about the situation early on, and gain

ly experience it, so I hope that we have more store managers who are able to respond to increasingly diverse social issues. In this example, the area manager responded quickly at our store, and I hope this ties into improvements throughout the sales division as a whole.

the understanding of my coworkers. My wife also said she was happy that I was able to take childcare leave. I recommend that other male employees consider actively using this system in the future.

I spend more time with children now, so I am naturally able to offer suggestions to customers with children, and I have a broader perspective about work.

Based on my own experience, I realized that there are many employees dealing with various situations in relation to work. This has been a positive growth experience for me, as I hope to become a store manager myself in the future.

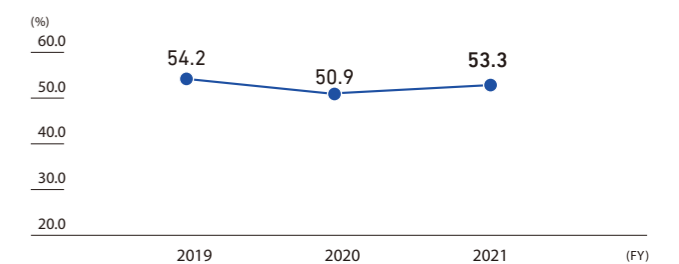


Junji Ishitobi
Group Leader; EDION Nishi-Akashi Store
(Formerly Group Leader;
Nikke Parktown Store)

Encouraging the Use of Systems

To promote the use of in-house systems for achieving work/life balance, EDION provides manager-level training to ensure that managers are aware of and understand systems put in place to support employees in balancing work with responsibilities such as childbirth, childrearing, and caring for elderly family members.

Ratio of Employees Using Paid Leave



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

| | | FY2019 | FY2020 | FY2021 |
|--------|--------------------------|--------|--------|--------|
| Male | Number taking leave | 1 | 3 | 3 |
| | Number returning to work | 1 | 3 | 1 |
| Female | Number taking leave | 3 | 9 | 8 |
| | Number returning to work | 3 | 8 | 5 |

Number of Employees Taking Childcare Leave / Number Returning to Work

| | | FY2019 | FY2020 | FY2021 |
|--------|--------------------------|--------|--------|--------|
| Male | Number taking leave | 3 | 2 | 9 |
| | Number returning to work | 1 | 2 | 5 |
| Female | Number taking leave | 104 | 110 | 95 |
| | Number returning to work | 84 | 89 | 91 |

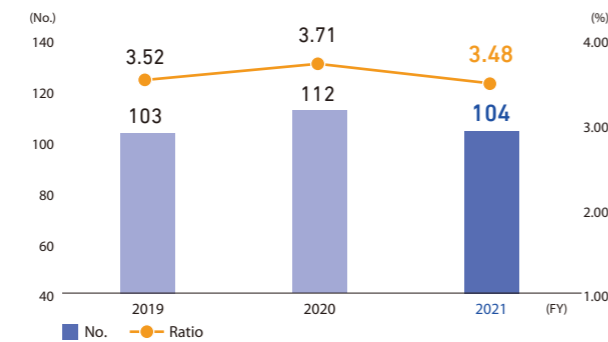
Organizations that Offer Work Satisfaction and Diverse Manpower Training

Diversity and Inclusion

Promoting Participation by Women

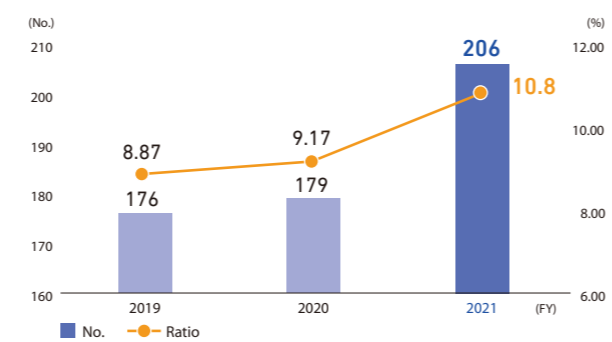
As noted earlier, part of the EDION Group's code of ethics states: "We strive to create a comfortable workplace, and one in which employees are treated fairly and equitably, and have equal opportunities for skill development." With this in mind, we coordinate with labor unions to promote active participation by female employees.

Ratio of Female Senior Staff* (Non-consolidated)



*Ratio of female senior staff = No. of female senior staff / No. of senior staff

Ratio of Female Senior Staff Candidates* (Non-consolidated)



*Ratio of female senior staff candidates = No. of female senior staff candidates / No. of senior staff candidates

Comments from Female Employees



Kayo Morimune
Deputy Manager; Miyoshi Store

After I was transferred to the Miyoshi store, I got married and I had two children. It seems to me that in the atmosphere of the times, even within the company, most people expected that you would just quit whenever there was a significant change in your life stage in society. I never considered the option of quitting the company

when I got married or had a child, but when the manager at the head office at the time told me, "Come back to work after the baby is born," I remember being very happy, and feeling like he was cheering me on. I have been with the company for 31 years, and looking back, I recall that many things were difficult, but now I feel that those were all good experiences.

I participated in the first training for selected young

and middle-level female employees, designed to foster next-generation leaders. As I exchanged opinions and conducted sales activities with female employees who each had their own goals, we established connections, and that was very encouraging.

Each time a woman experiences a change in her life stage, she meets more new people, and her own approaches expand as well. When you get married, your circle expands to include your partner's family, friends, and hobbies, and when you have children, your interactions also expand through connections with day care, kindergartens, and the community. This expanding network has had a positive effect on my own day-to-day sales activities. Because my approaches have expanded, I can respond flexibly to changes in the environment, and when someone has a problem, I am able to resolve it by immediately putting myself in their place.

It's said that women have a special ability to take care of several things at once. I suppose that's true of housework as well. Maybe when you experience raising children, you become a pro at getting tasks done. In my position of operating the store as a Deputy Manager, when one of my subordinates

takes childcare leave, I want them to have good experiences and to grow during that period. I believe that after they come back to work, they will naturally be able to apply their own experiences in customer service. I would like to see childcare leave used as an opportunity for learning; for example, I would be happy if the company offered a system for lending out a "Mom and Dad's first cooking appliance set."

As the times change, the environment makes it easier to work, as in the case of the childcare leave system and reduced working hours after you give birth. My goal is to effectively pass on my own experiences so that the female employees working at the Miyoshi store can aim for the next stage in their lives.

We also have the opportunity to hear comments from more experienced female employees who have been in a variety of situations, and EDION is enhancing the training system in keeping with the times.

We have entered an era where women participating in the workplace is just a given. Female employees can feel comfortable about sharing their questions and concerns, so I hope that more women will set a goal of becoming a manager from early on, and work hard to achieve that goal.

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. The Kurumin system, which is based on the Act on Advancement of Measures to Support Raising Next-Generation Children, applies to companies that meet 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 are working on various activities, including the production of a training video aimed at encouraging employees to take maternity and childcare 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. We strive to make all employees aware of this system, for example through in-house portal sites and the labor union newsletter.

- Short Working Hour System for Childcare and Long-Term Care

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. A similar system of short working hours has also been introduced for employees caring for elderly family members. Employees can choose to work for five, six, or seven hours per day, to ensure an optimum work/life balance.

Promoting Employment of People with Disabilities

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. The subsidiary E.R. JAPAN Corporation maintains an environment where it is easy for people with disabilities to work. In FY2021, the employment ratio for persons with disabilities was 2.38%. Since May

2019, we have been assisting people with disabilities in participating in society through a new program that supports work in farming and other areas of agriculture.

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 other media.

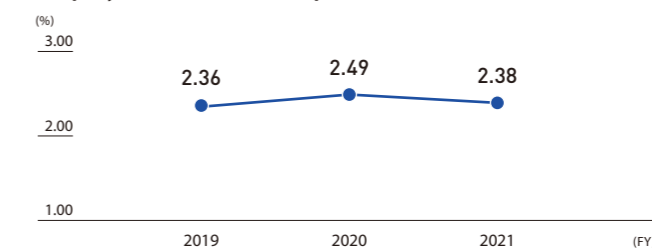
Main Activities

- 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

Smile Shine Meetings

The labor union hosts gatherings called "Smile Shine Meetings." Anyone can participate in these gatherings, regardless of their gender, including employees who are thinking of getting married or preparing for the birth of a child, or employees who are returning from work after taking childcare leave. Employees use these gatherings as a place to exchange information that helps them to balance work and childcare with a smile.

Employment Ratio of People with Disabilities



Accommodating Second Jobs

In keeping with changes in society and workstyles, EDION initiated a system that allows employees to work at a second job to acquire knowledge and skills that could not be obtained only within the company, to improve the employee's future career and promote manpower development that contributes to the company.

Use of Senior Manpower

EDION has put in place a re-employment system for retirees, recording a retirement reemployment rate of 93.9% in FY2021. Since 2020, 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, which was 60 in the past, is being extended by one year at a time, and from 2029 onward, the retirement age will be increased to 65s.

Women in Positions of Senior Staffs and Above (5-year Comparison)



Ratio of Family Members Receiving Health Checkups



Organizations that Offer Work Satisfaction and Diverse Manpower Training

Aiming to Foster “Employees Who Are Chosen by Customers”



Saori Fujii
Human Resources Development Division Manager

My role is to foster employees who can provide optimum products to each individual customer through the practice of the corporate philosophy, and continuously support richness and abundance in customers' lives.

As Head of the Department, one of my goals is to ensure that all employees understand and apply EDION's corporate philosophy, and as a result, to foster “employees who are chosen by the customers” by building trust relationships with those customers.

The first is to think from the customer's perspective. Put yourself in the customer's place, and act sincerely in doing

for the customer what would make you truly happy if someone did that for you. It's important to maintain this kind of customer perspective.

The second is to have a professional awareness. From the time the employees join the company, we provide exhaustive training, not only about customer service and always being aware of customers in the store, but also paying attention to how you look and act.

The third is being able to work as a team. There are many things that an individual cannot do alone, but which can be achieved by all employees together through teamwork.

The fourth is demonstrating sincerity. It is important to be sincere not only with the customers, but also when building trust relationships among coworkers, as a team. Also, we believe that the customers are the best consultants, so we tell employees to always listen sincerely to customer comments.

At the same time, we promote activities aimed at making it easier for employees to work. When maintaining an environment where it is easy for women to work, one issue is finding ways of increasing the number of women who want to continue working and developing their careers throughout their lifetime. In Women's Career Vision Training, we create opportunities for young female employees to think about how to build a career path that will be fulfilling both personally and professionally.

When we put forward a goal of increasing the number of female managers, one issue is resolving the problems that women tend to face in the training and management

of subordinates. We currently provide training for selected middle-level female employees including senior employees and leaders, to foster the next generation of leaders. By offering the knowledge required to take the next step, and by sharing the various challenges they face, this training provides an important opportunity to develop connections among these women.

We work to create an environment where anyone can work in comfort, by providing training and educational content for employees, and through the Labor-Management Diversity Promotion Project, which has been conducted by the company and the labor union since 2016. In addition to improving employment conditions for fixed-term employees, we invest effort into active participation by senior employees and childcare support for households with children.

We want all employees to know what it means to be “an employee who is chosen by the customers,” so starting from this year, we interview outstanding sales staff and distribute videos to all employees via the Internet, including customer service role playing, to serve as a model. The image of “the employee that the customer wants” changes with the times. To respond quickly to those changes, we now offer video training that introduces staff who have received outstanding feedback and support from customers.

I personally have experienced being a store manager while also having a family, and I have gained great satisfaction from that experience. I will continue to use my own experiences in fostering female employees who want to become store managers, in the spirit of “raising children.”
(Interview/photos: July 2022)

Manpower Training



Online training screen

Training Systems

Through training in customer service dialogue and etiquette, employees learn how to interact with customers sincerely. So that employees can train efficiently as they work, even with pandemic countermeasures in place, we have enhanced the training program at the “EDION Movie Academy,” an original e-learning platform, along with training using an online conference system.

Goal-specific Training

| Title | Trainees |
|--|---|
| Coaching Training | Staff in charge of coaching new employees |
| Women's Career Vision Training | Regular female employees |
| Training for Selected Female Senior Staff | Selected female senior staff |
| Basic Knowledge Training for the Business World e-learning “Schoo” | New recruits |
| Career Training | Full-time employees approaching retirement age (or career change) |
| Partner Training | Contract/partner employees |

Personnel Systems

As part of the evaluation system, we have introduced performance evaluations tied into management targets and behavior evaluations based on organizational behavior standards. Practicing behaviors that tie into results, using this evaluation system as an index, will also lead to the growth of each individual. In addition to evaluation results, we use various manpower training systems, including accreditations, skills development, and online training, which in turn increases employee motivation and promotes skills development.

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

To prevent the spread of coronavirus infections, from FY2021, we switched Group training, which was 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 even amid the pandemic.

● Hybrid Training During the Pandemic

We have implemented hybrid (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 face-to-face group training or online training. Using videos to pick up basic knowledge and key points in advance allows more time to be allocated to collaborative learning, group work, and role-playing at real training venues.

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



No. of Employees with Certifications

(FY2021)



8,745*

*Total certifications in FY2021

We actively support employees obtaining certifications, to improve customer satisfaction by promoting increased employee skills.

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" (established in 1989) and the "EDION Archery Club" (established in 1990).

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 28 times, and its runners have won numerous awards representing Japan in international competitions.



EDION Archery Club

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



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.



Recent History of the EDION Group's Sports Achievements

| EDION Women's Track and Field Club | | | | |
|------------------------------------|--|--|------------------------|-----------------------|
| 2019 | 58 th All Japan Race Walk-in Wajima | 10km Walking | 1 st Place | Nanako Fujii |
| | 23 rd Asian Athletics Championships (Doha, Qatar) | 100m Hurdle | 1 st Place | Ayako Kimura |
| | 103 rd Japan Championships in Athletics | 100m Hurdle | 1 st Place | Ayako Kimura |
| | 17 th World Athletics Championships (Doha, Qatar) | 100m Hurdle | Competed | Ayako Kimura |
| | | 20km Walking | 7 th place | Nanako Fujii |
| | 67 th All Japan Inter-Corporate Track & Field Championships | 800m | 1 st Place | Yume Kitamura |
| 2020 | 74 th National Sports Festival of Japan | Young Women's 1,500m | 1 st Place | Kaede Hagitani |
| | 103 rd Japan Championships in Athletics Cross Country Running | Senior Women's 8km | 1 st Place | Yukari Ishizawa |
| | 44 th All Japan Race Walk - Nomi | 20km Walking | 1 st Place | Nanako Fujii |
| | | 104 th Japan Championships in Athletics | Women's 20km Walking | 1 st Place |
| 2021 | 104 th Japan Championships in Athletics Cross Country Running | Senior Women's 8km | 1 st Place | Kaede Hagitani |
| | 36 th Shizuoka International Athletics Meet | 800m | 1 st Place | Yume Kitamura |
| | | 100mH | Competed | Ayako Kimura |
| | 32 nd Olympic Games (Tokyo, Japan) | 5,000m | Competed | Kaede Hagitani |
| | | Women's 20km Walking | 13 th place | Nanako Fujii |
| 2022 | 106 th Japan Championships in Athletics | 10,000m | 2 nd Place | Kaede Hagitani |

| EDION Archery Club | | | | |
|--------------------|---|--------------------------|-----------------------|---|
| 2019 | 67 th All Japan Industrial Archery Championships | Team Recurve | 1 st Place | Hideki Kikuchi / Ayumi Iwata / Hinano Osawa |
| | | Men's Recurve | 1 st Place | Hideki Kikuchi |
| | 74 th National Sports Festival of Japan | Young Women's Individual | 1 st Place | Risa Horiguchi |
| 2020 | Hiroshima Chairman's Cup | Recurve Men's team | New Japanese record | Hideki Kikuchi / Ayumi Iwata / Yuki Kawata |
| | 68 th All Japan Industrial Archery Championships | Men's Recurve | 1 st Place | Yuki Kawata |
| 2021 | 32 nd Olympic Games (Tokyo, Japan) | Men's Individual | Competed | Yuki Kawata |
| | | Mixed team | Competed | Yuki Kawata |
| | | Men's team | Bronze Medal | Yuki Kawata |

SANFRECCE HIROSHIMA

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



Sanfrecce Hiroshima Regina

EDION is a club partner for Japan's first women's professional soccer league (WE League), which was established in 2020.



Acquisition of Naming Rights

As a member of the local community, we have acquired naming rights for various facilities in the spirit of contributing to the development of local sports and culture. These

include the EDION Stadium Hiroshima (the Hiroshima Regional Park Main Stadium), which serves as a home stadium for the J. League club Sanfrecce Hiroshima, as well as EDION Arena Osaka (the Osaka Prefectural Gymnasium) and EDION Hisaya Plaza (Hisaya Odori Park) in Nagoya.



EDION Stadium Hiroshima

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 along with baseball teams, for

Promoting Culture and Contributing to Society

Cooperation and Support in Arts and Culture Activities

EDION supports Paralym Art®, which is operated by the Shougaisha Jiritsu Suishin Kikou Association to promote the independence of artists with disabilities. We have been cooperating as an official partner since September 2021. The artworks are used in gift cards for EDION's shareholders, beverage PET bottle designs, and framed pictures, and have received an outstanding response.

To support as many disabled artists as possible, EDION collaborates with 21 artists from "KOBHAND," which is affiliated with Paralym Art, and on February 24, 2022, we began

selling creators' "stickers" on the LINE app. Through these collaborations, we will strive for greater harmony with the regional community, and contribute to achieving a sustainable society.



example by conducting sales promotions in support of local teams to invigorate team support while increasing interest in EDION stores as well.

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

DetonatioN Gaming (Professional Esports Team)

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

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.

Children's Book Forest

EDION has contributed to the cultural facilities "Nakanoshima Children's Book Forest" and "Kobe Children's Book Forest" to help foster children's creativity, curiosity, and appreciation for life through books and the arts.

Support for Ukrainian Refugees

In response to a request from the City of Osaka, which received Ukrainian refugees, we donated home electronics products that are essential to people's lives.

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

We will strive to continue growing sustainably, improve corporate value in the medium to long term, and fulfill our obligation to make 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.

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)

| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 Forecast* |
|--------------------------------------|--------|--------|--------|--------|------------------|
| Interim Dividend | 14.00 | 18.00 | 20.00 | 22.00 | 22.00 |
| Year-end Dividend | 18.00 | 16.00 | 26.00 | 22.00 | 22.00 |
| Annual Dividend | 32.00 | 34.00 | 46.00 | 44.00 | 44.00 |
| Dividend Payout Ratio (Consolidated) | 30.4% | 33.6% | 29.6% | 35.1% | 32.1% |

*At the time of disclosure on June 29, 2022

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. Through this system, we offer gift cards that can be used at EDION and Hyakuman Volt stores (including franchise stores), and through the EDION Net Shop (<https://www.edion.com>).

We have also introduced an additional gift as an expression of gratitude to shareholders who have held our shares for one year or longer (shareholders listed in the shareholder registry as of March 31 two or more times using the same shareholder number).

| 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, 2023 (one year) |



The gift cards for EDION's shareholders issued in June 2022 feature artwork designed by artists active at Paralytm Art®.

| 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.

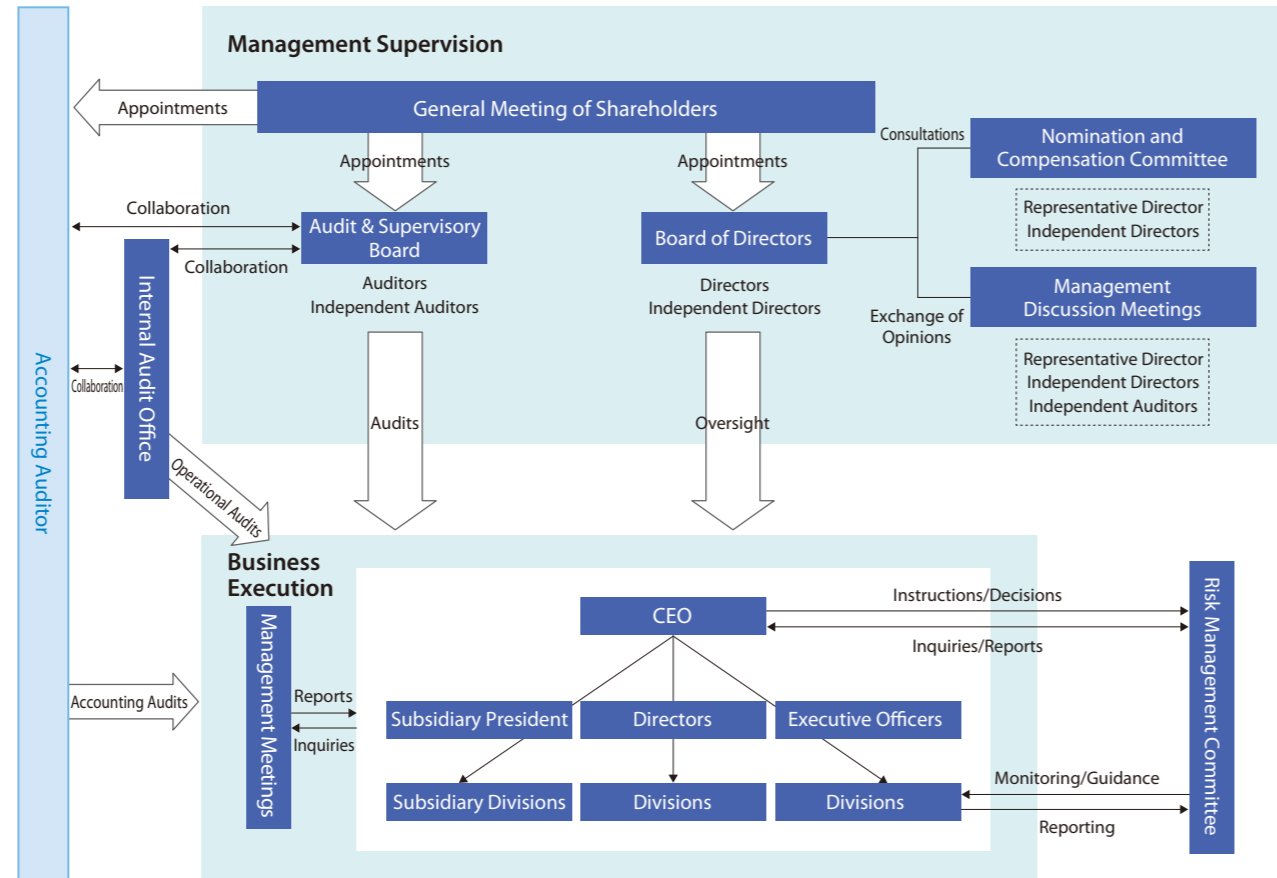
First, we will carry out business activities based on corporate social responsibility (CSR) as a good member of the local community, as well as ensuring directors, executive officers, and employees comply with all laws and regulations.

Second, we will ensure the rationality and acceptability of management measures from the perspective of stakeholders (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 two 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, and finance as two of the three 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: 17 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: 11 Meetings

The Audit & Supervisory Board rigorously audits decision-making and execution of duties at the Board of Directors, and shares information at meetings with the internal audit department and through other means.

● Nomination and Compensation Committee: 5 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: 12 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 corpo-

rate 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 indepen-

dent directors and independent auditors, are eligible for this training upon request.

Corporate Governance

Evaluating the Effectiveness of the Board of Directors

In March 2022, the Board of Directors conducted a survey to evaluate all directors (10) and all auditors (4). The goal of the survey was to analyze and evaluate the effectiveness of the Board of Directors as a whole during FY2021, 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 analysis and evaluation 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 processes, and that the effectiveness of the Board has been secured. Notably, risk analysis in decision-making and invigorated discussions by directors with diverse experience and knowledge were recognized as having improved in comparison to the previous year.

Although there was some improvement in deliberations

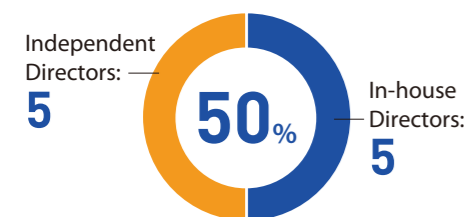
based on management indexes such as ROE and ROIC, continued enhancements of deliberations are needed. The evaluation also indicated a need for more enhanced deliberations aimed at improving corporate value in the medium to long term with an awareness of sustainability.

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

Ratio of Independent Directors

(As of June 29, 2022)



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. |
| Tadatsugu Mori | Independent Director | Corporate Management | Mr. Mori is expected to execute his duties appropriately as an independent director at EDION, providing advice and suggestions from an independent, objective standpoint, based on abundant knowledge and experience as an executive director at a retail company. |

Skill Matrix for Directors and Auditors

| Name | Position | Main Skills and Experience, and Expected Roles | | | | | | | | |
|---------------------|---------------------------------------|--|----------------------------|-----------------|-------------------|---------|-----------|-----------------------------------|-------------------------------|------------------------------|
| | | Corporate Management Strategy | Financial Accounting Taxes | Sales Marketing | Store Development | IT / DX | Logistics | Human Resources Manpower Training | Legal Affairs Risk Management | Internal Controls Governance |
| Masataka Kubo | Chairman and CEO | ● | | ● | ● | | | ● | ● | ● |
| Norio Yamasaki | Executive Director; Vice President | ● | ● | | ● | | | ● | ● | ● |
| Satoshi Kaneko | Executive Director; Vice President | ● | | ● | | ● | ● | | | |
| Kozo Takahashi | Executive Director | ● | | ● | ● | | | | | |
| Haruyoshi Jogu | Executive Director | ● | | ● | ● | | ● | | | |
| Shozo Ishibashi | Independent Director | ● | ● | | | ● | | | | ● |
| Shimon Takagi | Independent Director | ● | | | | | | | ● | ● |
| Naoko Mayumi | Independent Director | ● | ● | | | | | | | ● |
| Yoshihiko Fukushima | Independent Director | ● | | ● | | | | ● | | ● |
| Tadatsugu Mori | Independent Director | ● | ● | | ● | ● | | | | ● |
| Fujio Yamada | Auditor (Full-time) | | ● | | | | | | ● | ● |
| Yuki Fukuda | Independent Auditor | | ● | | | | | | | ● |
| Takashi Okinaka | Independent Auditor | | ● | | | | | | | ● |

The main skills, experience, and expected roles of each director and auditor are indicated with a ● mark.

Corporate Governance

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.

Total Compensation and Other Information for People Whose Total Compensation Exceeds ¥100 Million

| Name | Officer Category | Company Category | Amount of Compensation, by Type (¥ million) | | | | Total Amount of Compensation, etc. (¥ million) |
|----------------|------------------|--------------------|---|--------------------------------|-------|----------------------------|--|
| | | | Basic Compensation | Performance-Based Compensation | Bonus | Non-Financial Compensation | |
| Masataka Kubo | Director | Submitting Company | 191 | — | 50 | 38 | 280 |
| Satoshi Kaneko | Director | Submitting Company | 111 | — | 8 | 9 | 129 |

(Note) 1. The "Non-Financial Compensation" under "Amount of Compensation, by Type" paid to Masataka Kubo is ¥38 million in restricted share compensation.

2. The "Non-Financial Compensation" under "Amount of Compensation, by Type" paid to Satoshi Kaneko is ¥9 million in restricted share compensation.

Succession Plan

Fostering the Next Generation of Management

EDION has established a Nomination and Compensation Committee with an independent director acting as chairman. The Nomination and Compensation Committee comprises three or more directors, more than half of whom are independent directors. It conducts studies of candidates and succession plans for the EDION Group's directors and executive officers, and also studies items related to compensation for directors and executive officers. It deliberates on the qualities and skills required of the next generation of management, and makes choices based on a balance

of skills and other qualities in the Board of Directors. The Board of Directors then makes a decision following a review of the deliberations by the Nomination and Compensation Committee.

Amid dramatic changes in the market environment surrounding EDION, in order to achieve continued growth, it is important for all employees to have a manager's awareness, to think about and understand how their own actions impact management, and to act based on that understanding. At management meetings and other venues, mainly section managers at the executive officer level and above

conduct discussions aimed at resolving business issues, and strive to share awareness and improve skills throughout the company. EDION is also working to create an environment for fostering management talent in the long term, for example by invigorating day-to-day deliberations regardless of the organization, proposing plans with a bottom-up approach, and cultivating a culture where it is easy to make suggestions regardless of gender or age. It is essential to undertake activities that enable sustainable management for the group as a whole, by fostering many individuals who will be responsible for the next era, and the era after that.

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 conducts training and awareness promotion activities, including new employee training, for example by distributing a Compliance Manual and a Code of Ethics Card to be carried by employees.

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.

Compliance Training

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

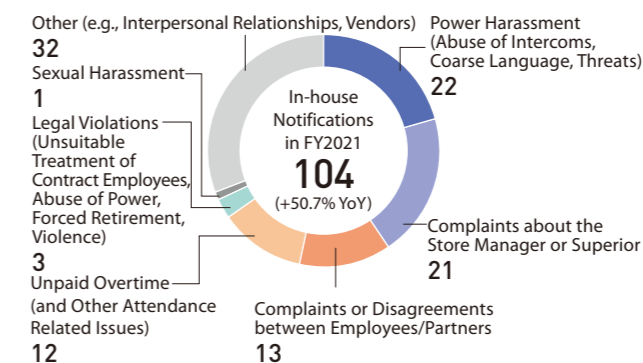
Status of Training in FY2021

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

In-house Notification Structure

EDION has put in place a hotline structure to facilitate employee consultations, for example by establishing contact points for in-house notifications, and putting in place external contact points with entities such as labor unions and law offices. 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 (FY2021)



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/en/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.

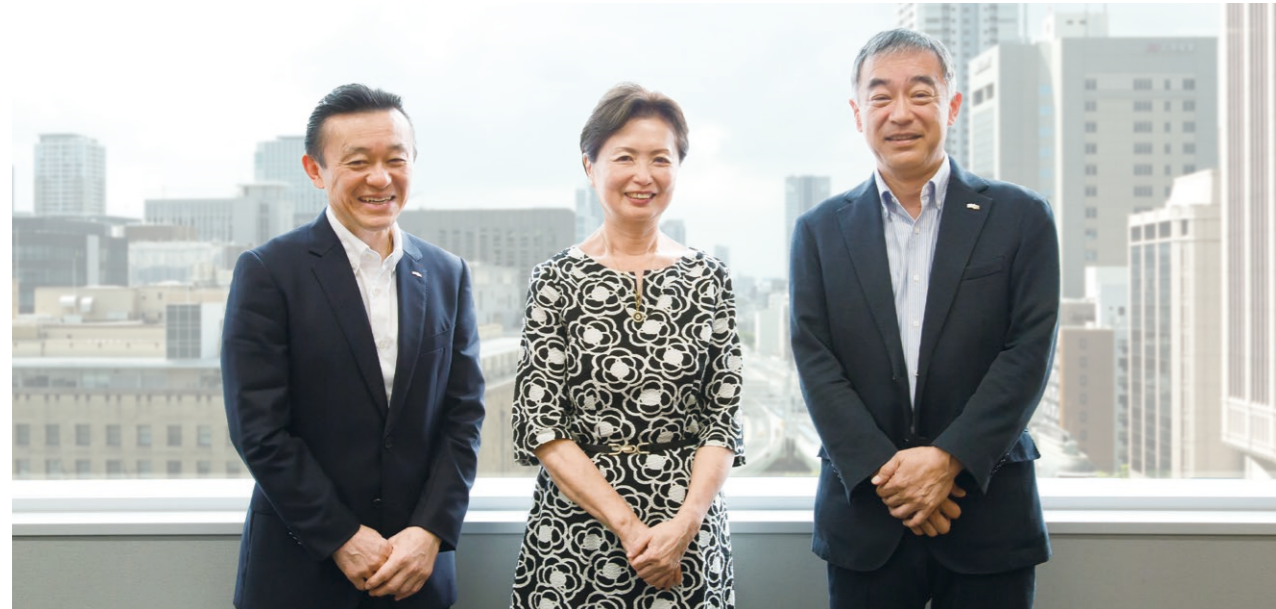
Based on this approach, in order to ensure the safety and security of all stakeholders, including customers, even in the event of a crisis that results in serious damage, we have formulated a business continuity plan (BCP), which is implemented as part of efforts to continue essential operations and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

Tripartite Talk with Independent Directors

Three Independent Directors Held a Discussion in July 2022.



Yoshihiko Fukushima
(Term of office: 3 yrs.)

Naoko Mayumi
(Term of office: 3 yrs.)

Tadatsugu Mori
(Appointed in June 2022)

Improving the Quality of EDION's Corporate Governance, and the Operations of the Board of Directors

Mayumi I would have to say that the thing which has changed the most about EDION's corporate governance structure since I was appointed in 2019 is the organizational structure. Top management in particular now comprises the CEO and two vice presidents, forming a simple new structure where communications among these three people are very effective. I see this as a valuable opportunity to feel

firsthand the dramatic changes going on at EDION. I am always thinking about how I can support the thinking and management judgments of the current management team at Board of Directors' meetings. Rather than "intruding on" management judgments, I want to place an emphasis on a sense of balance, from an independent perspective.

Fukushima I was also appointed in 2019, and now, more than in the past, the numbers reported are submitted as materials at the Board of Directors' meetings based on

evidence. When I was first appointed, we received materials about issues for discussion either the day before or on the day of the meeting, and it was difficult to think deeply about the issues before discussing them. Now, the materials are sent a week in advance, so we can go to the Board of Directors' meetings after reading through them carefully. If we have any concerns, we can ask questions by e-mail in advance, so we are able to narrow down the deliberations to the key points on the day of the meeting. In that sense, wasteful elements have been cleared away, and the meetings can be operated more smoothly.

In the past, the materials were not created based on the assumption that they would be read by someone from outside the company, and they tended to be written using expressions in the "common language" of the company. Terminology and expressions that are used commonly within the company are baffling for someone outside of the company, and we even had the Secretariat create a glossary. Also, the reported numbers included market share and sales comparisons with competitors, but sometimes the reports included data where the tabulation method or source was not indicated. I teach at university, and I know that when you explain something to someone, you often realize that you didn't really understand it very well yourself. I offer advice about things like that, which you might not realize if you are only looking from inside the company.

Mayumi Since Prof. Fukushima pointed that out, the materials have improved, objectivity has increased, and the materials are much easier to understand. As a result, we are able to narrow down the issues and key points for deliberations, which is another improvement in the operation of governance.

Fukushima In terms of the atmosphere of EDION's Board of Directors' meetings, CEO Kubo doesn't make very many detailed comments. My impression is that rather than saying, "Listen to me," he only expresses his opinion when it is needed. The Board of Directors' meetings maintain a sense of tension, in a positive way, and I think that the operations are healthy.

Mayumi CEO Kubo listens carefully to everyone's opinion, and there is absolutely no sense of self-righteousness. Of course, he is the owner, and he has charisma, but his central approach is "bottom-up," applying a "council system."

Mori I was just appointed recently, and I have only attended one Board of Directors' meeting, so I can't say much, but I got a very strong sense that the atmosphere supports frank deliberations. In my experience, the presidents of large corporations don't talk very much. I think that's because the surrounding corporate officers and staff provide firm support to top management, and the president doesn't need to say much. There are differences in the approaches to manpower training at different companies, but at EDION, my impression is that this is the approach to fostering manpower. My background is in retail, and I have gained a lot of management knowledge at retail companies through experience. From the perspective of the so-called "consumer business," I suppose that there are many things in common, but there are things that are completely different as well; not only the industry, but the products, the business practices, and the language. So I want to place value on the current balance, while also offering advice from a different perspective.

Fukushima I expect to see some ideas arise that we would never have thought of; for example, sales approaches that effectively link EDION's products with the kinds of products that Mr. Mori has handled in the past. Through discussions with people who have abundant experience, for example about creating new stores that are not only about a large product lineup, various ideas will be generated, and this will bear fruit in the form of in-house skills.

The Role of an Independent Director

Mayumi Generally speaking, I think that the role of an independent director is to be an "Inspector," to ensure that the deliberations and resolutions of the Board of Directors' meetings go smoothly, including compliance or the potential for conflicts of interest, to keep the management team heading in the right direction.

Fukushima I agree. I think it's important for a company to appoint independent directors, to create an atmosphere where the company is not going to go running in the wrong direction. My role is not to check every little detail; rather, the important thing is the "deterrent effect" of my being there. Independent directors make up 50% of the Board of Directors, and I think that the Board is functioning in a very healthy way.

Mori I suppose it comes down to ensuring transparency. Independent directors are not involved in the execution of operations, so they only need to function as a restraint, and make sure that management operations don't go in the wrong direction. This is just a given, and the very minimum requirement, but to begin with, I want to carry out

this function. Moving forward, the key will be to study as I figure out how to contribute to making important decisions.

The Board of Directors' Efforts to Increase Corporate Value EDION's Strengths and Issues

Mayumi At the Board of Directors' meetings, I think we need to talk more specifically about how to increase corporate value. Policies and how to execute them are at the foundations of our awareness, but I think that the discussions still don't go deep enough. Once we do that, then we can communicate more to investors and other outside stakeholders. We're putting all this effort into increasing corporate value, but I still feel like we are missing out on an opportunity.

Of course, it's important to have deeper discussions about "this is how management is changing" or "what direction should we be taking," or to look at opening new stores or creating sales floors within the stores, but we shouldn't be talking only about that. We need to put more emphasis



I want to place an emphasis on a sense of balance, from an independent perspective

Tripartite Talk with Independent Directors



EDION's Board of Directors is functioning in a very healthy way

on management that is close to customers, or intangible assets that you can't see. I know it's a mundane kind of effort, but there are things that will change if we continue repeatedly communicating to outside parties.

Recently there have been restrictions due to the pandemic, but I actively visit stores around the country for inspections. Through dialogues with local employees, I confirm whether EDION's corporate philosophy and the corporate message of "Reassuring Feelings and Lasting Satisfaction" has sunk in. In December of last year, I went with Prof. Fukushima to inspect a store in Kanazawa operated by the subsidiary 3Q. The management philosophy had sunk in, and they were creating stores with closer ties to the community, in keeping with regional characteristics. I was impressed by their attitude of keeping close to the customers.

Fukushima I lived overseas for a long time, in Sweden and other countries, so I have a little bit of knowledge about

SDGs, CSR, the environment, and human rights overseas. I think that I can offer valuable advice, so that my knowledge and experience will be useful in EDION's management.

In the business environment surrounding EDION, the market is already saturated, and the population continues to decline, so we can't hold out much hope that the market will expand. I expect that competition will come down to how to divide up the same pie with our competitors. When that happens, the important thing will be to find ways of making the customer want to shop at EDION. When you think about who is selling the product, the answer is always "people." In that sense, we should allocate a little bit more resources from the perspective of personnel evaluations, putting more into employee training, or saying, for example, that if you try hard, then maybe you can become the CEO (laughs). If that kind of possibility becomes visible, then perhaps things will improve even more.

Yesterday, I visited the EDION Namba store. I've had the opportunity to speak directly with three store managers up to now, including the current one, and I could feel their respective approaches to creating the store; for example, how to present products for inbound travelers to Japan, or how to arrange displays and place the products. I'm not a retail professional, so I don't know how much the product displays impact sales, but I felt that one thing that makes EDION really unique is that when you become a store manager, you have discretion, and you can create the store the way you want to.

Mori Retail is an interesting business, and there are actually cases where sales rise and fall just because of a change in the display or the product presentation method. It's very satisfying work, because the results of your work

come back immediately. From here on, I'm going to study the home electronics industry, but I will continue to place value on this perspective.

Mayumi The Shijo Kawaramachi store in Kyoto has a sense of openness, as you can see across the entire sales floor. In terms of the store manager's discretion, I felt that progress had been made in delegating authority to the front lines. When your abilities are recognized and things are left up to you, it creates motivation because you want to become a store manager one day, or incentives so that you want to continue being a store manager. We should allocate resources to employee training so that we can draw out the employees' motivation. There are still many things that we should be doing. Manpower development can dramatically change the company's future, and I think that there is still a lot of potential in that regard.

Fukushima To give you one specific goal, ideally, we want new university graduates to feel that they want to work at EDION. Right now, EDION is not among the top ranked companies where new graduates want to work. Today's students do not necessarily just want to work at a company with a high salary. Elements like self-realization, making an effort, and having your abilities recognized are all important perspectives. For example, when I was a student, outstanding women joined foreign capital companies that offered childcare leave or systems where you could return to work after having a child, or companies that made an effort to foster female employees, which were rare at the time. And now, those women are playing a very active role.

Looking at the situation right now, there still aren't very many female store managers, and not many female man-

agers at the Head Office either. We need indexes that are easy to understand from the outside, and which will make students think, "I want to work at that company," and we must create a fair and equitable HR system to receive those students. I have opportunities to speak with the manager of the HR Department, so after exchanging opinions with him, I look forward to having lively discussions at Board of Directors' meetings.

Mayumi Aside from the Medium-Term Management Vision published in May 2022, we have set a high target for the ratio of female managers within the company. By making a point of publishing this goal, we are naturally tying it into the company's actions, saying, "We have to increase it to here." This is why it's important to start by expressing it clearly.

Fukushima Normally, a company should publish this information actively, shouldn't it? Sometimes I feel like EDION worries too much; preferring not to transmit that kind of information just in case the published targets are not met (laughs). I plan to offer advice about this in the future.

Mori Generally speaking, in the retail industry, the ratio of female managers appointed is lower than for manufacturers. Until the Equal Employment Opportunity Law was enacted in 1986, not very many female university graduates were hired, but since then, that number has gradually increased. It may take time, but I think that in the future, the number of new managers will naturally increase. Of course, it's all right to have various workstyles, so I personally don't feel that it's necessary to blindly aim to achieve a certain ratio of appointments for female managers.

Fukushima Even when it comes to defining career paths, I hope that we can provide clear role models for each person. Without those models, employees can lose sight of which direction they should be heading. If a variety of role models are available and recognized, then we can expect employees to head in a positive direction.

Mayumi Compared to other companies, I think that EDION has many energetic employees, and many people who feel a sense of work satisfaction. Things are changing dramatically as a result of DX, so I hope that we can put in place systems as a company where it is easy to work and people enjoy job satisfaction—not only employees at the retail stores, but also in IT related positions, like system programmers and data scientists—and that we can emphasize the appeal of those systems. That would bring major changes to the company.

Activities from an ESG Perspective

Mayumi The subsidiary E.R. JAPAN is an industry leader in the recycling business.

Fukushima I visited E.R. JAPAN, and the employees working there are mainly people with disabilities. It's not just for show, so that they can say the statutory employment rate for persons with disabilities has been reached; these employees were hired for their abilities and are paid a firm salary, and the company is also generating profits. I think that these activities should get more recognition from society.

Mayumi In terms of promoting and supporting sports, EDION fosters athletes in track and field and in archery.

Some of these athletes have competed in the Olympics, and some have won medals. In the education business, like "Robo-Done," which operates a robot programming class, it's not just a pursuit of profits; EDION emphasizes the significance of regional contributions, in fostering the children of the future. These business activities, with roots in the community, set EDION apart from the competition, and more than anything, I think that these children will also become fans of EDION in the future.

Fukushima The education business is an extremely important business both for EDION in the future and for society. It's only been a couple of years since it got fully underway, but it is gradually taking shape. It may take some time, but if EDION also comes to be recognized as an education provider, then we can expect synergistic effects with the home electronics business.



Independent directors ensure transparency, and function as a restraint, so that management operations don't go in the wrong direction

Board of Directors and Auditors

Directors (as of June 29, 2022)



Masataka Kubo

Chairman and CEO

Born February 18, 1950
Number of shares held: 2,180,479
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)



Norio Yamasaki

Executive Director; Vice President

Born January 15, 1957
Number of shares held: 58,780
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)



Satoshi Kaneko

Executive Director; Vice President

Born August 1, 1972
Number of shares held: 30,891
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 Loudmouth Golf LLC, Chief Strategy Officer & Managing Director Oracle Corporation, Group Manager
June 2016 Independent Director, EDION Corporation
June 2018 Senior Executive Director, EDION Corporation
June 2019 General Manager of Logistics IT Service Department President and Representative Director, e-Logi Corporation
February 2021 General Manager of Business Department, EDION Corporation (current)
June 2021 Vice President, EDION Corporation (current)



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)



Shimon Takagi

Independent Director

Born December 23, 1962
Number of shares held: 0
Board of Directors attendance: 94%

Career Highlights

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



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 Deutsch 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)



Kozo Takahashi

Executive Director

Born September 12, 1961
Number of shares held: 26,419
Board of Directors attendance: 100%

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
June 2021 Executive Director, EDION Corporation (current)
October 2021 Sales Department Manager and Product Supervising Manager, EDION Corporation
February 2022 Sales Department Manager and Sales Supervising Manager, EDION Corporation (current)



Haruyoshi Jogu

Executive Director

Born March 9, 1957
Number of shares held: 10,700
Board of Directors attendance: 100%

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
February 2021 CEO, e-Logi Corporation (current)
June 2021 Executive Director, EDION Corporation (current)
October 2021 Logistics Service Business Division Manager, EDION Corporation (current)
May 2022 President, Jtop Co., Ltd. (current)

Note: Number of shares held as of March 31, 2022



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)



Tadatsugu Mori

Independent Director

Born September 22, 1963
Number of shares held: 1,000
Board of Directors attendance: —

Career Highlights

April 2004 Management Policy Office Manager, Hankyu Department Stores, Inc.
June 2006 Director and Executive Officer, Hankyu Department Stores, Inc.
October 2007 Director and Executive Officer, H2O Retailing Corporation
March 2012 Executive Director, H2O Retailing Corporation
December 2012 Outside Director, UMENOHANA Co., Ltd.
April 2014 Executive Director, H2O Retailing Corporation
November 2020 In Charge of the Finance Office Outside Director, HITO-Communications Holdings Inc. (current)
June 2021 Director, Kansai Super Market Ltd.
December 2021 Advisor, Kansai Super Market Ltd. (current)
June 2022 Independent Director, EDION Corporation (current)

Note: Number of shares held as of March 31, 2022

Board of Directors and Auditors

Auditors (as of July 6, 2022)



Fujio Yamada

Auditor (Full-time)

Born August 29, 1959
Number of shares held: 4,337
Board of Directors attendance: 95%

Career Highlights

March 1982 Joined Eidensha Co., Ltd. (currently EDION Corporation)
General Manager of Finance Department, EDION Corporation
April 2010 Executive Officer, EDION Corporation Administrative Division, General Manager of Finance and Accounting Department and General Manager of Finance Department, EDION Corporation
April 2013 Administrative Division, General Manager of Finance and Accounting Department and General Manager of Management Department, EDION Corporation
April 2017 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)



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)



Takashi Okinaka

Independent Auditor

Born February 25, 1963
Number of shares held: 0
Board of Directors attendance: —

Career Highlights

April 1985 Joined Yoichi Nakatani CPA / Tax Accountant Office
May 1991 Transferred to Nakatani Accounting Group Yoshihiro Yagyu Tax Accountant Office
July 2000 Opened Nakatani Accounting Group Takashi Okinaka Tax Accountant Office (to present)
May 2004 Auditor, MIDORI DENKA Co., Ltd. (currently EDION Corporation)
April 2005 Independent Auditor, EDION Corporation
June 2021 Substitute Auditor, EDION Corporation
July 2022 Independent Auditor, EDION Corporation (current)

Note: Number of shares held as of March 31, 2022

Executive Officers (as of June 29, 2022)

Senior Executive Officers

| | |
|-------------------|---|
| Yuji Ikehata | Project Promotion Office Manager |
| Hirokazu Fujiwara | Store Development Supervising Manager |
| Norikazu Kojima | ELS Business Department, ELS Supervising Manager |
| Atsushi Sato | Sales Department, Telecommunications Supervising Manager and Mobile Shop Promotion Manager |
| Ken Takada | Sales Department, Franchise Supervising Manager |
| Yasuhiro Asanoma | General Manager of Finance and Accounting Department |
| Eiji Yamada | Manager of ELS Business Department |
| Hiroki Yamashita | Sales Department, Product Supervising Manager |
| Atsushi Murakami | Information System Supervising Manager |
| Tsugunori Ishida | Corporate Planning Department, Corporate Planning Supervising Manager and Investor Relations / Public Relations Manager |

Executive Officers

| | |
|---------------------|--------------------|
| Takahiro Kato | Seiji Kaneko |
| Kazuo Kitagawa | Masayuki Okajima |
| Eijiro Monze | Tatsuto Kagawa |
| Shinichi Watanabe | Takahiro Nishida |
| Hisashi Noritsune | Yasushi Utsunomiya |
| Mitsuyoshi Nagasaki | Kei Tsunoda |
| Satoshi Morita | Tomoya Katayama |
| Tsuyoshi Hasegawa | Tomohiro Kinoshita |
| Ken Yamamoto | |

Financial Status

Financial Status and Operating Results

In the home electronics retail industry during FY03/22, the slowdown in economic activities resulting from the extended coronavirus pandemic continued, but a slow recovery trend could be seen, in part because the pandemic was gradually coming under control with more people receiving vaccinations. The situation remains unpredictable, for example with concerns regarding a resurgence of coronavirus variants and delays in product supply due to the global semiconductor shortage, but at the moment, the outlook is gradually improving, with strong sales of lifestyle home electronics products and mobile phones.

The EDION Group was impacted as well, as some stores were forced to close or cut back operating hours during April and May 2021 to prevent the spread of coronavirus infections, resulting in a decline in sales. From June to August, the consumption mindset was sluggish due in part to the effects of a long rainy season and torrential rains mainly in western Japan, but consumption recovered slowly after the state of emergency declaration was lifted in September. Although “semi-state of emergency” measures were imposed in January 2022, for the most part, the situation is returning to normal.

By product, mobile phones and residential facilities saw strong performance throughout the year. Sales of video home electronics products (mainly large screen TVs), as well as video games and toys, fell year-on-year, in part because of special cash payments, teleworking demand, and “stay-at-home” demand during the previous fiscal year, but sales continue to exceed the typical year. Sales of air conditioners and other seasonal home electronics products were sluggish during the summer and autumn due to the long rainy season and other periods of inclement weather.

Cool temperatures continued nationwide from January 2022 onward, contributing to a recovery in sales for seasonal home electronics products, and a steady increase in sales for refrigerators, washing machines, vacuum cleaners, and other lifestyle home electronics.

EDION will continue to achieve dominance in areas with stores, and will strengthen three platforms: The Customer Platform, incorporating the EDION app and EDION cards into the lifestyle cycle; the Business Platform, which contributes to supporting richness and abundance in customers' lives and proposes comfortable lifestyles in keeping with fields such as home improvements and education, with a focus on home electronics; and the Infrastructure Platform, which involves renovating POS and backbone systems, building nationwide logistics networks, promoting diversity, and reviewing HR systems.

EDION 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.” For details on these activities, please refer to EDION's corporate website (<https://www.edion.co.jp/>).

In store development, on June 25, 2021, the EDION Kyoto Shijo Kawaramachi store located in central Kyoto had its grand opening. The Kyoto Shijo Kawaramachi store proposes new experiences and enjoyment to customers more than ever before; for example, in a first for a volume home electronics retailer, the store features permanent placement of the “Anker Store,” which handles peripherals for smart devices, and the “Makuake SHOP,” which sells products developed through the Makuake crowdfunding site.

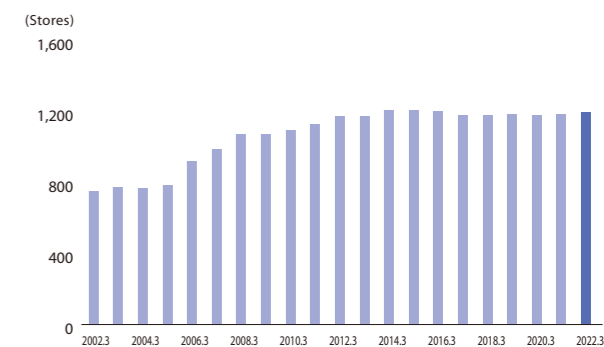
EDION offers an abundant range of affordable products in keeping with the needs of regional customers and provides a space where customers can shop in comfort, to

embody the corporate message of “Reassuring Feelings and Lasting Satisfaction.” For example, in response to requests from women living alone, deliveries can be made by female staff.

A total of 14 new directly operated home electronics stores have opened, including the EDION Komaki store and the EDION Takabarihara store in Aichi Prefecture, the EDION Aeon Mall Yahatahigashi store in Fukuoka Prefecture, the EDION Hiyoshi store in Kanagawa Prefecture, the 100-Man Volt Aeon Matto store in Ishikawa Prefecture, and the 100-Man Volt Toyama Nakagawara store in Toyama Prefecture. Three stores relocated, including the EDION HOME'S Neyagawa store in Osaka Prefecture, the EDION Tonarie Minami-Senri Annex store in Osaka Prefecture expanded its floor area, and two stores closed. Two new directly operated non-home electronics stores opened, while two closed. In franchise stores, there was a net increase of three stores.

As a result, at the end of FY03/22, there were a total of 1,202 stores, including 753 franchise stores.

Total Number of Stores



Financial Status

Net Sales

Consolidated net sales in FY03/22 were ¥713.8 billion (92.9% versus FY03/21). Despite strong performance in mobile phones, residential facilities, washing machines, vacuum cleaners, and other lifestyle home electronics, sales declined in general from the summer through the autumn due to the absence of the special cash payments, teleworking demand, and “stay-at-home” demand that contributed during 2021, as well as sluggish performance in air conditioners and other seasonal home electronics products due to inclement weather during the summer.

Operating Income

Operating income in FY03/22 was ¥18.8 billion (70.2% versus FY03/21). This was mainly due to the decline in consolidated sales, but also to a temporary increase in SG&A expenses resulting from the costs of opening the EDION Shijo Kawaramachi store in Kyoto and other new stores.

Ordinary Income

Ordinary income in FY03/22 was ¥21.6 billion (77.6% versus FY03/21), mainly due to the decline in operating income.

Profit Attributable to Owners of Parent

Profit attributable to owners of parent in FY03/22 was ¥13.1 billion (78.8% versus FY03/21). This was mainly due to the decline in ordinary income, but also to an impairment loss of ¥1.8 billion, among other factors.

Consolidated Financial Status

Total assets were ¥378.0 billion, down ¥8.5 billion compared to the end of FY03/21. Merchandise and products increased by ¥8.1 billion in preparation for risks from the coronavirus pandemic, but this increase was offset by a decline of ¥2.0 billion in current assets resulting in part from a decline of ¥13.2 billion in cash and cash equivalents due to the pay-

ment of income taxes and other factors, and a decline of ¥6.5 billion in non-current assets resulting in part from a decline of ¥4.5 billion in deferred tax assets.

Liabilities were ¥178.5 billion, down ¥14.1 billion compared to the end of FY03/21. Income taxes payable were down ¥8.3 billion due to the payment of income taxes, but current liabilities were up ¥5.2 billion, in part because provision for merchandise warranties, which had previously been shown as non-current liabilities, were shown as contract liabilities in current liabilities, in keeping with the application of revenue recognition standards. Furthermore, non-current liabilities were down ¥19.3 billion due in part to a decline of ¥10.5 billion that resulted from a repayment of long-term loans, among other factors.

Net assets were ¥199.5 billion, up ¥5.6 billion compared to the end of FY03/21. Net assets declined by ¥5.1 billion due to the payment of dividends from surplus, but increased by ¥13.1 billion due to profit attributable to owners of parent.

As a result of the above, the shareholders' equity ratio increased from 50.2% at the end of FY03/21 to 52.8% at the end of FY03/22.

Status of Cash Flow

Consolidated cash and cash equivalents (hereinafter, “capital”) at the end of FY03/22 were ¥29.9 billion (69.4% versus FY03/21), down ¥13.2 billion compared to the end of FY03/21. The status of cash flows and related factors in FY03/22 are as follows.

Cash Flows from Operating Activities

Capital obtained from operating activities was ¥10.6 billion (¥43.0 billion obtained in FY03/21).

This includes: Profit before income taxes: ¥19.8 billion; depreciation: ¥11.0 billion; impairment loss: ¥1.8 billion; reduction in capital due to reduction in provision for bonuses:

¥1.6 billion; reduction in capital due to increase in inventory assets: ¥8.2 billion; increase in capital due to increase in accounts payable: ¥4.4 billion; and payment of income taxes: ¥13.4 billion.

Cash Flows from Investing Activities

Capital used as a result of investing activities was ¥10.5 billion (¥8.0 billion used in FY03/21).

This includes: ¥7.4 billion from obtaining property and equipment, at cost; ¥787 million in income from the sale of property and equipment; ¥1.9 billion in expenditures to obtain intangible assets; ¥960 million in expenditures to obtain investment securities; and ¥1.2 billion in expenditures for guarantee deposits.

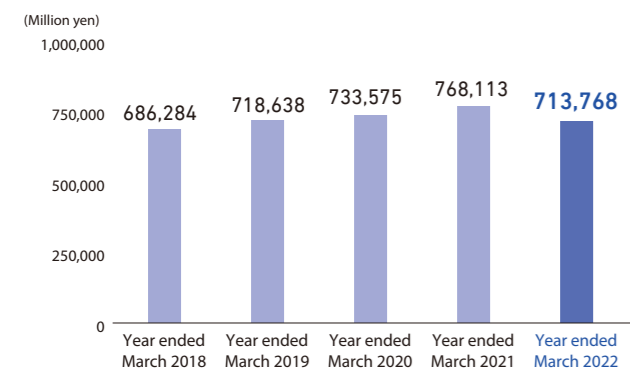
Cash Flows from Financing Activities

Capital used as a result of financing activities was ¥13.2 billion (¥7.9 billion used in FY03/21).

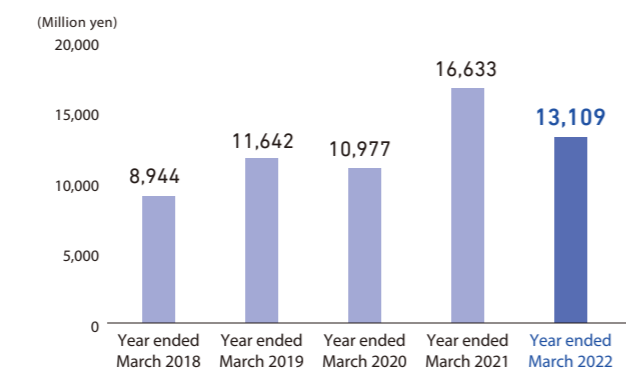
This includes: ¥2.9 billion in expenditures for the repayment of long-term loans; ¥5.4 billion in expenditures for acquiring treasury shares; and ¥4.7 billion for the payment of dividends.

*For details, please refer to the securities report.

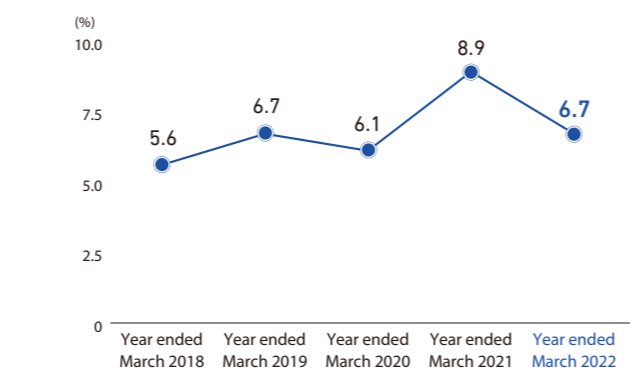
Net Sales **¥713,768 million**



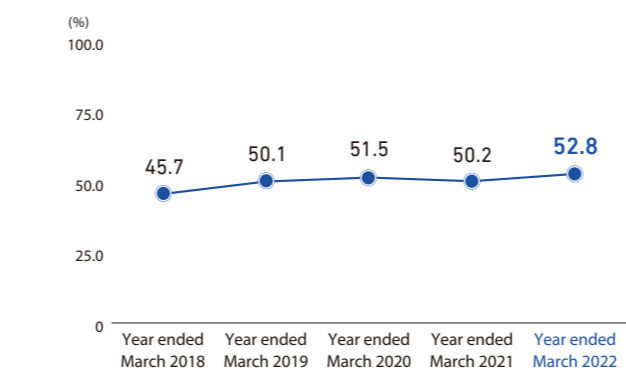
Profit Attributable to Owners of Parent **¥13,109 million**



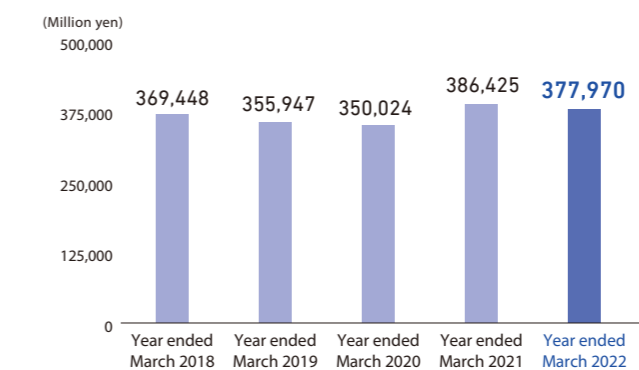
ROE **6.7%**



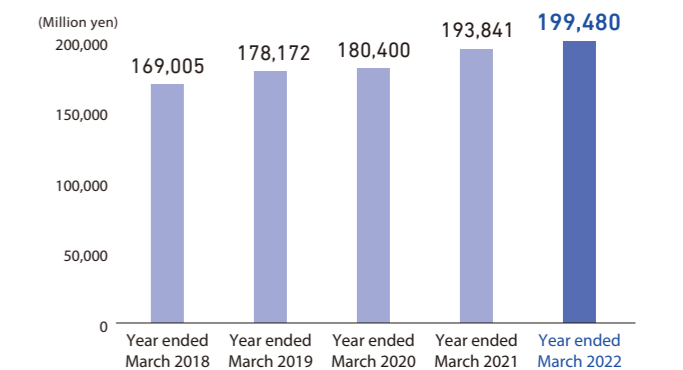
Equity Ratio **52.8%**



Total Assets **¥377,970 million**



Net Assets **¥199,480 million**



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

| | 3/2013 | 3/2014 | 3/2015 | 3/2016 | 3/2017 | 3/2018 | 3/2019 | 3/2020 | 3/2021 | 3/2022 |
|--|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Million yen | | | | | | | | | |
| Results | | | | | | | | | | |
| Net Sales | 685,145 | 766,699 | 691,216 | 692,087 | 674,426 | 686,284 | 718,638 | 733,575 | 768,113 | 713,768 |
| Operating Income | (2,476) | 13,720 | 10,745 | 17,050 | 15,273 | 15,378 | 17,842 | 12,284 | 26,785 | 18,796 |
| Ordinary Income | 1,476 | 14,883 | 11,118 | 17,275 | 16,005 | 16,167 | 18,889 | 13,365 | 27,811 | 21,589 |
| Profit Attributable to Owners of Parent | (2,640) | 5,149 | 4,929 | 6,022 | 13,118 | 8,944 | 11,642 | 10,977 | 16,633 | 13,109 |
| Financial Status | | | | | | | | | | |
| Total Assets | 378,087 | 385,799 | 367,338 | 360,307 | 368,161 | 369,448 | 355,947 | 350,024 | 386,210 | 377,970 |
| Net Assets | 138,489 | 146,756 | 145,086 | 141,986 | 151,512 | 169,005 | 178,172 | 180,400 | 193,841 | 199,480 |
| Cash Flow | | | | | | | | | | |
| Cash Flows from Operating Activities | (4,643) | 45,741 | (17,215) | 37,154 | 19,333 | 21,553 | 28,304 | 25,278 | 42,964 | 10,576 |
| Cash Flows from Investing Activities | (13,400) | (13,154) | (3,774) | (9,753) | (13,484) | (8,944) | (12,419) | (5,559) | (7,975) | (10,518) |
| Cash Flows from Financing Activities | 17,325 | (22,259) | 9,697 | (24,156) | (8,168) | (14,308) | (15,077) | (12,780) | (7,891) | (13,245) |
| Cash and Cash Equivalents at End of Period | 9,967 | 20,293 | 9,001 | 12,246 | 9,927 | 8,227 | 9,035 | 15,974 | 43,072 | 29,885 |
| | Yen | | | | | | | | | |
| Per Share Information | | | | | | | | | | |
| Net Income | (25.80) | 48.42 | 45.77 | 60.04 | 133.04 | 90.84 | 105.34 | 101.33 | 155.34 | 125.41 |
| Diluted Earnings Per Share (EPS) | — | 48.33 | 42.69 | 47.66 | 102.89 | 71.90 | 93.78 | 90.49 | 139.79 | 112.60 |
| Dividend | 20.00 | 22.00 | 20.00 | 22.00 | 26.00 | 28.00 | 32.00 | 34.00 | 46.00 | 44.00 |
| Net Assets | 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 | 1,950.13 |
| | % | | | | | | | | | |
| Indicators | | | | | | | | | | |
| Equity Ratio | 36.6 | 38.0 | 39.5 | 39.4 | 41.2 | 45.7 | 50.1 | 51.5 | 50.2 | 52.8 |
| Return on Equity (ROE) | (1.9) | 3.6 | 3.4 | 4.2 | 8.9 | 5.6 | 6.7 | 6.1 | 8.9 | 6.7 |
| Sales-to-operating Income Ratio | (0.4) | 1.8 | 1.6 | 2.5 | 2.3 | 2.2 | 2.5 | 1.7 | 3.5 | 2.6 |
| P/E Ratio (times) | — | 11.88 | 19.75 | 14.22 | 7.69 | 13.63 | 9.17 | 8.81 | 7.98 | 9.05 |
| P/B Ratio (times) | 0.32 | 0.43 | 0.65 | 0.59 | 0.66 | 0.81 | 0.60 | 0.53 | 0.68 | 0.58 |
| Return on Invested Capital (ROIC) | (0.4) | 3.2 | 2.5*1 | 4.1*1 | 4.0*1 | 4.2 | 5.0 | 4.2 | 7.0 | 4.9 |
| *Including Convertible Bonds | | | | | | | | | | |
| D/E Ratio (times) | 0.9 | 0.7 | 0.8 | 0.7 | 0.6 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 |
| *Including Convertible Bonds | | | | | | | | | | |
| Dividend Payout Ratio | — | 45.4 | 43.7 | 36.6 | 19.5 | 30.8 | 30.4 | 33.6 | 29.6 | 35.1 |

| | 3/2013 | 3/2014 | 3/2015 | 3/2016 | 3/2017 | 3/2018 | 3/2019 | 3/2020 | 3/2021 | 3/2022 |
|--|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| Non-Financial Information | | | | | | | | | | |
| Total Number of Employees | 16,052 | 16,002 | 15,537 | 15,645 | 15,227 | 15,496 | 15,535 | 15,889 | 16,209 | 16,434 |
| Number of Full-time Employees | 9,602 | 9,109 | 8,788 | 8,663 | 8,551 | 8,653 | 8,761 | 8,778 | 9,007 | 9,158 |
| Number of Temporary Employees (*Converted to 8 hr. days) | 6,450 | 6,893 | 6,749 | 6,982 | 6,676 | 6,843 | 6,827 | 7,111 | 7,202 | 7,276 |
| Ratio of Female of Employees, Including Temporary Employees (Non-consolidated) | — | — | — | 35.6% | 35.5% | 35.4% | 36.1% | 36.3% | 36.6% | 37.1% |
| Ratio of Independent Directors (%) | 0.0% | 9.1% | 15.4% | 16.7% | 14.3% | 40.0% | 44.4% | 44.4% | 50.0% | 50.0% |
| Total Number of Stores | 1,177 | 1,212 | 1,212 | 1,206 | 1,185 | 1,186 | 1,191 | 1,184 | 1,187 | 1,202 |
| Total Sales Floor Area (1,000 m ²) *Excluding Franchise Stores | 1,042 | 1,053 | 1,030 | 1,024 | 1,019 | 1,020 | 1,039 | 1,055 | 1,058 | 1,086 |
| EDION Card Members (10,000 persons) | 440 | 456 | 465 | 469 | 475 | 482 | 489 | 490 | 486 | 485 |
| Anshin Hosho (Assured-warranty) Card Members (10,000 persons) | 163 | 341 | 502 | 640 | 720 | 775 | 798 | 809 | 829 | 838 |
| Emissions Due to Industrial Waste (t) | — | — | — | 38,794 | 41,302 | 49,036 | 45,811 | 49,610 | 49,241 | 47,294 |
| Emissions Due to Recycling Small Home Electronics (t) *2 | — | — | — | 4,922 | 5,130 | 5,193 | 5,158 | 5,481 | 6,207 | 5,634 |
| *EDION / 3Q (Excluding Hokkaido) | | | | | | | | | | |
| Emissions Due to Recycling Small Home Electronics (t)*2*3 | — | — | — | 5,914 | 6,511 | 6,787 | 7,370 | 8,286 | 8,244 | 7,995 |
| CO ₂ Emissions (t) | — | — | — | 151,306 | 138,773 | 126,736 | 111,327 | 112,809 | 110,994 | 106,869 |
| Number of Solar Power Systems Installed | — | 1 | 4 | 26 | 53 | 65 | 72 | 72 | 72 | 70 |
| Power Generation Capacity of Solar Power Systems (1,000 kWh) | — | — | — | — | 2,338 | 3,334 | 4,622 | 4,524 | 4,608 | 4,197 |
| CO ₂ Reduction Due to Solar Power Systems (t) | — | — | — | — | 792 | 1,130 | 1,566 | 1,534 | 1,561 | 1,422 |

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

*2 Some figures have been amended to reflect changes in tabulation methods from 2022

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

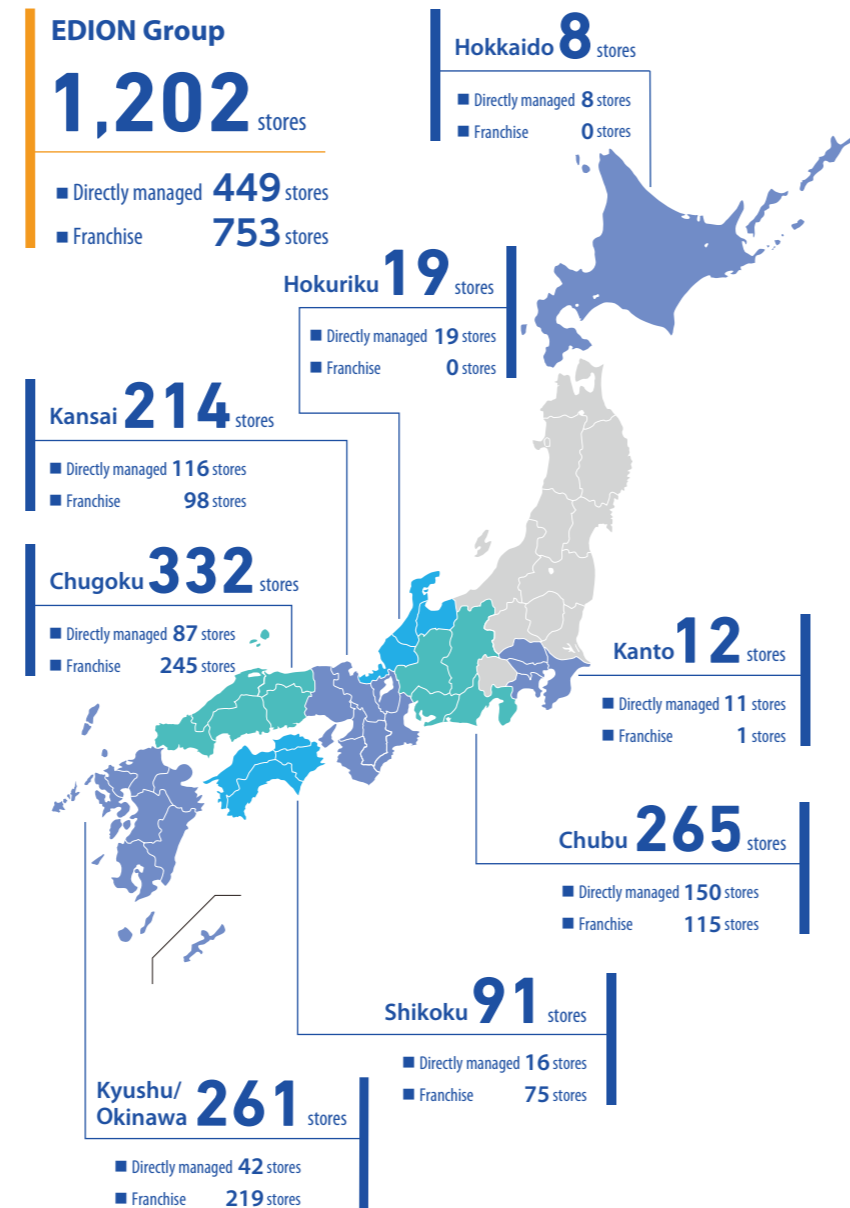
EDION Group Companies (As of August 1, 2022)

| Name | Location | Capital (Million yen) | Main Business Activities | Shareholding of Voting Shares (%) |
|-----------------------------------|-------------------------|--------------------------|--|-----------------------------------|
| Consolidated Subsidiaries | | | | |
| 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 ^{#2} | Chikusa-ku, Nagoya-shi | 30 | Operation and development of information systems | 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 | Shinagawa-ku, Tokyo | 41 | Planning / printing business | 100.00 |
| Hampstead Co., Ltd. ^{#2} | Shinagawa-ku, Tokyo | 32 | System development / digital marketing business | 100.00 |
| EdBank Corporation | Shinagawa-ku, Tokyo | 10 | Operation of programming classes, etc. | 100.00 |
| Equity Method Affiliates | | | | |
| Sanfrece Hiroshima FC Co., Ltd. | Naka-ku, Hiroshima-shi | 220 | Operation of professional soccer team | 46.96 |

Note: ^{#1} We have introduced a cash management system (CMS) at core consolidated subsidiaries to centrally manage funds, allowing, for example, the lending of funds and accepting of surplus funds.

^{#2} On October 1, 2022, Hampstead Co., Ltd. was merged (by absorption) with NWORK Corporation, and the company name was changed to EDION X Ventures Corporation.

Store Network (As of March 31, 2022)



Company Information (As of March 31, 2022)

| | |
|------------------------------|--|
| 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 | 16,434 (9,158 full-time employees, 7,276 temporary employees) |

External Evaluations



FTSE Blossom Japan Sector Relative Index

EDION was chosen to be included in the "FTSE Blossom Japan Sector Relative Index," an investment index comprising outstanding Japanese companies in the field of ESG (environmental, social, and corporate governance) activities.

Stock Information (As of March 31, 2022)

| | |
|-------------------------------------|--|
| Stock Listing | Tokyo stock exchange prime market |
| Securities Code | 2730 |
| Number of Shares Issuable | 300,000,000 |
| Number of Shares Outstanding | 112,005,636 |
| Number of Shareholders | 105,722 |
| 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

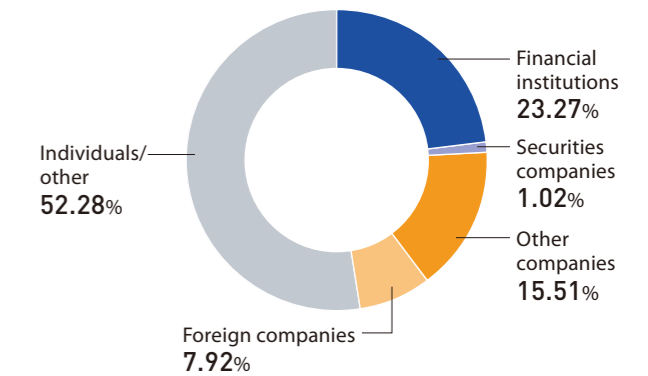
| Name | Shares Held (Thousands) | % of Outstanding Shares (Excluding Treasury Shares) |
|--|-------------------------|---|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 10,537 | 10.30 |
| LIXIL Corporation | 8,961 | 8.76 |
| EDION Group Employee Stock Ownership Plan | 8,206 | 8.02 |
| Daiichi Co., Ltd. | 3,449 | 3.37 |
| Masataka Kubo | 2,179 | 2.13 |
| Custody Bank of Japan, Ltd. (Trust account) | 1,930 | 1.89 |
| The Dai-ichi Life Insurance Company, Ltd. | 1,811 | 1.77 |
| MUFG Bank, Ltd. | 1,692 | 1.65 |
| EDION Group Client Stock Ownership | 1,668 | 1.63 |
| Sumitomo Life Insurance Company | 1,624 | 1.59 |

(Note) 1. "Shares held" is rounded down to the nearest thousand shares.

2. EDION Corporation holds 9,714,361 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



Total Shareholder Yield

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

