EDION Corporation Analyst Meeting FY03/23

May 9, 2023

Agenda of the Day

1. FY03/23 Results Announcement

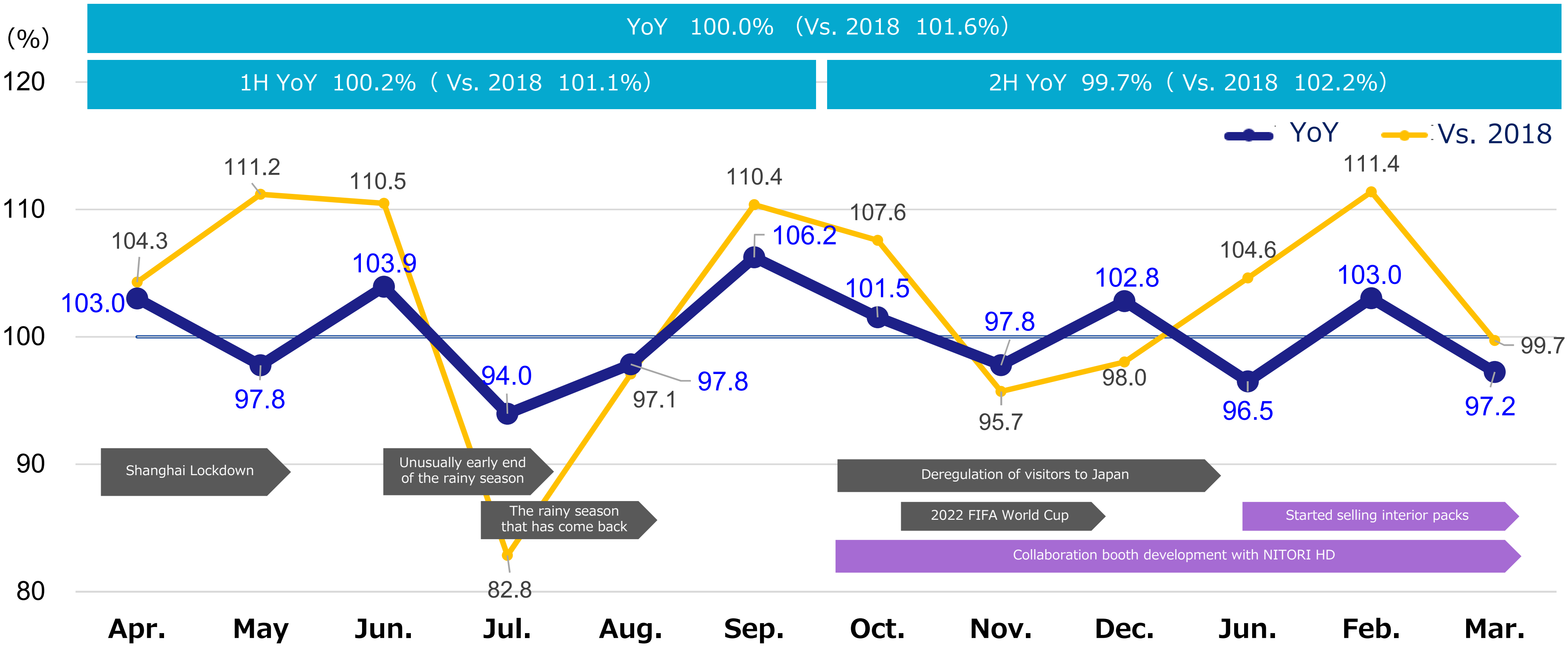
2. FY03/24 Earning Forecast

3. Key Topics

1. FY03/23 Results Announcement

Review of FY03/23

YoY comparisons for all stores (orders received at POS)



General Comments

▷ Compared to the previous year and compared to years without the impact of COVID-19, levels generally remained high, with the exception of the summer seasonal impact.

>In the 1st quarter, Due to the effects of the COVID-19 lockdown in Shanghai, China, it is undeniable that there is a shortage of products, and interest in air conditioners in particular has increased, leading to sales earlier than usual

>In the 2nd quarter, the Unusual end of the rainy season was declared in late June, and although there were high expectations for summer products, sales of related products were sluggish due to the heavy impact of the rainy season returning from July onwards

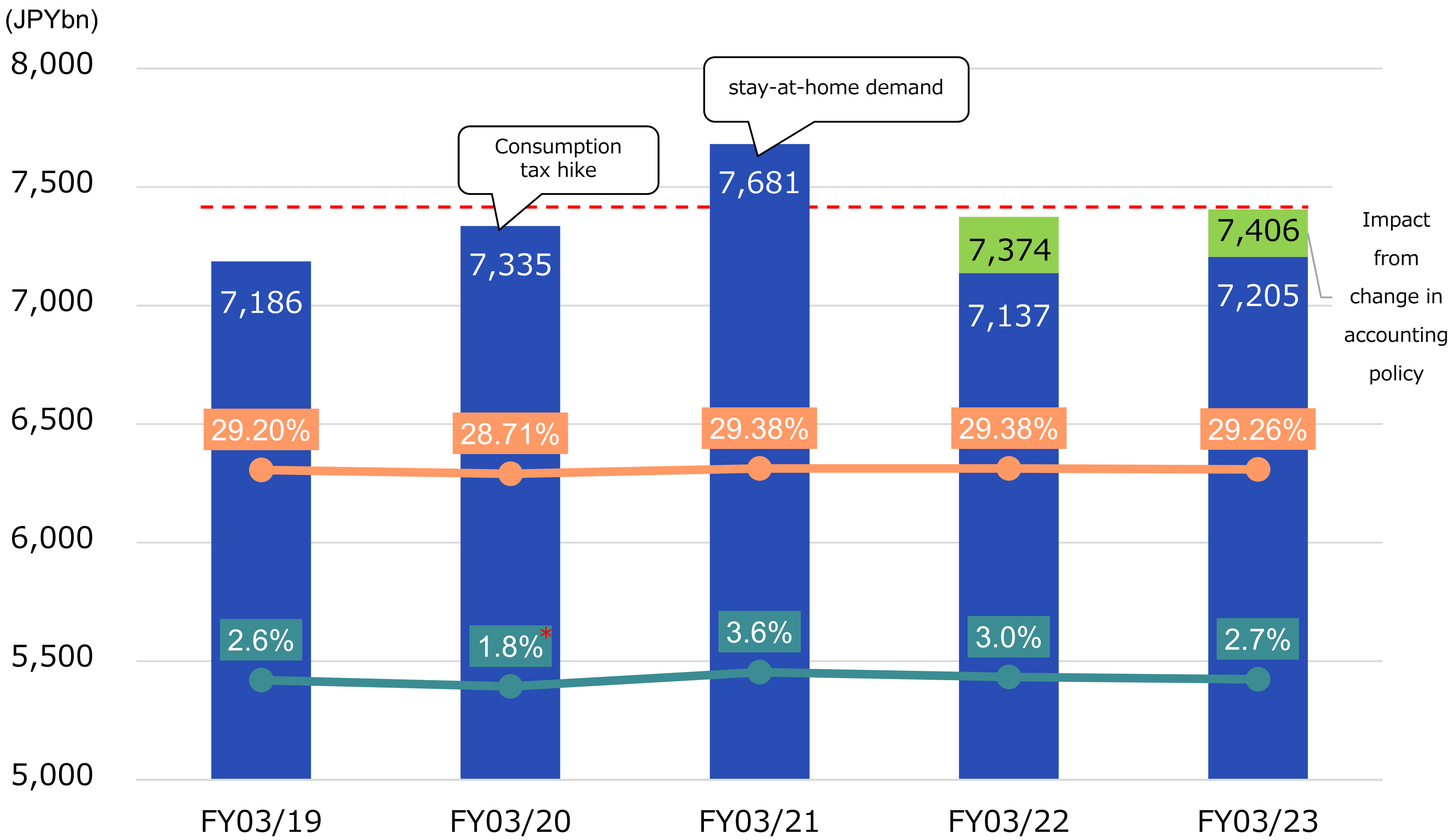
>In the 3rd quarter, game-related products performed well, and the sales season in December increased by 2.7% from the previous year

>In the 4th quarter, demand for tourism and services in Japan began to return due to the relaxation of COVID-19 restrictions

Consolidated Statements of Income

Million yen, %	FY03/22			FY03/23			
	% of Sales	Results	% of FY2021	% of Sales	Results	% of FY2022	YoY Change
Net Sales	100.0	**713,768**	92.9	**100.0**	**720,584**	**101.0**	**6,816**
Gross Profit	29.38	**209,681**	92.9	**29.26**	**210.876**	**100.6**	**1,195**
SG&A Expenses	26.7	**190,884**	96.0	**26.6**	**191,690**	**100.4**	**805**
Advertising and Selling Expenses	6.5	46,751	85.9	6.4	46,157	98.7	△593
Personnel Expenses	11.2	79,877	99.7	11.0	79,292	99.3	△585
Equipment Costs and Administrative Expenses	7.4	52,561	99.3	7.7	55,375	105.4	2,813
Depreciation	1.6	11,693	102.5	1.5	10,865	92.9	△828
Operating Profit	2.6	**18,796**	70.2	**2.7**	**19,186**	**102.1**	**389**
Non-Operating Income	0.5	**3,880**	183.1	0.2	1,559	40.2	△2,321
Non-Operating Expenses	0.2	**1,087**	99.4	0.2	1,496	137.6	409
Ordinary Profit	3.0	**21,589**	77.6	**2.7**	**19,248**	**89.2**	**△2,340**
Extraordinary Income	0.0	**315**	141.5	0.1	531	168.3	215
Extraordinary Losses	0.3	**2,140**	77.5	0.4	2,878	134.5	738
Profit before Income Taxes	2.8	**19,764**	78.2	2.3	16,901	85.5	△2,862
Total Income Taxes	0.9	**6,655**	77.0	0.8	5,508	82.8	△1,146
Profit Attributable to Owners of the Parent	1.8	**13,109**	78.8	**1.6**	**11,393**	**86.9**	**△1,716**

Earnings



Net Sales
JPY740.6bn
(Before change in accounting policy)
JPY720.5bn

GPM
29.26 %

Ordinary Profit Margin
2.7 %

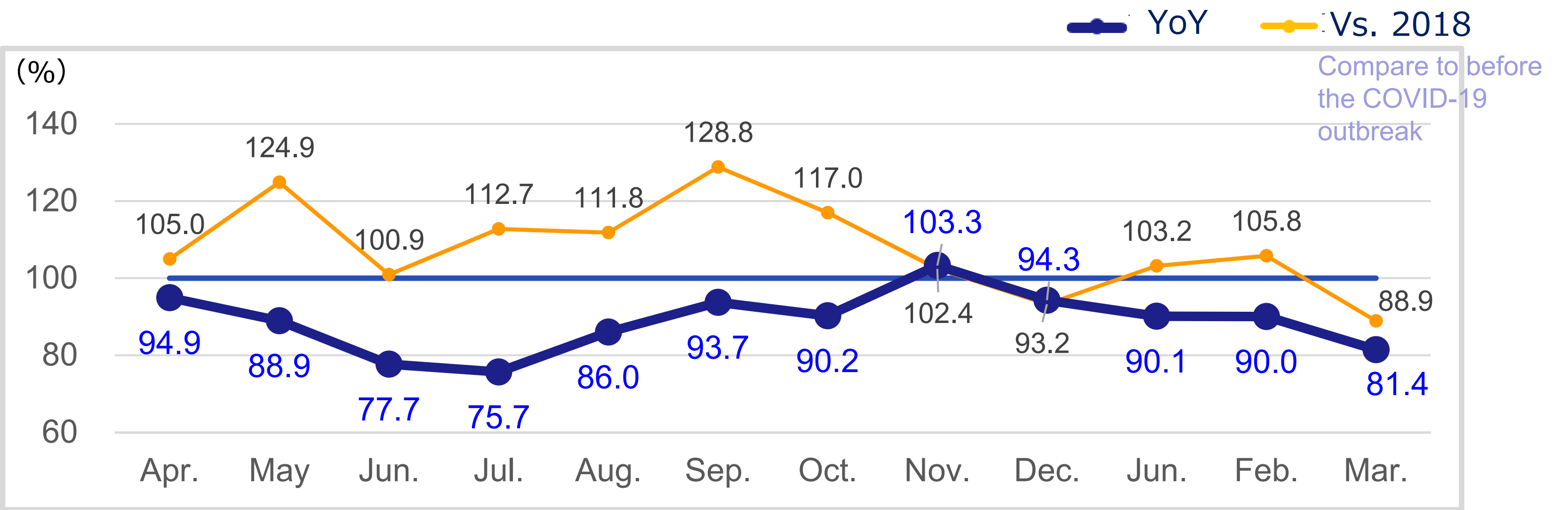
▷ Net sales : Steady except for stay-at-home demand in FY03/21
▷GPM : Maintain year-end standards
▷Ordinary Profit Margin : Ordinary profit margin declined slightly. Non-operating income of JPY2.38bn was recorded in FY03/22.
(Large-scale facility closure cooperation fee due to COVID-19, etc.)
> Operating Profit is 2.66% for FY03/23. FY03/22 2.63% Change YoY:+0.03%

＊Corrections have been made due to errors in some of the figures in the slides

YoY Comparison of Orders by Product (orders acquired at POS)

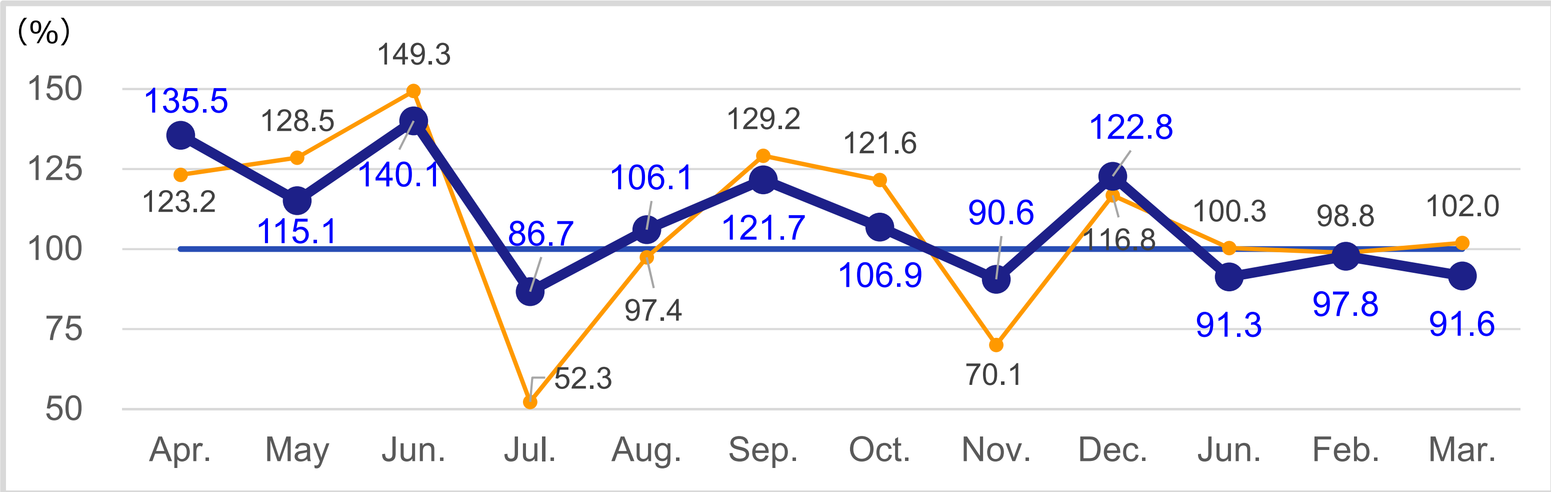
TVs

YoY (full year)
88.4%
Vs. 2018
105.9%



Air Conditioners

YoY (full year)
108.3
Vs. 2018
97.0%

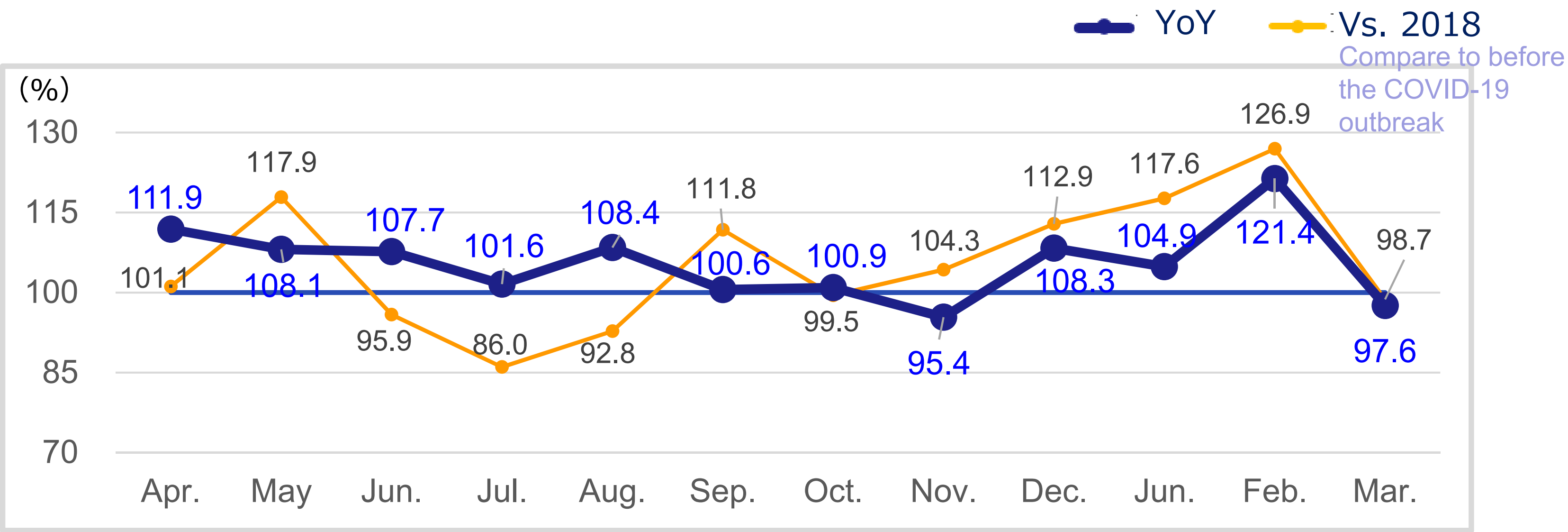


TVs： In November 2022, replacement demand was seen in line with the 2022 FIFA World Cup
Air Conditioners： Excluding the seasonal impact of summer, sales remained steady

YoY Comparison of Orders by Product (orders acquired at POS)

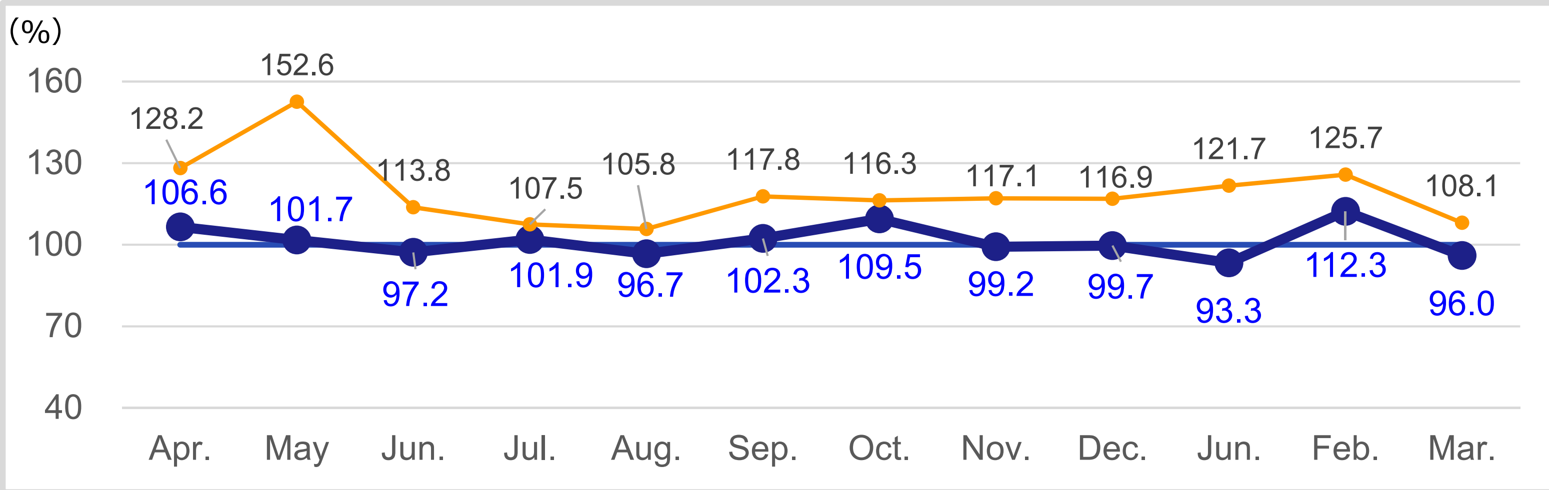
Refrigerators

YoY (full year)
104.9%
Vs. 2018
102.8%



Washing Machines

YoY (full year)
1008.9%
Vs. 2018
117.8%

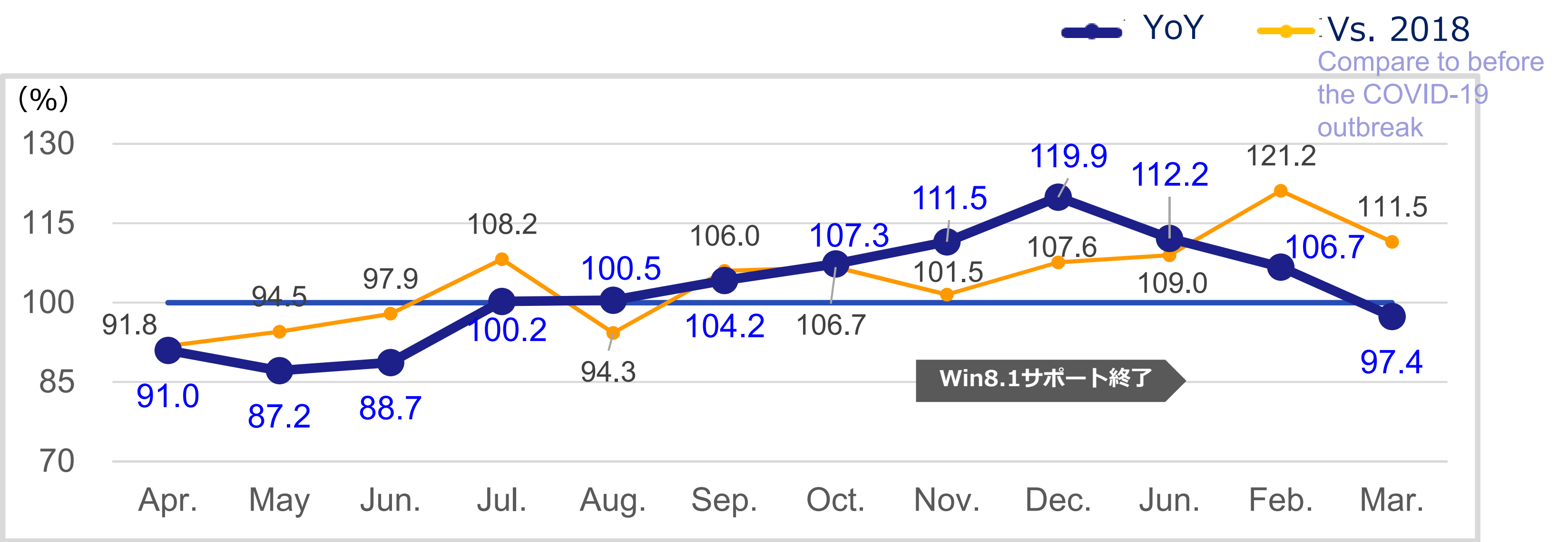


Refrigerators： YoY comparison by size: 399ℓ or less 107.3% 400ℓ-499ℓ 106.7% 500ℓ or more 102.2%
Washing Machines：Sales of drum washing machines increased by 7.1% year-on-year

YoY Comparison of Orders by Product (orders acquired at POS)

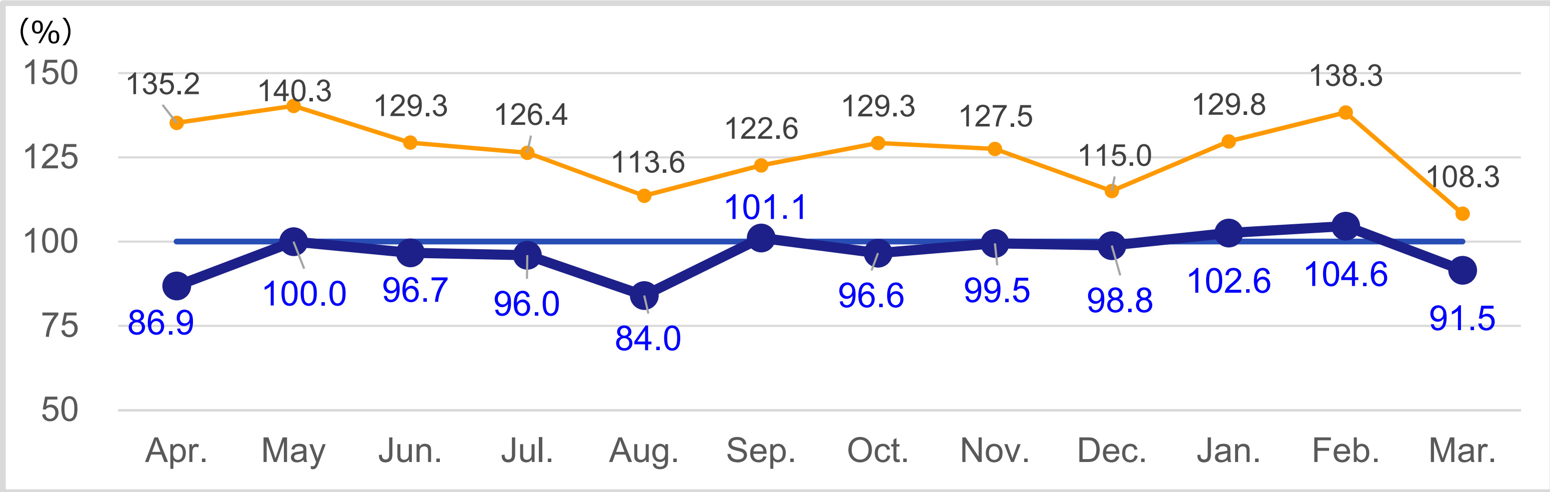
PCs

YoY (full year)
102.2%
Vs. 2018
104.8%



Mobile Phones (by units sold)

YoY (full year)
96.3%
Vs. 2018
125.0%



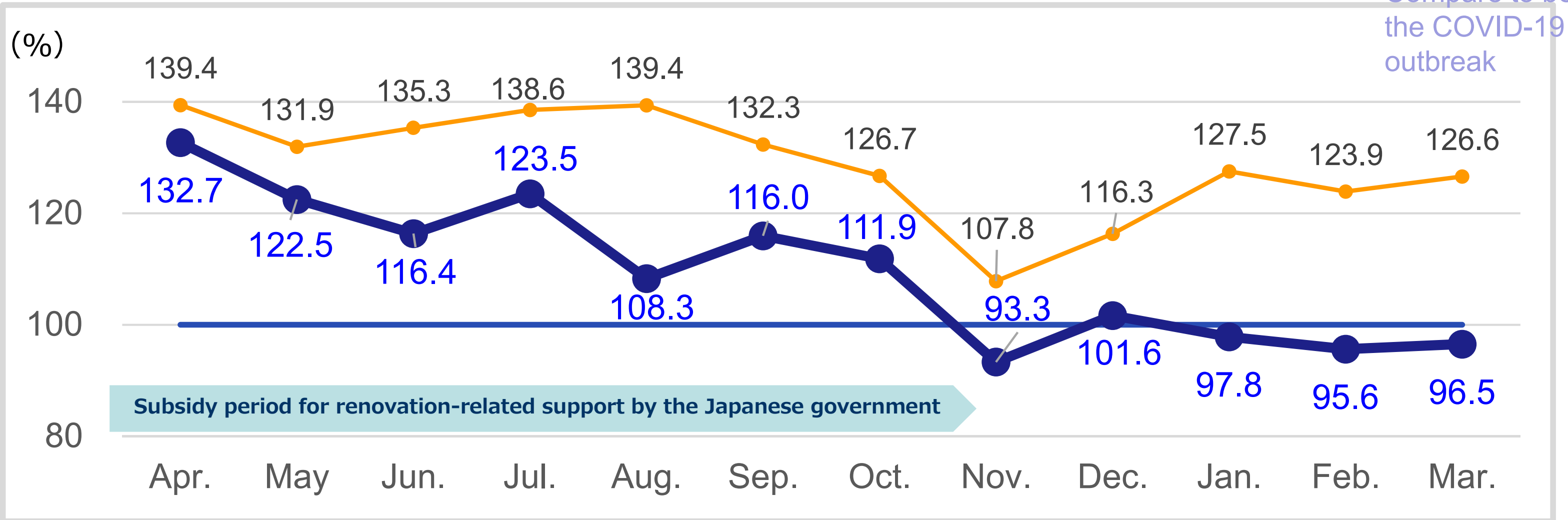
PCs：With the end of support for Windows 8.1, replacement phenomenon occurs throughout the year (end date is January 10, 2023)

Mobile Phones (by units sold)：Significant increase in the number of contracts compared to before the outbreak of COVID-19

YoY Comparison of Orders by Product (orders acquired at POS)

Home Improvement (ELS Business)

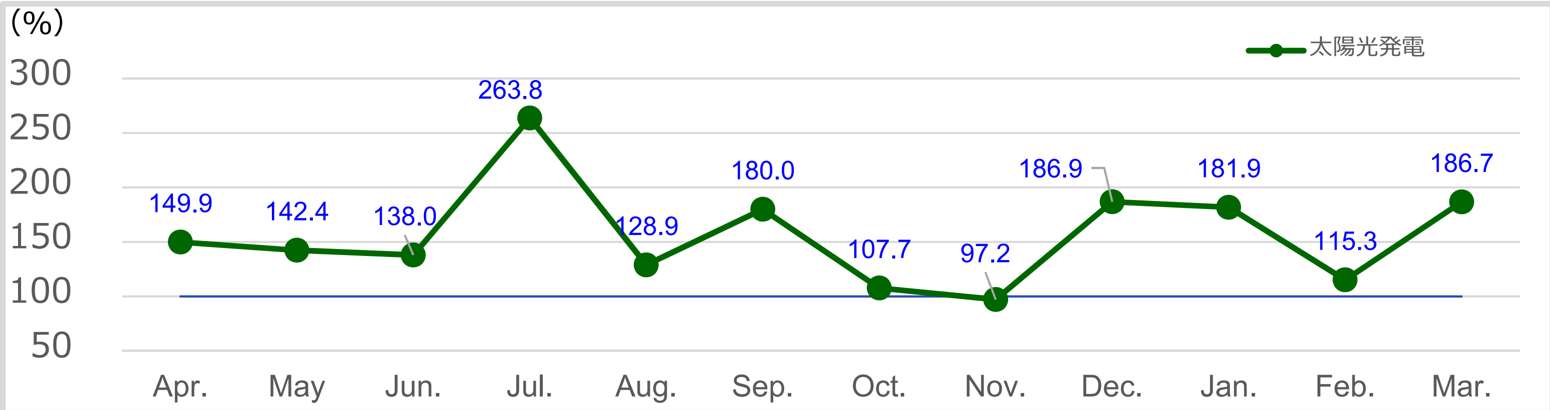
YoY (full year)
108.5%
Vs. 2018
128.9%



Reference

Solar Power System

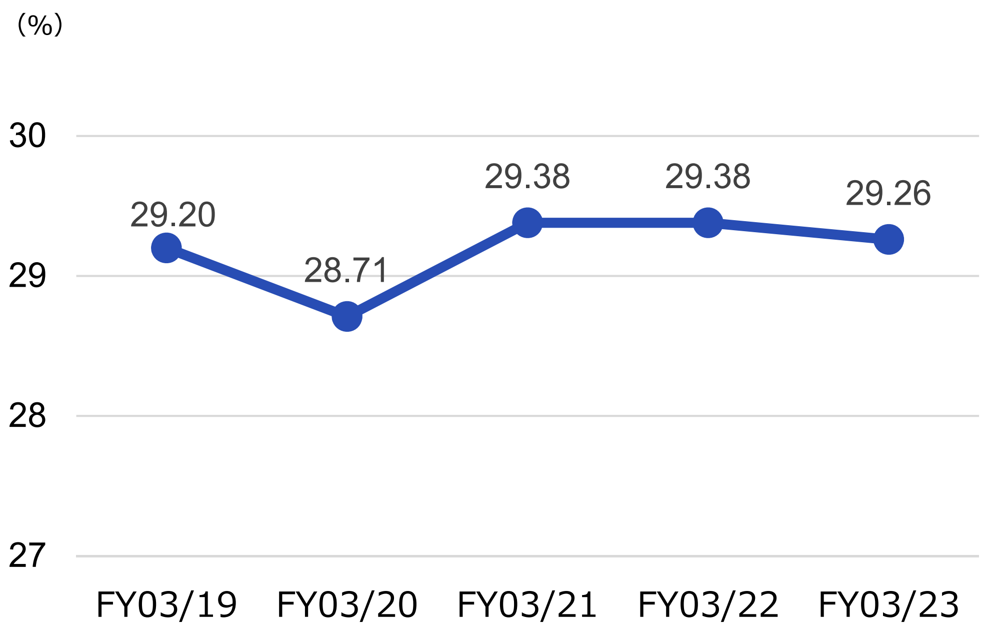
YoY (full year)
152.2%



Renovate: Although there is an impact from subsidies that ended in November 2022, we will focus on it as a growth business
Photovoltaic power generation: Sales increased due to growing interest in carbon neutrality. We will also strengthen it as a smart energy business

Analysis of Financial Impact (Gross profit margin and SG&A-to-sales ratio)

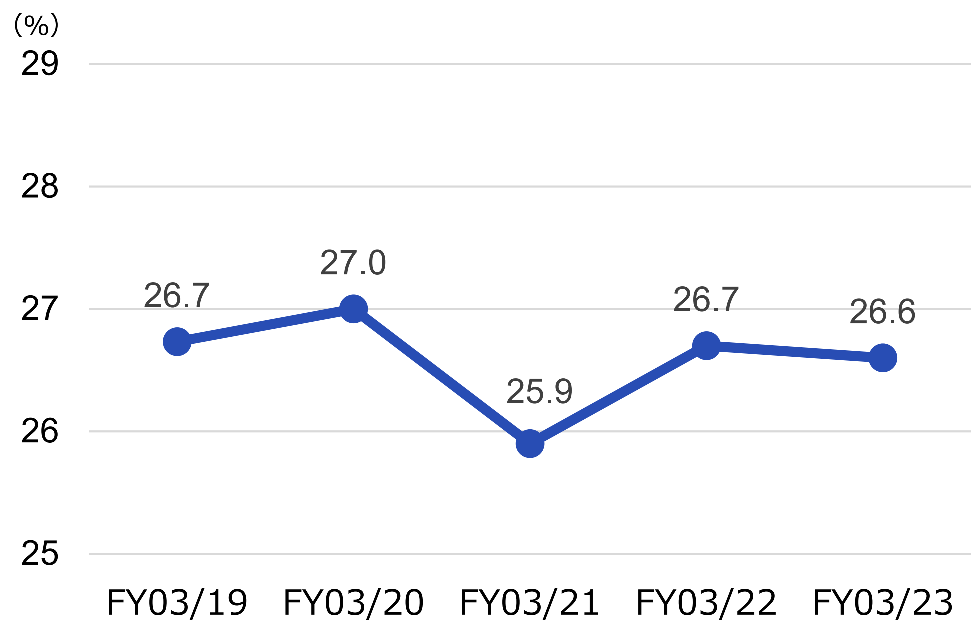
1 Gross Profit Margin



▷ **GPM**: 29.26% in FY03/23; 29.38% in FY03/22 Change YoY: △0.12%
- 1st quarter 30.71% in FY03/23; 30.36% in FY03/22 Change YoY:+0.35%
- 2nd quarter 30.13% in FY03/23; 30.49% in FY03/22 Change YoY:△0.36%
- 3rd quarter 27.94% in FY03/23; 28.34% in FY03/22 Change YoY:△0.40%
- 4th quarter 28.43% in FY03/23; 28.41% in FY03/22 Change YoY:+0.02%

Compared to the previous FY03/21, the mix of PC, game, and toy products increased. Impact on gross profit margin -0.11%

2 SG&A-to-sales Ratio



▷ **SG&A expenses**

FY03/23: JPY191.6bn Change YoY: -JPY0.8bn
Advertising and selling expenses: -JPY590mn (Sales promotion/promotional giveaway.: -JPY530bn, Improvement of logistics costs.: -JPY150mn)
Personnel expenses: -JPY220mn
Equipment costs and administrative expenses: JPY2.81bn
(Responding to soaring public utility charges YoY.: JPY1.23bn, Real Estate Rental Rates YoY.: 0.87bn, System consumables & System operating expenses: JPY440mn)
Depreciation: +JPY820mn

Consolidated Balance Sheet and Consolidated Statements of Cash Flows

Consolidated Balance Sheet

(Million yen)

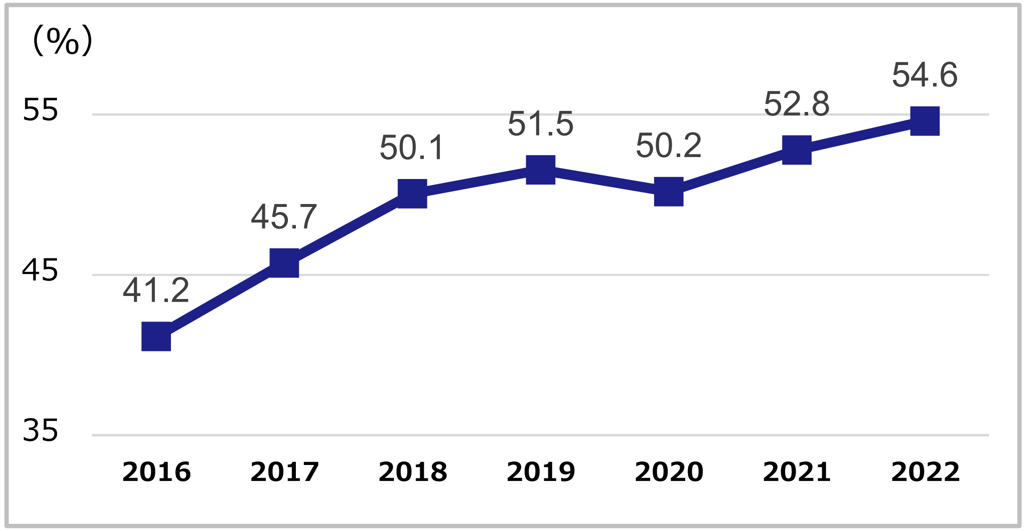
	End-March 2022	End-March 2023	YoY Change
Current Assets	190,597	185,739	△4,857
Property, Plant, and Equipment	125,504	122,126	△3,377
Intangible Assets	10,169	9,746	△423
Investments and Other Assets	51,699	51,753	54
Non-Current Assets	187,373	183,625	△3,747
Total Assets	**377,970**	**369,365**	**△8,604**
Current Liabilities	109,003	107,841	△1,161
Non-Current Liabilities	69,486	59,866	△9,619
Total Liabilities	**178,489**	**167,708**	**△10,780**
Net Assets	199,480	201,651	2,176
Total Liabilities and Net Assets	**377,970**	**369,365**	**△8,604**

Consolidated Statements of Cash Flows

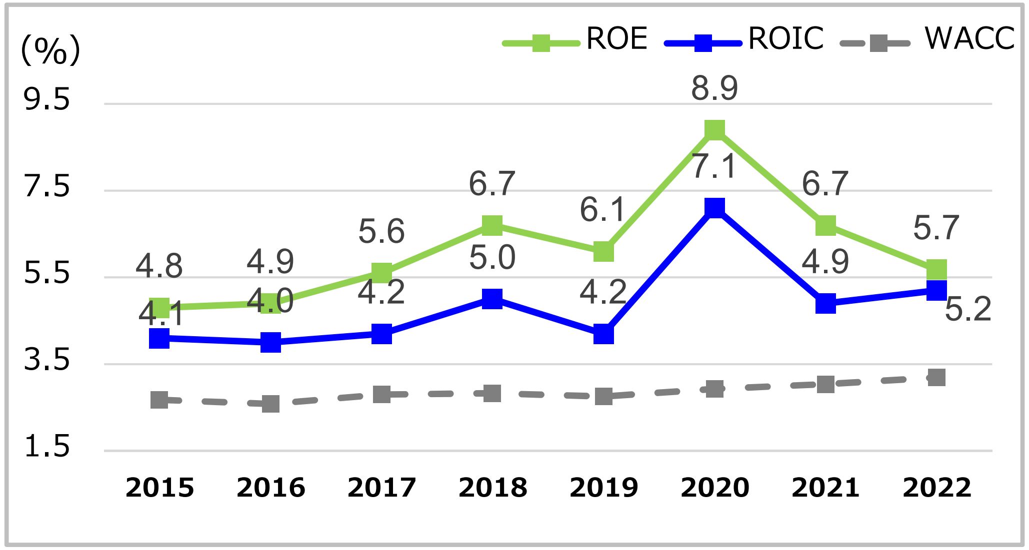
(Million yen)

	End-March 2022	End-March 2023
CFs from Operating Activities	10,576	12,139
CFs from Investing Activities	△10,518	△8,336
FCF	58	3,803
CFs from Financing Activities	△13,245	△20,452
Cash and cash equivalents at end of FY	29,885	13,235

Shareholders' Equity Ratio



ROE・ROIC・WACC



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**

- Net Sales
  Same-store sales vs. FY03/23: 102% in 1H, 100% in 2H, and 101% for the full year

- Gross Profit Margin　Result projected to be level in comparison with FY03/23

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

		New openings	Relocations and Renovations	Closures	YoY Change	End-of-Period Store Count
FY03/23 Results	1H	4	3	1 non-home electronics stores)	+3	452
	2H	1	-	3 (including two non-home electronics stores)	△2	450
	Full-year	**5**	**3**	**4**	**+1**	**450**
FY03/24 Plan	**Full-year**	**9**	**6**	**1** (non-home electronics stores)	**+8**	**458**

EDION Group

1,208 stores

- **EDION-owned stores 450**
- **Franchise stores 758**

As of end-March 2023

Eco-friendly Store EDION VIVA CITY Hikone (Shiga Prefecture)

Installed solar panels, generating approximately 160,000 kWh/year

3. Key Topics

Reorganization of system business companies

▷**In October 2022, we merged Hampstead Co., Ltd. with system subsidiary NWORK Corporation.**

Company name changed to EDION X Ventures Corporation

Reorganization of Logistics business companies

▷**Planned to merge e-Logi Corporation into logistics subsidiary Jtop Co., Ltd. in October 2023**

・Expansion of logistics service network
・Strengthen EDION know-how in the logistics industry and solve social issues

Promotion of Work-life Balance

>Increase annual holidays to 113 days
>Enhanced consecutive holidays system

>Uniform bear-up for all employees
>Strengthen work improvement to eliminate overtime hours

■Renewal of personnel system

Effects include talent management, appropriate placement, and control of overtime hours through shift control

■Completed introduction of e-price to all stores

Expected to be effective in shortening work time and improving customer service efficiency

■Promotion of other business and system improvements

Visualize management issues and unify recognition.
Established an in-house human resources training program to expand employee training

We place great emphasis on taking responsibility and helping customers use the products

■ Promotion of air conditioner cleaning

FY03/23 results

220,000 units → **300,000 units**

Plan for FY03/24

■ Strengthening the repair acceptance system

Expansion of on-site repair services

(Scheduled to start in the 2H of FY2023)

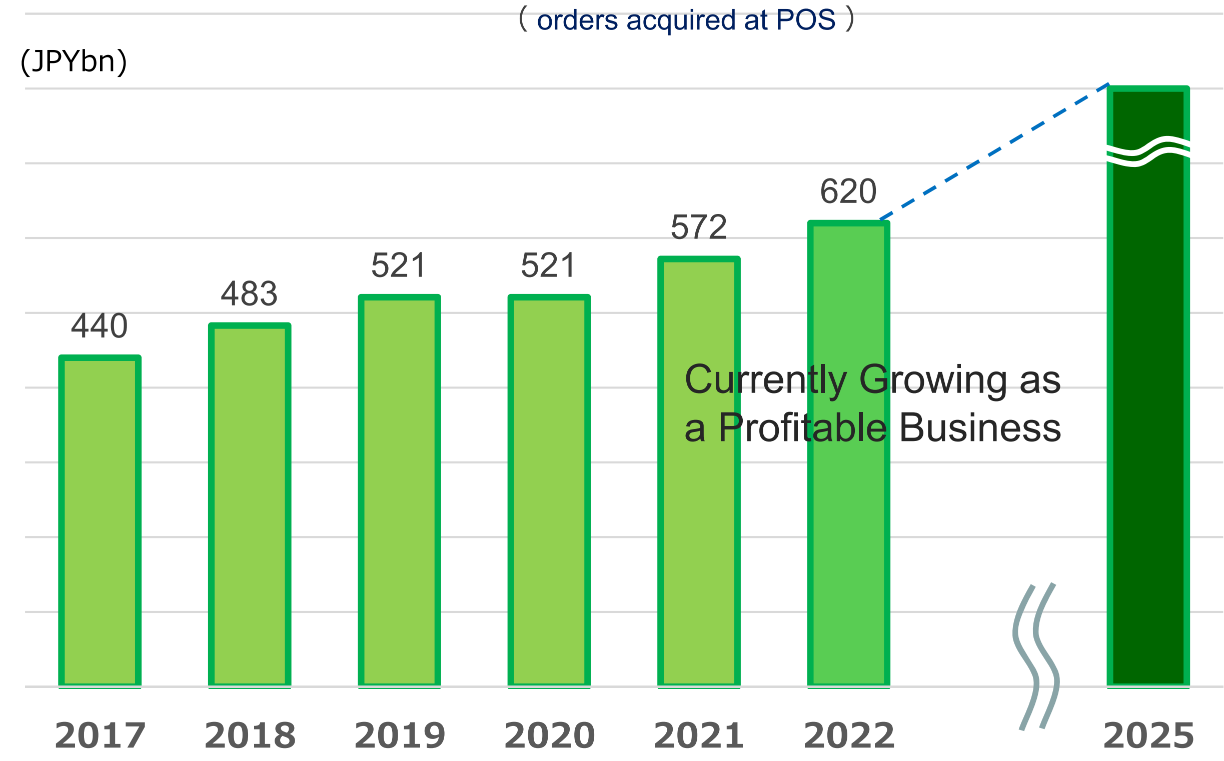
チャット

WEBﾌｫｰﾑ

Home Improvement (ELS Business)

Expanding the scale of sales with an awareness of quality improvement

FY03/23 Sales Results JPY620bn



■ Outlet for EV/PHEV

Focusing on implementation of construction training and expansion of area

■ Expansion of Online Services

lost sales opportunities reduction of

We aim to further strengthen our earning power as a pillar following consumer electronics, and will work to achieve our Medium-Term Vision 2025

Programming Education Business

Promote the opening of schools within EDION's directly managed stores

155 ➡ **281**

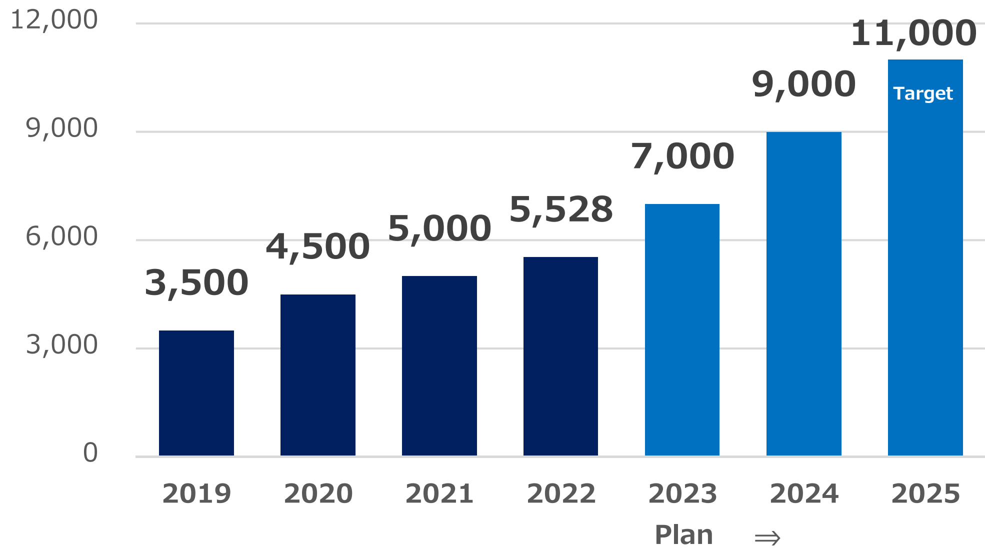
Fiscal 2022 results : 155

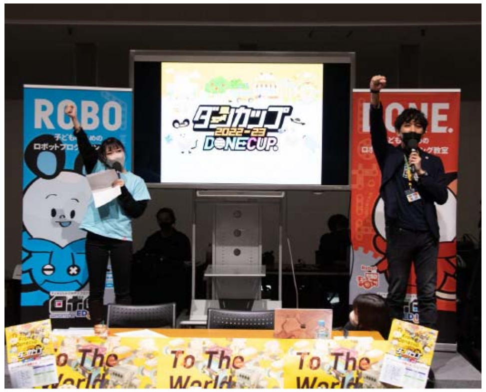
Plan 2025 (target) : 281

子どものための制作 × プログラミング

STEM Academy Kids

Changes in the number of students





Robot Contest
[DONECUP]

Held on a scale of over 2,000 people

The competition provides opportunities for more children to challenge themselves,
I'm showing off my daily learning and technology.

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

angle + angle Select

Collaboration with NITORI HD to Create Attractive Stores

Mutual product exchange and product lineup expansion

Introduction of a proposal corner to gain new experiences and impressions

EDION Kurashiki (Okayama Prefecture)

EDION Toyonaka (Hyogo Prefecture)

EDION and NITORI Holdings will strive to create new value by leveraging each other's strengths.
Expect inspiring results moving forward.

Strengthening of Sustainability Management: Toward Solving Social Issues

Intensification of Relevant Initiatives

1 Initiatives Targeting a Sound Material-Cycle Society

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

2 Promotion of Health Management

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.

2023
健康経営優良法人
Health and productivity

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.

Paralym Art®

4 Establishment of Sustainability Promotion Committee

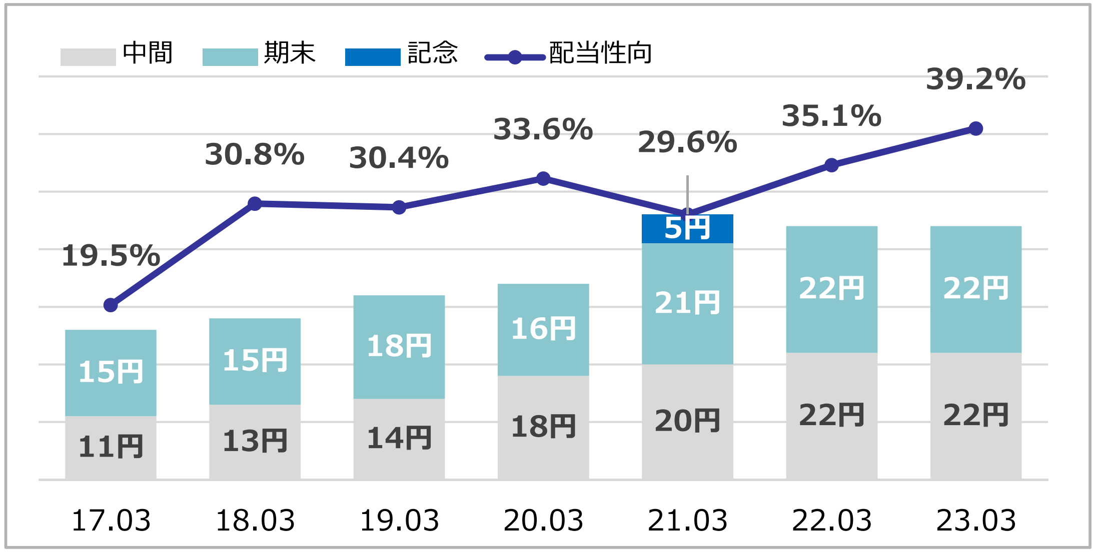
We want to be "the company that permanently supports the affluent lifestyles of our customers." Based on this stance of our company, we will continue to promote sustainability management in order to provide our stakeholders with development and satisfaction. In June 2022, we launched the Sustainability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

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.



Disclaimer

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

May 9, 2023