Analyst Meeting 1H FY03/25

Date for the Six Months Ended September 30, 2024

EDION Corporation

November 1, 2024

1. 1H FY03/25 Results

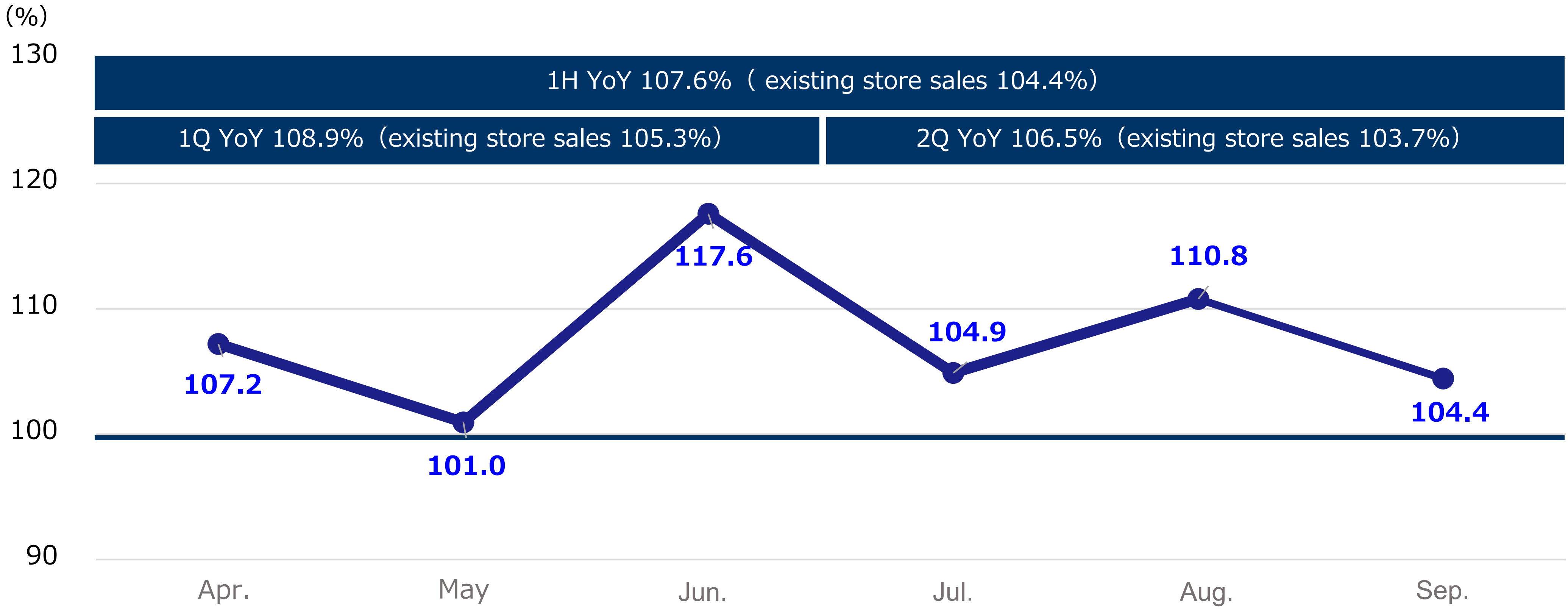
2. FY03/25 Earning Forecast

3. Key Topics

1. 1H FY03/25 Results

Review of 1H FY03/25

YoY comparisons for all stores (orders received at POS)



■ 1H YoY 107.6%

existing store sales 104.4%

In the first half of FY2024, product price increases ran their course and sales volume remained steady. Not only mainstay home appliances such as air conditioners and washing machines, but also home appliances as a whole showed signs of recovery and performed well from early spring.

1Q FY03/25

▷Temperatures across Japan rose in April, and demand for air conditioners and seasonal products was brisk earlier than usual. In addition, replacement demand for large-size living room TVs was brisk in June.

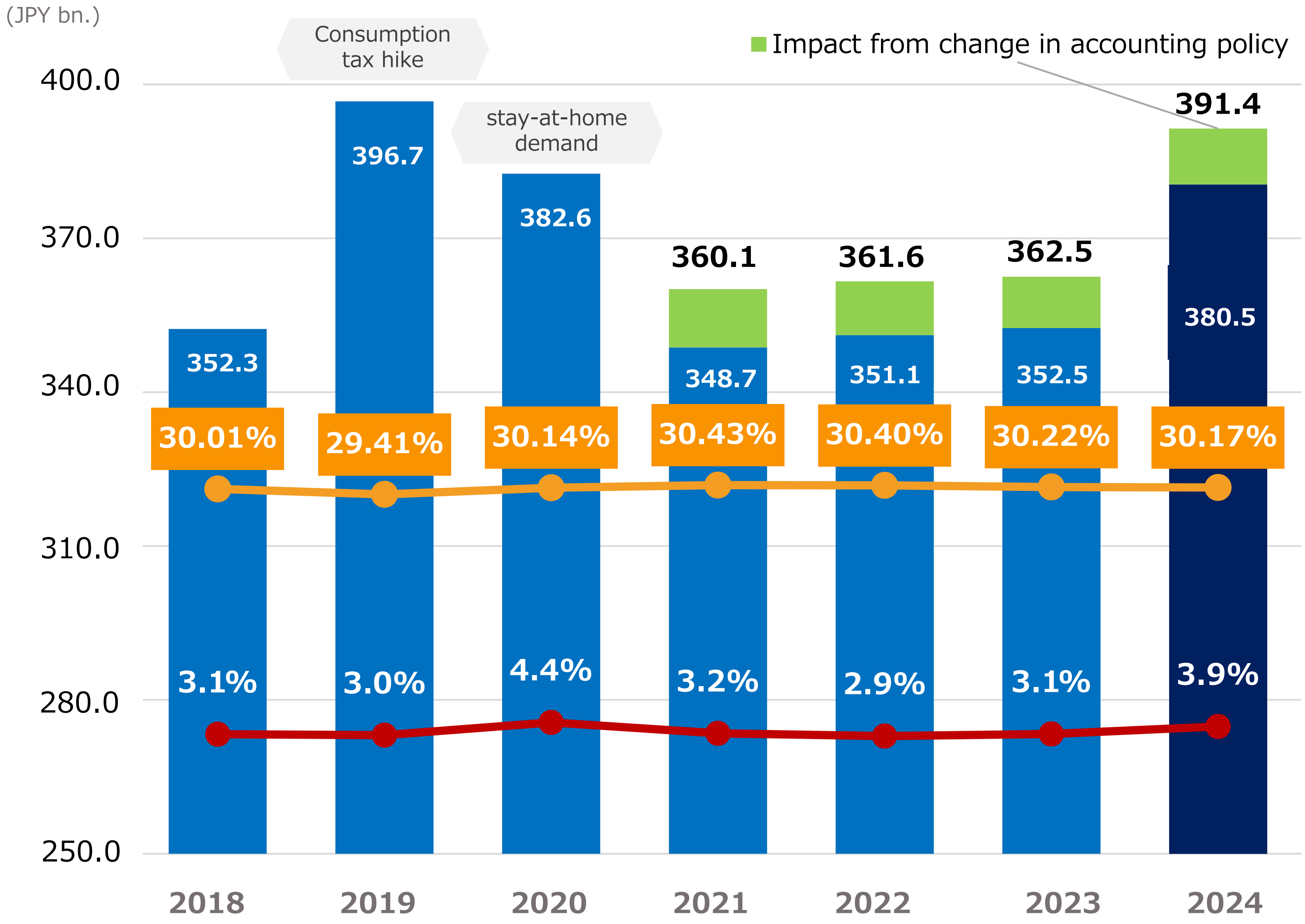
2Q FY03/25

▷Sales of large-size air conditioners, such as those with power-saving and AI features, grew strongly, as did sales of energy-saving and all-electrification products, as well as bathroom and toilet remodeling.

Consolidated Statements of Income for 1H FY03/25

Million yen, %	1H FY03/24			1H FY03/25			
	% of Sales	Results	% of FY2023	% of Sales	Results	% of FY2024	YoY Change
Net Sales		**352,577**	**100.4**		**380,500**	**107.9**	**27,922**
Gross Profit	**30.22**	**106,544**	**99.8**	**30.17**	**114,779**	**107.7**	**8,234**
SG&A Expenses	**27.2**	**95,765**	**99.3**	**26.4**	**100,281**	**104.7**	**4,516**
Advertising and Selling Expenses	6.6	23,402	98.3	6.5	24,773	105.9	1,371
Personnel Expenses	11.2	39,497	99.6	10.7	40,700	103.0	1,203
Equipment Costs and Administrative Expenses	7.9	27,761	100.6	7.7	29,194	105.2	1,432
Depreciation	1.4	5,103	94.9	1.5	5,612	110.0	508
Operating Profit	**3.1**	**10,779**	**104.3**	**3.8**	**14,498**	**134.5**	**3,718**
Non-Operating Income	0.2	852	120.2	0.2	822	96.4	▲30
Non-Operating Expenses	0.2	580	66.4	0.1	293	50.6	▲286
Ordinary Profit	**3.1**	**11,052**	**108.7**	**3.9**	**15,027**	**136.0**	**3,974**
Extraordinary Income	0.0	141	26.4	0.0	74	53.0	▲66
Extraordinary Losses	0.1	395	168.3	0.1	259	65.5	▲136
Profit before Income Taxes	**3.1**	**10,798**	**103.1**	**3.9**	**14,842**	**137.5**	**4,044**
Total Income Taxes	1.0	3,581	105.4	1.3	4,760	132.9	1,178
Profit attributable to Non-Controlling Interests	-	-	-	0.0	50	0.0	50
Profit Attributable to Owners of the Parent	**2.0**	**7,216**	**102.1**	**2.6**	**10,031**	**139.0**	**2,815**

Earnings for 1H FY03/25



Net Sales
JPY380.5bn (Before change in accounting policy) JPY391.4bn)

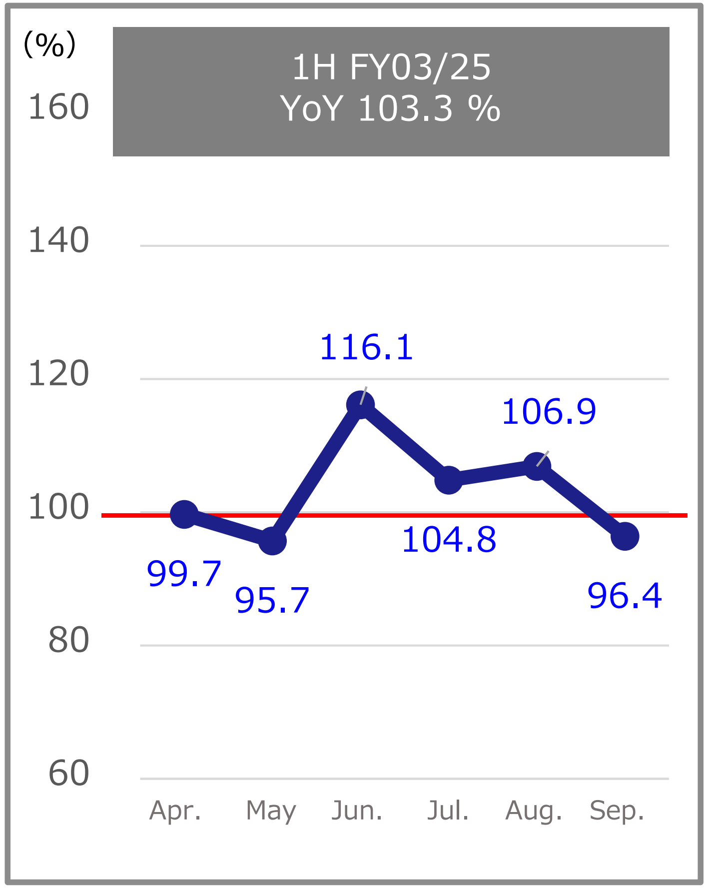
GPM
30.17%

Ordinary Profit Margin
3.9%

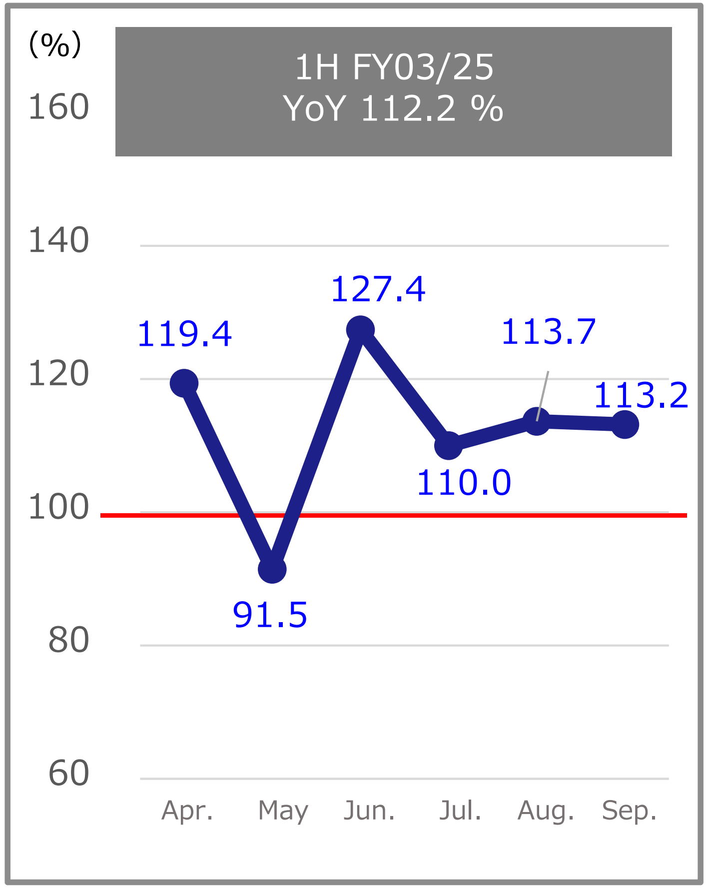
Comparison of Orders by Product

YoY (Orders acquired at POS)

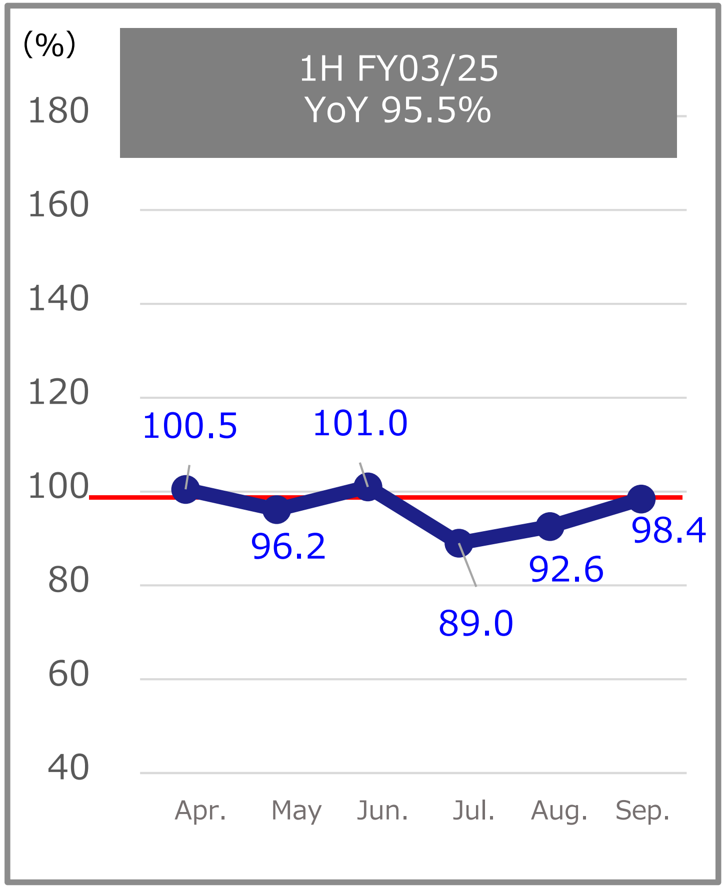
TVs



Air Conditioners



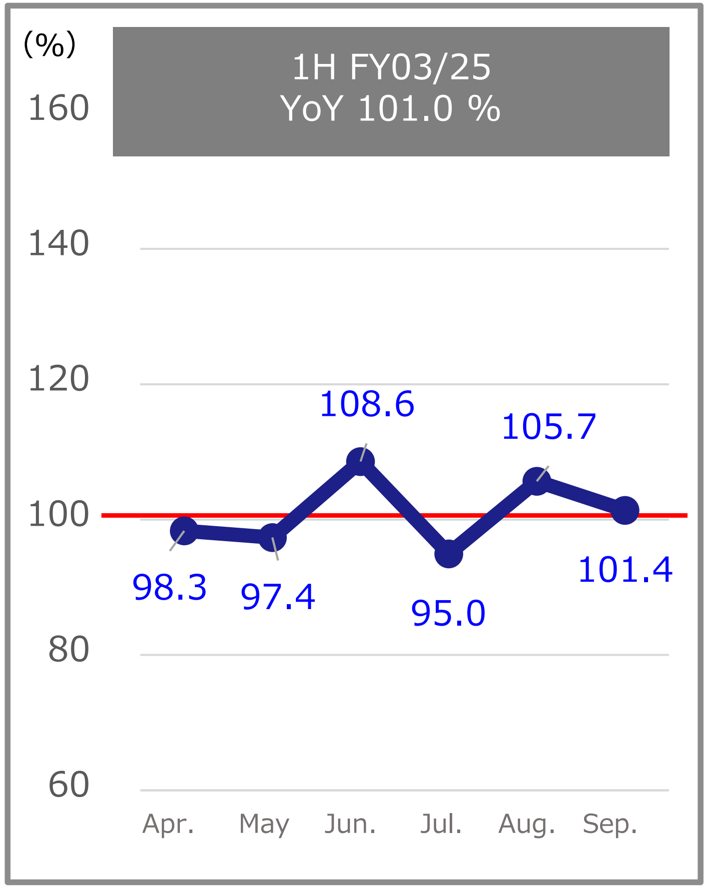
Refrigerators



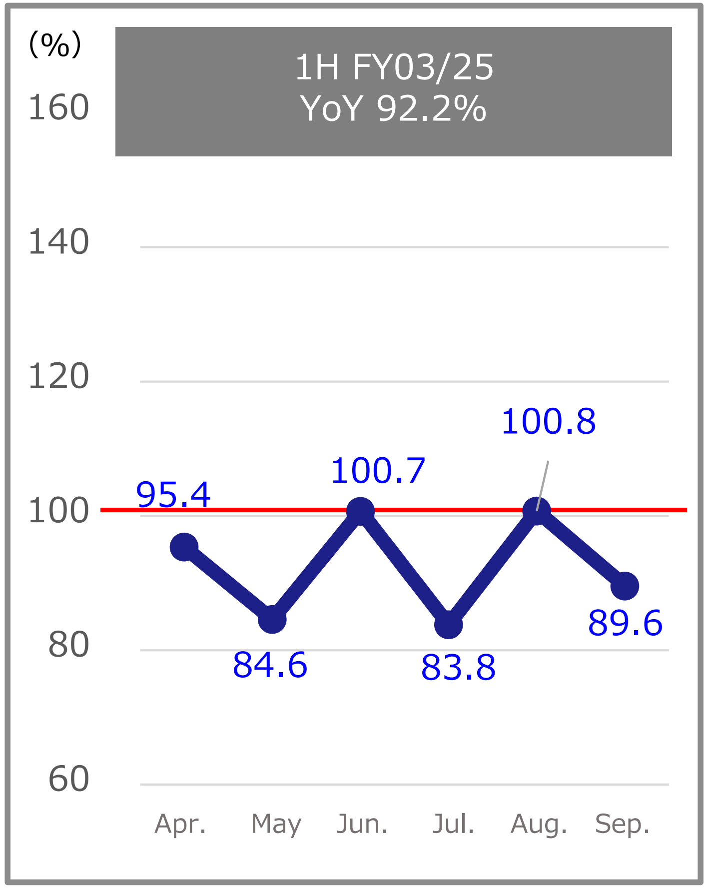
Comparison of Orders by Product

YoY (Orders acquired at POS)

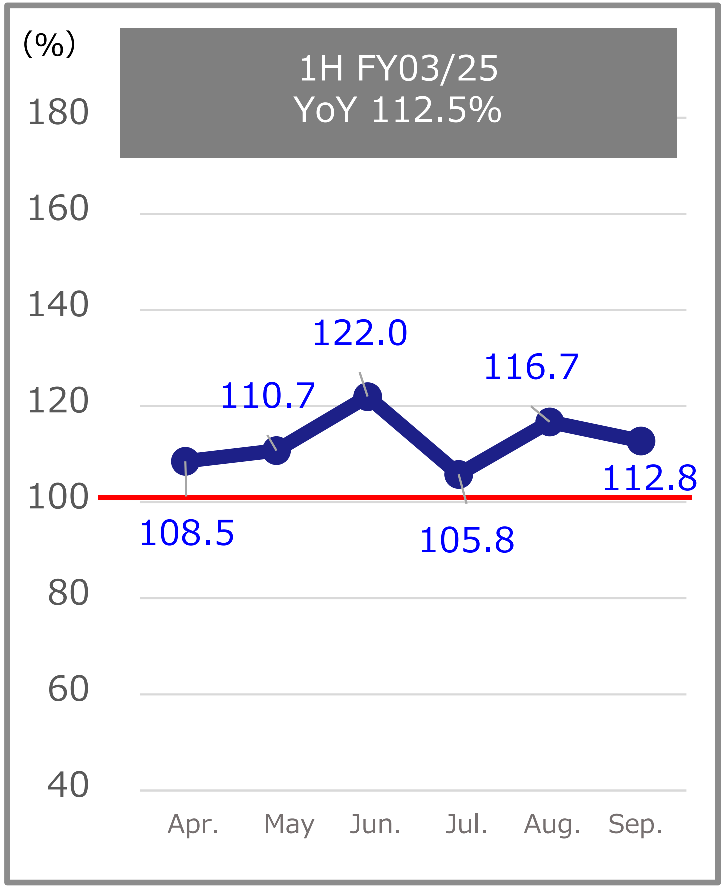
Washing Machines



PCs

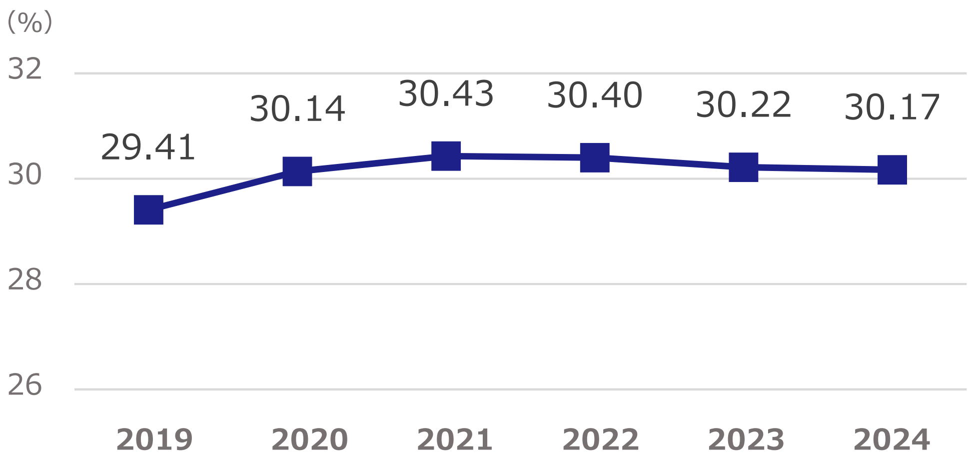


ELS Business



1H FY03/25 Gross Profit Margin and SG&A Ratio

■Gross Profit Margin



Gross profit margin: 30.17% in 1H FY03/2025, 30.22% in 1H FY03/2024, YoY Change -0.05%

"Factor

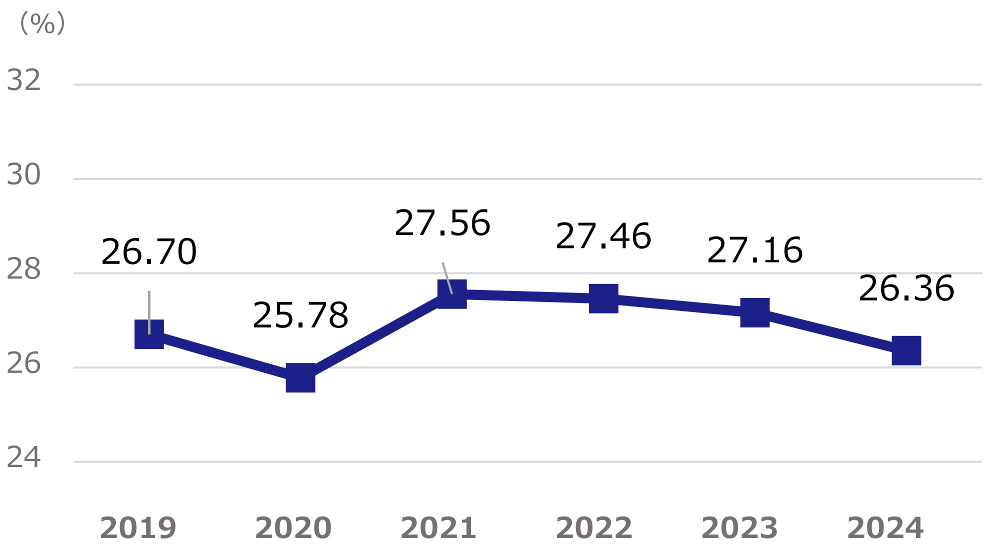
▷1Q FY03/25, YoY Change -0.17%

Although seasonal products performed well, the GPM was affected by growth in e-commerce and toy-related products

▷2Q FY03/25, YoY Change +0.05%

In the July-September period, sales of TV game machine products and other toy-related products were also strong. However, sales of seasonal products were higher than a year earlier, and overall gross profit margin improved

■SG&A-to-sales Ratio



SG&A expenses: 1H FY03/25: JPY100.2bn
Change YoY: +JPY4.5bn
SG&A expenses ratio: 26.36% in 1H FY03/2025, 27.16% in 1H FY03/2024, YoY Change -0.81%

"Factor

Advertising and selling expenses: +JPY1.37bn * Mainly variable costs

Personnel expenses: +JPY1.20bn

Equipment costs and administrative expenses: +JPY1.43bn

(Addressing the cost of opening new stores YoY: +JPY140mn,
Real estate rent YoY: +JPY360mn,
Taxes and dues costs YoY: +JPY170mn)

Depreciation: +JPY500mn

Consolidated Balance Sheet

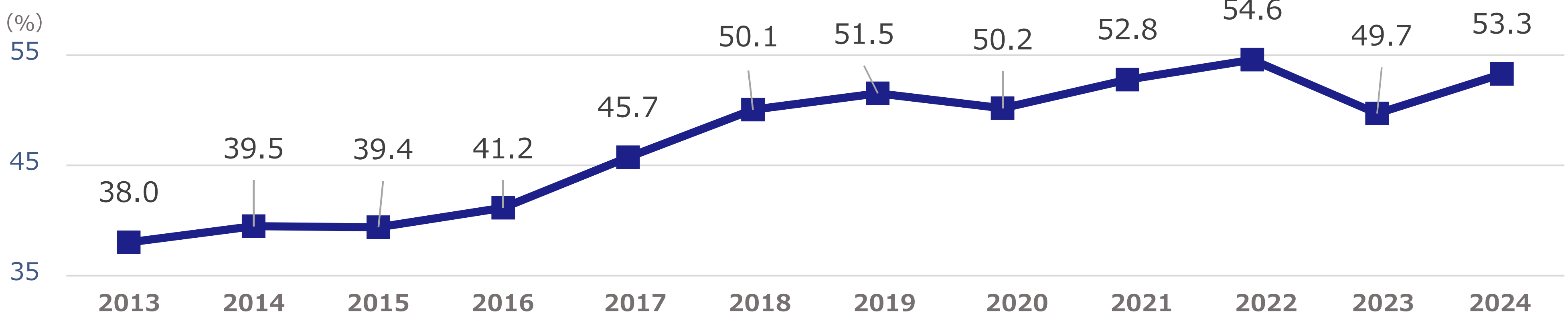
(Million yen)

	End-March 2023	End-Sep. 2024	Change
Cash and Cash Equivalents	12,011	9,349	△2,661
Inventories-Merchandise and Products	117,902	118,051	148
Other	59,852	47,734	△12,117
Current Assets	189,766	175,135	△14,630
Property, Plant, and Equipment	177,824	178,021	197
Intangible Assets	10,948	10,662	△285
Investments and Other Assets	53,156	54,220	1,064
Non-Current Assets	241,928	242,905	976
Total Assets	**431,694**	**418,041**	**△13,653**

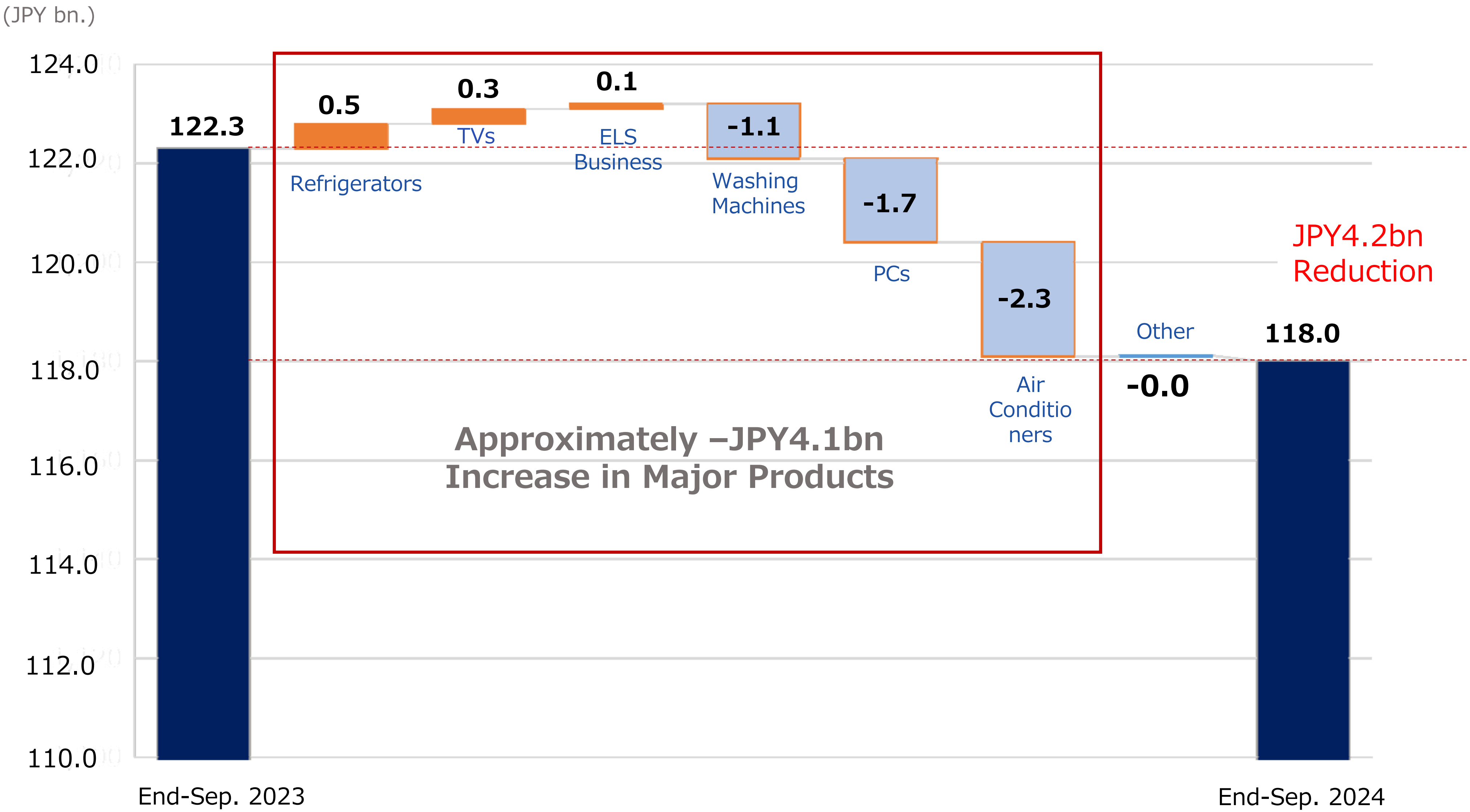
	End-March 2023	End-Sep. 2024	Change
Notes and Accounts Payable-Trade	38,591	20,493	△18,097
Short-term Loans Payable	10,113	3,139	△6,974
Current Portion of Bonds Payable	-	4,290	4,290
Other	149,458	127,665	△21,793
Current Liabilities	31,243	37,847	6,604
Non-Current Liabilities	67,314	66,987	△326
Total Liabilities	**216,773**	**194,652**	**△22,120**
Net Assets	**214,921**	**223,388**	**8,466**
Total Liabilities and Net Assets	**431,694**	**418,041**	**△13,653**

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

Shareholders' Equity Ratio



Inventory Status



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

Consolidated Statements of Cash Flows

	End-September 2023	End-September 2024	YoY Change
Profit Before Income Taxes	10,798	14,842	4,044
Decrease (increase) in Inventories	△6,193	△274	5,918
Increase (decrease) in notes and accounts payable – trade	△5,070	△1,750	3,320
Other	17,430	18,265	835
Subtotal	16,964	31,083	14,118
Income taxes Paid	△3,964	△2,636	1,327
Other	△332	△145	186
CFs from Operating Activities	**12,668**	**28,301**	**15,632**
Purchase of Property, Plant and Equipment	△4,319	△5,172	△852
Other	△811	△2,115	△1,304
CFs from Investing Activities	**△5,131**	**△7,287**	**△2,156**
Increase/decrease in long-term/short-term borrowings	△1,008	△18,943	△17,934
Purchase of treasury shares	△0	△1,578	△1,577
Other	△2,438	△3,153	△715
CFs from Financing Activities	**△3,447**	**△23,675**	**△20,228**
Cash and Cash Equivalents at End of Period	**17,325**	**9,349**	**△7,975**

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 FY03/25		2H FY03/25		FY03/25			
	Results	% of FY2024	Forecast	% of FY2024	% of Sales	Forecast	% of FY2024	YoY Change
Net Sales	**380,500**	**107.9**	**381,000**	**103.4**		**761,500**	**105.6**	**40,414**
Gross Profit	114,779	107.7	108,100	104.9	29.27	222,880	106.3	13,293
SG&A Expenses	100,281	104.7	100,398	103.6	26.4	200,680	104.2	8,023
Advertising and Selling Expenses	24,773	105.9	24,151	102.6	6.4	48,924	104.2	1,978
Personnel Expenses	40,700	103.0	41,225	104.4	10.8	81,926	103.7	2,945
Equipment Costs and Administrative Expenses	29,194	105.2	28,995	102.9	7.6	58,189	104.0	2,244
Depreciation	5,612	110.0	6,026	106.1	1.5	11,639	107.9	854
Operating Profit	14,498	134.5	7,701	125.2	2.9	22,200	131.1	5,270
Ordinary Profit	15,027	136.0	8,072	128.4	3.0	23,100	133.2	5,760
Profit Attributable to Owners of the Parent	**10,031**	**139.0**	**3,468**	**192.1**	**1.8**	**13,500**	**149.6**	**4,478**

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▷ **Existing Store Sales** (vs. FY03/24) **;** 1H result:104.4%, 2H plan:101.5%, and 102.9% 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)

EDION Yashiro (Kumamoto Prefecture)

EDION Group

1,204 stores

As of end-Sep. 2024

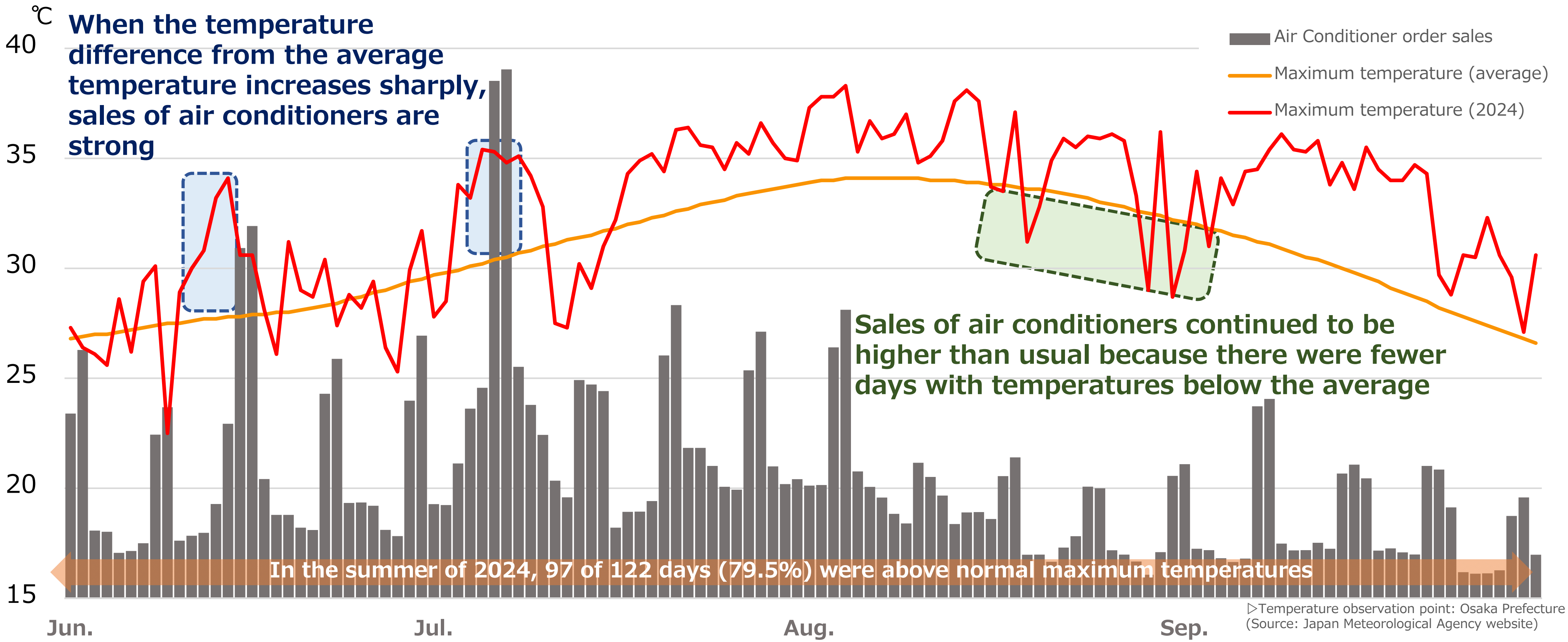
■**EDION-owned stores 456** ■**Franchise stores 748**

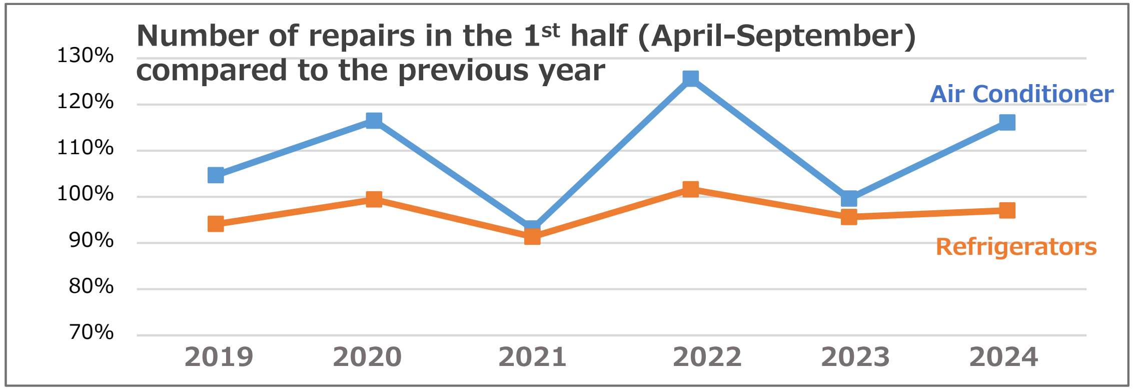
Focus on repainting exterior walls of existing stores
▷13 stores in 1H FY03/25 Results,
21 stores to be repainted in 2H FY03/25

			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	**1st Q**	4	-	1	+3	457
		2nd Q	1	1	2	-1	456
		1H	**5**	**1**	**3**	**+2**	**456**

3. Key Topics

Relationship Between Temperature Fluctuations During June-September and Sales of Air Conditioner Orders





Point

▷Seasonal products, centering on air conditioners, sold well due to the unusually hot weather that continued from last year.

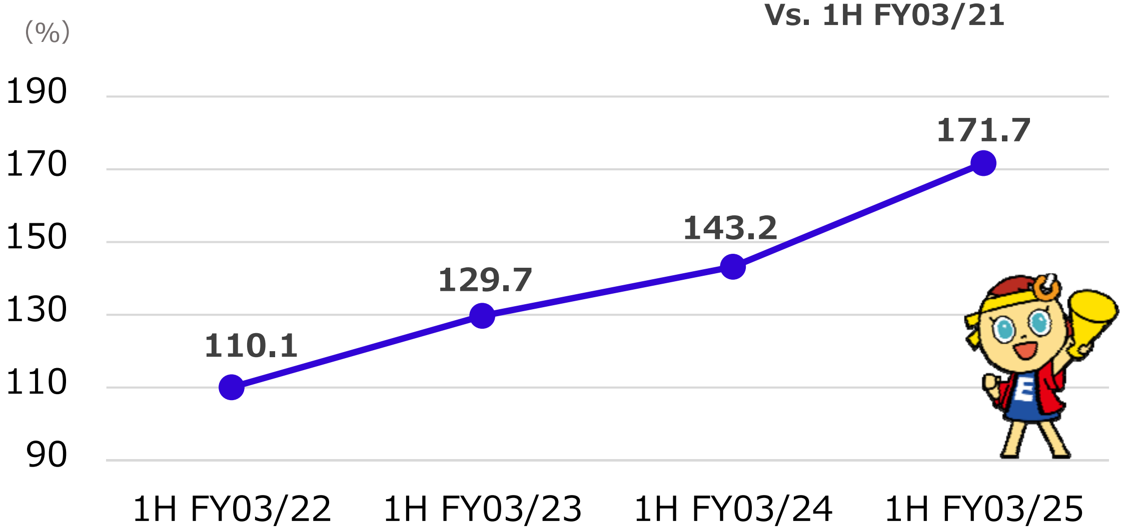
▷Sales continued in September due to the lingering summer heat

▷There were no major disruptions in logistics

▷Repair volume for air conditioners increased, while that for refrigerators decreased

Strengthening the EDION's Original House-Cleaning Service

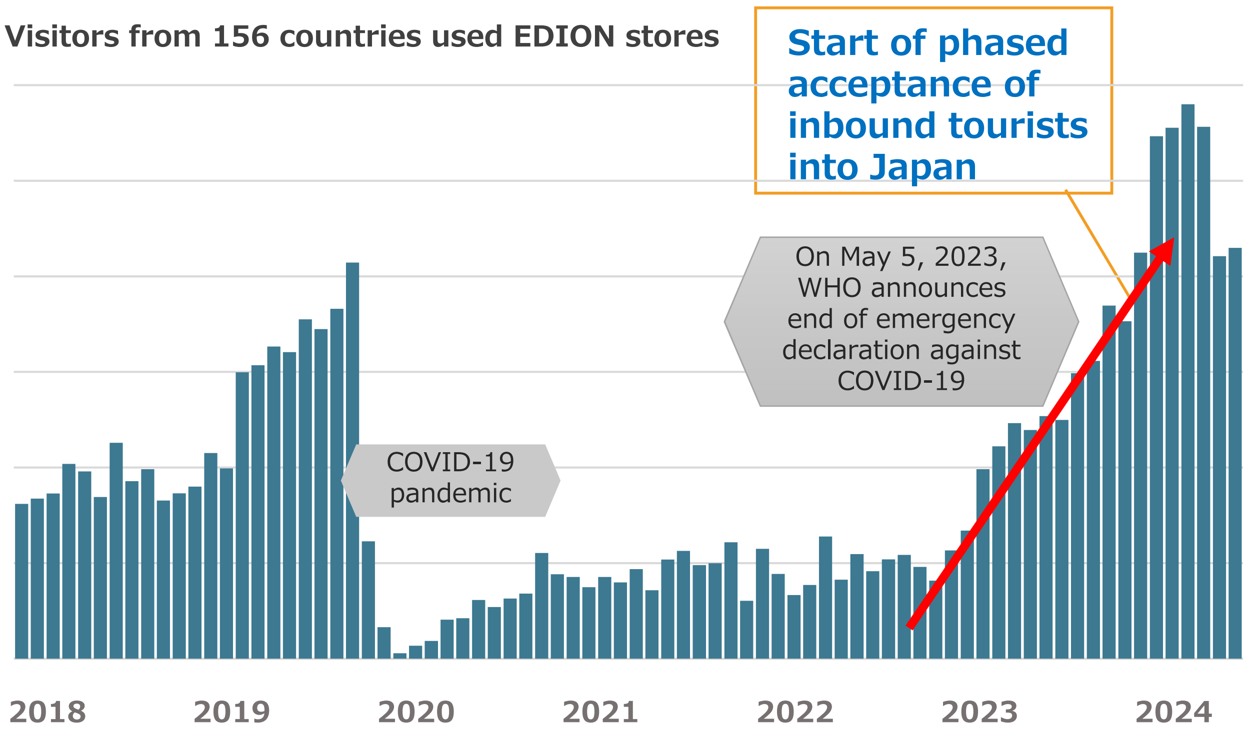
Sales in the First Half (April-September) Vs. 1H FY03/21



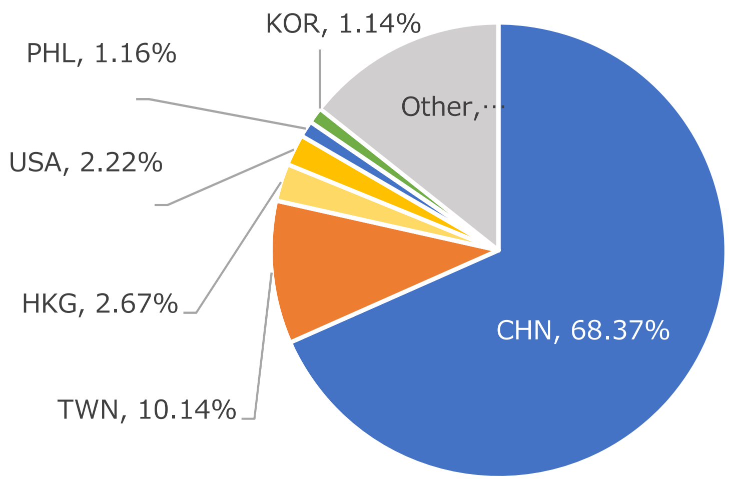
EDION's logistics service employees provide technical and on-the-job training at training centers nationwide!
High-quality menu offerings are possible!

Inbound Status

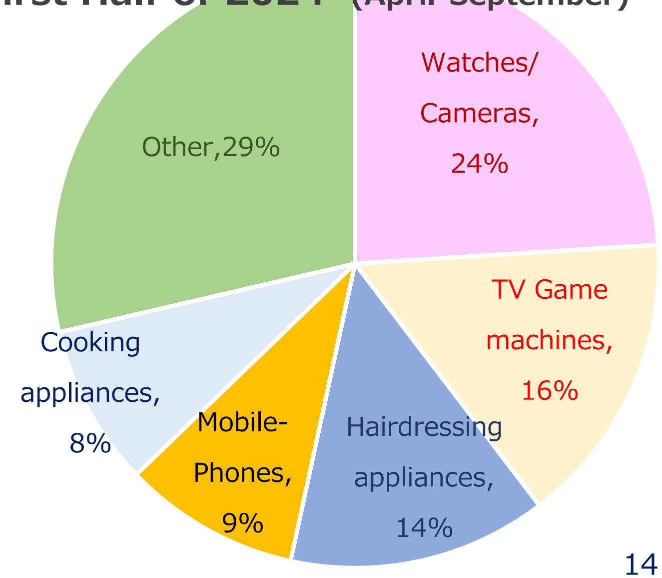
Sales Trend in EDION Stores (YoY)



Share of Users in the First Half of 2024 (April-September)



Share of Selling Products in the First Half of 2024 (April-September)



angle

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

Integrated Report 2024 Release

▷For more information, please visit our corporate website
https://www.edion.co.jp/en/ir/library/integration

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

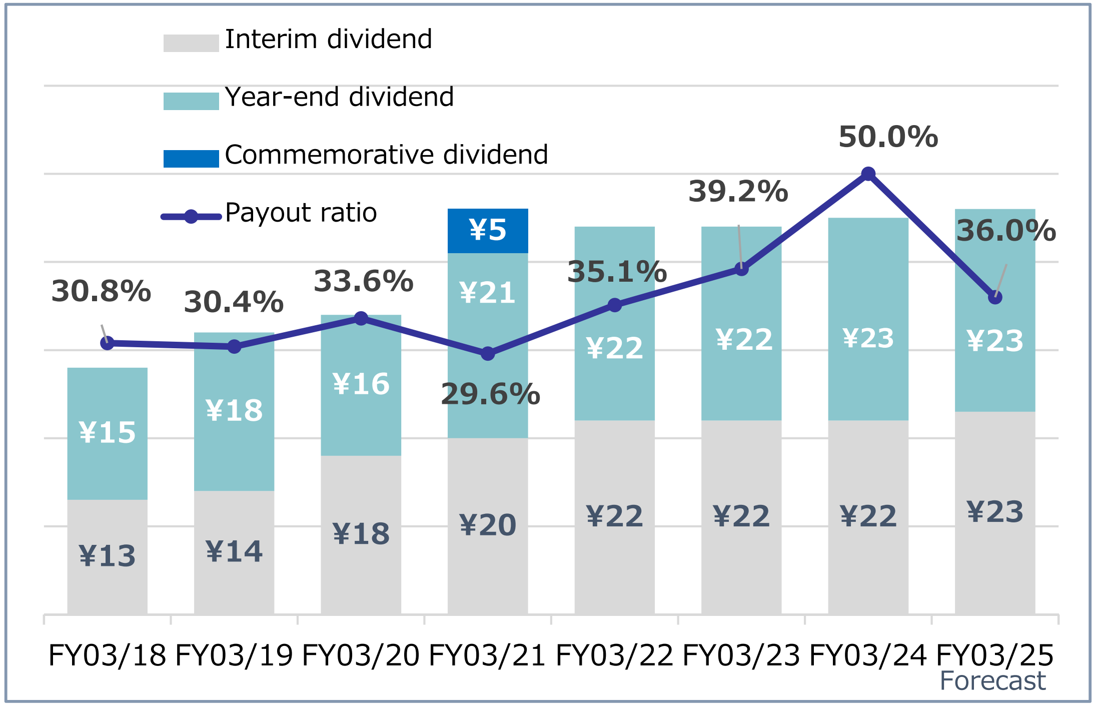
While striving to improve capital efficiency, as measured through ROIC growth, we will focus on maintaining a sound and stable balance sheet.

1. Dividend Policy

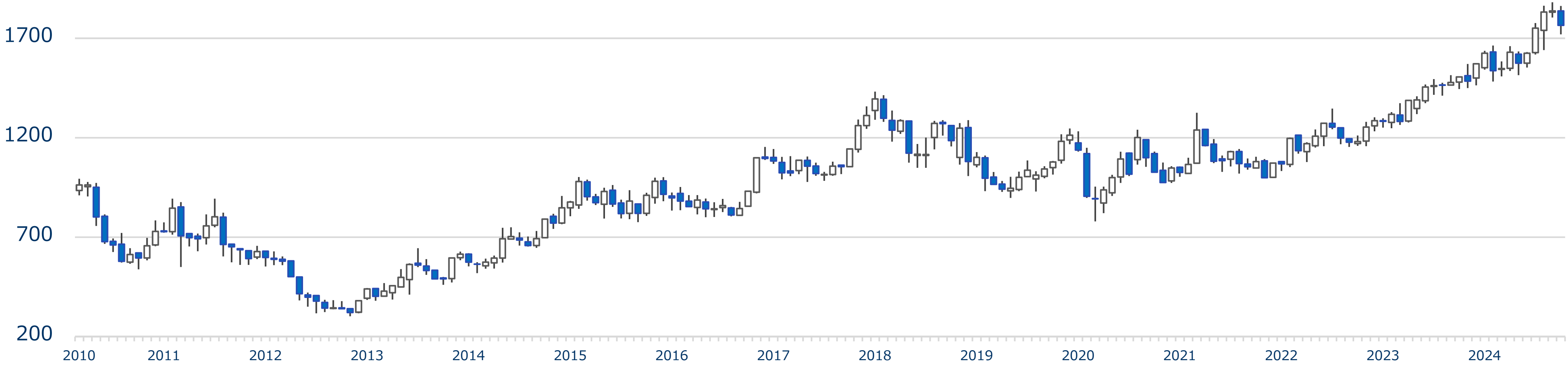
EDION recognizes the return of profits to shareholders as an important management issue. Accordingly, we maintain a basic dividend policy of providing stable dividends with a payout ratio of at least 30% while comprehensively considering relevant factors such as business performance and our operating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



■ Share Price Trends



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November 1, 2024