EDION Corporation Analyst Meeting

EDION Corporation

February 12, 2025

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1. FY03/25 3rd Quarter Results

2. FY03/25 Earning Forecast

3. Key Topics

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1. FY03/25 3rd Quarter Results

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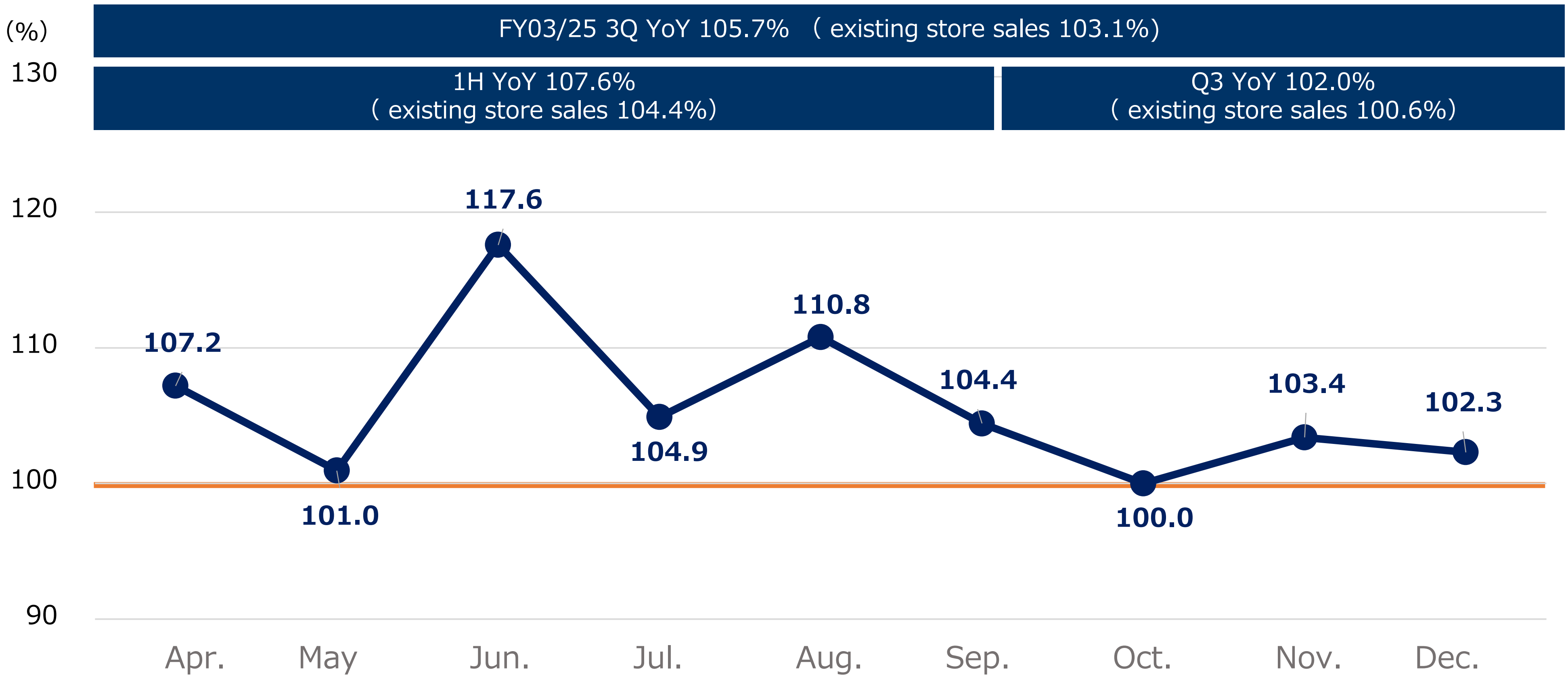
Review of FY03/25 3rd Quarter

YoY comparisons for all stores (orders received at POS)



Q3 YoY 102.0%
(existing store sales 100.6%)

FY03/25 3Q YoY 105.7%
(existing store sales 103.1%)

- Year-end sales were brisk as temperatures dropped, but sales of TVs and PCs were somewhat sluggish
- 2 new stores 2 closed stores

(Cumulative total from April to December)

- Seasonal products were strong from early this quarter, and sales remained steady.
- Inbound demand also provided a tailwind, and sales for all months (April-December) exceeded the previous year's level.

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Consolidated Statements of Income

(Cumulative total from April to December)

Million yen, %	FY03/24 3rd Quarter			FY03/25 3rd Quarter			
	Sales ratio	Results	Year-on-Year	Sales	Year-on-Year Change	Year-on-Year Change	Year-on-Year Change
Net Sales		**537,608**	**99.8**		**572,580**	**106.5**	**34,972**
Gross Profit	**29.18**	**156,849**	**98.6**	**29.37**	**168,171**	**107.2**	**11,321**
SG&A Expenses	**26.9**	**144,572**	**99.8**	**26.3**	**150,300**	**104.0**	**5,727**
Advertising and Selling Expenses	6.6	35,536	99.9	6.4	36,840	103.7	1,303
Personnel Expenses	11.0	59,225	99.3	10.7	61,148	103.2	1,922
Equipment Costs and Administrative Expenses	7.8	41,953	100.8	7.6	43,564	103.8	1,611
Depreciation	1.5	7,856	97.1	1.5	8,746	111.3	889
Operating Profit	**2.3**	**12,277**	**86.4**	**3.1**	**17,871**	**145.6**	**5,593**
Non-Operating Income	0.2	1,140	109.5	0.2	1,151	101.0	11
Non-Operating Expenses	0.2	845	67.3	0.1	515	61.0	▲329
Ordinary Profit	**2.3**	**12,572**	**89.8**	**3.2**	**18,507**	**147.2**	**5,935**
Extraordinary Income	0.0	151	28.5	0.0	142	94.3	▲8
Extraordinary Losses	0.1	378	108.9	0.1	415	109.8	37
Profit before Income Taxes	2.3	12,344	87.0	**3.2**	**18,234**	**147.7**	**5,889**
Total Income Taxes	0.8	4,319	89.4	1.0	5,941	138.4	1,647
Profit attributable to Non-Controlling Interests	0.0	▲26	-	0.0	50	-	50
Profit Attributable to Owners of the Parent	**1.5**	**8,051**	**85.8**	**2.1**	**12,242**	**152.1**	**4,191**

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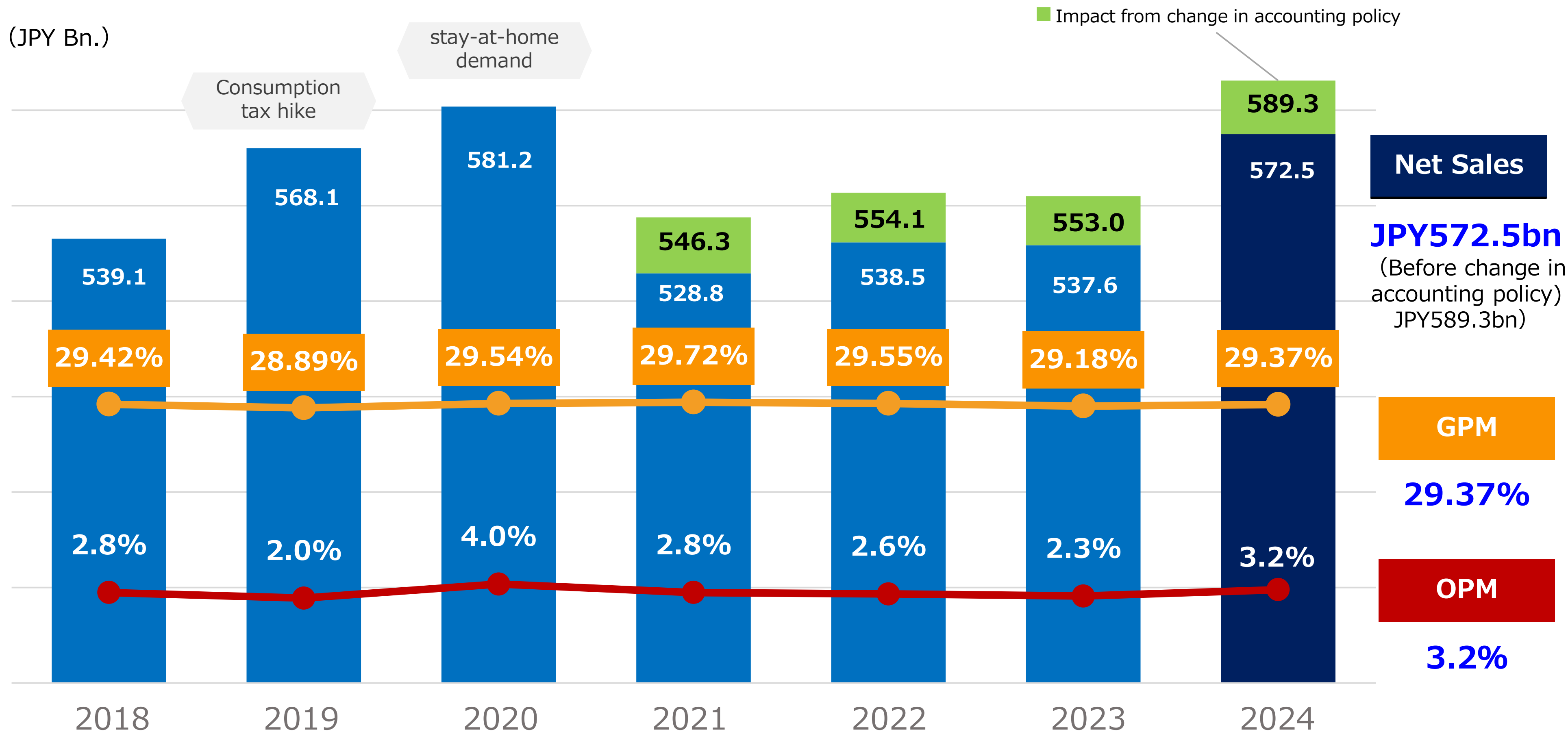
Summary of Financial Results

(Cumulative total from April to December)



■ Net sales before the adoption of accounting policies were ¥589.3 billion, the highest level since 2018

■ Gross profit margin：29.37% YoY 29.18%, 0.19% improvement

■ As a result of a 0.6% improvement in the SG&A-to-sales ratio, the recurring profit margin improved 0.9% YoY to 3.2%

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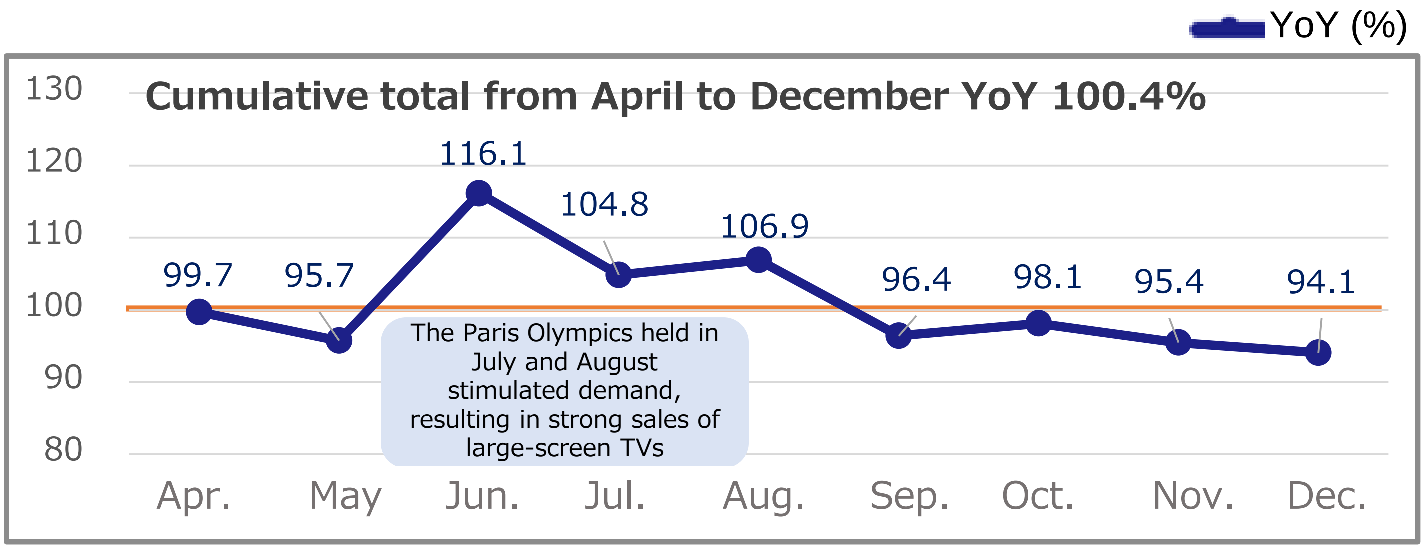
Comparison of Orders by Product

YoY (Orders acquired at POS)

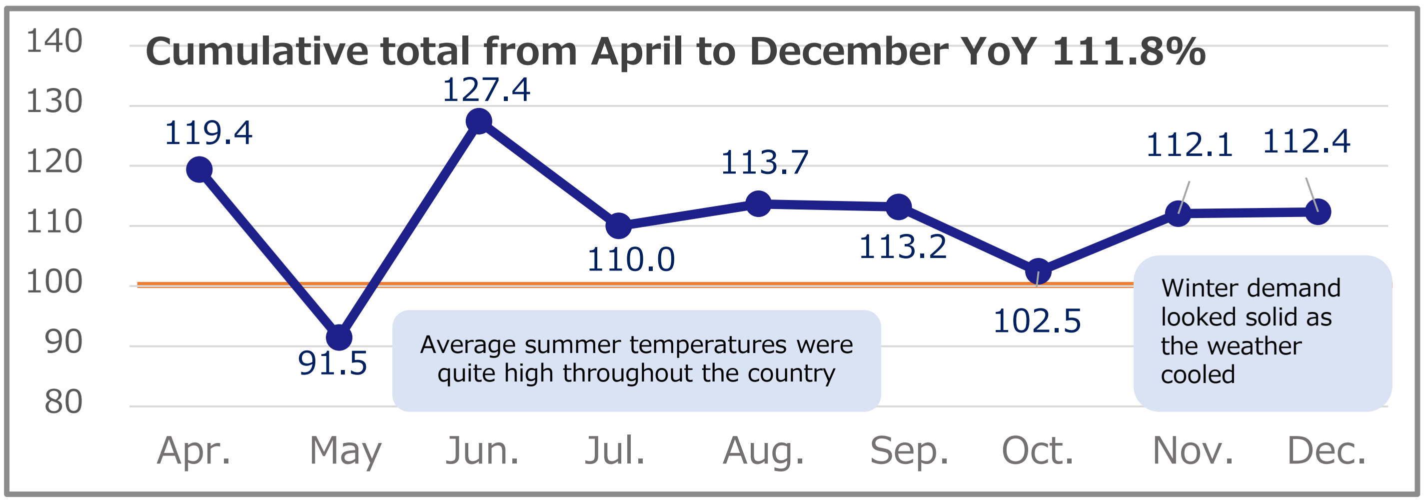
TVs

Televisions are showing signs of bottoming out, with the sales mix of small to middle sizes increasing



Air Conditioners

Seasonal factors have also greatly stimulated demand, resulting in a strong performance. Large, energy-efficient models are performing particularly well



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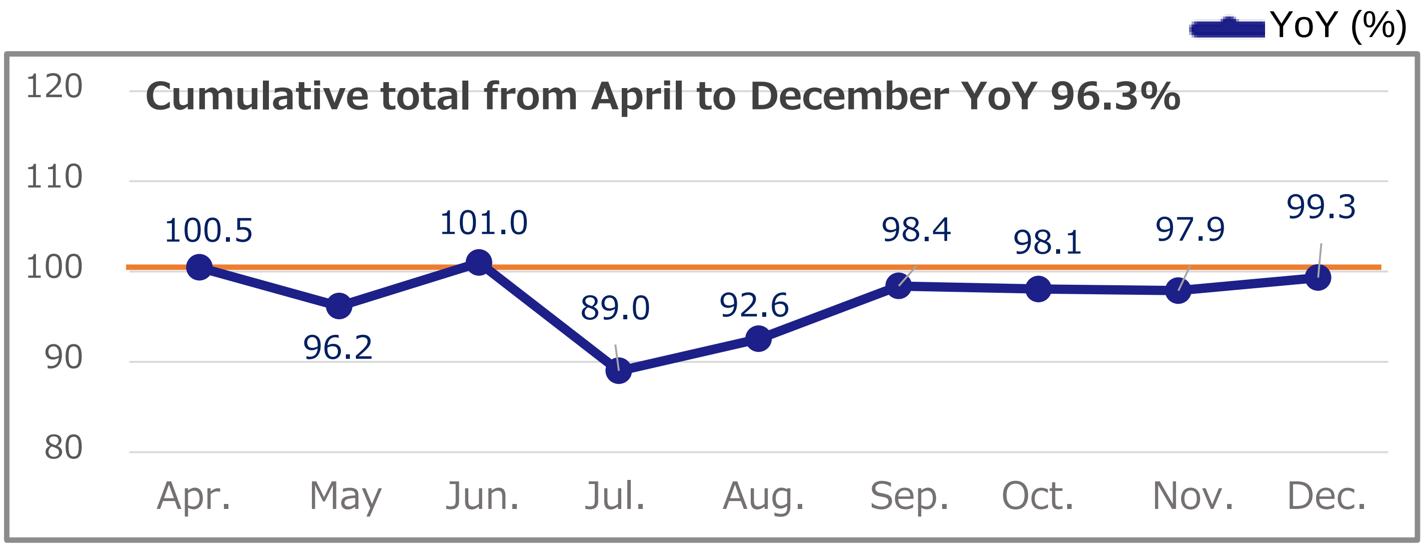
Comparison of Orders by Product

YoY (Orders acquired at POS)

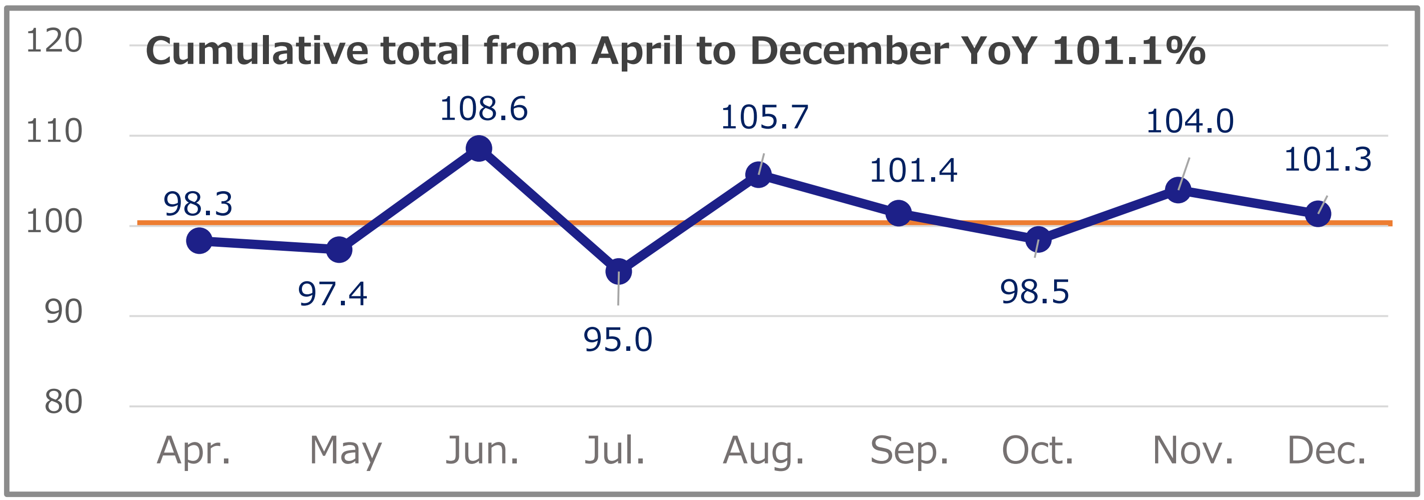
Refrigerators

Although the average unit price has declined as the number of small and midsize washing machines has increased, the volume has increased and replacement demand has continued.



Washing Machines

Vertical washing machines with drum models and inverters have performed well.



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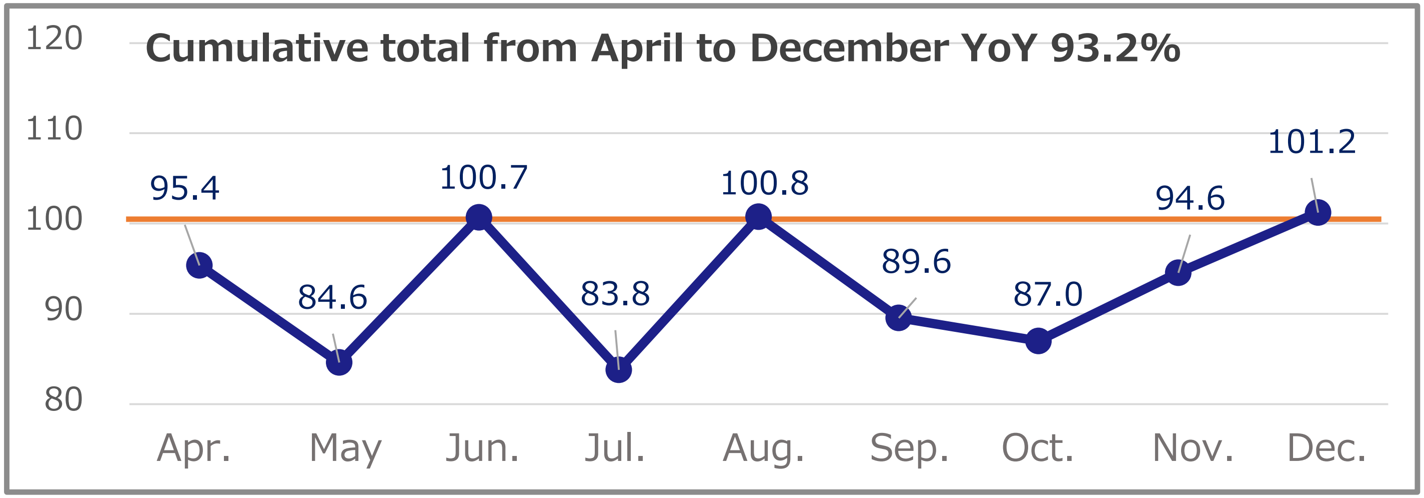
Comparison of Orders by Product

YoY (Orders acquired at POS)

YoY (%)

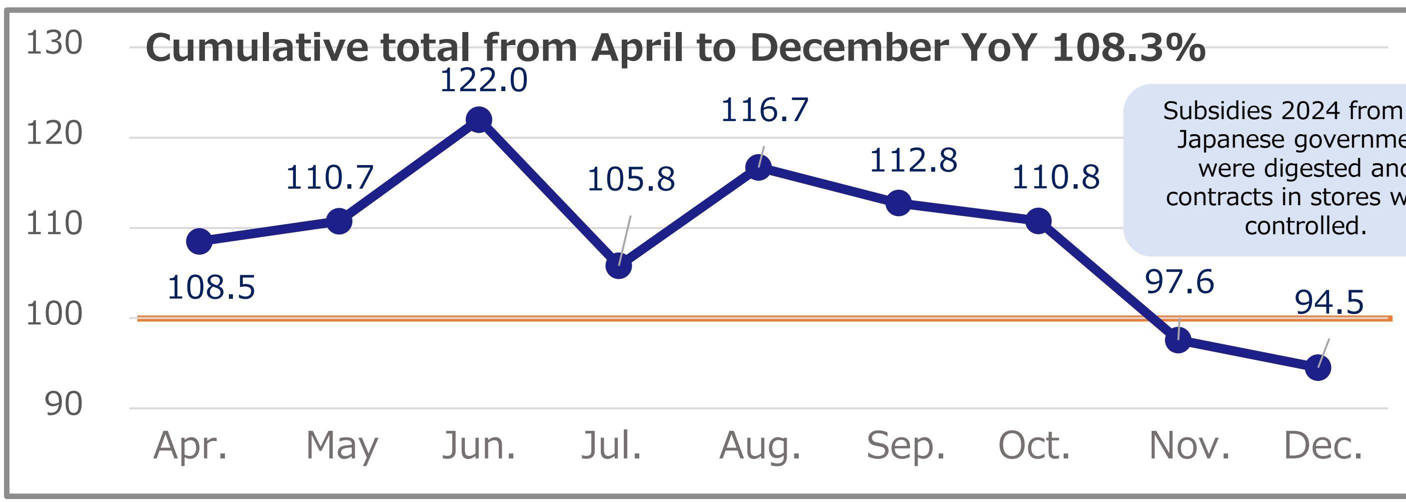
PCs

The impression is that the trend has shifted from a flat downward trend to a bottoming trend.
Expected end of support for Windows10 (October 2025)



ELS Business

Adjustment toward the end of subsidies for the "Eco-Home Support Program for Raising Children" resulted in a year-on-year decline in Q3



Subsidies 2024 from the Japanese government were digested and contracts in stores were controlled.

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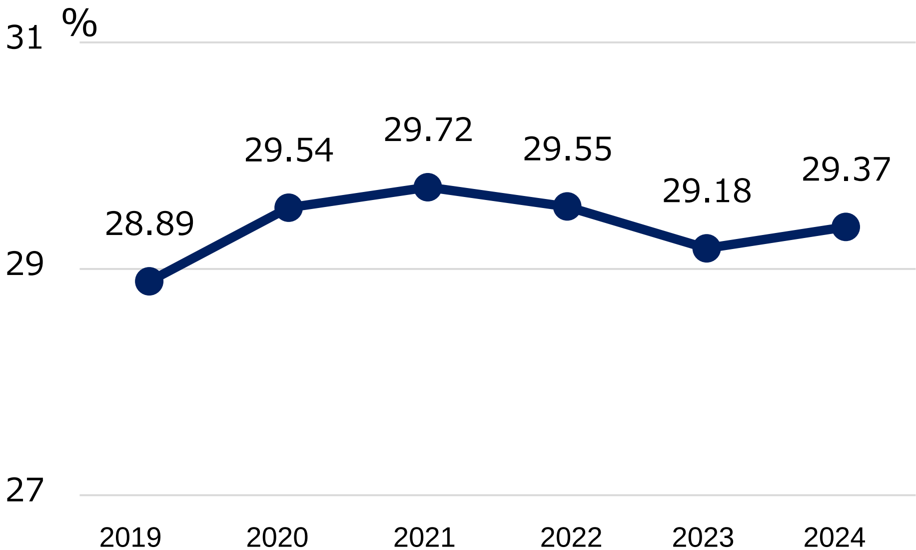
Gross Profit Margin and SG&A Ratio

■Gross Profit Margin

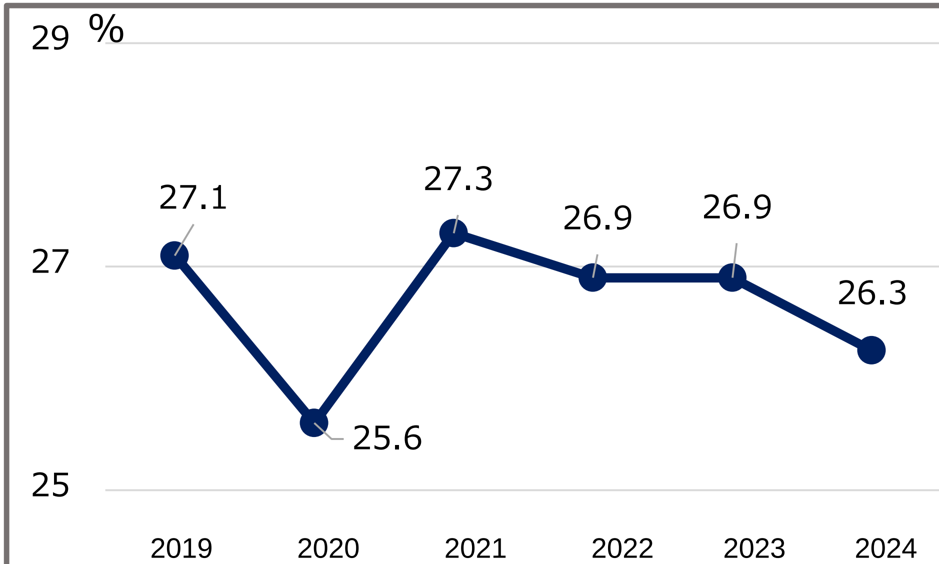


▷**GPM:** 29.37% in 3Q FY03/25, 29.18% in 3Q FY03/24,
YoY Change: +0.20%

Division	FY03/25	FY03/24	YoY Change
Q1 (Apr. - Jun.)	29.96%	30.13%	△0.17%
Q2 (Jul. - Sep.)	30.34%	30.29%	+0.05%
Q3 (Oct. - Dec.)	27.80%	27.19%	+0.61%

The main factors:
Gross profit margin improved in the gross profit mix due to a higher mix of seasonal products throughout the entire period, as well as a lower mix of game console consoles and PCs in the third quarter.

■SG&A-to-sales Ratio



▷ **SG&A expenses**:
26.25% in 3Q FY03/25, 26.89% in 3Q FY03/25,
YoY Change: -0.64%
▷Advertising and selling expenses: JPY1.3bn.
(+JPY1.2bn. Increase due to variable costs)
▷Personnel expenses: JPY1.9bn. (For bare bones, etc.)
▷Equipment costs and administrative expenses: JPY1.6bn.
(Water and Utility costs (YoY amount) +JPY190mn, Real Estate Rental Rates (YoY amount) +JPY520mn, other +890mn (System maintenance, etc.)
▷Depreciation: -JPY800mn

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Consolidated Balance Sheet

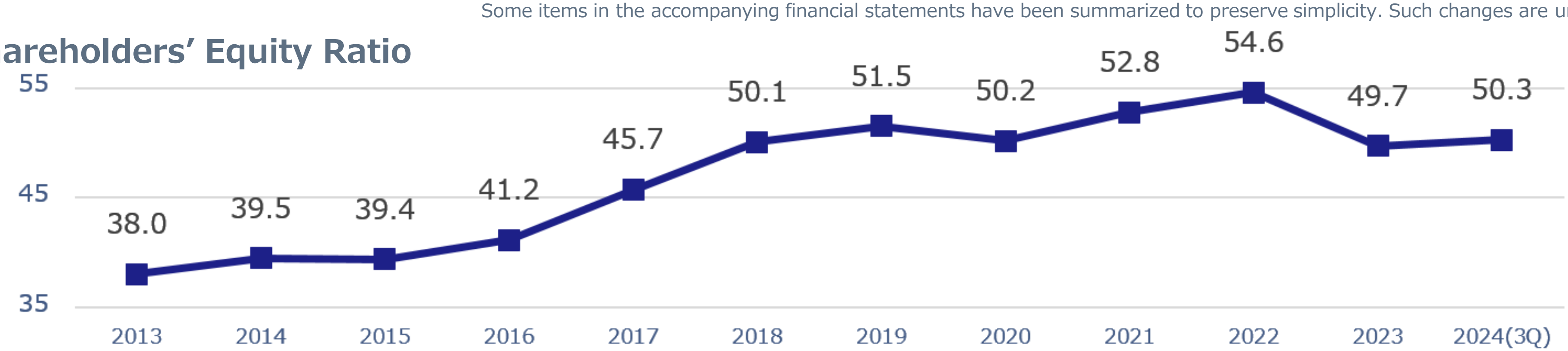
(Million yen)

Assets	2024 End of March	2024 End of December	Change
Cash and Cash Equivalents	12,011	9,590	▲2,421
Inventories-Merchandise and Products	117,902	135,361	17,458
Other	59,852	51,539	▲8,312
Current Assets	189,766	196,490	6,724
Property, Plant, and Equipment	177,824	177,953	129
Intangible Assets	10,948	10,571	▲376
Investments and Other Assets	53,156	53,538	382
Non-Current Assets	241,928	242,064	136
Total Assets	**431,694**	**438,555**	**6,860**

Liabilities and Net Assets	2024 End of March	2024 End of December	Change
Notes and Accounts Payable-Trade	38,591	28,963	▲9,628
Short-term Loans Payable	10,113	3,089	▲7,023
Current Portion of Bonds Payable	-	3,820	3,820
Other	149,458	151,439	1,980
Current Liabilities	31,243	37,360	6,117
Non-Current Liabilities	67,314	66,225	▲1,089
Total Liabilities	**216,773**	**217,664**	**891**
Net Assets	**214,921**	**220,891**	**5,969**
Total Liabilities and Net Assets	**431,694**	**438,555**	**6,860**

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

Shareholders' Equity Ratio



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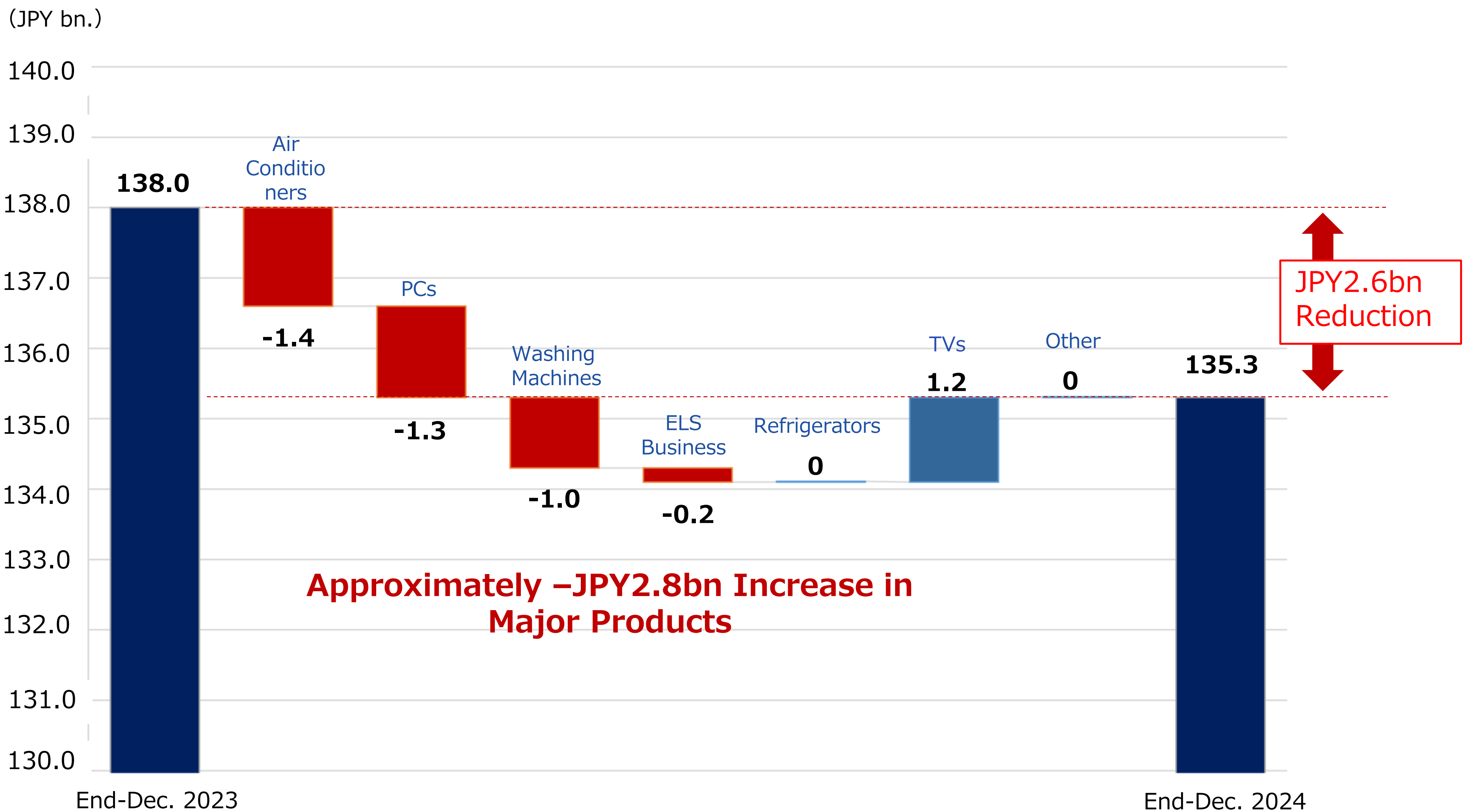
Inventory Status



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

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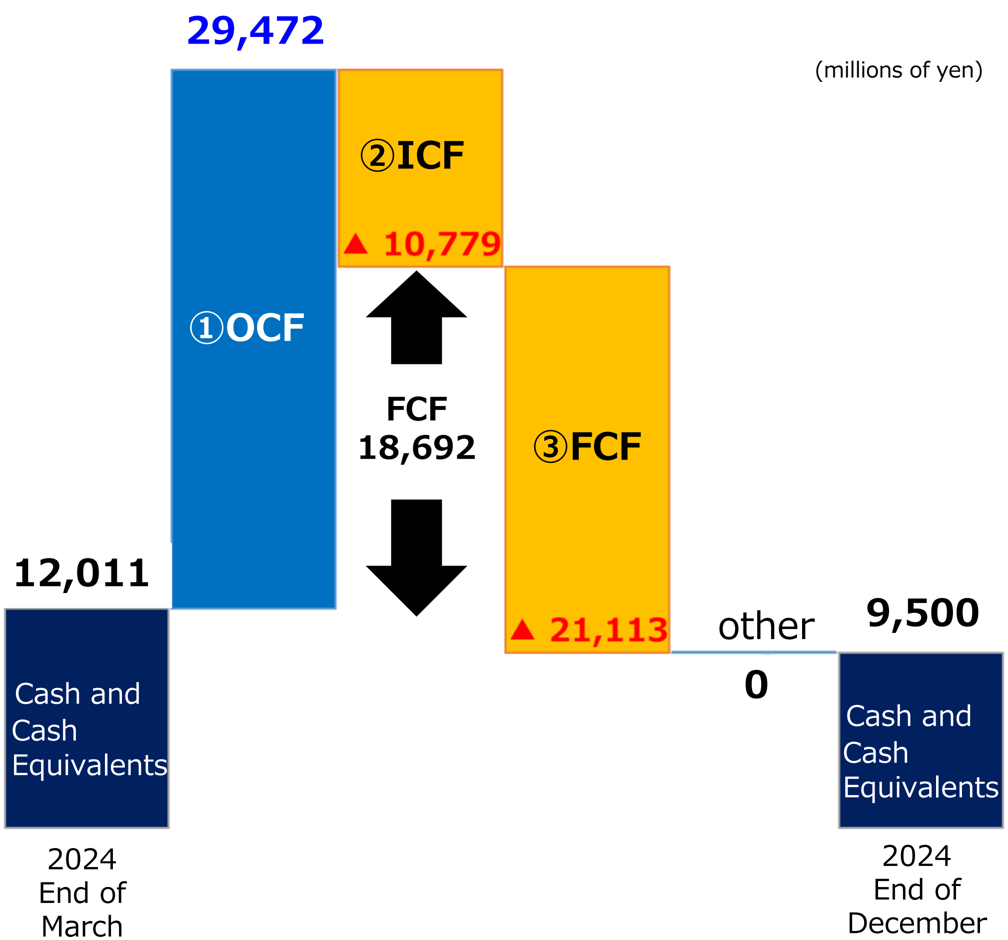
Consolidated Statements of Cash Flows

•Operating cash flow increased significantly to ¥29.4 billion due to an increase in net income and a decrease in trade receivables
•In addition, free cash flow improved significantly due to the acquisition of the Namba Head Office in the last fiscal year



(millions of yen)

	2023 End of December	**2024 End of December**
Income before income taxes	12,344	18,234
Provision for bonuses	△2,760	△2,664
Trade receivables (increase)	△276	3,633
Change in inventories (increase)	△21,942	△17,527
Others	31,201	32,975
Subtotal	18,566	34,652
Income taxes	△6,596	△4,997
Other	△479	△182
① Operating CF	**11,490**	**29,472**
Acquisition of property, plant and equipment	△63,912	△8,031
Other	△1,328	△2,748
② Investment activities CF	**△65,240**	**△10,779**
① + (2) Free cash flow	**△53,749**	**18,692**
Short-term borrowings	48,840	△10,078
Long-term borrowings	9,995	△899
Repurchase of treasury stock	△1	△4,584
Dividend payment	△3,849	△4,389
Other	△825	△1,161
③ Financial activities CF	**54,158**	**△21,113**
① (2) (3) Change in cash and cash equivalents	**408**	**△2,421**

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

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2. FY03/25 Earning Forecast

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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**

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

▷ **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

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

EDION Yamaguchi-Ogori (Yamaguchi Prefecture)

EDION Group

1,202 stores

As of end-Dec. 2024

■ **EDION-owned stores 456** ■ **Franchise stores 746**

			新設	移転・建替	閉鎖	増減	期末店舗数
FY03/24 Results		Full-year	9	6	5	+4	454
FY03/25	Plan	Full-year	7	1	-	-	-
	Results	1H	5	1	3	+2	456
		Q3	**2**	**0**	**2**	**±0**	**456**

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3. Key Topics

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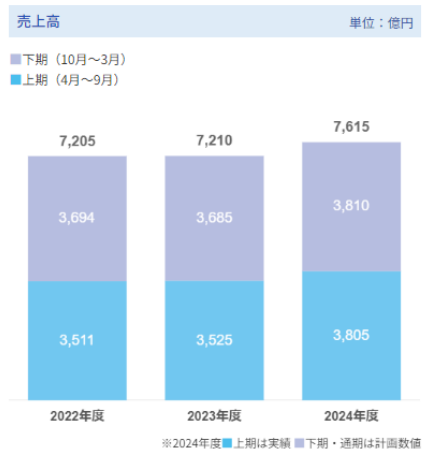
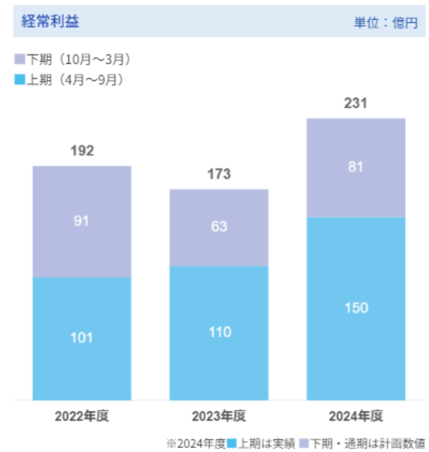
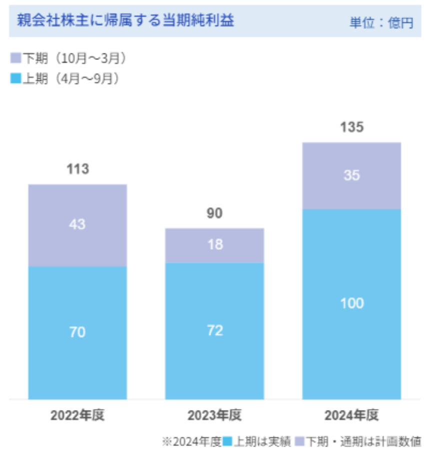
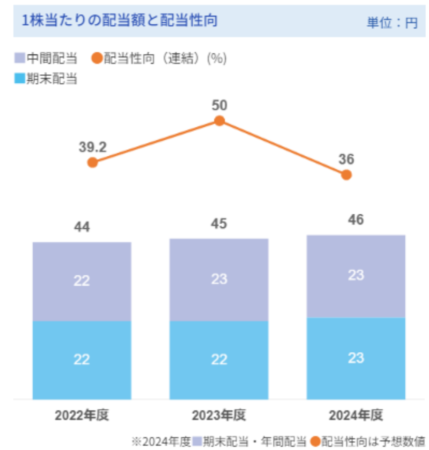
Change to Web-based Shareholder Communications

Along with Our Paperless Efforts, We Will Provide Enhanced Information to Shareholders









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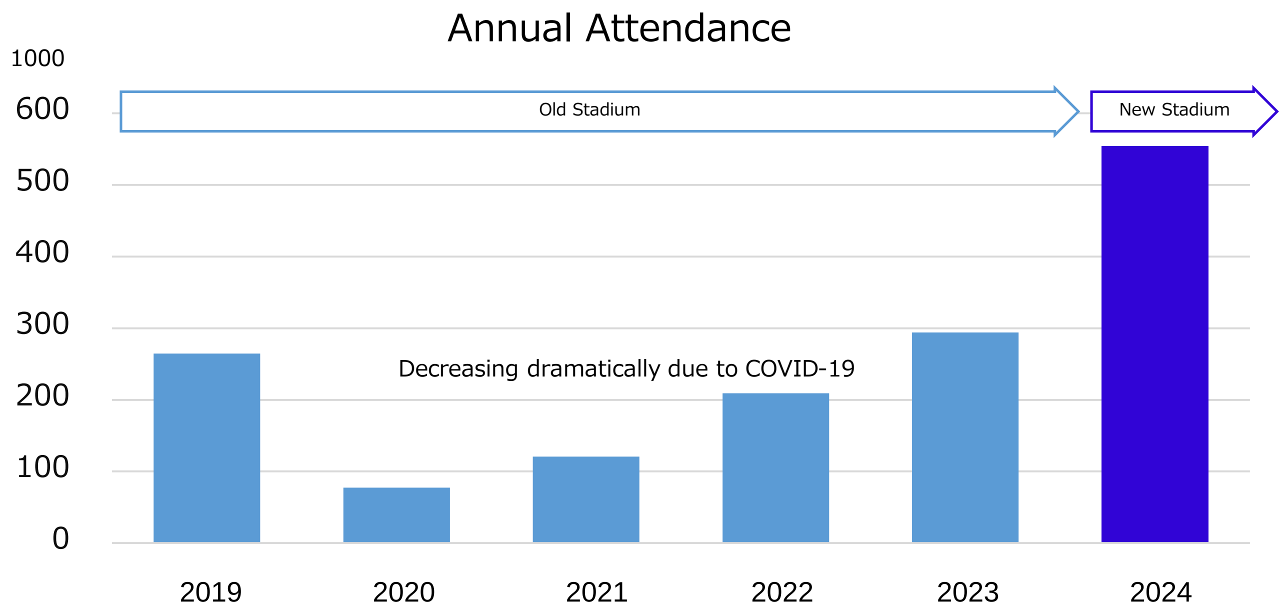
New Stadium（EDION PEACEWING HIROSHIMA）

Sanfrecce Hiroshima
New Stadium First Year
(Opened February 1, 2024)



2024 Years of Scores

2nd in the Annual Ranking of the Meiji Yasuda J1 League (2024)

Winner of the WE League Cup

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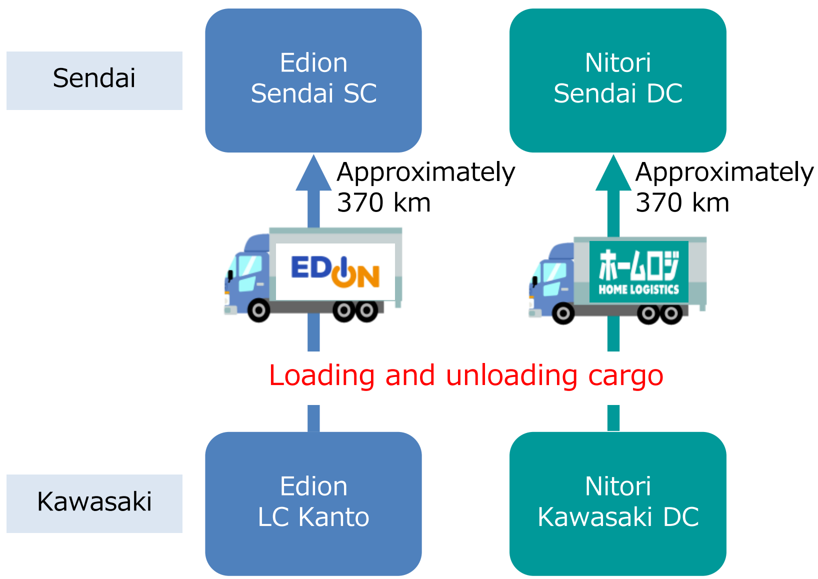
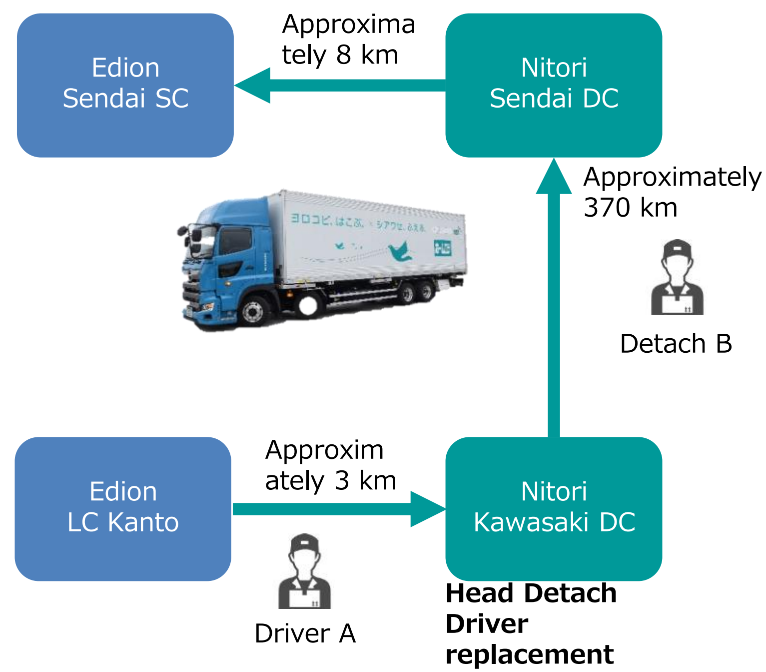
Joint Delivery with Nitori HD

As part of our efforts to improve logistics efficiency, we began joint delivery with Nitori on January 12

State Before Cooperation



State After Cooperation



Each used a different truck and traveled back and forth in the same area

Transportation by vehicles arranged by each company (total 740 km)

→

Both companies can use the same trucks and travel to and from the same areas

Transportation by vehicles arranged by Home Logi (total 381 km)

*Driver replacement using swap body containers

We will continue to consider building an efficient logistics system for both parties

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EDION Original PB Product [e angle]

NEW LIVING FROM A New Angle.

A unique, out-of-the-box approach to home appliances
They are created by reexamining our daily lives

Release date	Product name
October 4	Electronic Kakeshiki Blanket/Electronic Kakeshiki Blanket
October 18	IH rice cooker
October 25	Microwave oven
October 26	Carbon heater
November 8	Ceramic heater
December 13	Hands-free massager

https://www.edion.com/eangle

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Products Jointly Developed with Nitori HD

Steady acceleration of jointly developed products

EDION x ニトリ

Joint development with NITORI is in full swing

Edion directly managed stores* and EdionNet Shop also sells them

Release date	Product name
October 15	Wireless Earphones ANC Wireless Earphones Open-ear Wireless Earphones
October 25	Cordless Desk Humidifier Hybrid Humidifier Human-sensing mini-ceramic fan heater
November 15	Cordless Stick Cleaner
December 20	Glass Mixer 1L




*Some stores do not sell them

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Strengthening of Sustainability Management

EDION

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.

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Corporate Sponsorship; EXPO2025 Official Supplier

Expo 2025 Osaka Kansai is an event that brings together people, goods, wisdom and technology from all over the world.
This event will be held in Japan for the fifth time since Expo 1970 Osaka, and the first time in 20 years since the previous one.

Our company supports the theme of the Osaka/Kansai Expo, "Designing a future society that shines with life," and will dispatch our company employees as operating staff.
In addition, we will provide equipment to be used in the venue and will sponsor the event.

Going forward, we will continue to work to solve social issues through our business activities, cooperate and interact with local communities, and play an active role in revitalizing local communities and creating a rich living environment.

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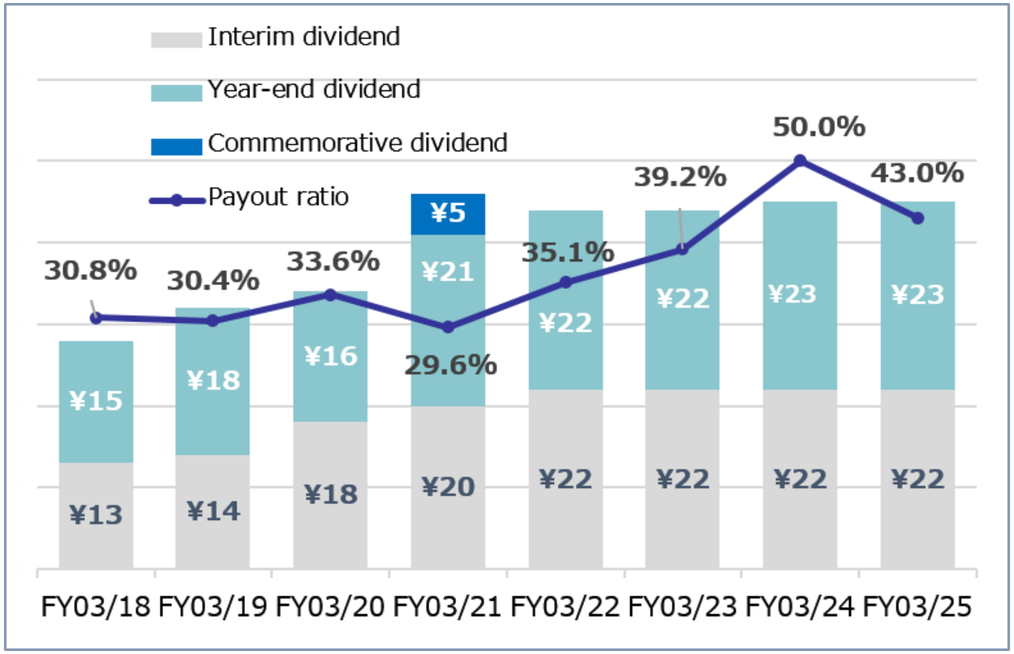
Dividends and Share Prices

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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