Analyst Meeting Q1 FY03/25

EDION Corporation

August 2, 2024

1. Q1 FY03/25 Results

2. FY03/25 Earning Forecast

3. Key Topics

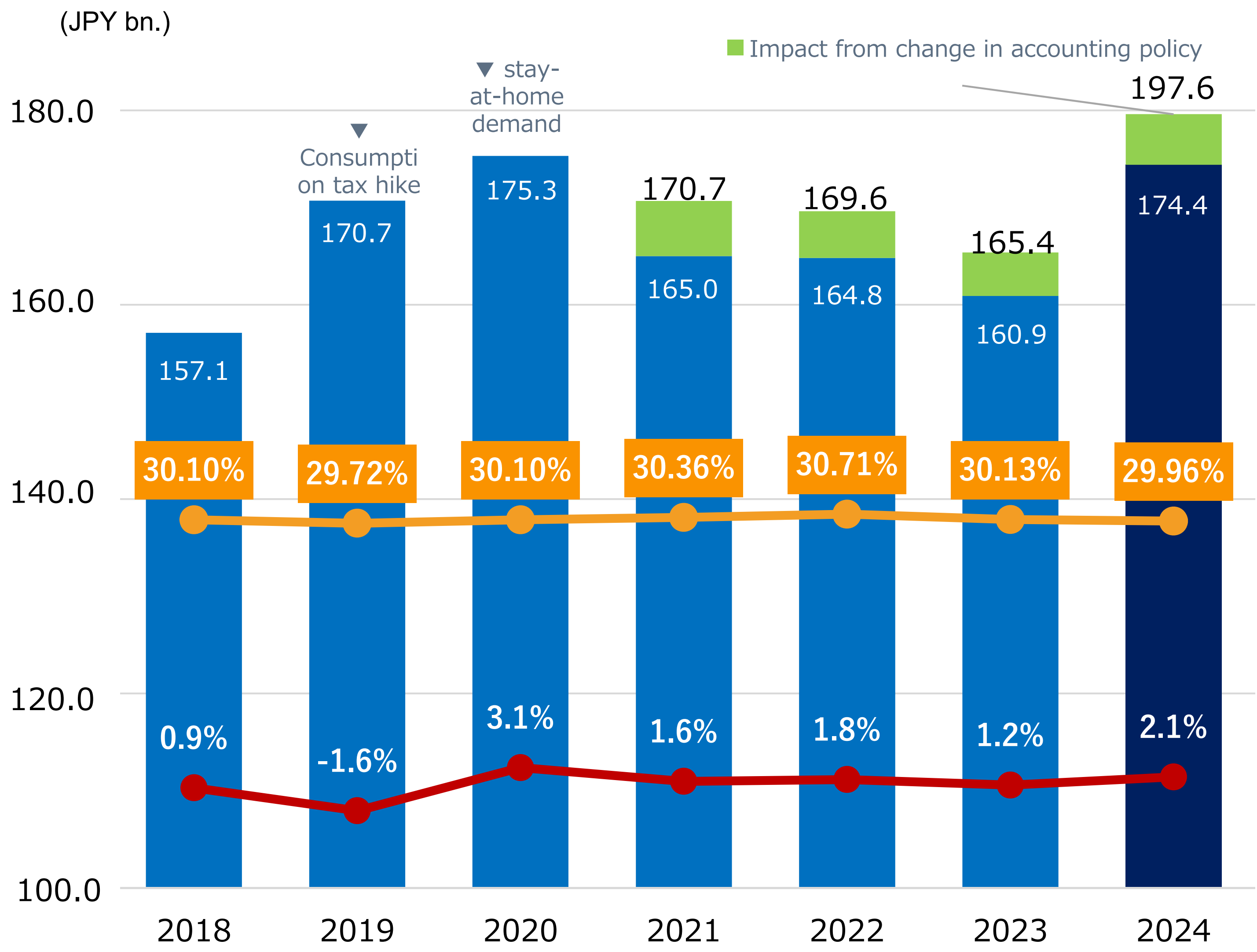
1. Q1 FY03/25 Results

Consolidated Statements of Income for Q1 FY03/25

Million yen, %	Q1 FY03/24			Q1 FY03/25			
	% of Sales	Results	% of FY2023	% of Sales	Results	% of FY2024	YoY Change
Net Sales		**160,941**	**97.6**		**174,457**	**108.4**	**13,515**
Gross Profit	**30.13**	**48,498**	**95.8**	**29.96**	**52,270**	**107.8**	**3,771**
SG&A Expenses	**29.0**	**46,726**	**98.3**	**28.0**	**48,927**	**104.7**	**2,201**
Advertising and Selling Expenses	6.5	10,489	93.6	6.7	11,620	110.8	1,131
Personnel Expenses	12.3	19,828	99.8	11.5	20,100	101.4	272
Equipment Costs and Administrative Expenses	8.6	13,887	100.7	8.3	14,465	104.2	578
Depreciation	1.6	2,521	95.1	1.6	2,740	108.7	218
Operating Profit	**1.1**	**1,771**	**56.8**	**1.9**	**3,342**	**188.6**	**1,570**
Non-Operating Income	0.3	458	132.8	0.3	457	99.8	△0
Non-Operating Expenses	0.2	337	68.3	0.1	153	45.5	△183
Ordinary Profit	**1.2**	**1,893**	**63.7**	**2.1**	**3,647**	**192.7**	**1,754**
Extraordinary Income	0.0	21	8.9	0.0	0	0.2	△21
Extraordinary Losses	0.1	109	349.0	0.1	101	92.7	△7
Profit before Income Taxes	1.1	1,805	56.7	2.0	3,545	196.4	1,740
Total Income Taxes	0.4	711	70.1	0.7	1,235	173.6	523
Profit attributable to Non-Controlling Interests	-	-	-	0.0	30	-	30
Profit Attributable to Owners of the Parent	**0.7**	**1,093**	**50.4**	**1.3**	**2,280**	**208.5**	**1,186**

Some items in the accompanying financial statements have been summarized to preserve simplicity. Such changes are unaudited.

Earnings for Q1 FY03/25



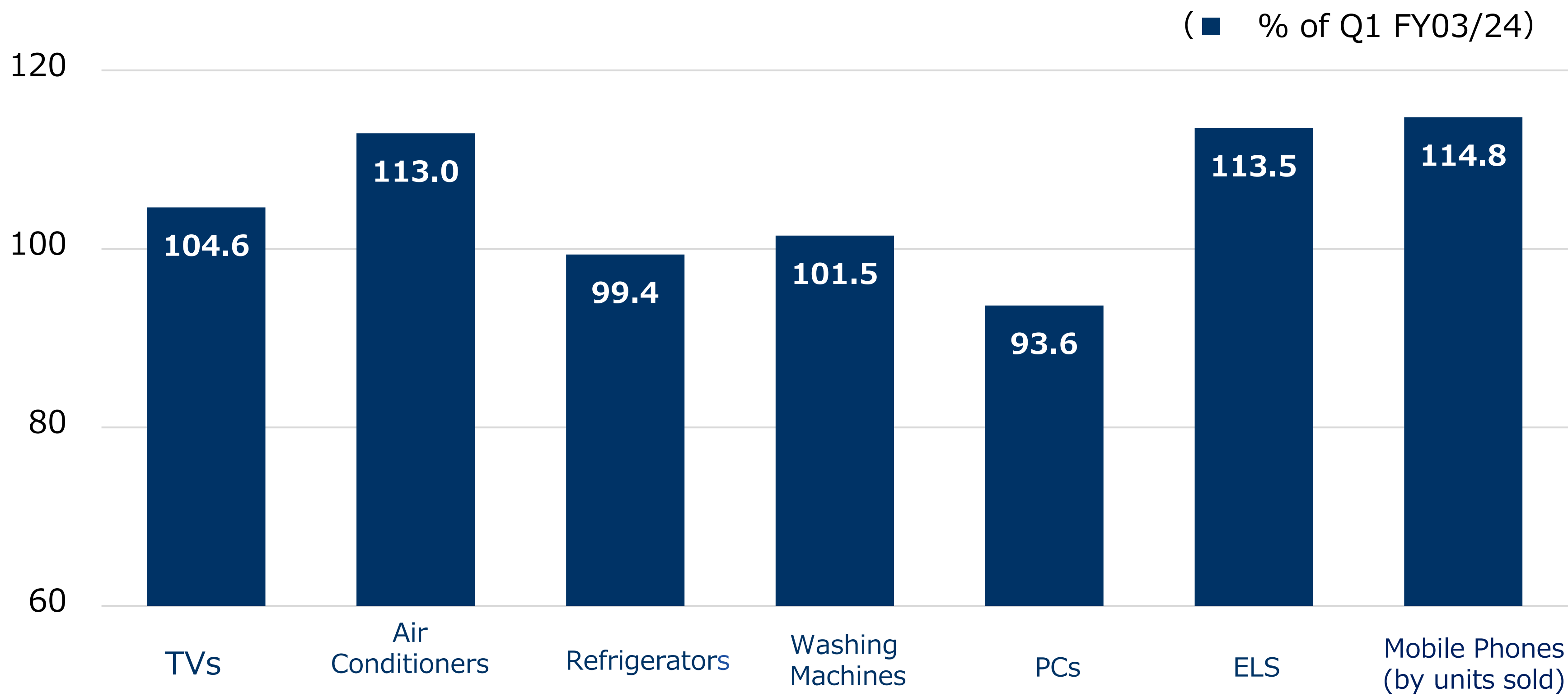
Net Sales
JPY174.4bn (Before change in accounting policy) JPY179.6bn

GPM
29.96%

Ordinary Profit Margin
2.1%

Comparison of Orders by Product

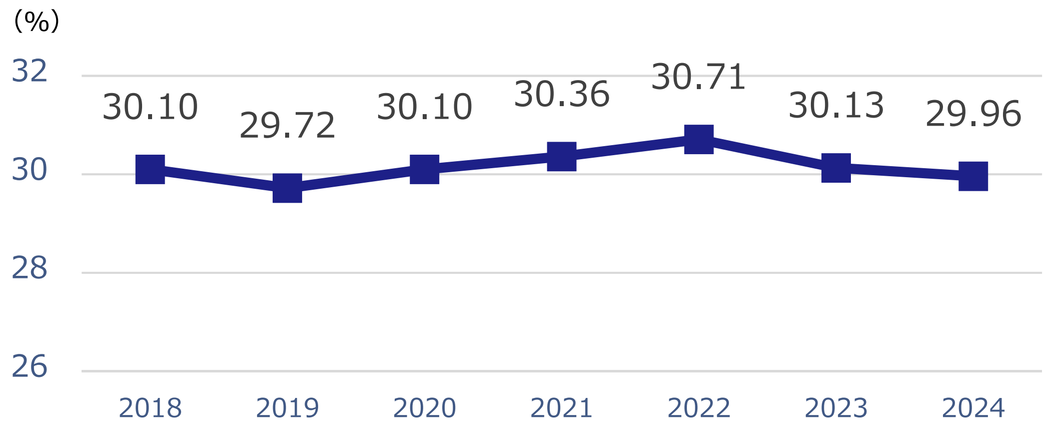
YoY (orders acquired at POS)



	TVs	Air Conditioners	Refrigerators	Washing Machines	PCs	ELS	Mobile Phones (by units sold)
Apr.	99.7	119.4	100.5	98.3	95.4	108.5	113.5
May	95.7	91.5	96.2	97.4	84.6	110.7	102.7
Jun.	116.1	127.4	101.0	108.6	100.7	122.0	131.6

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

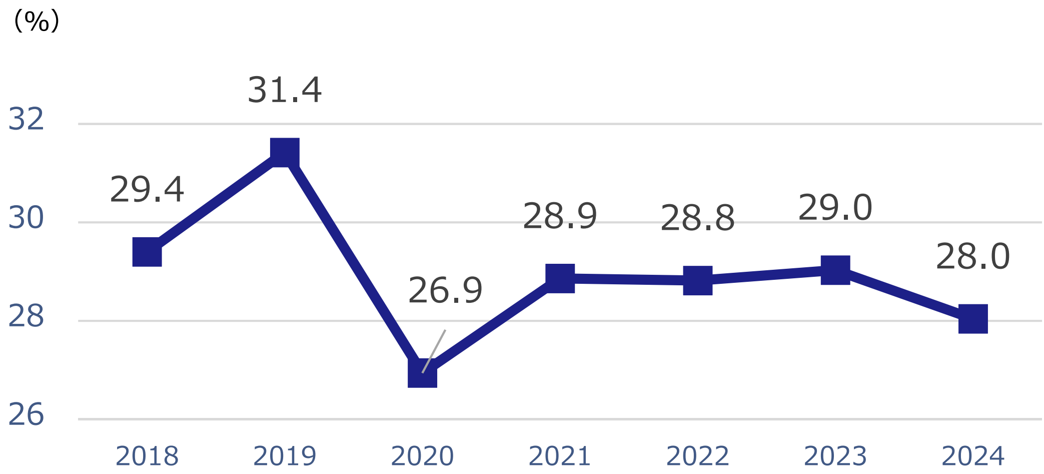
Gross Profit Margin



▷ **GPM**

Q1 FY03/25: JPY52.2bn Change YoY: +JPY3.77bn
・1st quarter 29.96% in FY03/25; 30.13% in FY03/24 Change YoY:-0.17%

SG&A-to-sales Ratio



▷ **SG&A expenses**

Q1 FY03/25: JPY48.9bn Change YoY: +JPY2.2bn

Advertising and selling expenses: +JPY1.13bn
Personnel expenses: +JPY270mn
Equipment costs and administrative expenses: +JPY570mn
(Response to rising water and heating costs YoY: -JPY160mn, Real estate rent YoY: +JPY150mn, Taxes and dues costs YoY: +JPY130mn)
Depreciation: +JPY210mn

Consolidated Balance Sheet

(Million yen)

	End-March 2023	End-March 2024	End-June 2024	YoY Change
Cash and Cash Equivalents	13,235	12,011	12,627	616
Inventories-Merchandise and Products	116,061	117,902	132,821	14,918
Other	56,442	59,852	54,089	△5,763
Current Assets	185,739	189,766	199,537	9,771
Property, Plant, and Equipment	122,126	177,824	177,924	100
Intangible Assets	9,746	10,948	10,948	△281
Investments and Other Assets	51,753	53,156	52,466	△690
Non-Current Assets	183,625	241,928	241,056	△871
Total Assets	**369,365**	**431,694**	**440,594**	**8,899**

	End-March 2023	End-March 2024	End-June 2024	YoY Change
Notes and Accounts Payable-Trade	42,764	43,136	52,410	9,273
Short-term Loans Payable	60	38,591	43,951	5,360
Current Portion of Bonds Payable	-	-	6,520	6,520
Other	65,017	67,731	62,284	△5,447
Current Liabilities	107,841	149,458	165,165	15,706
Non-Current Liabilities	59,866	67,314	60,386	△6,927
Total Liabilities	**167,708**	**216,773**	**225,551**	**8,778**
Net Assets	**201,656**	**214,921**	**215,042**	**120**
Total Liabilities and Net Assets	**369,365**	**431,694**	**440,594**	**8,899**

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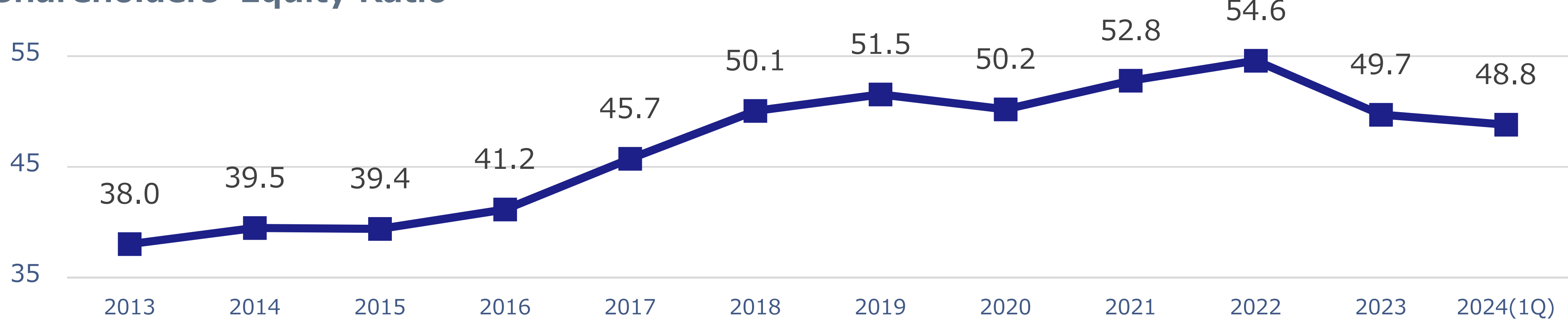
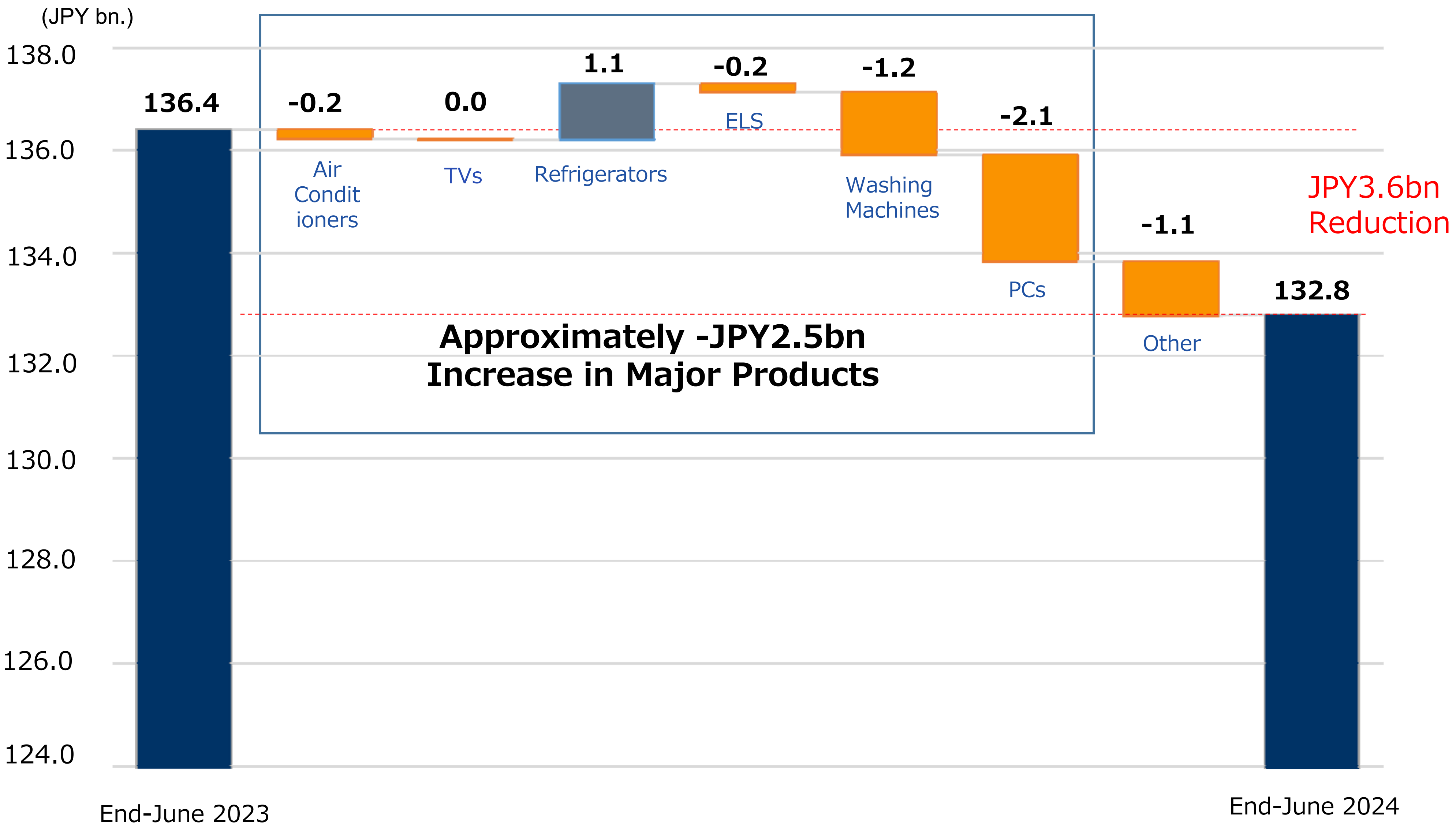
Shareholders' Equity Ratio



Inventory Status



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

Consolidated Statements of Cash Flows

(Million yen)

	End-June 2024	End-June 2024	YoY Change
Profit Before Income Taxes	1,805	3,545	1,740
Increase (decrease) in Provision for Bonuses	△2,749	△2,767	△17
Decrease (increase) in Inventories	△20,549	△14,972	5,576
Other	20,753	18,672	△2,081
Subtotal	△740	4,478	5,218
Income taxes Paid	△4,149	△2,781	1,368
Other	△94	△30	64
CFs from Operating Activities	△4,983	1,667	6,650
Purchase of Property, Plant and Equipment	△2,009	△2,948	△939
Other	△792	△643	149
CFs from Investing Activities	△2,801	△3,591	△789
Net Increase (decrease) in Short-Term Borrowings	6,040	5,360	△680
Dividends Paid	△1,862	△2,117	△255
Other	△571	△703	△132
CFs from Financing Activities	3,607	2,540	△1,067
Cash and Cash Equivalents at End of FY	**9,058**	**12,627**	**3,569**

Some items in the accompanying financial statements have been summarized to preserve simplicity. Such changes are unaudited.

2. FY03/25 Earning Forecast

Consolidated Earnings Forecast

Million yen, %	1H		2H		Q1 FY03/25			
	Forecast	YoY Change	Forecast	YoY Change	% of Sales	Forecast	% of FY2024	YoY Change
Net Sales	**369,000**	**104.7**	**381,000**	**103.4**		**750,000**	**104.0**	**28,914**
Gross Profit	110,700	103.9	108,100	104.9	29.17	218,800	104.4	9,213
SG&A Expenses	99,900	104.3	99,900	103.1	26.6	199,800	103.7	7,143
Advertising and Selling Expenses	24,274	103.7	23,794	101.1	6.4	48,069	102.4	1,123
Personnel Expenses	40,236	101.9	40,791	103.3	10.8	81,027	102.6	2,046
Equipment Costs and Administrative Expenses	29,888	107.7	29,378	104.2	7.9	59,267	105.9	3,321
Depreciation	5,501	107.8	5,934	104.5	1.5	11,436	106.0	651
Operating Profit	10,800	100.2	8,200	133.3	2.5	19,000	112.2	2,070
Ordinary Profit	11,100	100.4	8,400	133.6	2.6	19,500	112.5	2,160
Profit Attributable to Owners of the Parent	**7,100**	**98.4**	**3,900**	**216.1**	**1.5**	**11,000**	**121.9**	**1,978**

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▷ **Net Sales;** Same-store sales vs. FY03/24: 100.5% in 1H, 101.5% in 2H, and 101.0% for the full year
▷ **Gross Profit Margin;** Result projected to be level in comparison with FY03/24
▷ **SG&A Expenses;** The main reason for the increase was an increase in sales fluctuations (advertising costs and new store sales costs).
Increase in personnel costs due to increases in salary base, etc.
Equipment costs and management costs will increase due to increases in utility costs and new store rent.

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

(stores)			New Openings	Relocations and Renovations	Closures	YoY Change	End-of-Period Store Count
FY03/24 Results		Full-year	9	6	5	+4	454
FY03/25	Plan	Full-year	7	1	-	-	-
	Results	**Q1 FY03/25**	**4**	**-**	**1**	**+3**	**457**

EDION Oji-ekimae (Nara Prefecture)

EDION Group 1,205 stores

As of end-June 2024

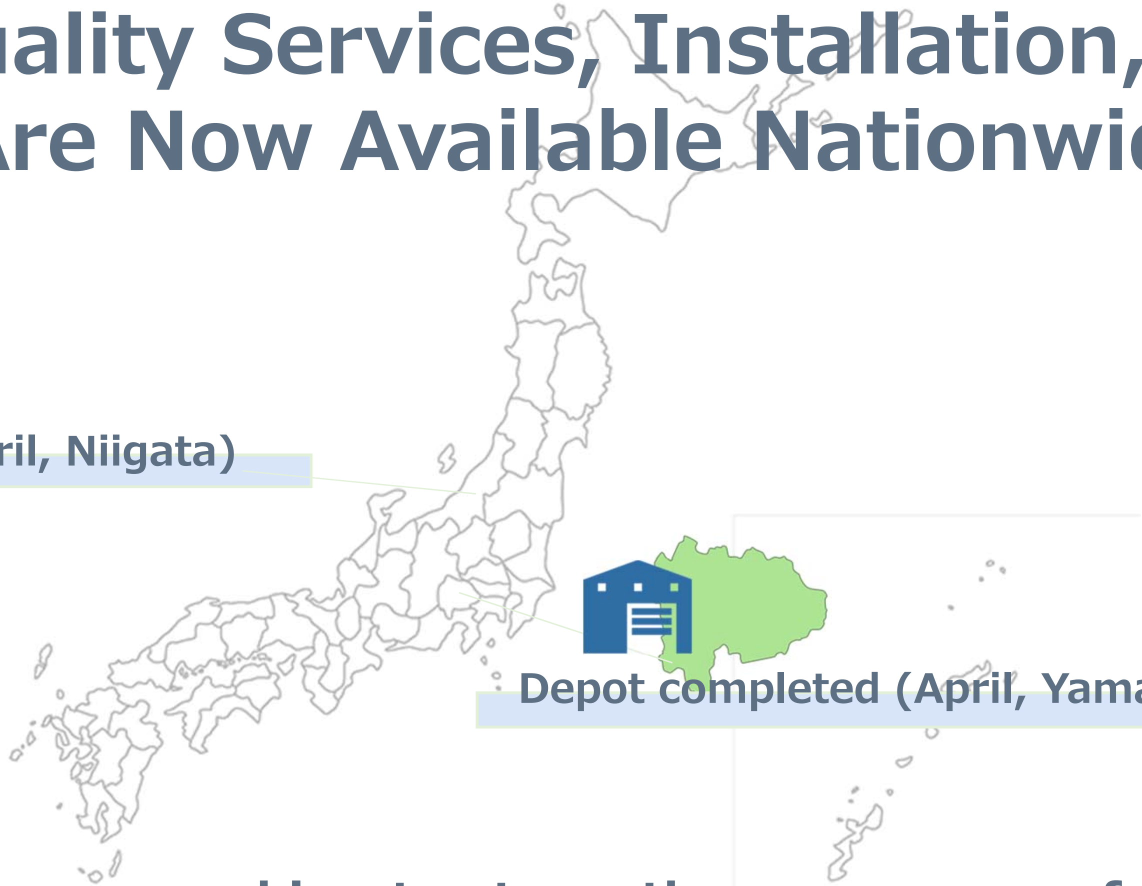
■ **EDION-owned stores 457** ■ **Franchise stores 748**

Signage signs and exterior painting will be done at 35 stores this fiscal year

3. Key Topics

EDION's High-Quality Services, Installation, and Construction Are Now Available Nationwide

Depot completed (April, Niigata)



Depot completed (April, Yamanashi)

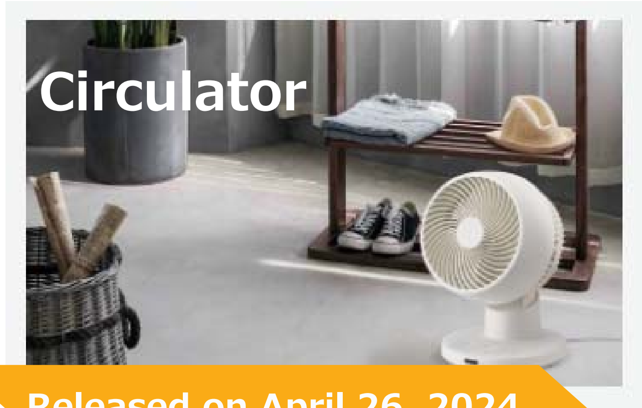
We are working to strengthen our menu of air conditioning cleaning services

Aiming to be Japan's No. 1 business in terms of the number of air conditioner cleanings

EDION PB Brand Introduction

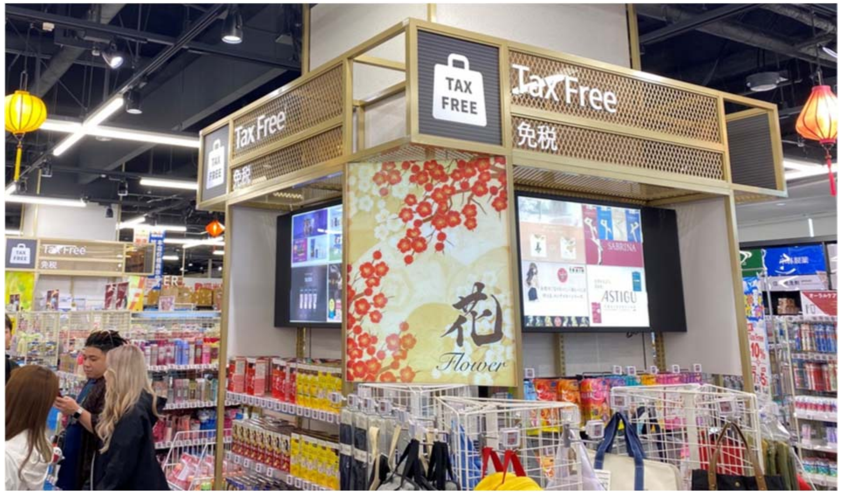
EDION's Private Brand Product that Meets Customer Needs from Various Angles

Released on May 1, 2024



Released on April 26, 2024

Released on June 18, 2024



Sales Growth Rate
(QoQ) 303%

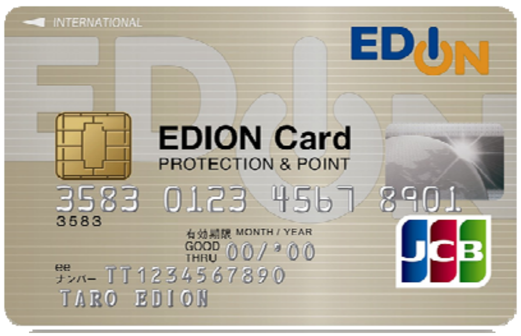
Sales Are Strong Mainly at Urban Stores

EDION NAMBA MAIN STORE (Osaka prefecture)

Sales from tourists visiting Japan are on a recovery trend due to the weak yen

Add New Credit Card

EDION strengthens collaboration with Sumitomo Mitsui Card Co., Ltd.



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Card brands with more features will be available in addition to your existing credit cards

- **Skimming risk reduction**
- **Compatible with touch payment**
- **Point redemption on designated services**

Strengthening of Sustainability Management

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.

2024
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

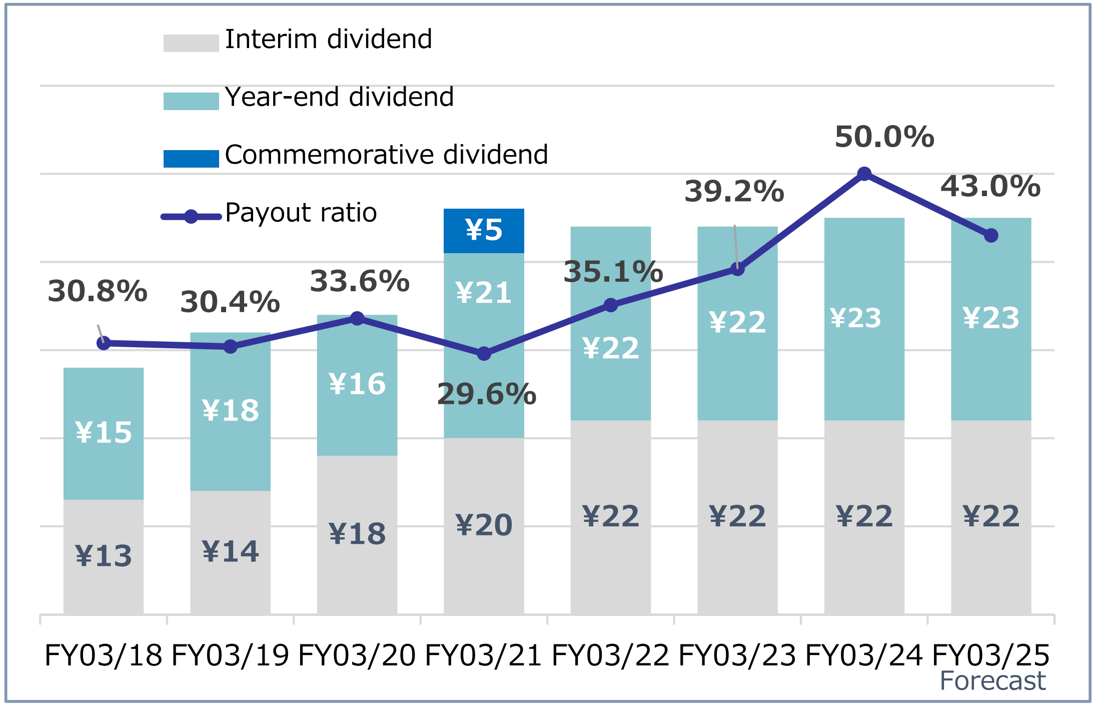
We want to be "the company that permanently supports the affluent lifestyles of our customers.“ Based on this stance of our company, we will continue to promote sustainability management in order to provide our stakeholders with development and satisfaction. In June 2022, we launched the Sustainability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

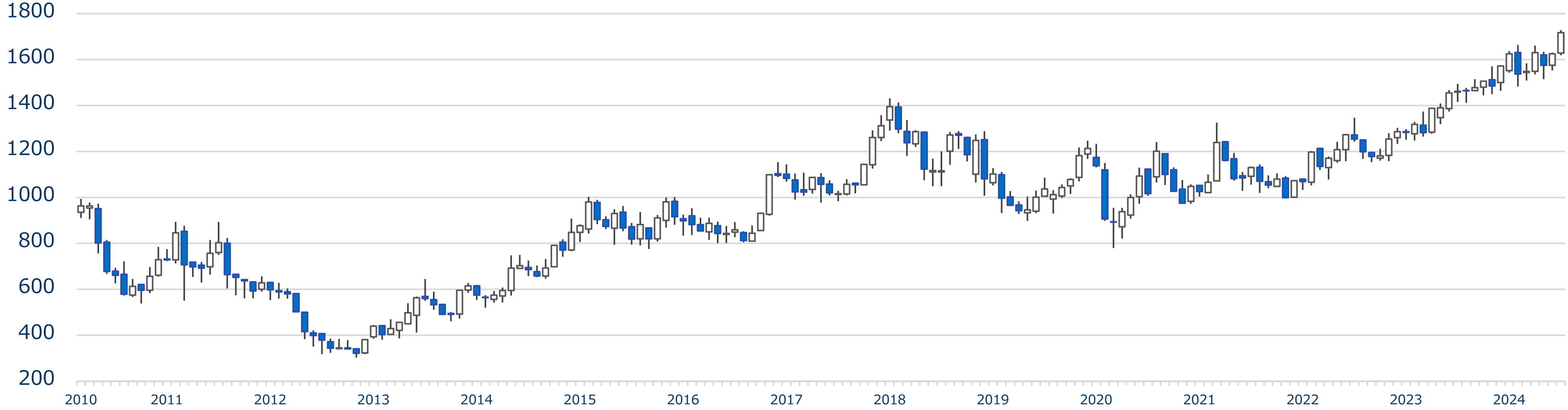
Dividends and Share Prices

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.





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August 2, 2024