EDION Corporation Analyst Meeting

1H FY03/24

November 2, 2023

1. 1H FY03/24 Results

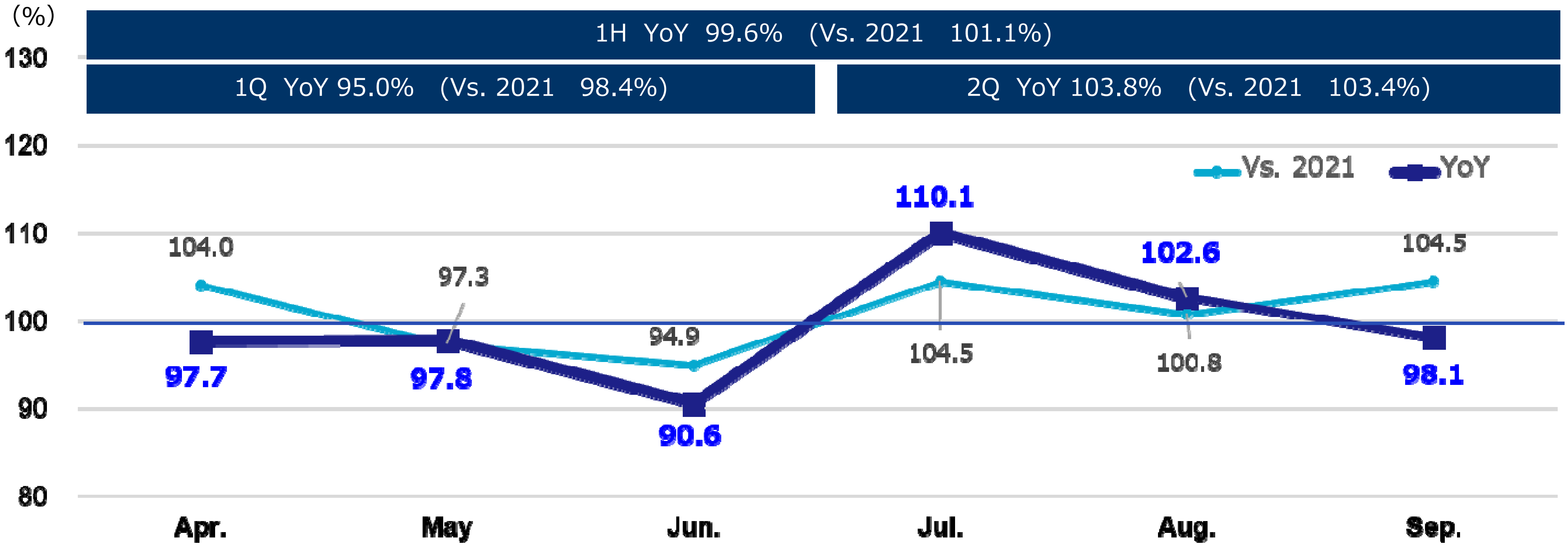
2. FY03/24 Earnings Forecast and Key Topics

1． 1H FY03/24 Results

2． FY03/24 Earnings Forecast and Key Topics

Review of 1H FY03/24

YoY comparisons for all stores (orders received at POS)



General Comments

■ 1H YoY **99.6%** In Japan, personal consumption was affected by soaring food and utility costs

Vs. 2021 101.1%

■ 1Q YoY **95.0%**

Vs. 2021 98.4%

From April to June of this year, sales decreased due to the high hurdles of the previous year

■ 2Q YoY **103.8%**

Vs. 2021 103.4%

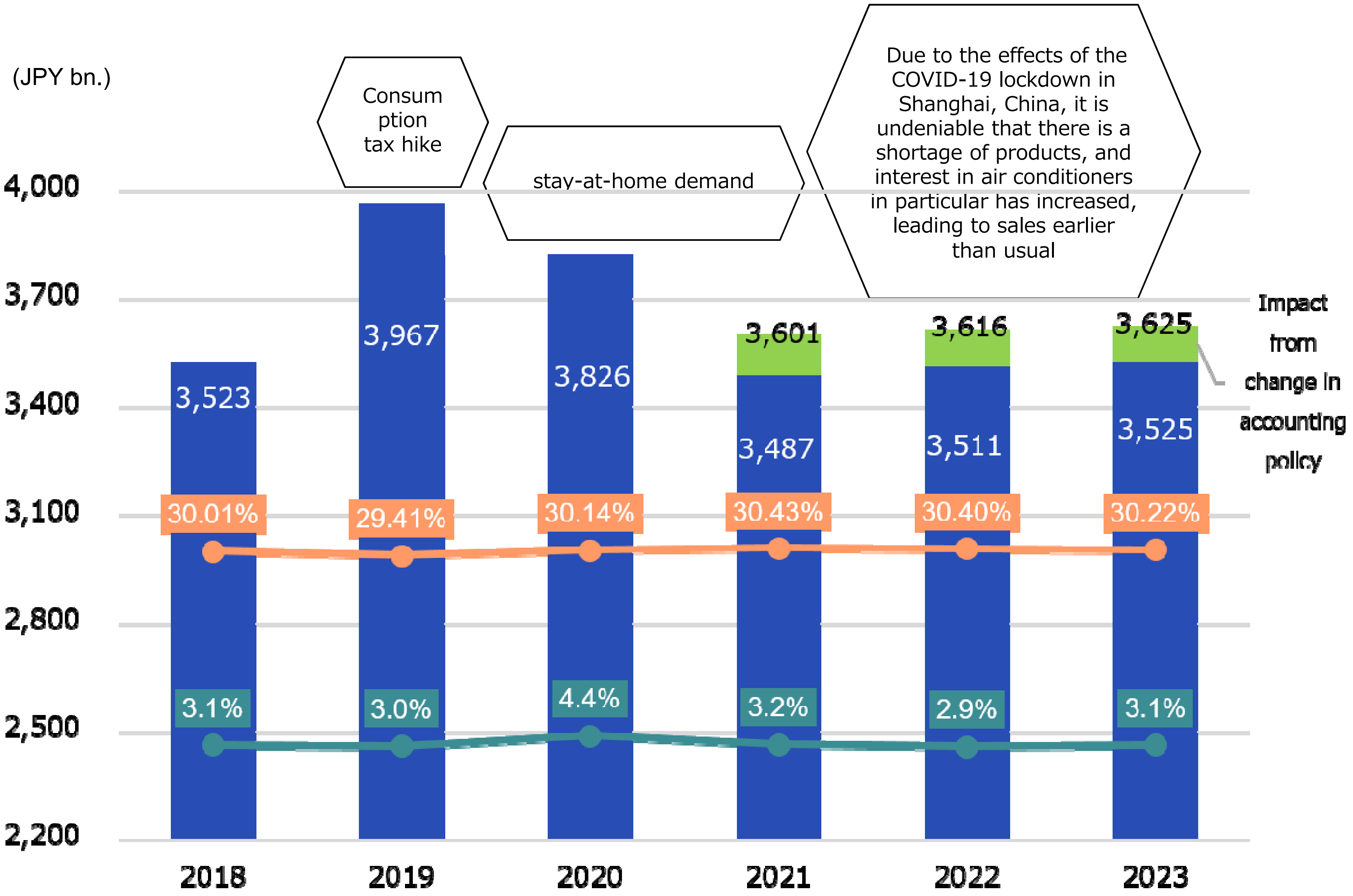
From July to September this year, sales were driven by an increase in seasonal products due to the unprecedented heat

Consolidated Statements of Income

1H cumulative consolidated results are as follows

Million yen, %	1H FY03/23			1H FY03/24			
	% of Sales	Results	% of 1H FY03/22	% of Sales	Results	% of 1H FY03/23	YoY Change
Net Sales		**351,115**	100.7		**352,577**	100.4	1,462
Gross Profit	30.40	**106,754**	100.6	30.22	**106,544**	99.8	△209
SG&A Expenses	27.5	96,421	100.3	27.2	95,765	99.3	△656
Advertising and Selling Expenses	6.8	23,806	98.5	6.6	23,402	98.3	△404
Personnel Expenses	11.3	39,645	99.6	11.2	39,497	99.6	△148
Equipment Costs and Administrative Expenses	7.9	27,590	104.4	7.9	27,761	100.6	171
Depreciation	1.5	5,378	94.2	1.4	5,103	94.9	△274
Operating Profit	2.9	**10,333**	103.2	3.1	**10,779**	104.3	446
Non-Operating Income	0.2	709	40.8	0.2	852	120.2	143
Non-Operating Expenses	0.2	873	159.4	0.2	580	66.4	△293
Ordinary Profit	2.9	**10,169**	90.8	3.1	**11,052**	108.7	883
Extraordinary Income	0.2	535	193.6	0.0	141	26.4	△394
Extraordinary Losses	0.1	235	83.0	0.1	395	168.3	160
Profit before Income Taxes	3.0	**10,469**	93.5	3.1	**10,798**	103.1	328
Total Income Taxes	1.0	3,398	94.7	1.0	3,581	105.4	182
Profit Attributable to Owners of the Parent	2.0	**7,070**	93.0	2.0	**7,216**	102.1	145

Despite special factors, our sales remained robust



Net sales
JPY325.5bn (Before change in accounting policy) JPY362.5bn

GPM
30.22 %

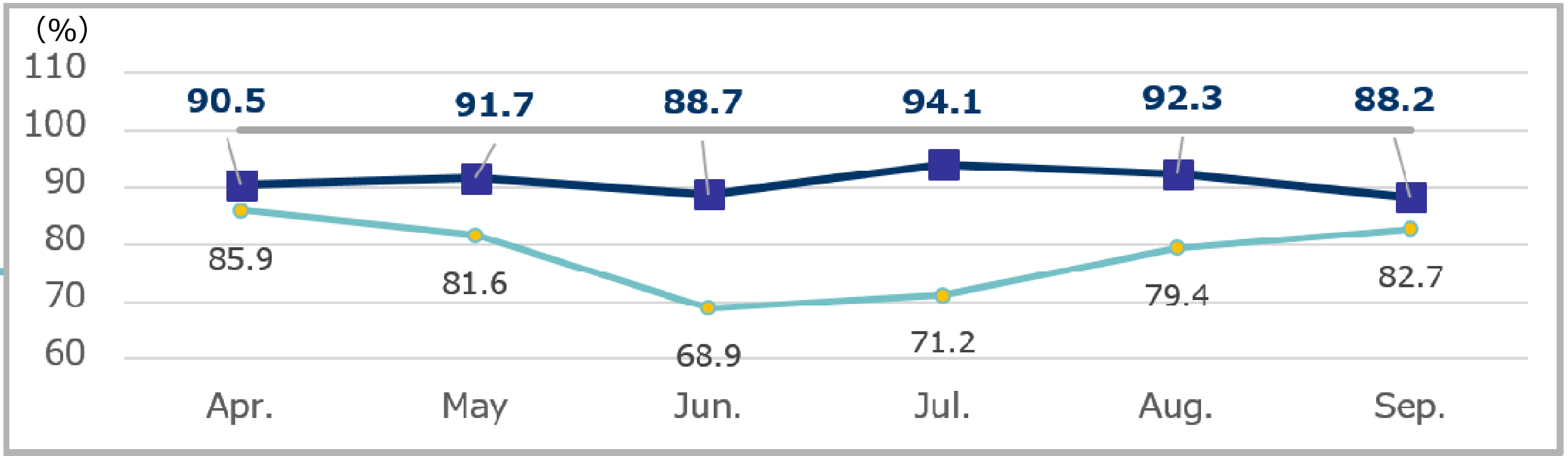
Ordinary profit margin
3.1 %

Sales by Product (Monthly disclosure basis)

% of 1H FY03/24; includes orders (orders received at POS)

TVs

YoY 90.8 %
(Vs. 2021 77.4)

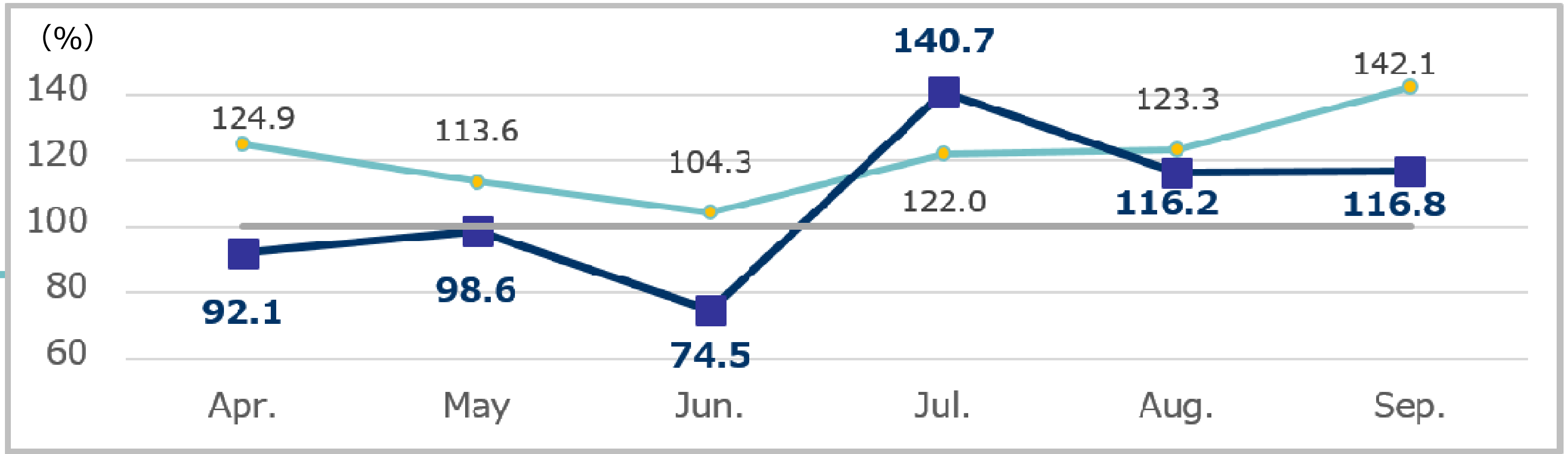


Remained Sluggish

Although sales appear weak, demand remains solid due to the increase in the number of video content subscribers and replacement of large-sized TVs

Air Conditioners

YOY 105.5 %
(Vs. 2021 119.3)



Were Strong

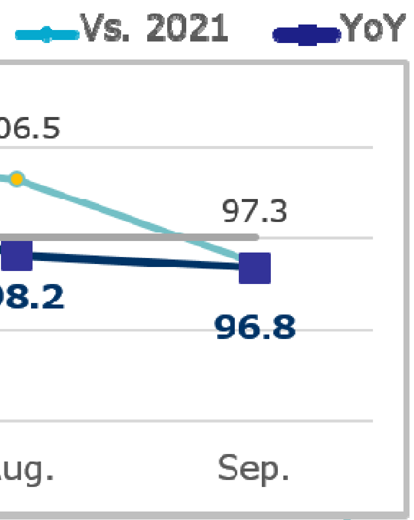
Sales boomed from April to June last year due to the unusually hot weather. Despite some noise due to seasonal factors, the summer sales season remained strong

Sales by Product (Monthly disclosure basis)

% of 1H FY03/24; includes orders (orders received at POS)

Refrigerators

YoY 98.7 %
(Vs. 2021 104.3)

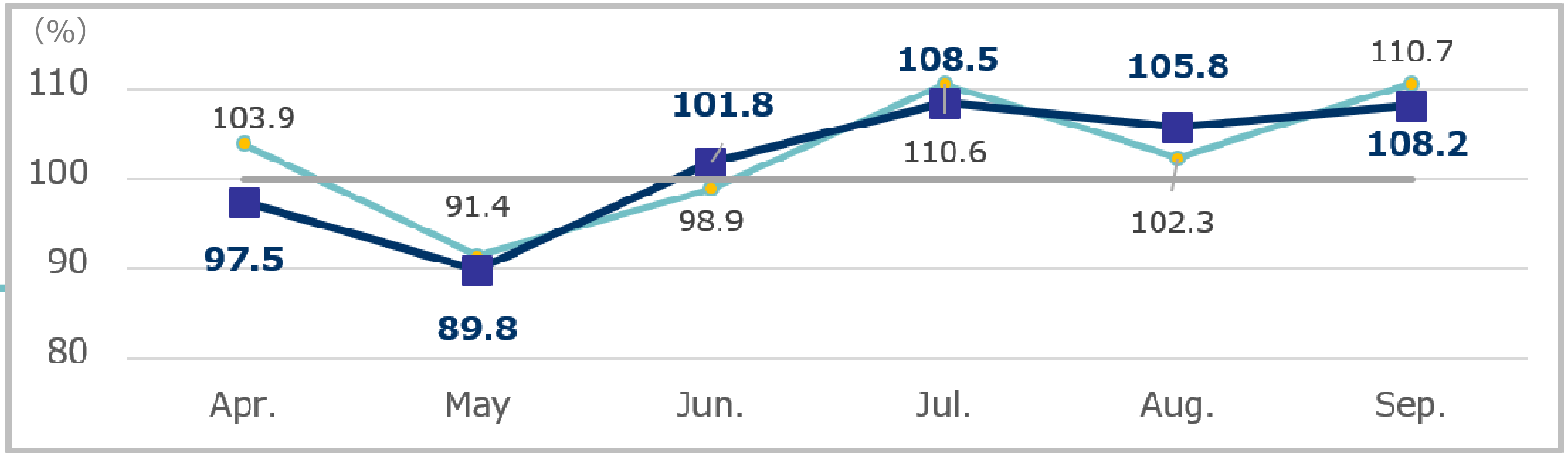


Were Weak

Customer needs are shifting from large capacity refrigerators to medium capacity (400L class), but replacement purchases are progressing steadily

Washing Machines

YoY 102.1 %
(Vs. 2021 103.1)



Remained Strong

Strong sales of drum-type and large-capacity vertical washer/dryers drove overall sales

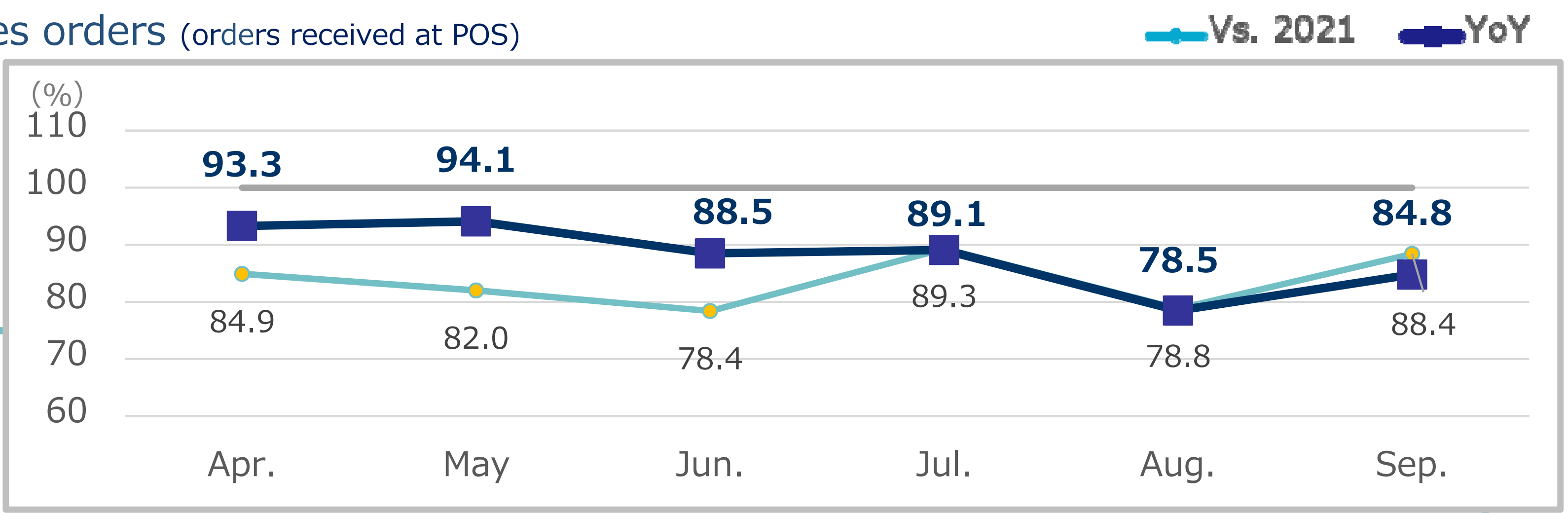
Sales by Product (Monthly disclosure basis)

% of 1H FY03/24; includes orders (orders received at POS)

PCs

YoY 88.1 %
(Vs. 2021 83.9)

Remained Sluggish

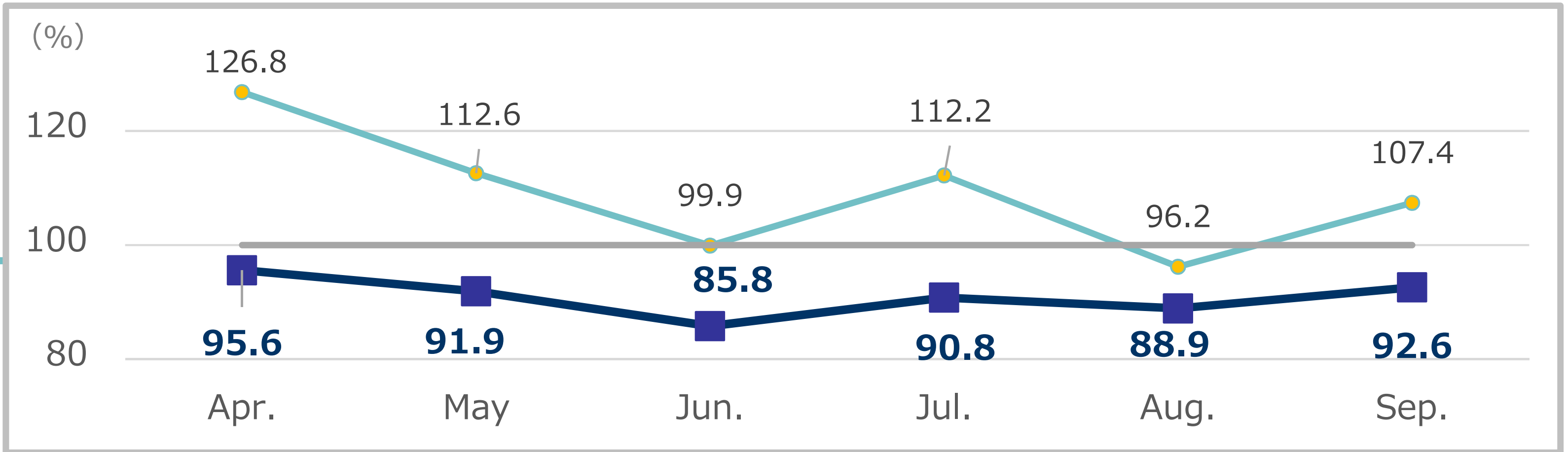


The rush to buy products due to the end of support for Win8.1 has come to an end, and the PC market is in a slump. Due to the increasing needs for e-sports, VR, and meta, we have high expectations for gaming PCs with high-performance graphics

Home Improvement (ELS Business)

YoY 91.0 %
(Vs. 2021 108.7)

Growth Business



Although there has been a rebound in sales since the government's renovation subsidy system ended in November 2022, the company has continued to accumulate solid results

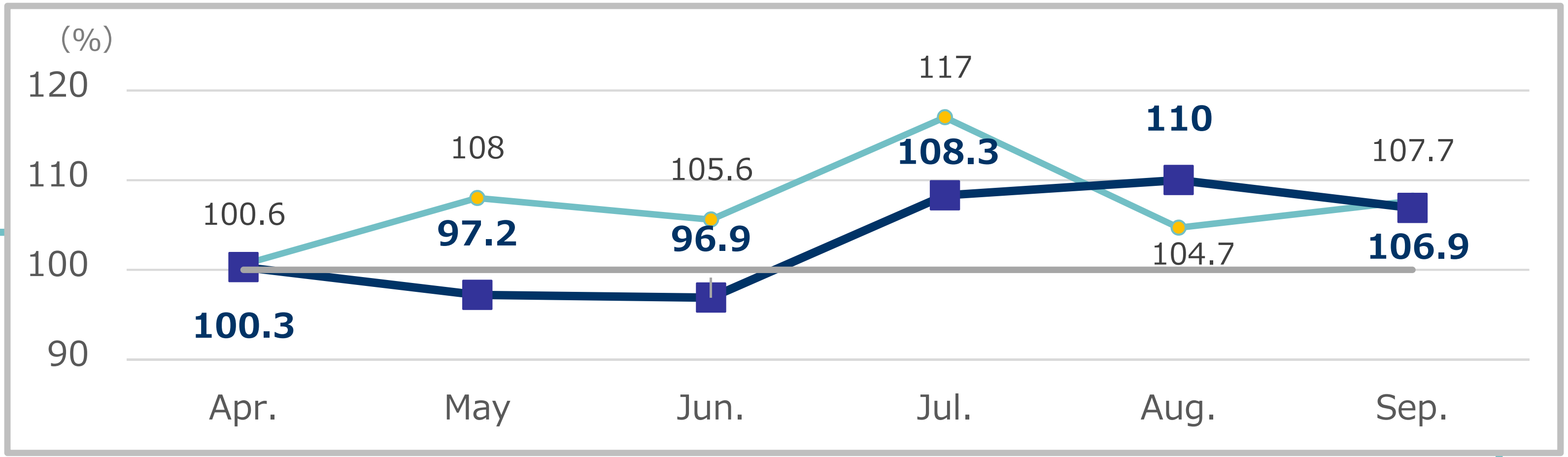
Sales by Product (Monthly disclosure basis)

% of 1H FY03/24; includes orders (orders received at POS)

Vs. 2021 YoY

Mobile Phones (by units sold)

YoY 103.2 %
(Vs. 2021 107.2)

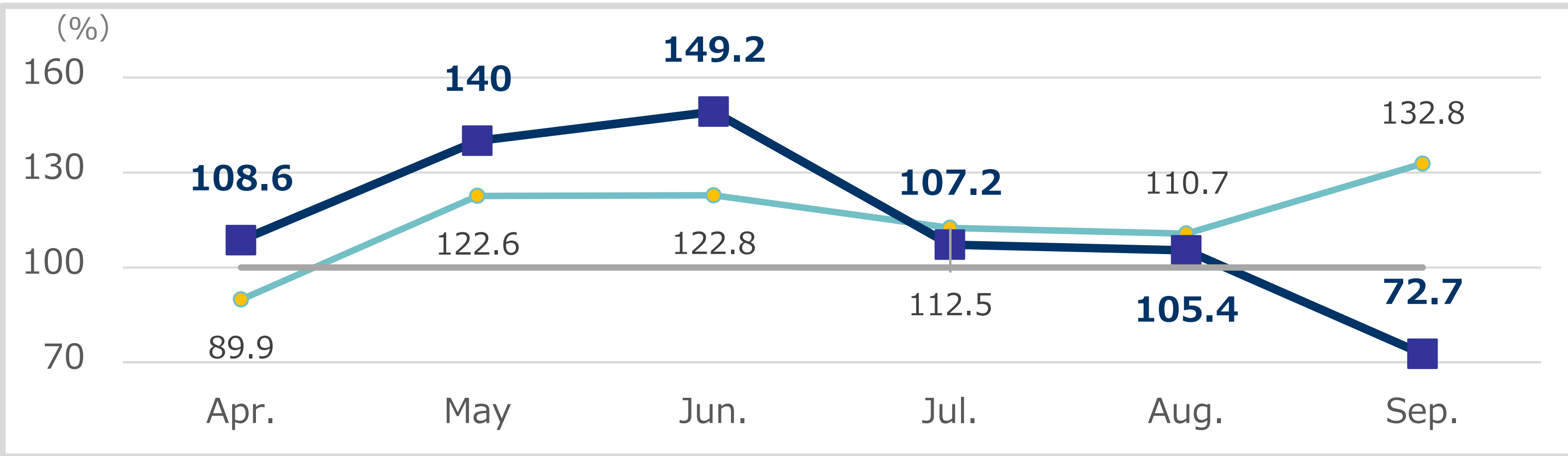


Remained Favorable

Mobile phones sold well in the first half, increasing by 3.2% compared to the previous year

Games & Toys

YoY 108.0 %
(Vs. 2021 114.2)

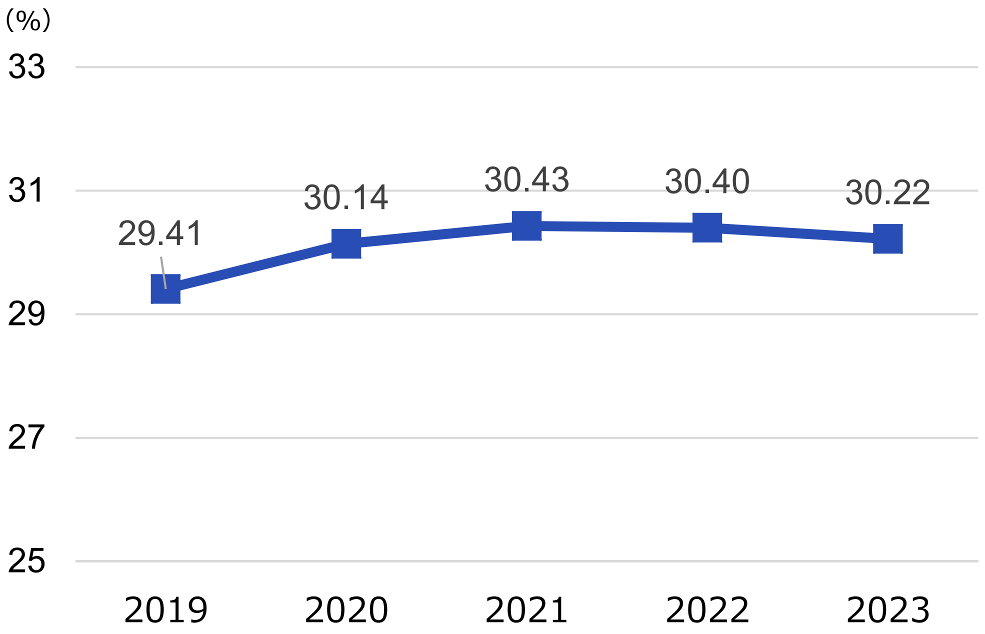


Were Strong

The reason why September looks lower than last year is because of the strong release of the Nintendo Switch game software, Splatoon 3

1H Gross Profit Margin and SG&A Ratio

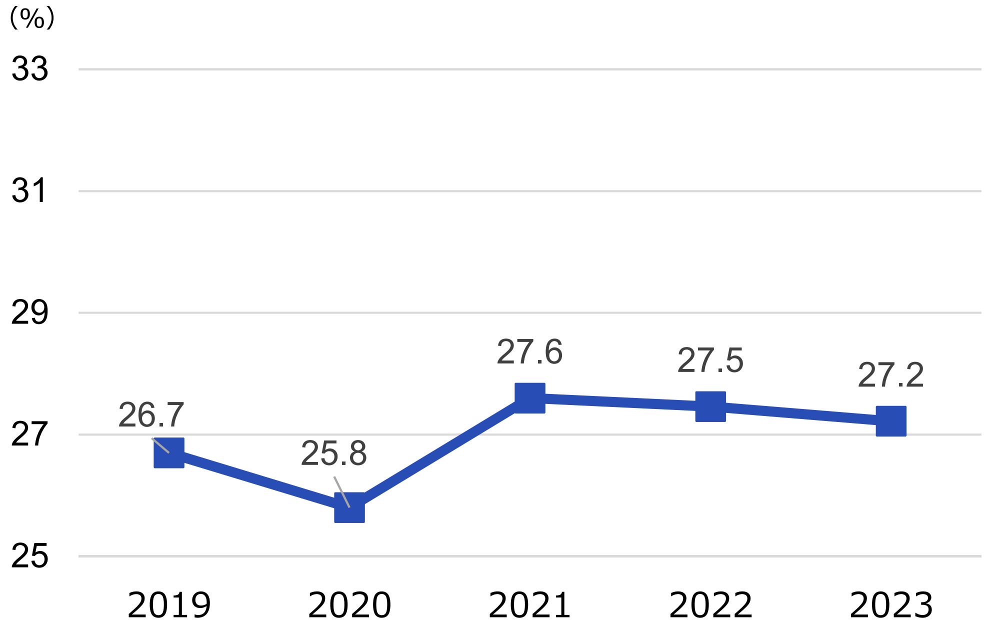
1 Gross profit margin



● Gross profit margin: 30.22% in 1H FY03/2024, 30.40% in 1H FY03/2023, YoY Change -0.18%

▷ In the first quarter of the fiscal year ending March 2024, Nintendo's game title ``The Legend of Zelda: Kingdom of Tears'' performed well, increasing the composition of game-related sales and having a significant impact on profits.
▷ In the second quarter, sales of air conditioners and seasonal home appliances were strong due to the intense heat, and the increase in product mix had a positive impact on gross profit.

2 SG&A-to-sales ratio



● SG&A expenses: 1H FY03/24.: JPY95.76bn Change YoY: -JPY0.65bn

▷Advertising and selling expenses: -JPY40mn
(Sales promotion.: -JPY780mn)
▷Personnel expenses: -JPY140mn
▷Equipment costs and administrative expenses: JPY170mn
(Respond to rising utility rates (YoY amount) JPY160mn,
Real Estate Rental Rates (YoY amount) 260mn)
▷Depreciation: -JPY270mn

1H Consolidated Balance Sheet and Consolidated Statements of Cash Flows

Consolidated Balance Sheet

(Million yen)

	End-March 2023	End-September 2023	YoY Change
Cash and cash equivalents	13,235	17,325	4,089
Inventories-merchandise and products	116,061	122,321	6,260
Other current assets	56,442	45,959	△10,483
Current Assets	185,739	185,605	△133
Property, Plant, and Equipment	122,126	122,102	△24
Intangible Assets	9,746	10,163	416
Investments and Other Assets	51,753	51,750	△2
Non-Current Assets	183,625	184,015	390
Total Assets	**369,365**	**369,621**	**256**
Current Liabilities	107,841	109,432	1,591
Non-Current Liabilities	59,866	52,485	△7,380
Total Liabilities	**167,708**	**161,918**	**△5,790**
Net Assets	201,656	207,703	6,046
Total Liabilities and Net Assets	**369,365**	**369,621**	**256**

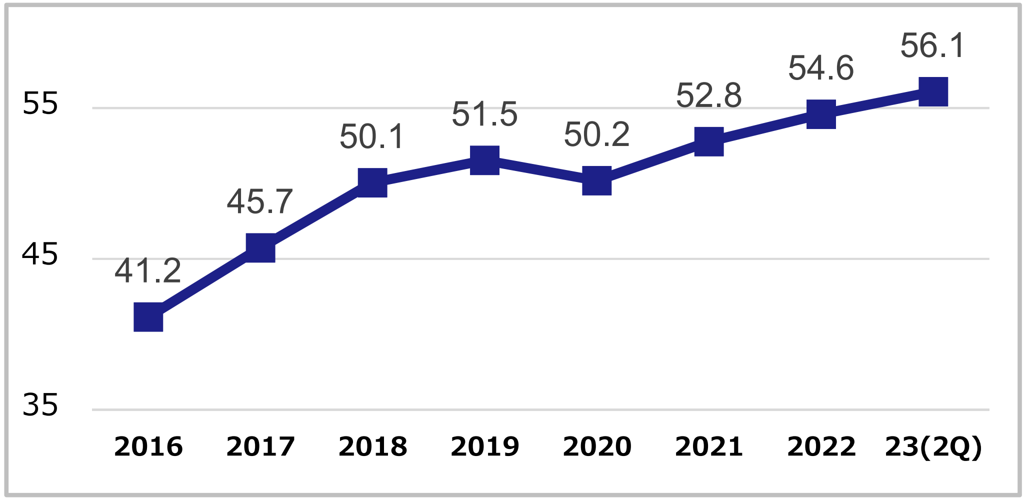
Consolidated Statements of Cash Flows

(Million yen)

	1H FY03/23	1H FY03/24
CFs from Operating Activities	7,851	12,668
CFs from Investing Activities	△3,643	△5,131
FCF	4,208	7,537
CFs from Financing Activities	△3,836	△3,447
Cash and cash equivalents at end of FY	30,275	17,325

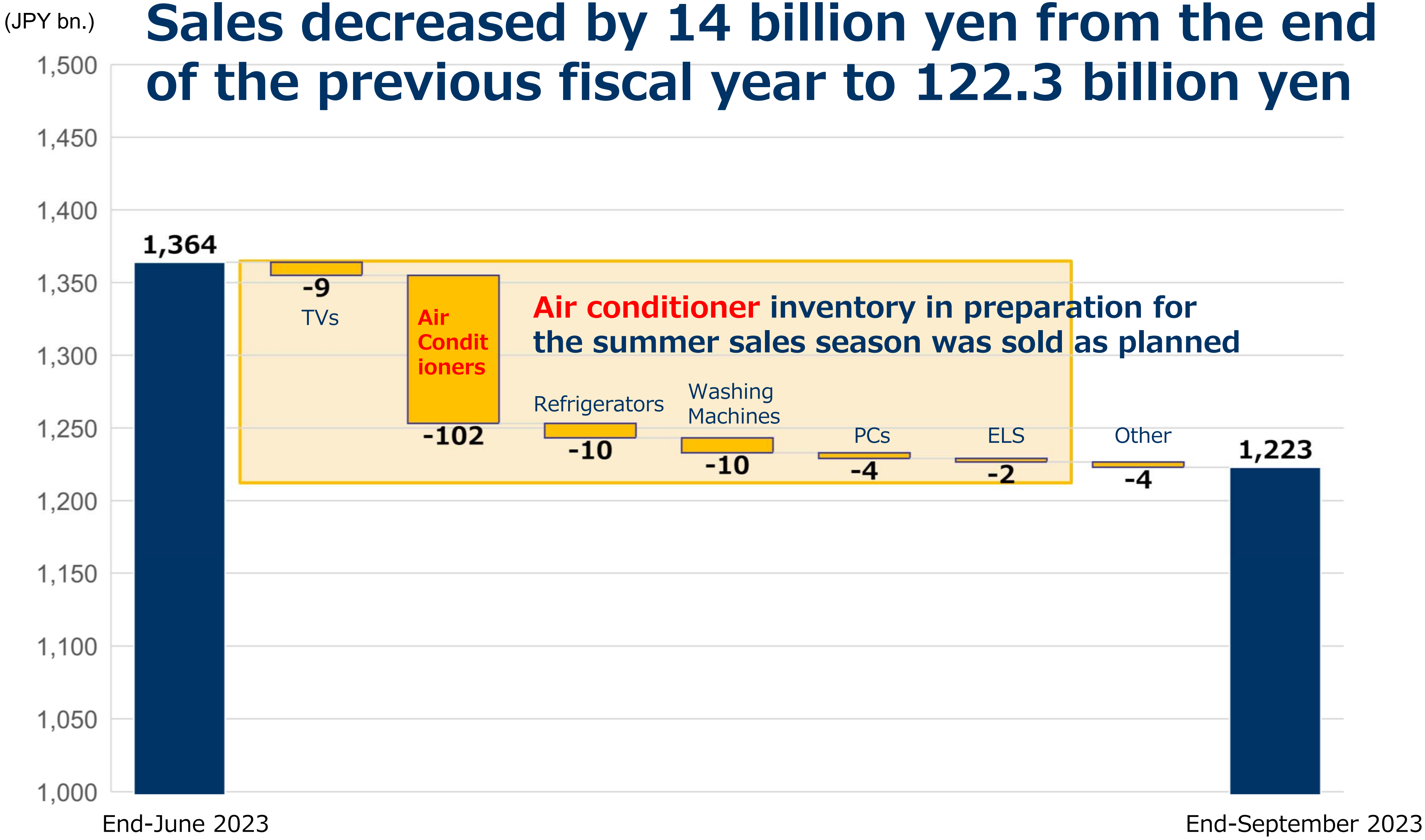
Shareholders' Equity Ratio

(%)



Inventory Status

Sales decreased by 14 billion yen from the end of the previous fiscal year to 122.3 billion yen



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

1. 1H FY03/24 Results

2. FY03/24 Earnings Forecast and Key Topics

Consolidated Earnings Forecast

Million yen, %	1H		2H		FY03/24			
	Results	YoY Change	Forecast	YoY Change	% of Sales	**Forecast**	% of FY03/23	YoY Change
Net Sales	**352,577**	**100.4**	**392,422**	**106.2**	**100.0**	**745,000**	**103.4**	**+24,415**
Gross Profit	**106,544**	**99.8**	**111,805**	**107.4**	**29.3**	**218,350**	**103.5**	**+7,473**
SG&A Expenses	95,765	99.3	**103,084**	**108.2**	**26.6**	**198,850**	**103.7**	**+7,159**
Advertising and Selling Expenses	23,402	98.3	23,917	107.0	6.4	47,320	102.5	+1,162
Personnel Expenses	39,498	99.6	41,002	103.4	10.8	80,500	101.5	+1,207
Equipment Costs and Administrative Expenses	27,761	100.6	32,759	117.9	8.1	60,521	109.2	+5,145
Depreciation	5,103	94.9	5,404	98.5	1.4	10,508	96.7	△356
Operating Profit	**10,779**	**104.3**	**8,720**	**98.5**	**2.6**	**19,500**	**101.6**	**+313**
Ordinary Profit	**11,052**	**108.7**	**8,447**	**93.0**	**2.6**	**19,500**	**101.3**	**+251**
Profit Attributable to Owners of the Parent	**7,216**	**102.1**	**4,283**	**99.1**	**1.5**	**11,500**	**100.9**	**+106**

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

Key Topics; Rapid Decision-Making in Management

As of October 1, 2023, the organization was reorganized and a responsible officer was appointed

Masataka Kubo

Chairman and CEO

- **Sales Department** >>> New business, product, marketing, etc.
- **E-commerce Department** >>> EDION own site management, planning and developing EC channels
- **Logistics Service Department** >>> Expansion of service business, growth expansion of ELS business

Norio Yamasaki

Executive Director; Vice President

- **Corporate Planning Department**
- **General Affairs and Human Resources Department**

Satoshi Kaneko

Executive Director; Vice President

- **IT Strategy Department**

We Are Working to Enhance Our Menu of Cleaning Services

「家電のプロ」の知識と技術を、ご家庭へ。

家電トータルサポート

クリーニング パソコンサポート 修理・点検 電気工事 リフォーム

Annual Growth Rate of 10% Set as Medium-Term Management Vision

The first half of the fiscal year ending March 2024 was 110% compared to the previous year, as planned. We will continue to strengthen our efforts and aim to be the top in the industry

Unifying repair reception in October 2023 Establishing a dedicated channel will lead to more efficient store operations

➡ **Reduce in-store phone response time**

- **Increase in dedicated operators**
- **Introduction of chatbot**
- **Rapid repair response**

Key Topics; Abundant Product Range

Products Rich in Variety, Play, and Awareness

Dual Wield Earphones

Portable Ice Maker

Marshall Bar Fridge

Cooler that fits in the palm of your hand

Travel Fan

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
FY03/23 Plan	1H Results	**4**	**5**	4 (including two non-home electronics stores)	**±0**	**450**
	2H Plan	**5**	**1**	**-**	**5**	**455**
	Full-year	**9**	**6**	4	**+5**	**455**

EDION HOME'S-Minamitsumori (Oosaka Prefecture)

EDION Group 1,209 stores

As of end-September 2023

- EDION-owned stores 450
- Franchise stores 759

Plan until March 2024

- **Increase the number of stores with 9-hour business hours to 200.**
- **Renovations such as repainting approximately 40 existing stores**

Key Topics; Opening of First Flagship Store in Kanto

EDION TSUTAYA ELECTRICS
(Hiroshima Prefecture)

EDION Namba main
(Oosaka Prefecture)

EDION Kyoto shijō Kawaramachi
(Kyoto Prefecture)

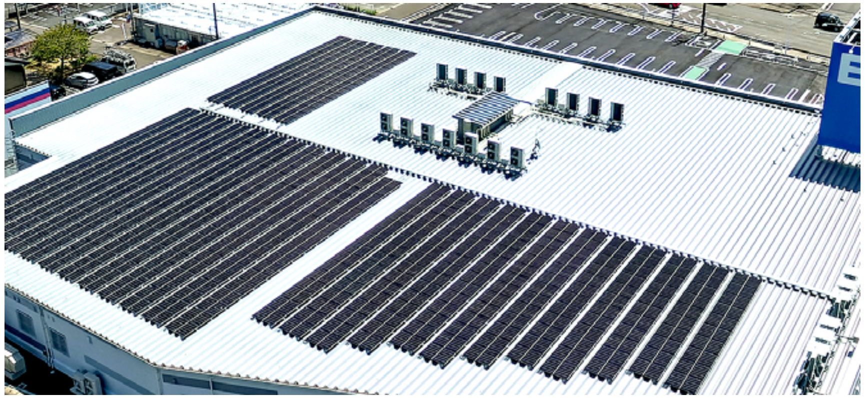
2017 → **2019** → **2021** → **December 15, 2023**

EDION's Largest New Store Opens in Yokohama

GRAND OPEN!

EDION Yokohama-Nishiguchi main
(Kanagawa Prefecture)

Obtained "Nearly ZEB" Certification



EDION Gifu-Masaki (Gifu Prefecture)

EDION Katano-Hoshida (Oosaka Prefecture)

As a building that is as close to ZEB (= zero annual primary energy consumption balance),
Evaluated as capable of reducing annual primary energy consumption by more than 75%

- Installed solar power generation systems at approximately 70 stores and service locations nationwide
- Supporting the realization of a decarbonized society through investment (investment in carbon neutral fund in 2022)
- Promote the use of PPA model from FY2022
- Aim to reduce environmental impact and improve energy efficiency by promoting self-consumption

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.

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.

EDION Integrated Report 2023

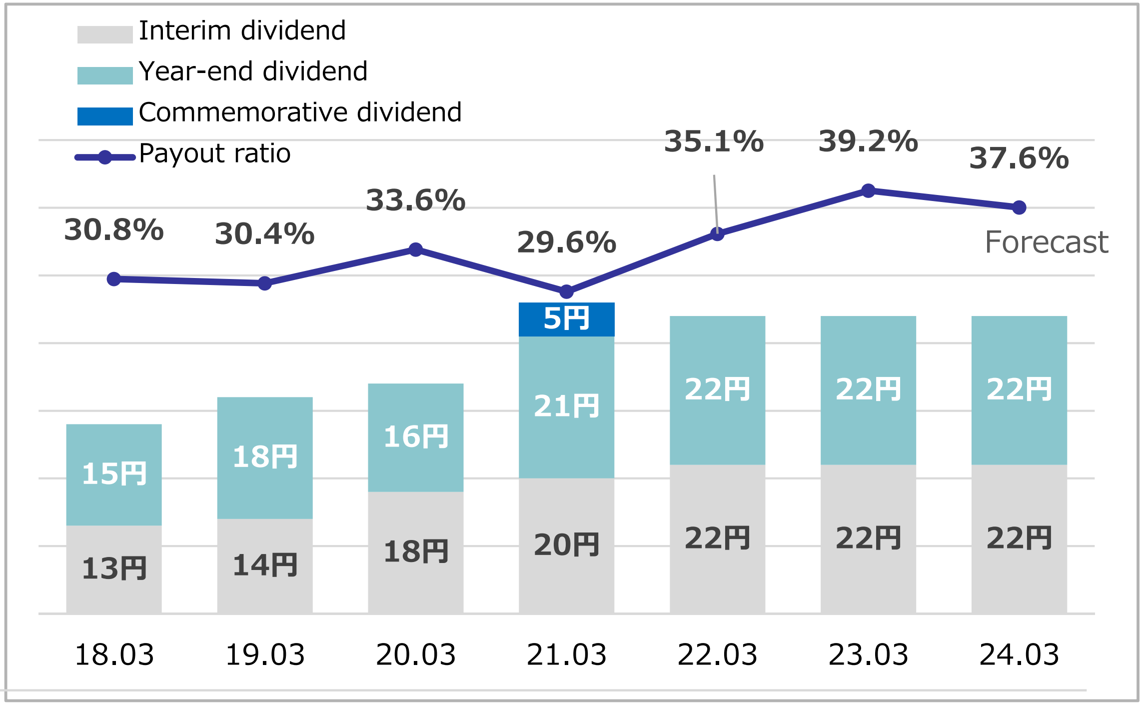
Published on official website >>> https://www.edion.co.jp/en/ir/library/integration

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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November 2, 2023