



Consolidated Financial Results for 1st Six Months of FY 2023 [Japanese GAAP]

November 2, 2023

Listed company name EDION Corporation Listed on first sections of Tokyo Stock Exchange
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 Scheduled date of filing quarterly security report: November 9, 2023 Scheduled date of dividend payment: December 1, 2023
 Preparation of supplementary explanatory documents for quarterly financial results: Yes
 Holding analyst meeting for quarterly financial results: Yes (For institutional investors and securities analysts)

(Figures rounded down to nearest million yen) (Figures in parentheses are negative)

1. Consolidated financial results for 1st six months of FY 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated financial results (cumulative) (% change from previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st six months of FY 2023	352,577	0.4	10,779	4.3	11,052	8.7	7,216	2.1
1st six months of FY 2022	351,115	0.7	10,333	3.2	10,169	(9.2)	7,070	(7.0)

(Note) Comprehensive income 1st six months of FY 2023 7,727 million yen [7.9%]
 1st six months of FY 2022 7,163 million yen [(7.5)%]

	Profit per share – Basic	Profit per share – Diluted
	Yen	Yen
1st six months of FY 2023	73.30	65.11
1st six months of FY 2022	69.11	61.78

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Q2 of FY 2023	369,621	207,703	56.1	2,104.62
FY 2022	369,365	201,656	54.6	2,048.30

(Reference) Shareholders' equity Q2 of FY 2023 207,316 million yen FY 2022 201,656 million yen

2. Dividend Information

	Dividend per share				
	1st quarter	2nd quarter	3rd quarter	End of year	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2022	-	22.00	-	22.00	44.00
FY 2023	-	22.00	-	-	-
FY 2023 (forecast)	-	-	-	22.00	44.00

(Note) Revision of latest dividend forecast: No

3. Forecast of consolidated financial results for FY 2023 (April 1, 2023 to March 31, 2024)

(% change from previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	745,000	3.4	19,500	1.6	19,500	1.3	11,500	0.9	116.81

(Note) Revision of latest forecasts of financial results: No

* Notes

(1) Major changes in significant consolidated subsidiaries during period

(changes in specified subsidiaries accompanying change in scope of consolidation): Yes

Newly consolidated: One (company name: Sanfrece Hiroshima FC Co., Ltd.),

Eliminated from scope of consolidation: — (company name:)

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, financial estimates and restatement

(i) Changes in accounting policies due to revisions of accounting standards: No

(ii) Changes in accounting policies by other than above: No

(iii) Changes in financial estimates: No

(iv) Restatements of financial statements: No

(4) Number of shares issued (common share)

(i) Number of shares issued at end of period
(including treasury shares)

Q2 of FY 2023	112,005,636 shares	FY 2022	112,005,636 shares
Q2 of FY 2023	13,499,875 shares	FY 2022	13,554,763 shares
Q2 of FY 2023	98,459,479 shares	Q2 of FY 2022	102,312,550 shares

(ii) Number of treasury shares at end of period

(iii) Average number of shares during period
(quarterly consolidated accumulated period)

* This brief report of quarterly financial statements is not subject to quarterly audit procedures by a certified public accountant or an independent auditor.

* Explanation on adequate use of forecast and/or special issues

Forward-looking statements in this document concerning forecasting of performance, etc., are based on currently available information and assumptions considered by Company to be reasonable. Such statements are neither promises nor guarantees of future performance. Actual performance may differ significantly from forecast due to various factors. Concerning assumptions used as basis for forecasting business performance and precautionary statements when using forecast of performance, please refer to “1. Qualitative Information on Quarterly Results, (3) Explanation of future forecast information, such as forecast of consolidated financial results” on page 3 of attachment.

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1. Qualitative Information on Quarterly Results

(1) Explanation of financial results

During the first six-month period of the current fiscal year (April 1, 2023 to September 30, 2023), the outlook for the Japanese economy continued to be uncertain due to the ongoing conflict between Ukraine and Russia, a rise in prices caused by continuing high raw material and energy costs, and the renewed downward pressure on the yen.

However, with the Japanese government downgrading the legal status of COVID-19 to a “Class 5 infectious disease” from Class 2 in May 2023, the normalization of economic activities and recovery of personal consumption progressed gradually.

In this environment, the EDION Group has been conducting the reorganization of its businesses, with the aim of appropriately reallocating its management resources and raising its corporate value. Following a merger by absorption of NWORK Corporation (the current EDION X Ventures Corporation), an operator and developer of information systems, with Hampstead Co., Ltd. in October 2022, Jtop Co., Ltd., a provider of distribution and delivery services, merged by absorption with e-Logi Corporation in October 2023. Against the backdrop of growing EC demand, the Group will, thus, construct a nation-wide distribution network that enables it to offer its services to customers all over the country.

Furthermore, in September 2023, EDION Corporation underwrote and paid for 500,000 out of 626,387 ordinary shares which were issued through a third-party allotment by Sanfrece Hiroshima FC Co., Ltd. After the acquisition, Sanfrece Hiroshima FC Co., Ltd. became a consolidated subsidiary of EDION Corporation.

The Company will continue giving its full support for the growth and development of the football club with other local enterprises and fans.

Looking at sales by product in the first six-month period of the current consolidated fiscal year, sales of audio-visual appliances, such as TV sets, and home information appliances, such as personal computers, remained sluggish, since spending on going-out and travel grew due to the downgrading of COVID-19 to a “Class 5 infectious disease.” However, sales of seasonal appliances, such as air conditioners, increased sharply due to a record hot summer, where the average temperature hit an all-time high according to the Meteorological Agency. In addition, sales of hairdressing & beauty and healthcare devices, game software and toys, and cellular phones grew from the previous year.

As to the opening of directly operated home electrical appliance retail stores during the second quarter of the current fiscal year, the EDION Group opened four stores, relocated five stores, and closed two stores. Regarding directly operated non-home electrical appliance retail stores, the Group closed two stores. In addition, the number of franchise stores increased by one (net). Thus, the number of stores at the end of the second quarter of the current consolidated fiscal year totaled 1,209, including 759 franchise stores.

Opening and closing of EDION Group’s directly operated stores

Year and month	Names of stores	Prefecture	Category
April 2023	EDION Hitoyoshi Rex Store	Kumamoto	Relocated
	EDION NARUPARK Narumi Store	Aichi	Opened
	EDION VIVACITY Hikone Store	Shiga	Relocated
	EDION LaLaport Koshien Store	Hyogo	Relocated
	EDION AEON Moriyama Store	Aichi	Opened
	TSUTAYA Higashiura Store (non-home electrical appliance retail store)	Aichi	Closed
May 2023	EDION Kojima Store	Okayama	Relocated
July 2023	EDION Daiei Komyoike Store	Osaka	Closed
	TSUTAYA Gifu Orchid Park Store (non-home electrical appliance retail store)	Gifu	Closed
August 2023	Hyakuman Volt Sakai Harue Store	Fukui	Opened
	EDION Gero Store	Gifu	Closed
September 2023	EDION Homes Minamitumori Store	Osaka	Opened
	EDION Gifu Masaki Store	Gifu	Relocated

Consequently, in the first six-month period of the current consolidated fiscal year, the EDION Group’s net sales increased to 352,577 million yen (100.4% of the previous year). In addition, the Group saw operating income, ordinary income, and profit attributable to owners of parent grow as follows: operating income of 10,779 million yen (104.3% of the previous year), ordinary income of 11,052 million yen (108.7% of the previous year), and profit attributable to owners of parent of 7,216 million yen (102.1% of the previous year).

(2) Explanation of financial position

(i) Analysis of assets, liabilities and net assets

Total assets amounted to 369,621 million yen, down 256 million yen from the end of the previous fiscal year. This was due to a decrease in current assets of 133 million yen caused by a decline in accounts receivable - trade of 3,635 million yen and a fall in "other" in current assets of 6,824 million yen mainly owing to a decrease in accounts receivable - other, despite an increase in inventories-merchandise and products of 6,260 million yen to secure sufficient inventory of goods and a rise in noncurrent assets of 390 million yen caused by a rise in intangible assets of 416 million yen due to the posting of "goodwill" associated with the underwriting of the third-party allotment of new shares by Sanfrece Hiroshima FC Co., Ltd.

The amount of goodwill is provisional, since the allocation of the acquisition cost has not been completed at the end of the second quarter of the current consolidated fiscal year.

Liabilities stood at 161,918 million yen, down 5,790 million yen from the end of the previous year. This was due to an increase in current liabilities of 1,590 million yen caused by a rise in the current portion of long-term debt of 6,530 million yen, etc. owing to a reclassification from long-term debt, etc. despite a decrease in notes and accounts payable - trade of 4,765 million yen due to repayment of accounts payable - trade and a decline in noncurrent liabilities of 7,380 million yen caused by a decrease in long-term debt of 7,082 million yen, etc. due to repayment and reclassification to current portion of long-term debt in current liabilities.

Net assets totaled 207,703 million yen, up 6,046 million yen from the end of the previous year. This was mainly due to an increase caused by the posting of profit attributable to owners of parent of 7,216 million yen despite a decrease caused by cash dividends of surplus of 2,165 million yen.

(ii) Consolidated cash flows

Cash and cash equivalents on a consolidated basis ("funds") at the end of the second quarter of the current fiscal year amounted to 17,325 million yen, up 4,089 million yen from the end of the previous fiscal year. A summary of the cash flow situation during the first six-month period of the current fiscal year and the reasons for the changes are as follows:

(Net cash provided (used in) operating activities)

Funds provided by operating activities amounted to 12,668 million yen (versus 7,851 million yen provided in the previous year).

This was attributable to profit before income taxes of 10,798 million yen, depreciation and amortization of 5,044 million yen, an increase in funds of 4,119 million yen due to a decrease in notes and accounts receivable, a rise in funds of 7,274 million yen due to a decline in accounts receivable - other, a fall in funds of 6,193 million yen due to an increase in inventories, a decrease in funds of 5,070 million yen due to a decline in notes and accounts payable, and income taxes paid of 4,148 million yen.

(Net cash provided by (used in) investing activities)

Funds used in investing activities amounted to 5,131 million yen (versus 3,643 million yen used in the previous year).

This was attributable to purchase of property and equipment of 4,319 million yen and purchase of intangible assets of 1,347 million yen.

(Net cash provided by (used in) financing activities)

Funds used in financing activities amounted to 3,447 million yen (versus 3,836 million yen used in the previous year).

This was attributable to repayments of long-term debt of 1,038 million yen and cash dividends paid of 1,975 million yen.

(3) Explanation of future forecast information, such as forecast of consolidated financial results

The Group did not revise the forecast of its consolidated financial results for the full year of the fiscal year ending March 31, 2024 announced on May 9, 2023.

The estimates are based on currently available information by the Group. Actual performance may differ from the forecast due to various factors in the future.

2. Quarterly consolidated financial statements and primary notes

(1) Consolidated quarterly balance sheets

(Unit: Million yen)

	FY 2022 (As of March 31, 2023)	Q2 of FY 2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and cash equivalents	13,235	17,325
Notes receivable - trade	34	39
Accounts receivable - trade	37,961	34,326
Inventories-merchandise and products	116,061	122,321
Other	18,549	11,725
Allowance for doubtful accounts	(103)	(131)
Total current assets	185,739	185,605
Noncurrent assets		
Property and equipment, at cost		
Buildings and structures, net	52,183	52,658
Tools, furniture and fixtures, net	6,023	5,890
Land	57,090	57,372
Leased assets, net	5,015	4,633
Construction in progress	1,313	1,028
Other, net	499	518
Total property and equipment, at cost	122,126	122,102
Intangible assets		
Goodwill	1,620	1,883
Other	8,125	8,279
Total intangible assets	9,746	10,163
Investments and other assets		
Investment securities	4,019	4,535
Guarantee deposits	27,048	26,990
Deferred tax assets	18,614	18,013
Other	2,354	2,465
Allowance for doubtful accounts	(284)	(254)
Total investments and other assets	51,753	51,750
Total noncurrent assets	183,625	184,015
Total assets	369,365	369,621

(Unit: Million yen)

	FY 2022 (As of March 31, 2023)	Q2 of FY 2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	42,764	37,999
Short-term debt	60	281
Current portion of long-term debt	10,679	17,210
Lease obligations	913	916
Income taxes payable	4,526	4,175
Accrued consumption taxes	2,086	3,060
Provision for bonuses	5,553	5,611
Contract liabilities	28,652	27,051
Other	12,603	13,125
Total current liabilities	107,841	109,432
Noncurrent liabilities		
Convertible bond-type bonds with subscription rights to shares	13,823	13,816
Long-term debt	15,859	8,777
Lease obligations	4,682	4,277
Deferred tax liabilities	427	272
Deferred tax liabilities for land revaluation	1,584	1,584
Net defined benefit liability	7,283	7,156
Asset retirement obligations	10,678	11,040
Other	5,526	5,560
Total noncurrent liabilities	59,866	52,485
Total liabilities	167,708	161,918
Net assets		
Shareholders' equity		
Capital stock	11,940	11,940
Capital surplus	84,968	84,992
Retained earnings	125,077	130,128
Treasury shares	(14,992)	(14,918)
Total shareholders' equity	206,993	212,142
Accumulated other comprehensive income (loss)		
Net unrealized gain on other securities	138	573
Revaluation reserve for land	(4,849)	(4,849)
Remeasurements of defined benefit plans	(625)	(549)
Total accumulated other comprehensive income (loss)	(5,336)	(4,825)
Non-controlling interests	—	386
Total net assets	201,656	207,703
Total liabilities and net assets	369,365	369,621

(2) Consolidated quarterly statements of income and comprehensive income
(Consolidated quarterly statements of income)
(1st six months of FY 2023)

(Unit: Million yen)

	1st six months of FY 2022 (April 1, 2022 to September 30, 2022)	1st six months of FY 2023 (April 1, 2023 to September 30, 2023)
Net sales	351,115	352,577
Cost of sales	244,360	246,032
Gross profit (loss)	106,754	106,544
Selling, general and administrative expenses	96,421	95,765
Operating income	10,333	10,779
Non-operating income		
Interest and dividend income	75	74
Commission income	64	156
Administrative service fee income	134	149
Other	435	472
Total non-operating income	709	852
Non-operating expenses		
Interest expenses	124	102
Donations	300	300
Equity in losses of affiliates	195	99
Commission fee	220	62
Other	33	16
Total non-operating expenses	873	580
Ordinary income	10,169	11,052
Extraordinary income		
Gain on sales of noncurrent assets	337	19
Gain on sales of investment securities	31	2
Gain on step acquisitions	–	112
Other	166	6
Total extraordinary income	535	141
Extraordinary loss		
Loss on sales of noncurrent assets	87	–
Loss on sales or disposal of property and equipment	80	161
Impairment loss	–	180
Loss on cancellation of leasehold contracts	58	8
Other	9	44
Total extraordinary losses	235	395
Profit (loss) before income taxes	10,469	10,798
Income taxes - current	3,068	3,362
Income taxes - deferred	330	219
Total income taxes	3,398	3,581
Profit (loss)	7,070	7,216
Profit (loss) attributable to owners of parent	7,070	7,216

(Consolidated quarterly statements of comprehensive income)
(1st six months of FY 2023)

(Unit: Million yen)

	1st six months of FY 2022 (April 1, 2022 to September 30, 2022)	1st six months of FY 2023 (April 1, 2023 to September 30, 2023)
Profit (loss)	7,070	7,216
Other comprehensive income		
Valuation difference on other securities	(42)	434
Remeasurements of defined benefit plans, net of tax	135	76
Total other comprehensive income	92	510
Comprehensive income	7,163	7,727
Comprehensive income attributable to:		
Owners of parent	7,163	7,727
Non-controlling interests	–	–

(3) Consolidated quarterly statements of cash flows

(Unit: Million yen)

	1st six months of FY 2022 (April 1, 2022 to September 30, 2022)	1st six months of FY 2023 (April 1, 2023 to September 30, 2023)
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	10,469	10,798
Depreciation and amortization	5,181	5,044
Amortization of goodwill	253	119
Impairment loss	–	180
Increase (decrease) in allowance for doubtful accounts	(10)	(19)
Increase (decrease) in provision for bonuses	(205)	51
Increase (decrease) in net defined benefit liability	(102)	(174)
Interest and dividend income	(75)	(74)
Interest expenses	124	102
Equity in losses (earnings) of affiliates	195	99
Loss (gain) on step acquisitions	–	(112)
Loss on sales or disposal of property and equipment	80	161
Decrease (increase) in notes and accounts receivable	5,117	4,119
Decrease (increase) in accounts receivable - other	3,331	7,274
Decrease (increase) in inventories	(14,189)	(6,193)
Increase (decrease) in notes and accounts payable	(2,255)	(5,070)
Increase (decrease) in contract liabilities	(331)	(2,192)
Other	(662)	2,850
Subtotal	6,921	16,964
Interest and dividend income received	52	53
Interest expenses paid	(115)	(98)
Subsidies received	28	12
Donations paid	(300)	(300)
Income taxes refund	2,070	183
Income taxes paid	(805)	(4,148)
Net cash provided by (used in) operating activities	7,851	12,668
Net cash provided by (used in) investing activities		
Purchases of property and equipment	(3,494)	(4,319)
Proceeds from sales of property and equipment	952	22
Purchase of intangible assets	(1,034)	(1,347)
Purchase of investment securities	(0)	(0)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	759
Payments for guarantee deposits	(180)	(355)
Other	114	110
Net cash provided by (used in) investing activities	(3,643)	(5,131)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term debt	(42)	30
Repayments of long-term debt	(1,367)	(1,038)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,058)	(1,975)
Other	(367)	(462)
Net cash provided by (used in) financing activities	(3,836)	(3,447)
Effect of exchange rate change on cash and cash equivalents	–	0
Net increase (decrease) in cash and cash equivalents	372	4,089
Cash and cash equivalents at beginning of period	29,885	13,235
Cash and cash equivalents at end of period	30,257	17,325

(4) Notes on quarterly consolidated financial statements

(Notes on assumption of going concern)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Significant subsequent events)

Significant capital expenditures

At a meeting of the Board of Directors held on October 25, 2023, EDION Corporation resolved to acquire noncurrent assets (beneficiary interests in trust) and concluded a transfer contract on October 27, 2023.

1. Reasons for the acquisition

The Company has decided to acquire the land and building of "EDION Namba Main Store" (beneficiary interests in trust). "EDION Namba Main Store" is the Company's flagship store, which opened in June 2019 in Namba, Osaka, one of the most prominent and busiest shopping districts in Japan, and has a total area of 15,539 square meters. The management team decided to acquire the beneficiary interests in trust of the said land and building, since it judged that the acquisition facilitates the Company not only to reduce costs but also to maintain long-term and stable store operations.

2. Details of the assets acquired

(1) Location: Namba 3-2-18, Chuo-ku, Osaka (EDION Namba Main Store)

(2) Assets acquired:

Land: 4,237.88 square meters; Building: a steel frame and reinforced concrete building with 9 floors above ground and one floor below ground and a total floor area of 22,974.19 square meters

(3) Acquisition value: 54,000 million yen

(4) Source of funds for the acquisition: Funds on hand and borrowing from financial institutions

3. Impact on the Company's consolidated financial statements

The acquisition of the said noncurrent assets has minimal impact on the Company's financial results for the current fiscal year.