# EDION Corporation Analyst Meeting
# Q1 FY03/24

August 2, 2023

1. Q1 FY03/24 Results

2. FY03/24 Earning Forecast

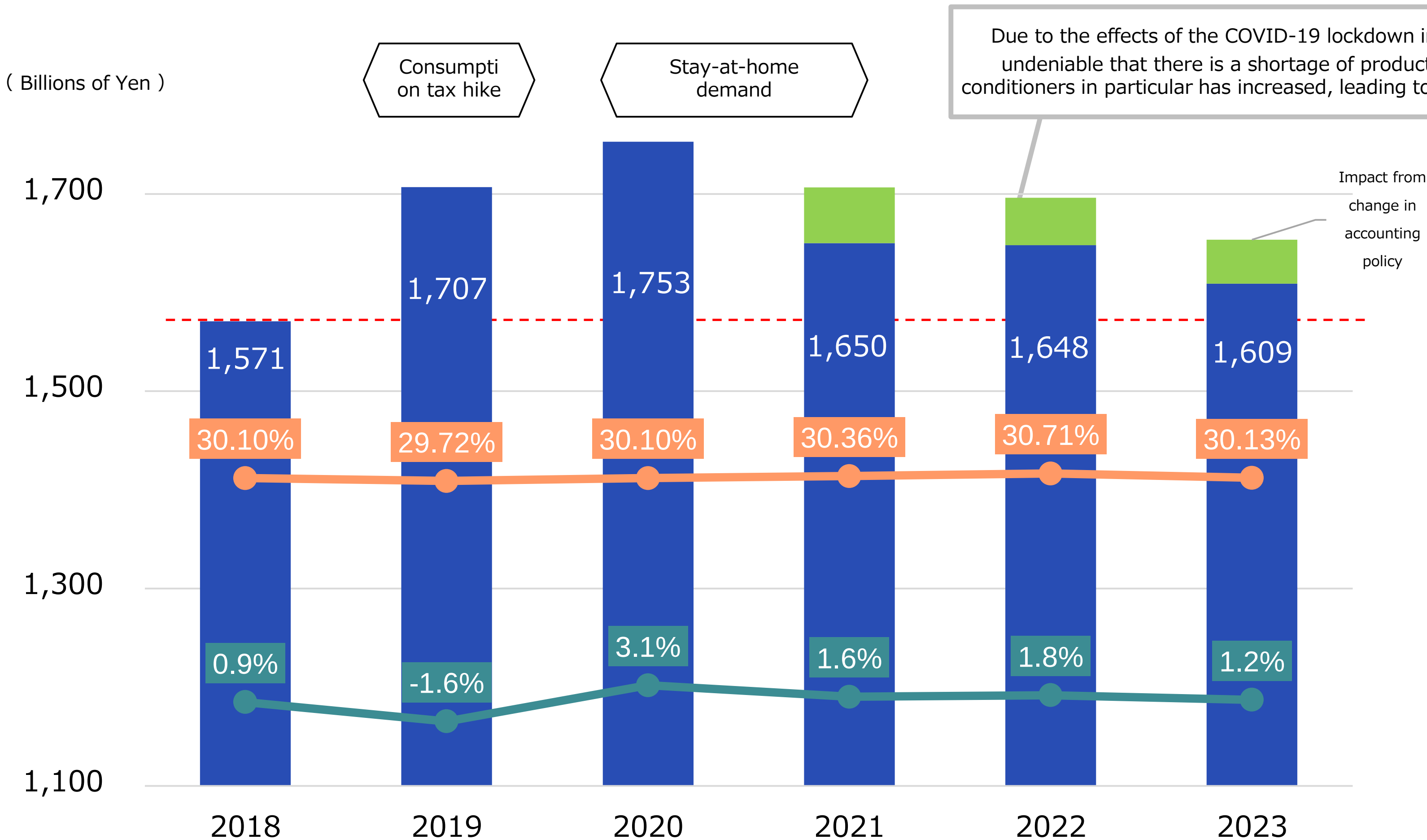
3. Key Topics

# 1. Q1 FY03/24 Results

# Consolidated Statements of Income

| Million Yen, % | Q1 FY03/23 | | | Q1 FY03/24 | | | |
|---|---|---|---|---|---|---|---|
| | % of Sales | Results | % of Q1 FY03/22 | % of Sales | Results | % of Q1 FY03/23 | YoY Change |
| **Net Sales** | | **164,854** | **99.9** | | **160,941** | **97.6** | **△3,912** |
| **Gross Profit** | **30.71** | **50,634** | **101.0** | **30.13** | **48,498** | **95.8** | **△2,136** |
| **SG&A Expenses** | **28.8** | **47,512** | **99.7** | **29.0** | **46,726** | **98.3** | **△786** |
| Advertising and Selling Expenses | 6.8 | 11,204 | 95.3 | 6.5 | 10,489 | 93.6 | △715 |
| Personnel Expenses | 12.0 | 19,862 | 100.4 | 12.3 | 19,828 | 99.8 | △3 4 |
| Equipment Costs and Administrative Expenses | 8.4 | 13,793 | 104.1 | 8.6 | 13,887 | 100.7 | 93 |
| Depreciation | 1.6 | 2,652 | 92.3 | 1.6 | 2,521 | 95.1 | △130 |
| **Operating Profit** | **1.9** | **3,121** | **127.1** | **1.1** | **1,771** | **56.8** | **△1,349** |
| Non-Operating Income | 0.2 | **345** | 87.7 | 0.3 | 458 | 132.8 | 113 |
| Non-Operating Expenses | 0.3 | **493** | 185.1 | 0.2 | 337 | 68.3 | △156 |
| **Ordinary Profit** | **1.8** | **2,973** | **115.1** | **1.2** | **1,893** | **63.7** | **△1,080** |
| Extraordinary Income | 0.1 | 244 | 484.2 | 0.0 | 21 | 8.9 | △222 |
| Extraordinary Losses | 0.0 | 31 | 16.6 | 0.1 | 109 | 349.0 | 77 |
| Profit before Income Taxes | 1.9 | 3,186 | 130.3 | 1.1 | 1,805 | 56.7 | △1,380 |
| Total Income Taxes | 0.6 | 1,015 | 143.5 | 0.4 | 711 | 70.1 | △303 |
| **Profit Attributable to Owners of the Parent** | **1.3** | **2,171** | **125.0** | **0.7** | **1,093** | **50.4** | **△1,077** |

# Results Summary for FY2024 1Q (Three Months to June 2023)




**Net Sales**

JPY160.9bn

(Before change in accounting policy) JPY165.4bn

**GPM**

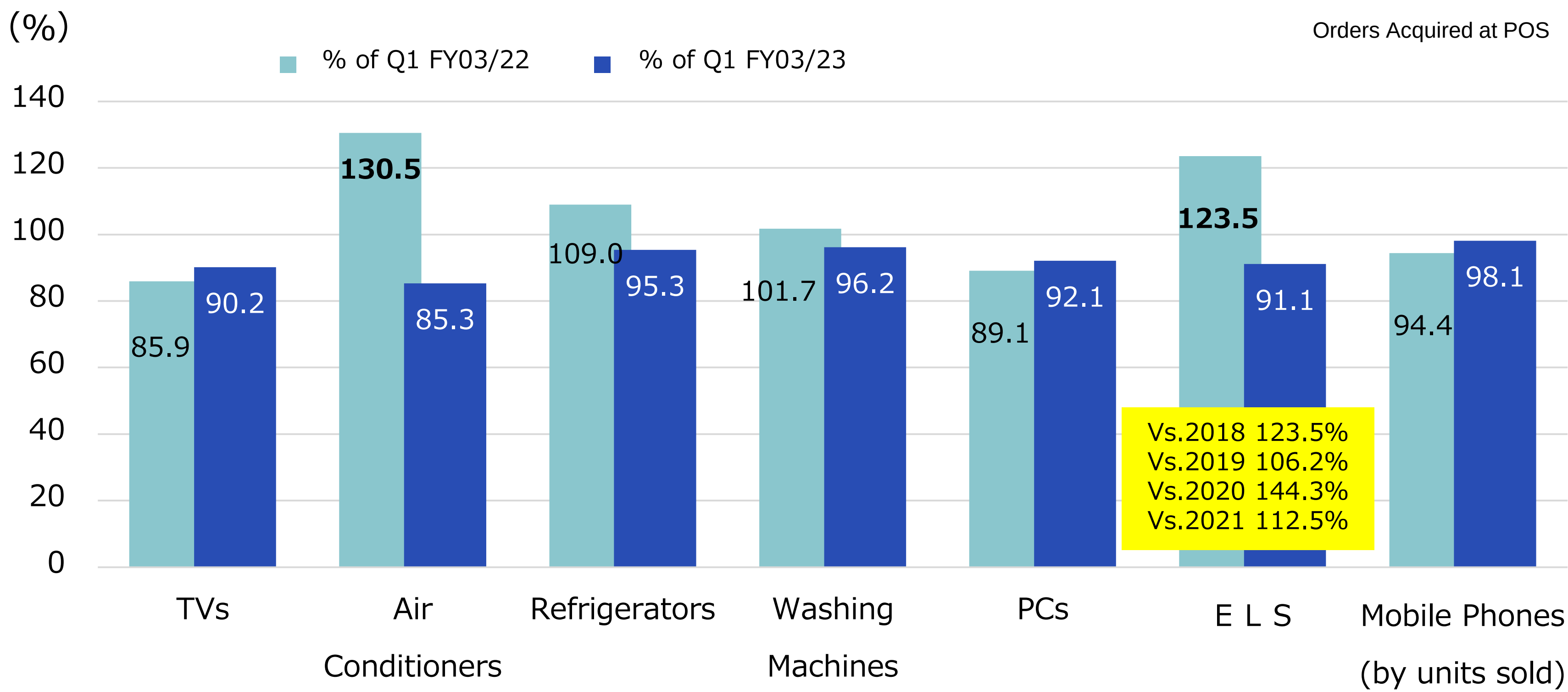
30.13 %

**Ordinary profit margin**

1.2 %

- Q1 FY2024 sales: were lower than in Q1 FY2023
  This was mainly due to unusually early sales of summer products such as air conditioners in the first quarter of FY03/2023
- Gross profit margin ratio: 30.13% in the current period, slightly down from 30.71% in the previous period
- SG&A expenses: increased by 0.21%, resulting in a recurring profit margin of 1.2%

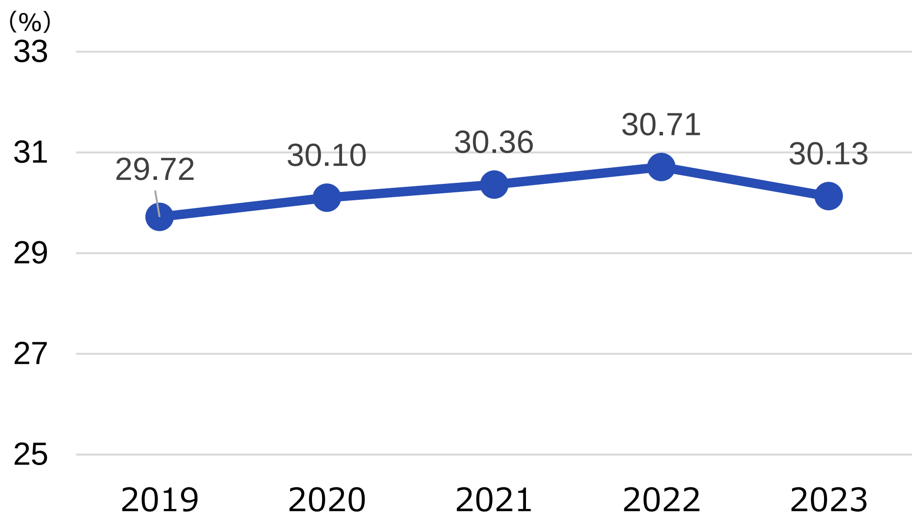
# Comparison of Orders by Product




| Main Products | FY03/23 Apr. | May | Jun. | **Q1 FY03/23** | **FY03/24** Apr. | May | Jun. | **Q1 FY03/24** |
|---|---|---|---|---|---|---|---|---|
| TVs | 94.9 | 88.9 | 77.7 | **85.9** | 90.5 | 91.7 | 88.7 | **90.2** |
| Air Conditioners | 135.5 | 115.1 | 140.1 | **130.5** | 92.1 | 98.6 | 74.5 | **85.3** |
| Refrigerators | 111.9 | 108.1 | 107.7 | **109.0** | 98.3 | 96.6 | 92.4 | **95.3** |
| Washing Machines | 106.6 | 101.7 | 97.2 | **101.7** | 97.5 | 89.8 | 101.8 | **96.2** |
| PCs | 91.0 | 87.2 | 88.7 | **89.1** | 93.3 | 94.1 | 88.5 | **92.1** |
| ELS | 132.7 | 122.5 | 116.4 | **123.5** | 95.6 | 91.9 | 85.8 | **91.1** |
| Mobile Phones (by units sold) | 86.9 | 100.0 | 96.7 | **94.4** | 100.3 | 97.2 | 96.9 | **98.1** |

# Gross profit margin and SG&A-to-sales ratio

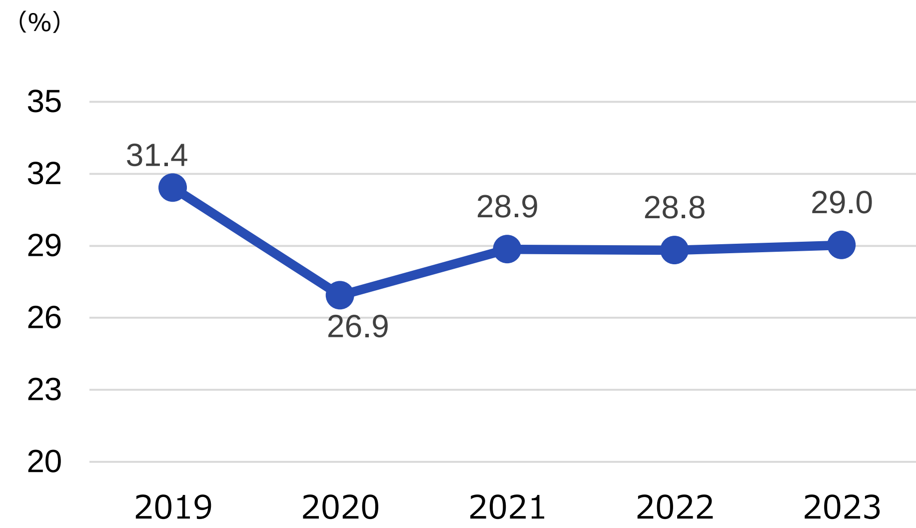
## 1 Gross Profit Margin




▷**GPM**: 30.13% in 1Q FY03/2024, 30.71% in 1Q FY03/2023, YoY Change: -0.58%

The main factors affecting the gross profit margin were a decrease in the ratio of air conditioners and an increase in the sales composition of game, and toy products
（Impact on gross profit margin -0.73%）

## 2 SG&A-to-sales ratio




▷ **SG&A expenses**: 1Q FY03/24.: JPY46.7bn Change YoY: -JPY0.78bn
▷Advertising and selling expenses: -JPY71mn (Sales promotion.: -JPY630mn, Improvement of logistics costs.: -JPY100mn)
▷Personnel expenses: -JPY30mn
▷Equipment costs and administrative expenses: JPY90mn
(Respond to rising utility rates (YoY amount) JPY180mn, Real Estate Rental Rates (YoY amount) 170mn, One-time expenses related to new store openings: JPY190mn)
▷Depreciation: -JPY130mn

# Consolidated Balance Sheet and Consolidated Statements of Cash Flows

## Consolidated Balance Sheet

( Million yen )

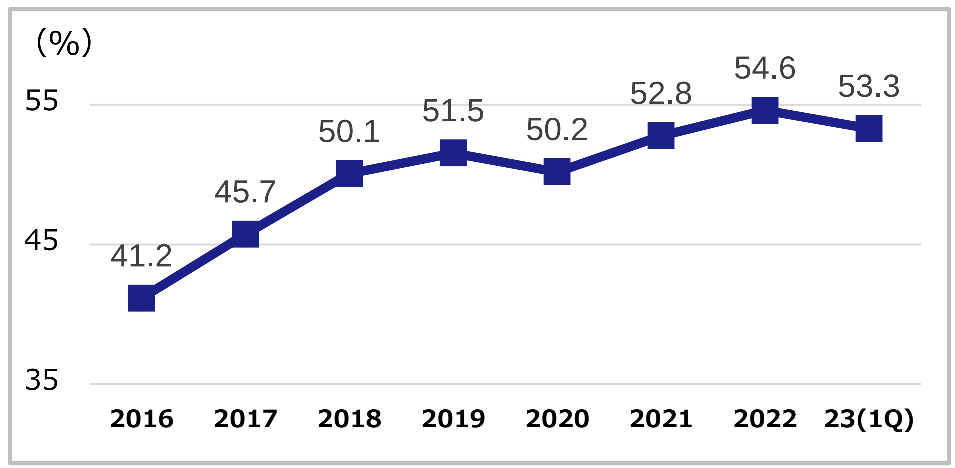
| | End-March 2023 | End-June 2023 | YoY Change |
|---|---|---|---|
| Cash and cash equivalents | 13,235 | 9,058 | △4,177 |
| Inventories-merchandise and products | 116,061 | 136,456 | 20,395 |
| Other current assets | 56,442 | 49,065 | △7,377 |
| Current Assets | 185,739 | 194,580 | 8,841 |
| Property, Plant, and Equipment | 122,126 | 121,710 | △416 |
| Intangible Assets | 9,746 | 9,607 | △138 |
| Investments and Other Assets | 51,753 | 51,053 | △700 |
| Non-Current Assets | 183,625 | 182,370 | △1,255 |
| **Total Assets** | **369,365** | **376,951** | **7,586** |
| Current Liabilities | 107,841 | 116,604 | 8,762 |
| Non-Current Liabilities | 59,866 | 59,458 | △407 |
| **Total Liabilities** | **167,708** | **176,062** | **8,354** |
| Net Assets | 201,656 | 200,888 | △768 |
| **Total Liabilities and Net Assets** | **369,365** | **376,951** | **7,586** |

## Consolidated Statements of Cash Flows

( Million yen )

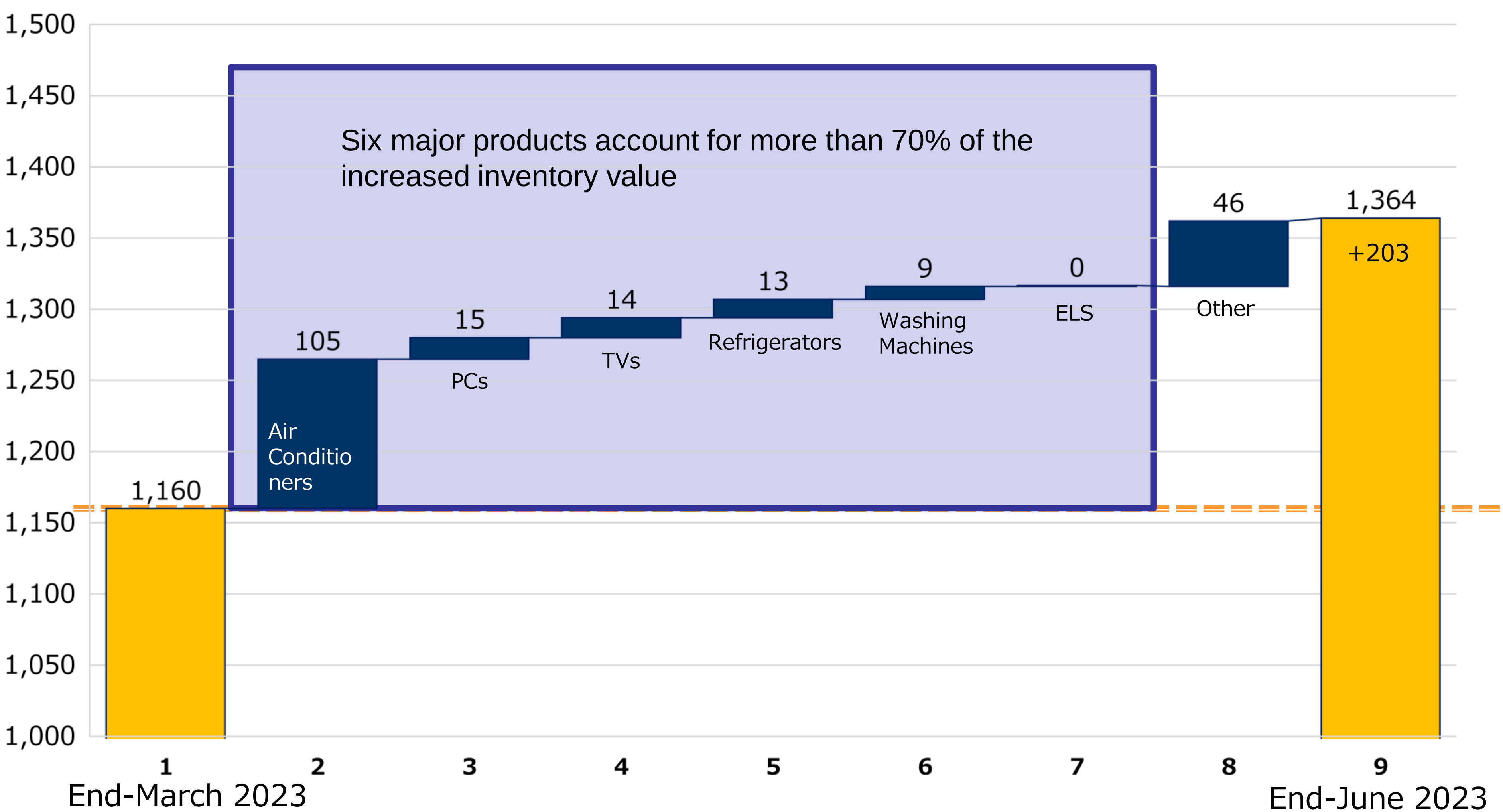
| | End-June 2022 | End-June 2023 |
|---|---|---|
| CFs from Operating Activities | 402 | △4,983 |
| CFs from Investing Activities | △1,980 | △2,801 |
| FCF | △1,578 | △7,784 |
| CFs from Financing Activities | △2,482 | 3,607 |
| Cash and cash equivalents at end of FY | 25,824 | 9,058 |

## Shareholders' Equity Ratio



# Inventory Status

(Billions of Yen)




*Figures in the slide are rounded down to the nearest 100 million yen

# 2. FY03/24 Earning Forecast

# Consolidated Earnings Forecast

| Million yen, % | 1H | | 2H | | FY03/24 | | | |
|---|---|---|---|---|---|---|---|---|
| | Forecast | YoY Change | Forecast | YoY Change | % of Sales | **Forecast** | % of FY03/23 | YoY Change |
| **Net Sales** | 367,000 | 104.5 | 378,000 | 102.3 | **100.0** | **745,000** | **103.3** | **+24,415** |
| **Gross Profit** | 111,600 | 104.5 | 106,750 | 102.5 | **29.31** | **218,350** | **103.5** | **+7,473** |
| **SG&A Expenses** | 98,600 | 102.2 | 100,250 | 105.2 | **26.6** | **198,850** | **103.7** | **+7,159** |
| Advertising and Selling Expenses | 23,820 | 100.0 | 23,500 | 105.1 | 6.3 | 47,320 | 102.5 | +1,162 |
| Personnel Expenses | 40,100 | 101.1 | 40,400 | 101.9 | 10.8 | 80,500 | 101.5 | +1,207 |
| Equipment Costs and Administrative Expenses | 29,591 | 107.2 | 30,931 | 111.3 | 8.1 | 60,521 | 109.2 | +5,145 |
| Depreciation | 5,089 | 94.6 | 5,419 | 98.7 | 1.4 | 10,509 | 96.7 | △356 |
| **Operating Profit** | 13,000 | 125.8 | 6,500 | 73.4 | **2.6** | **19,500** | **101.6** | **+313** |
| **Ordinary Profit** | 13,000 | 127.8 | 6,500 | 71.5 | **2.6** | **19,500** | **101.3** | **+251** |
| **Profit Attributable to Owners of the Parent** | 8,500 | 120.2 | 3,000 | 69.4 | **1.5** | **11,500** | **100.9** | **+106** |

**No revision of consolidated earnings forecast.**

○ Net sales :Same-store sales vs. FY03/23: 102% in the first half, 100% in the second half, 101% for the full year
○ Gross Profit Margin :Result projected to be level in comparison with FY03/23
○ SG&A expenses :No change from the assumption at the beginning of the period
▷The assumption has factored in higher selling expenses due to sales fluctuations, higher personnel expenses due to an increase in base salaries for full-time employees, higher utility costs, and expenses for new stores rent, fixtures, etc.

# Store openings, relocations, and closings (actual and planned)

| (stores) | | | New openings | Relocations and Renovations | Closures | YoY Change | End-of-Period Store Count |
|---|---|---|---|---|---|---|---|
| FY03/23 Results | | Full-year | 5 | 3 | 4 | 1 | 450 |
| **FY03/24** | **Plan** | **Full-year** | **9** | **6** | - | **-** | **-** |
| | **Results** | **Q1 FY2024** | **2** | **4** | **1**<br>(non-home electronics stores) | **1** | **451** |

**Eco-friendly Store**
**EDION Kojima (Okayama Prefecture)**

**EDION Group 1,211 stores**

As of end-June 2023

■**EDION-owned stores 451** ■**Franchise stores 760**

**Reduced operating hours at 126 of 451 directly managed stores. This will help employees maintain a better work-life balance and improve their health**

# 3. Key Topics

# EDION PB Brand Introduction （e angle）





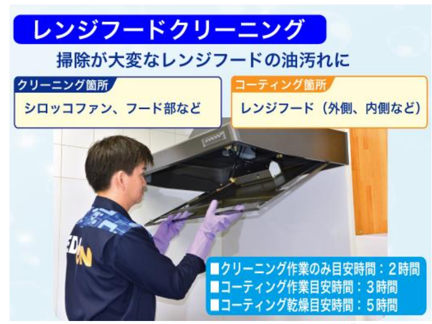

e angle

**New Product Born from Customer Feedback Launched in May 2023**


# We Are Working to Enhance Our Menu of Cleaning Services

Air conditioner cleaning


Laundry Tank Cleaning

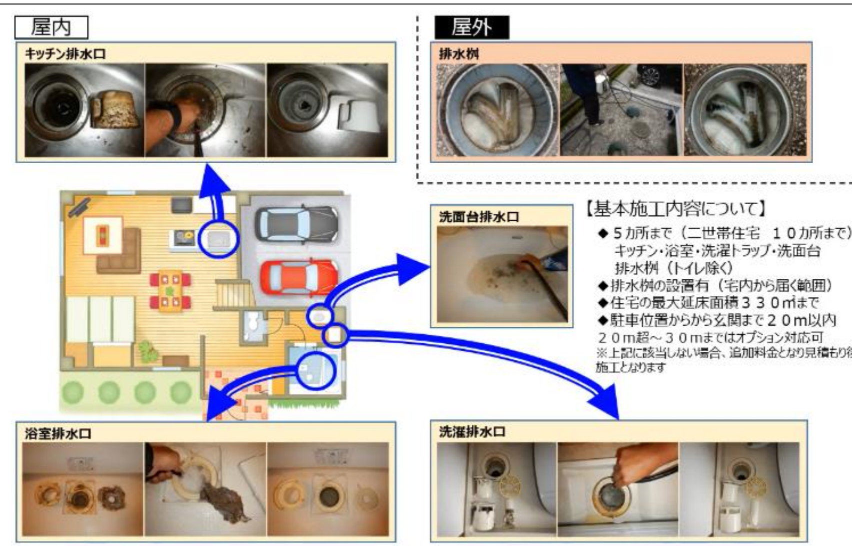



Remove grease stains from range hood


Removal of water stains in kitchens and bathrooms, etc.

**New Services menu**

## Drain cleaning added in April 2023



# Strengthening of Sustainability Management

## Intensification of Relevant Initiatives

### 1 Initiatives Targeting a Sound Material-Cycle Society

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

### 2 Promotion of Health Management

EDION values the health of its employees and is therefore committed to its maintenance and improvement. The Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi awarded EDION Corporation its 2023 Certified Health & Productivity Management Award (in the Large Enterprise category) in recognition of our outstanding initiatives.

### 3 Community Support

We support Paralym Art® activities directed by the Shougaisha Jiritsu Suishin Kikou Association in support of promoting independence for artists with disabilities and have served as an official partner since September 2021.

Through our support for these efforts, we will target further collaboration with local communities and contribute to the realization of a sustainable society.

### 4 Establishment of Sustainability Promotion Committee

We want to be "the company that permanently supports the affluent lifestyles of our customers." Based on this stance of our company, we will continue to promote sustainability management in order to provide our stakeholders with development and satisfaction. In June 2022, we launched the Sustainability Promotion Committee. The entire group is working to resolve issues.

# Strengthening of Sustainability Management

・Installed solar power generation systems at approximately 70 stores and service bases nationwide

・Supporting the realization of a decarbonized society through investment (investment in a carbon neutral fund in 2022)

・Starting in FY2022, we will also promote the use of the PPA model

・Aiming to reduce environmental impact and improve energy efficiency by promoting self-consumption

## Eco-friendly Store Summary for FY2024 1Q (Three Months to June 2023)

## Contribute to a Decarbonized Society in Harmony with the Environment

**EDION VIVA CITY Hikone (Shiga Prefecture)**

**EDION Kojima (Okayama Prefecture)**

**Introduced PPA model at EDION Toyotashigo (Aichi Prefecture)**

# Dividends and Share Prices

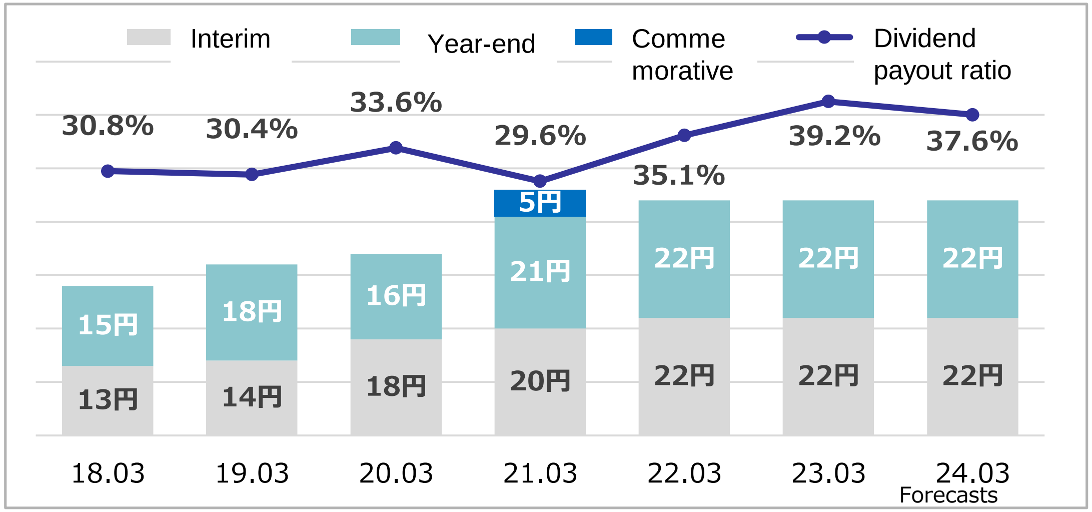
**While striving to improve capital efficiency, as measured through ROIC growth, we will focus on maintaining a sound and stable balance sheet.**

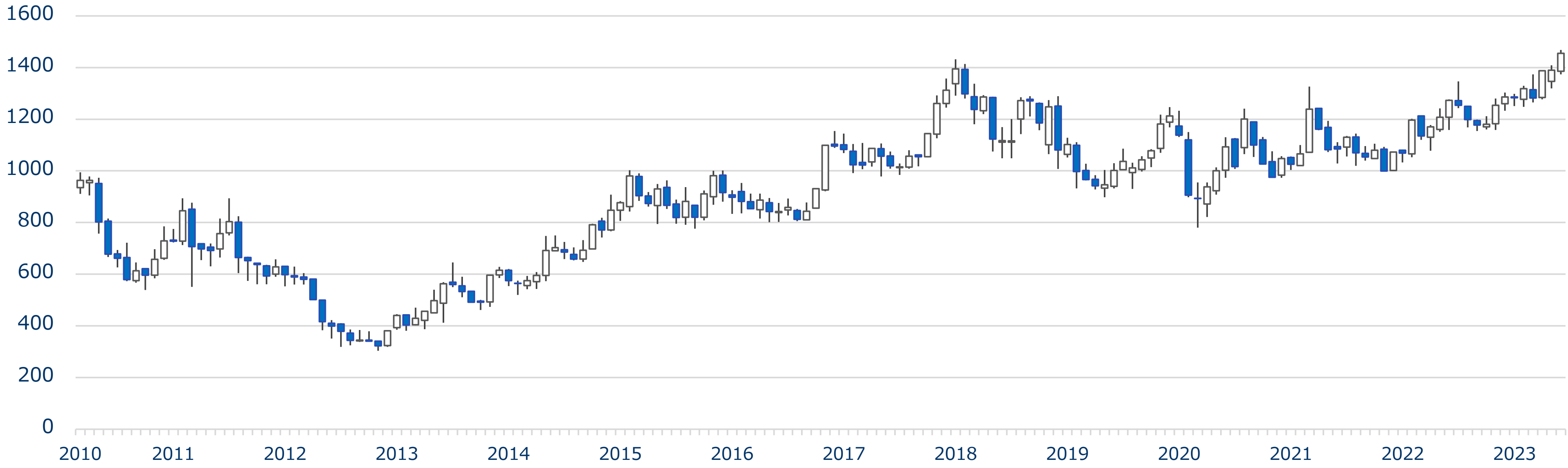
**1. Dividend Policy**

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

**2. Share Buybacks**

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



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August 2, 2023