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**Joshin**

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# Consolidated Financial Results for the Fiscal Year Ended March 31, 2022(FY2021)

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April 1, 2021 to March 31, 2022

May 6, 2022  
Joshin Denki Co., Ltd.

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# Earnings Highlights for Fiscal Year Ended March 31, 2022

## Major issues

- Effect of COVID-19 continues.

Net sales 409.5 billion yen  
(-8.8 % YoY)  
Operating income 8.8 billion yen  
(-46.3% YoY)

- EC business is firm.

EC business sales  
75.8 billion yen (105.8 % YoY)

## Results

### Sales

Up to 100 stores were closed for up to 37 days from April 25 to May 31, 2021, due to an intermittent state of emergency prompted by COVID-19.

Due to unseasonable summer weather, sales of seasonal products were sluggish.

The Tokyo Olympics and Paralympics, held without spectators for the first time in history, did not stimulate consumption, leaving private consumption weak.

The Omicron variant of COVID-19 proliferated this year, and measures to prevent its spread turned the consumption environment unfavorable again.

Cooling consumer confidence caused by soaring fuel and other prices due to Russia's invasion of Ukraine and the rapid depreciation of the yen.

The e-commerce business was firmly underpinned.

### Expenditures

The shift to digital sales promotion proceeded, and selling, general and administrative expenses (hereinafter SG&A expenses) declined, but with our eyes on the future, we have kept investing in human capital and systems. Store-related spending continued, and the SG&A expense ratio deteriorated slightly.

### Income

Due to subsidies received as a support measure against COVID-19, which counted as non-operating income, ordinary income was 9.7 billion yen. Last fiscal year, there was a large-scale impairment loss on the redevelopment of the Osaka Nipponbashi area. Since there were no such large-scale impairments in the current fiscal year, Net income(\*), which is the final profit/loss, was secured at 6.3 billion yen.

\* Net income attributable to owners of the parent.

# Earnings Summary FY2021 (ended March 31, 2022) – 1

## Consolidated Income Statement

(Million yen)	2021/03	% of net sales	2022/03	% of net sales	Change	YoY	Actual vs. forecast *2
Net sales	449,121	100.0%	409,508	100.0%	-39,612	-8.8%	-10,491
(Of which, sales at stores)	358,607	79.8%	324,665	79.3%	-33,941	-9.5%	—
(Of which, sales in EC business)	71,706	16.0%	75,890	18.5%	4,184	5.8%	—
(Of which, other sales)	18,807	4.2%	8,951	2.2%	-9,855	-52.4%	—
Gross profit	112,150	25.0%	98,427	24.0%	-13,722	-12.2%	—
Selling, general and administrative expenses	95,600	21.3%	89,543	21.9%	-6,057	-6.3%	—
Operating income	16,550	3.7%	8,884	2.2%	-7,665	-46.3%	-3,115
Ordinary income	16,555	3.7%	9,701	2.4%	-6,853	-41.4%	-2,298
Net income *1	8,873	2.0%	6,391	1.6%	-2,481	-28.0%	-1,608
Net income per share(Yen)	331.62	—	238.78	—	-92.84	-28.0%	-60.11

\*1 Profit attributable to owners of parent

\*2 Comparison with consolidated results forecast for FY2021 (April 1, 2021 – March 31, 2022)

## Earnings Summary FY2021 (ended March 31, 2022) – 2

### Balance sheet

(Million yen)	2021/03	2022/03	Change	(Million yen)	2021/03	2022/03	Change
Current assets	106,807	107,515	707	Current liabilities	79,571	78,046	-1,524
Tangible assets	72,119	73,300	1,181	Non-current liabilities	31,447	40,729	9,282
Intangible assets	2,502	2,405	-96	Total liabilities	111,018	118,776	7,757
Investments, other assets	28,892	34,195	5,303				
Non-current assets	103,514	109,902	6,387	Total net assets	99,303	98,641	-661
Total assets	210,321	217,417	7,095	Total liabilities and net assets	210,321	217,417	7,095
(Reference)							
Total interest-bearing liabilities	35,119	40,017	4,898	Total net interest-bearing liabilities*	26,351	37,656	11,305

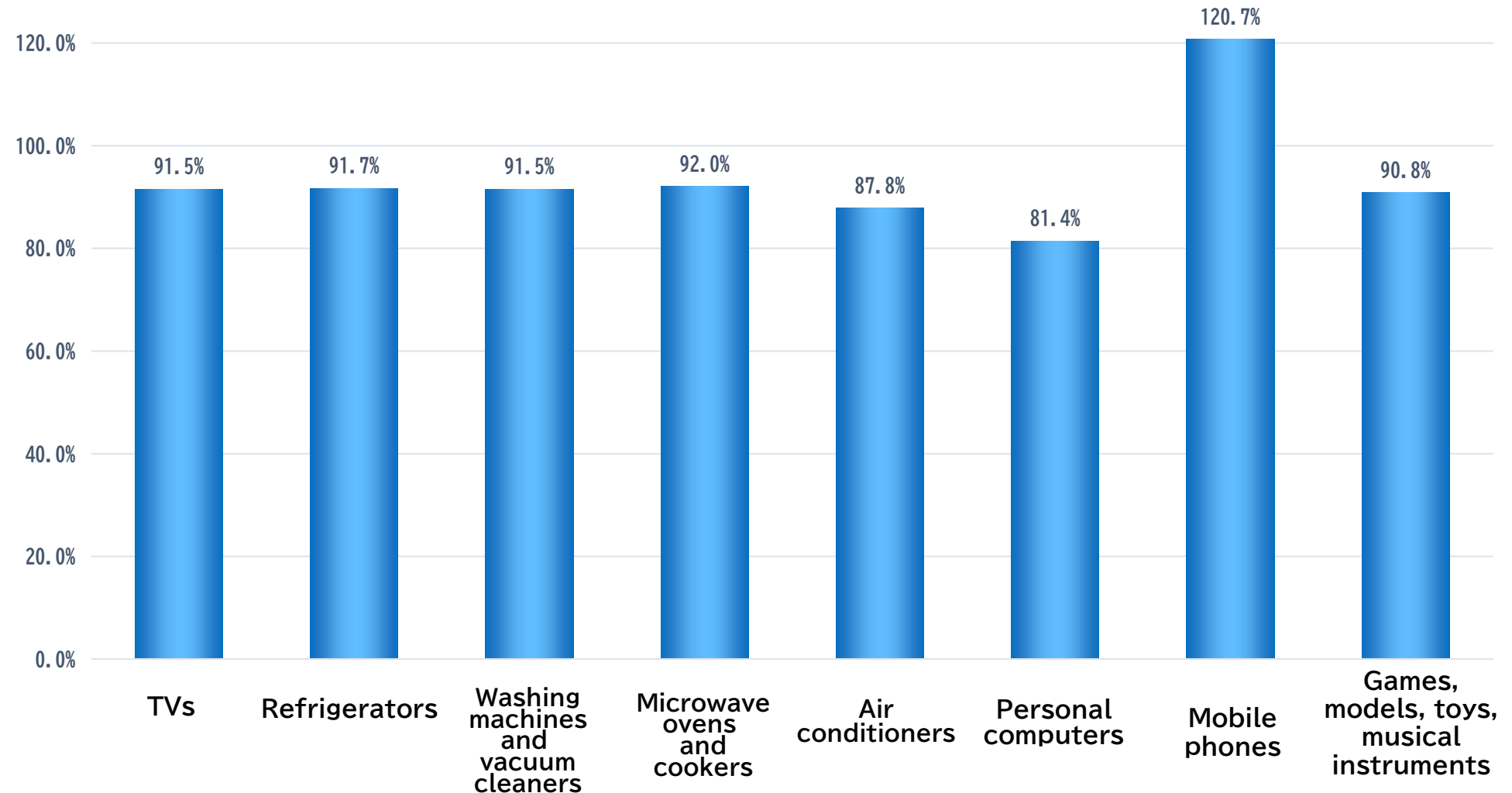
\*Total net interest-bearing liabilities: interest-bearing liabilities less cash and deposits

### Cash flows

(Million yen)	2021/03	2022/03	Change
Cash flow from operating activities (a)	25,836	1,442	-24,394
Cash flow from investing activities (b)	-6,118	-9,573	-3,455
(free cash flow (a) + (b))	19,718	-8,130	-27,848
Cash flow from financing activities	-14,433	1,873	16,306
Cash and cash equivalents at end of period	8,618	2,360	-6,257

## Earnings Summary FY2021 (ended March 31, 2022) – 3

Sales by Product (year-on-year change in major products)



## Full-year Forecast FY2022 (ending March 31, 2023)

(Million yen)	2022/03	% of net sales	2023/3	% of net sales	Change	YoY
Net sales	409,508	100.0%	420,000	100.0%	10,492	2.6%
Of which, sales in EC business	75,890	18.5%	80,000	19.0%	4,109	5.4%
Operating income	8,884	2.2%	10,000	2.4%	1,116	12.6%
Ordinary income	9,701	2.4%	10,000	2.4%	299	3.1%
Net income* <sup>1</sup>	6,391	1.6%	7,000	1.7%	609	9.5%
Net income per share (Yen)	238.78	-	261.49	-	22.71	9.5%

\*1 Profit attributable to owners of parent

Net sales            Increase  
(+10.4 bn yen)

- The spread of new COVID-19 variants, prolonged supply chain turmoil, and the heightened defensiveness of consumers are concerns, but we expect latent replacement demand to underpin sales of home appliances, which are daily necessities.
- We expect the EC business to remain strong.

Operating income    Increase  
(+1.1 bn yen)

- With the digitization of advertising through signage and other means, and the introduction of semi-self-checkout, store operations will become more efficient and time spent with customers will increase.
- By spending more time with customers, we aim to improve our service level and boost the sales share of high value-added products, which will improve Joshin's gross profit margin.

Net income\*<sup>1</sup>        Increase  
(+0.6 bn yen)

- Scrap and build has run its course, and we expect our extraordinary loss to stay at around 1 billion yen, which is about average for a year.

## Progress in Medium-term Management Plan “JT-2023” – 1

FY2022 is the final year of the medium-term management plan “JT-2023”

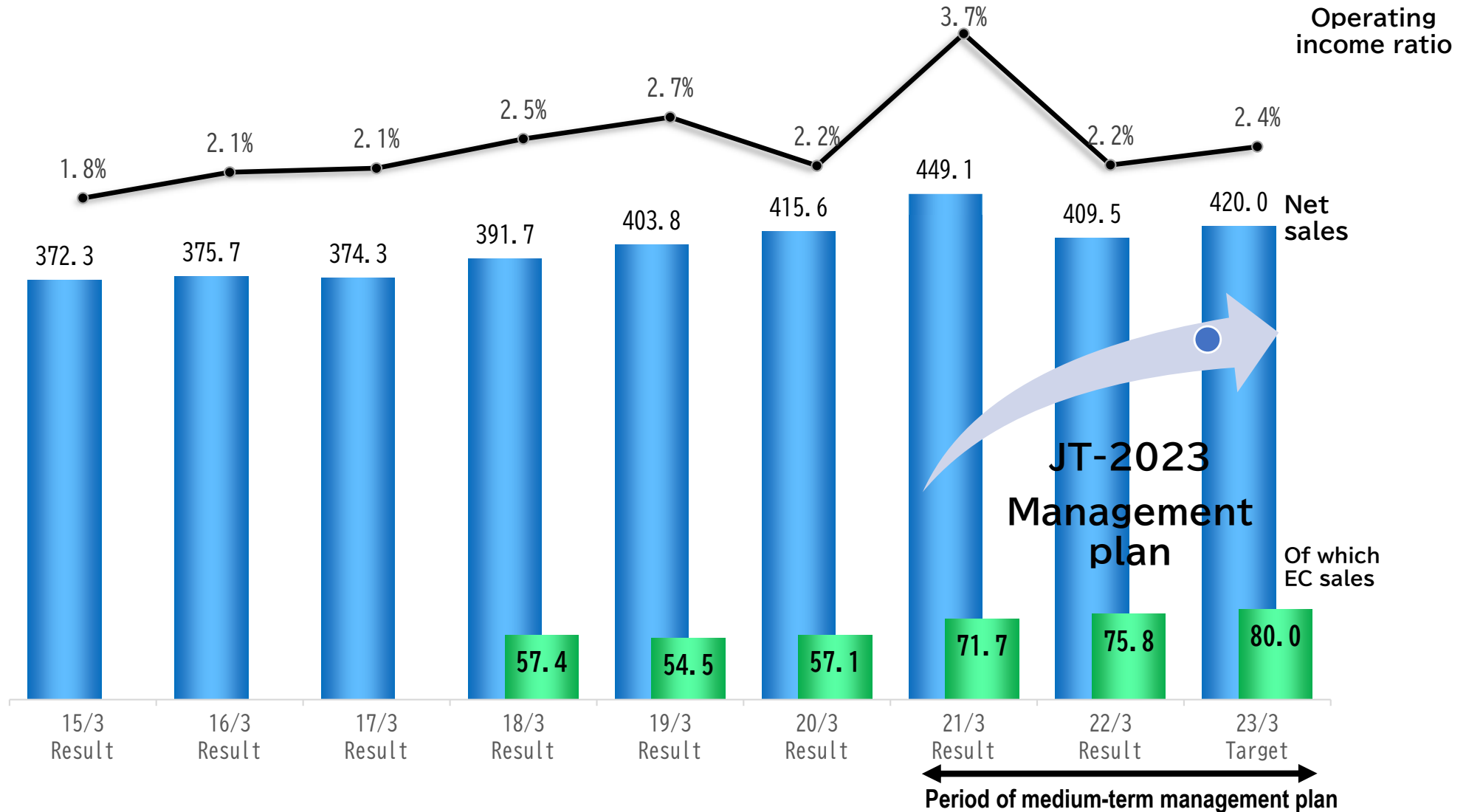
(Million yen)	FY2022 targets (to March 2023)			FY2021		
	(1) Initial plan	(2) Revised plan	(3) Revised plan (new)	Results	Change	Actual vs. plan
Net sales	435,000	450,000	420,000	409,508	-10,492	97.5%
Of which, sales in EC business	70,000	80,000	80,000	75,890	-4,110	94.9%
Operating income	11,500	16,500	10,000	8,884	-1,116	88.8%
Ordinary income	11,500	16,500	10,000	9,701	-299	97.0%
Equity ratio	45.0% or higher	45.0% or higher	45.0% or higher	45.4%	0.4%	100.9%
ROE	7.0% or higher	9.0% or higher	7.0% or higher	6.6%	-0.4%	94.3%
ROA	5.5% or higher	7.0% or higher	5.0% or higher	4.4%	-0.6%	88.0%
ROIC	5.5% or higher	7.0% or higher	5.0% or higher	4.2%	-0.8%	84.0%
Payout ratio	Around 30.0%	Around 30.0%	Around 30.0%	31.4%	1.4%	104.7%

\* (1) Initial plan released August 7, 2020; (2) Revised plan released May 7, 2021; (3) New revised plan released May 6, 2022



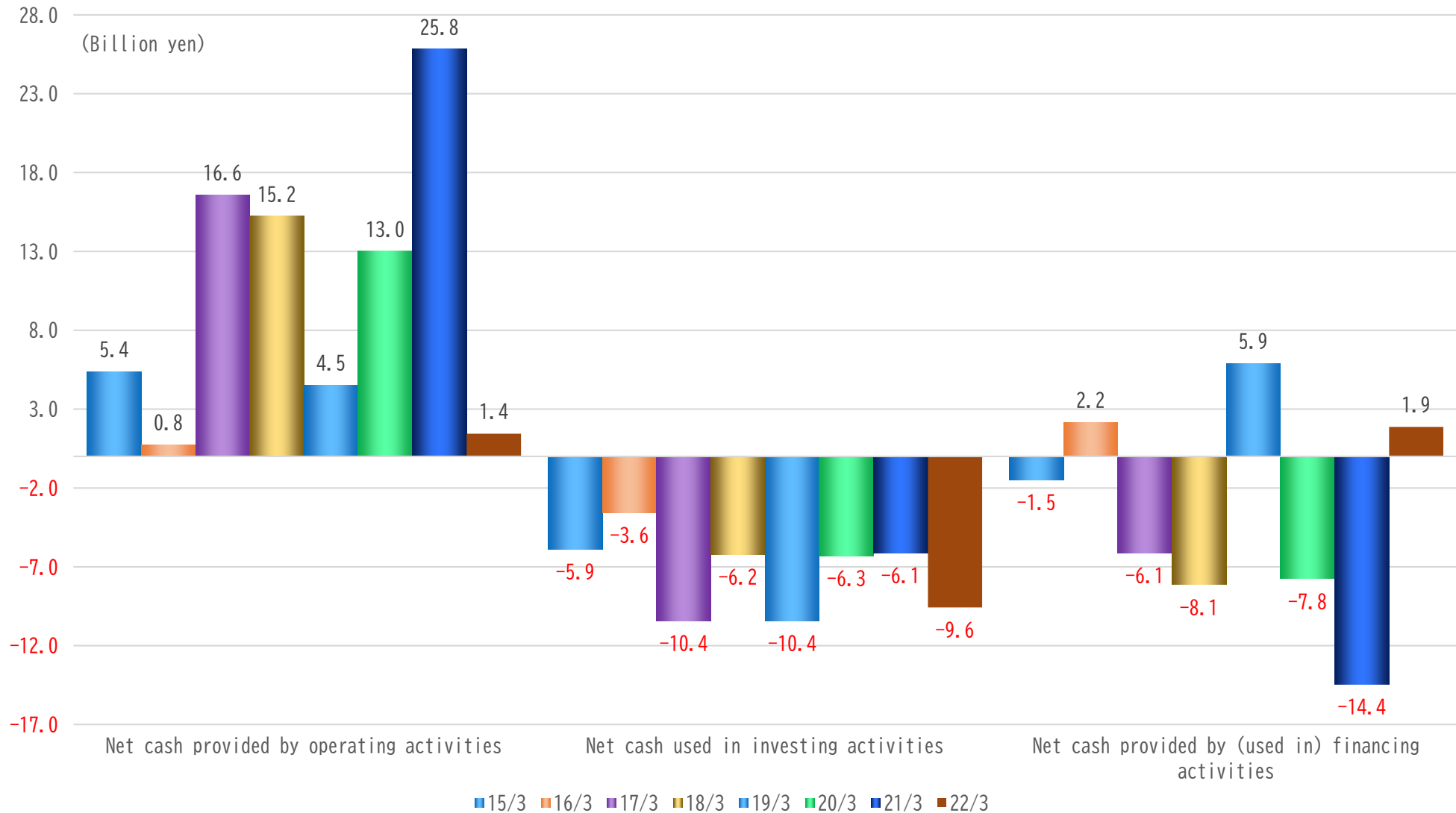
# Progress in Medium-term Management Plan “JT-2023” – 2

(Billion yen)



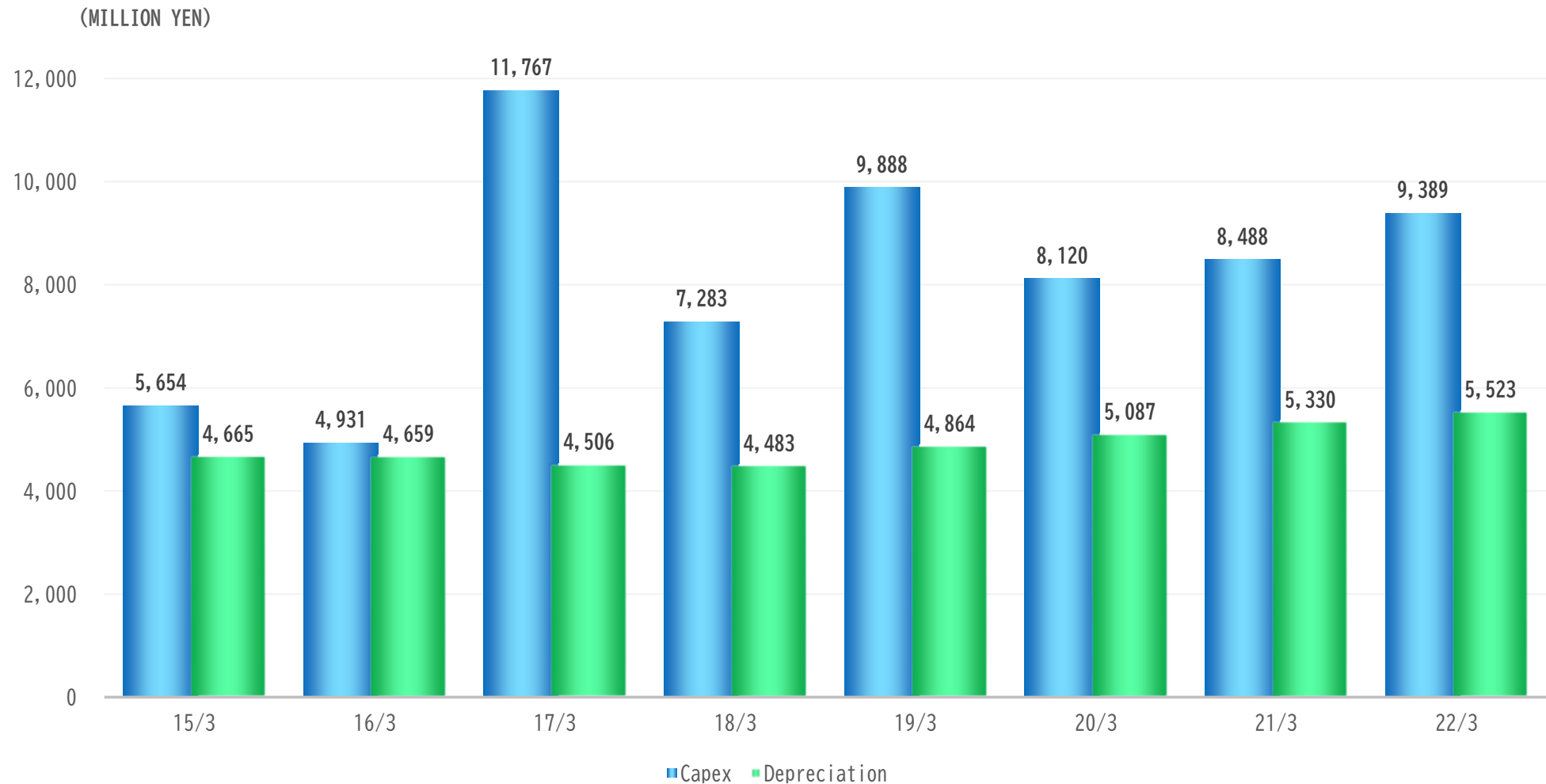
# Progress in Medium-term Management Plan “JT-2023” – 3

## Cash flow



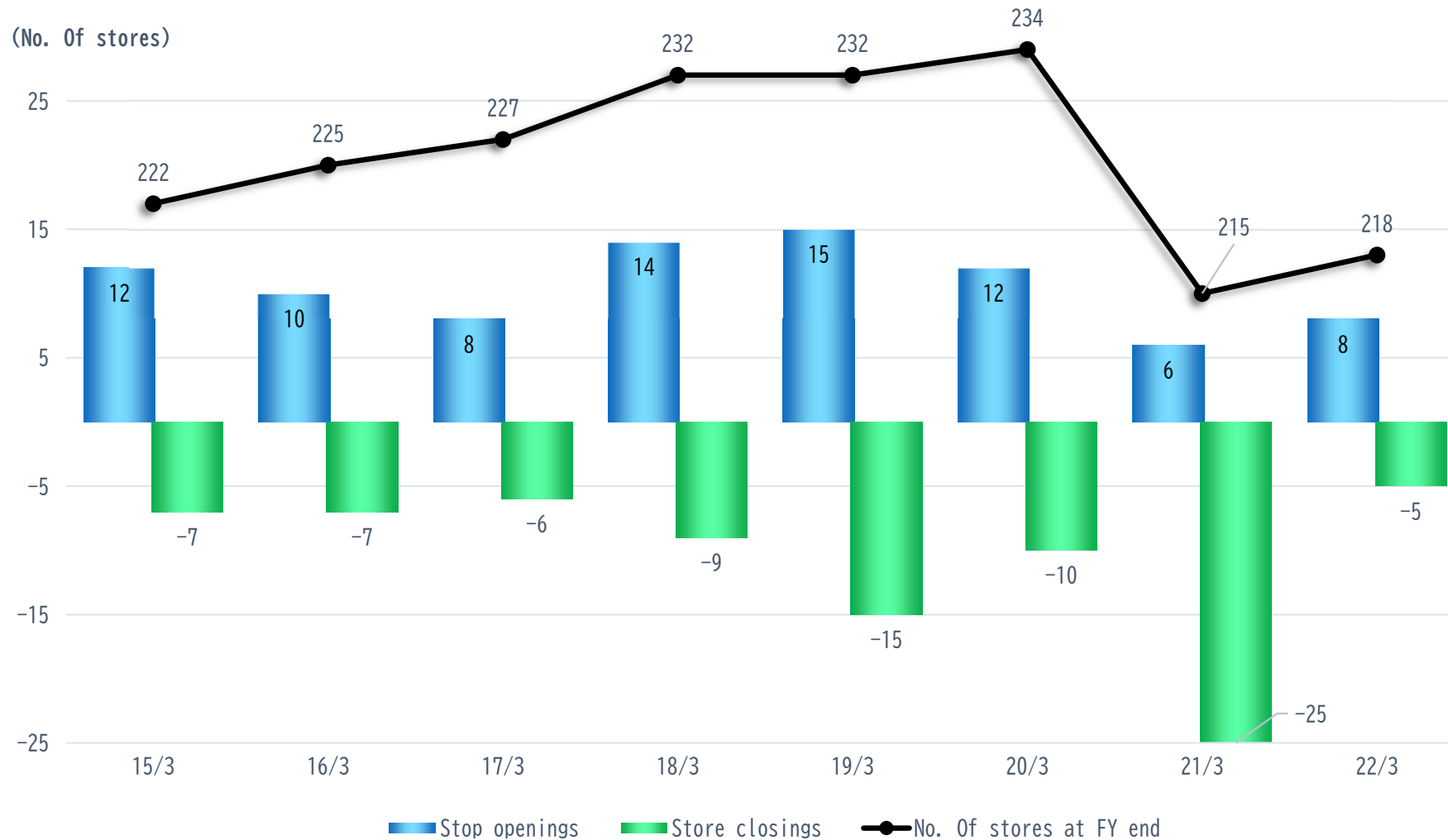
# Progress in Medium-term Management Plan “JT-2023” – 4

## Capex and depreciation



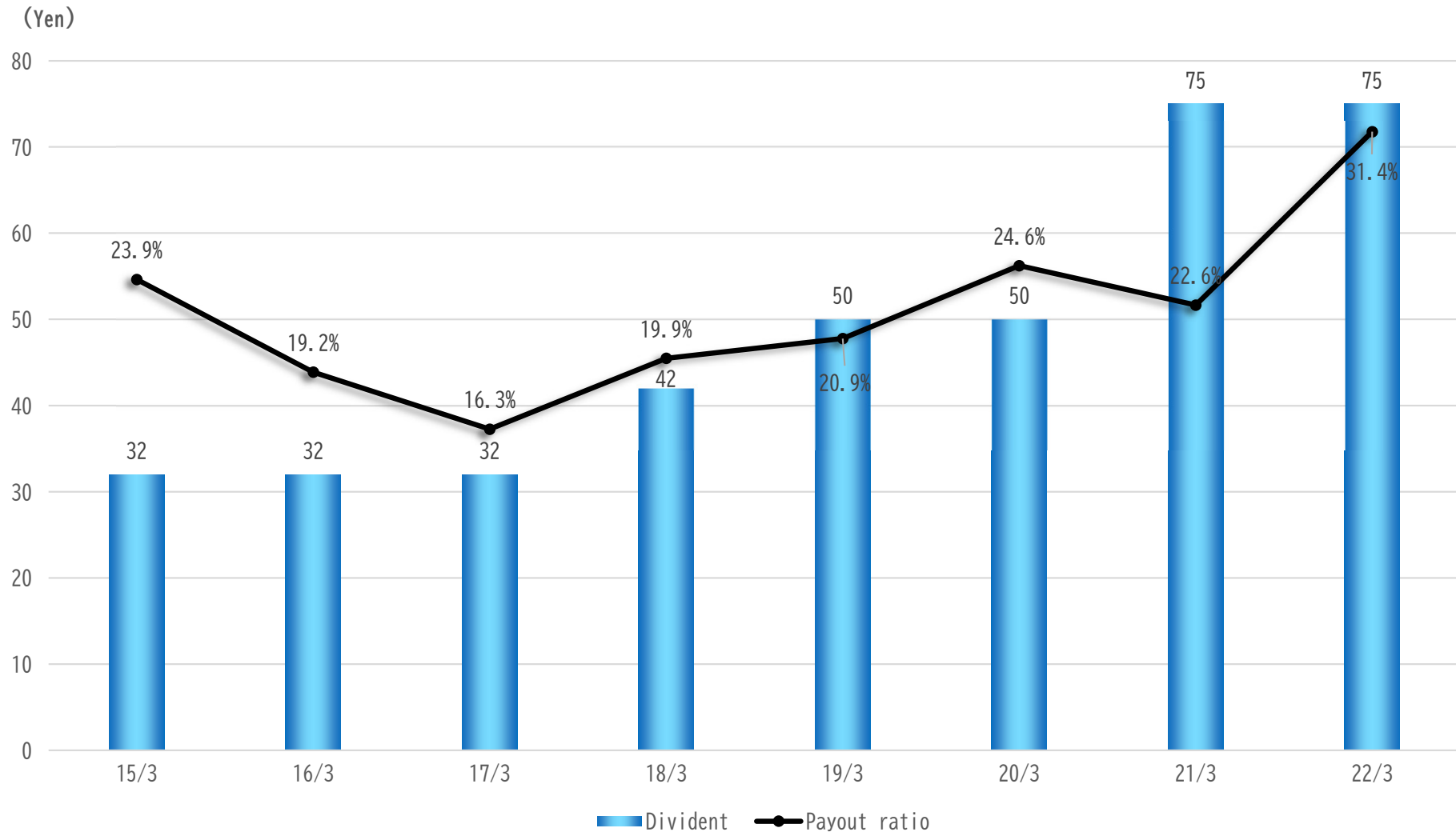
# Progress in Medium-term Management Plan “JT-2023” – 5

Store openings, store closings, number of stores at fiscal yearend



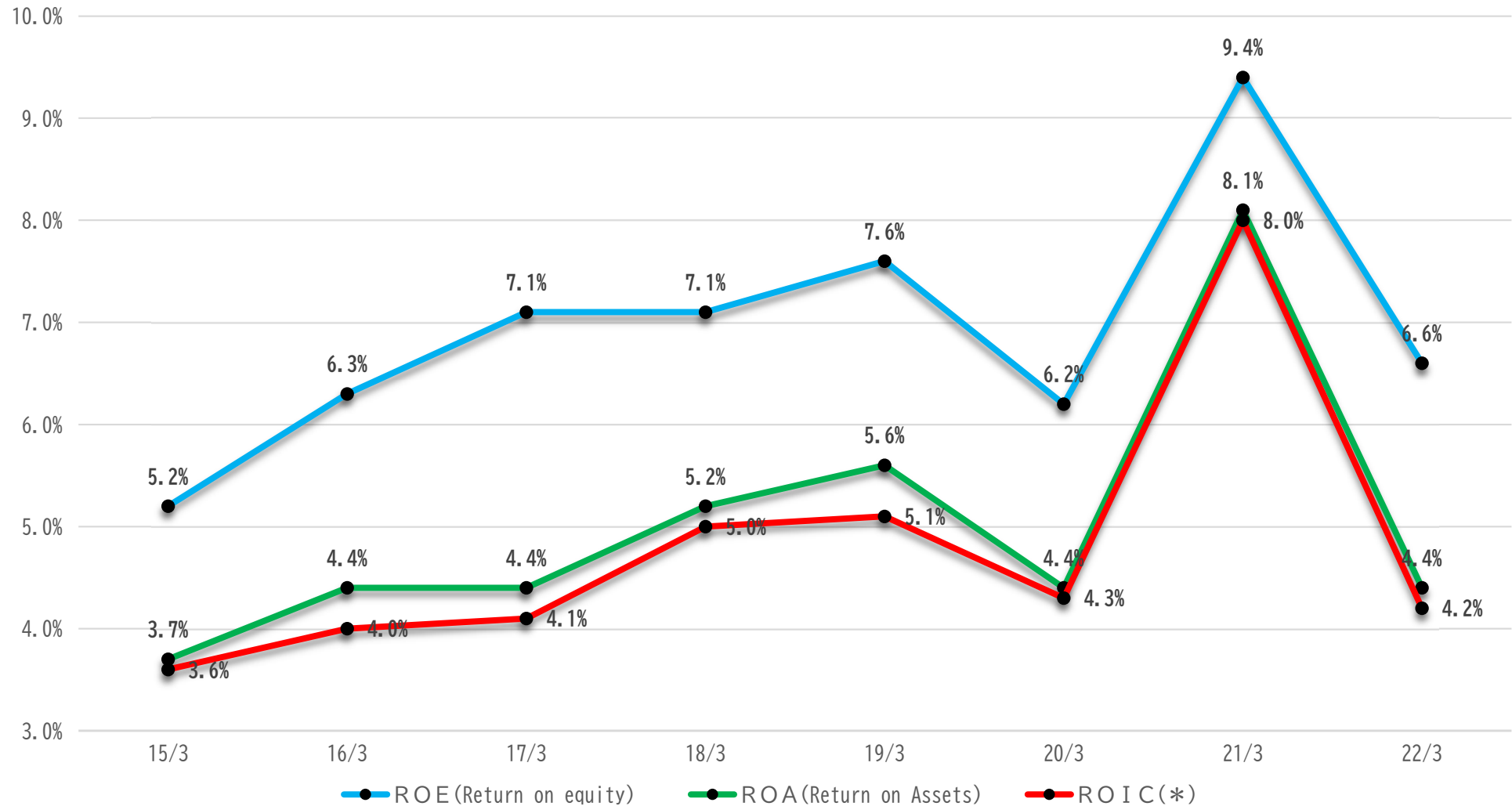
# Progress in Medium-term Management Plan “JT-2023” – 6

## Dividend and payout ratio



# Progress in Medium-term Management Plan “JT-2023” – 7

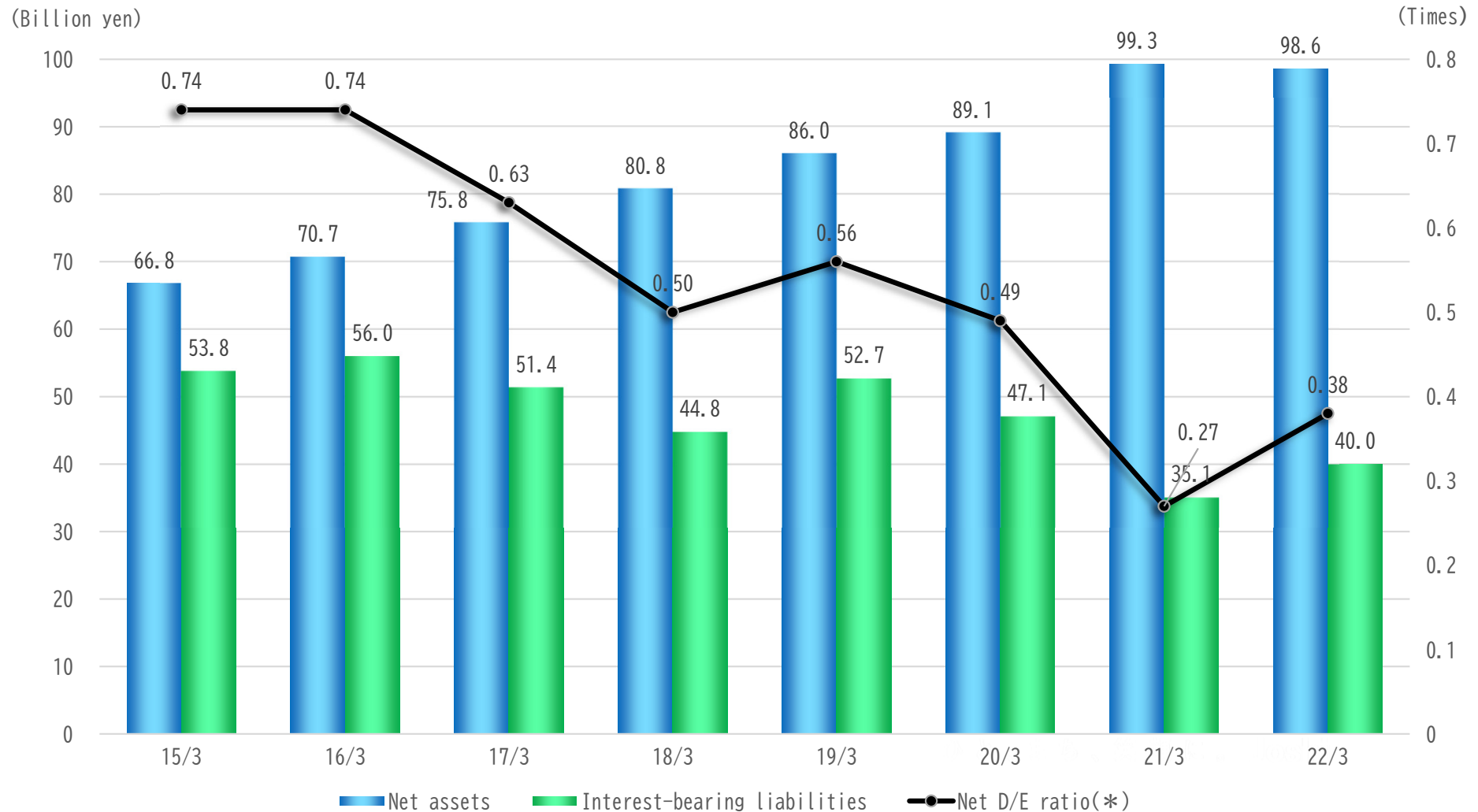
## Business indicators



\* ROIC (Return on invested capital):  $\text{operating income} \times 0.65 / (\text{net assets} + \text{interest-bearing liabilities})$   
 Effective tax rate of 35% is used for calculations

# Progress in Medium-term Management Plan “JT-2023” – 8

## Financial standing



\*Net D/E ratio: (interest-bearing liabilities- cash and deposits) / net assets

## Progress in Medium-term Management Plan “JT-2023” – 9

### Store openings & closings in FY2021

Store opening		Pref.	Type	Store name
2021	Apr	Aichi	Joshin	Okazaki Aeon Mall Store
	Jul	Ishikawa	Joshin	Aeon Mall Hakusan Store
	Nov	Osaka	Joshin	Seven Park Amami store
		Chiba	Joshin	Seven Park Ario Kashiwa store
		Hyogo	Joshin	Takarazuka store
Dec	Niigata	Joshin	(New)Shibata store	
2022	Mar	Osaka	Joshin	(New)Takaishi store
		Osaka	BOOKOFF	Kourien store



Store closing		Pref.	Type	Store name
2021	Jun	Ishikawa	Joshin	Nonoichi store
	Oct	Tokyo	Joshin	Itabashi Maeno store
	Nov	Niigata	Joshin	Shibata store
2022	Feb	Osaka	BOOKOFF	Esaka Station square store
		Osaka	Joshin	Takaishi store

\* The Shibata and Takaishi stores moved to new locations.



## Progress in Medium-term Management Plan “JT-2023” – 10

### No. of stores as of March 31, 2022

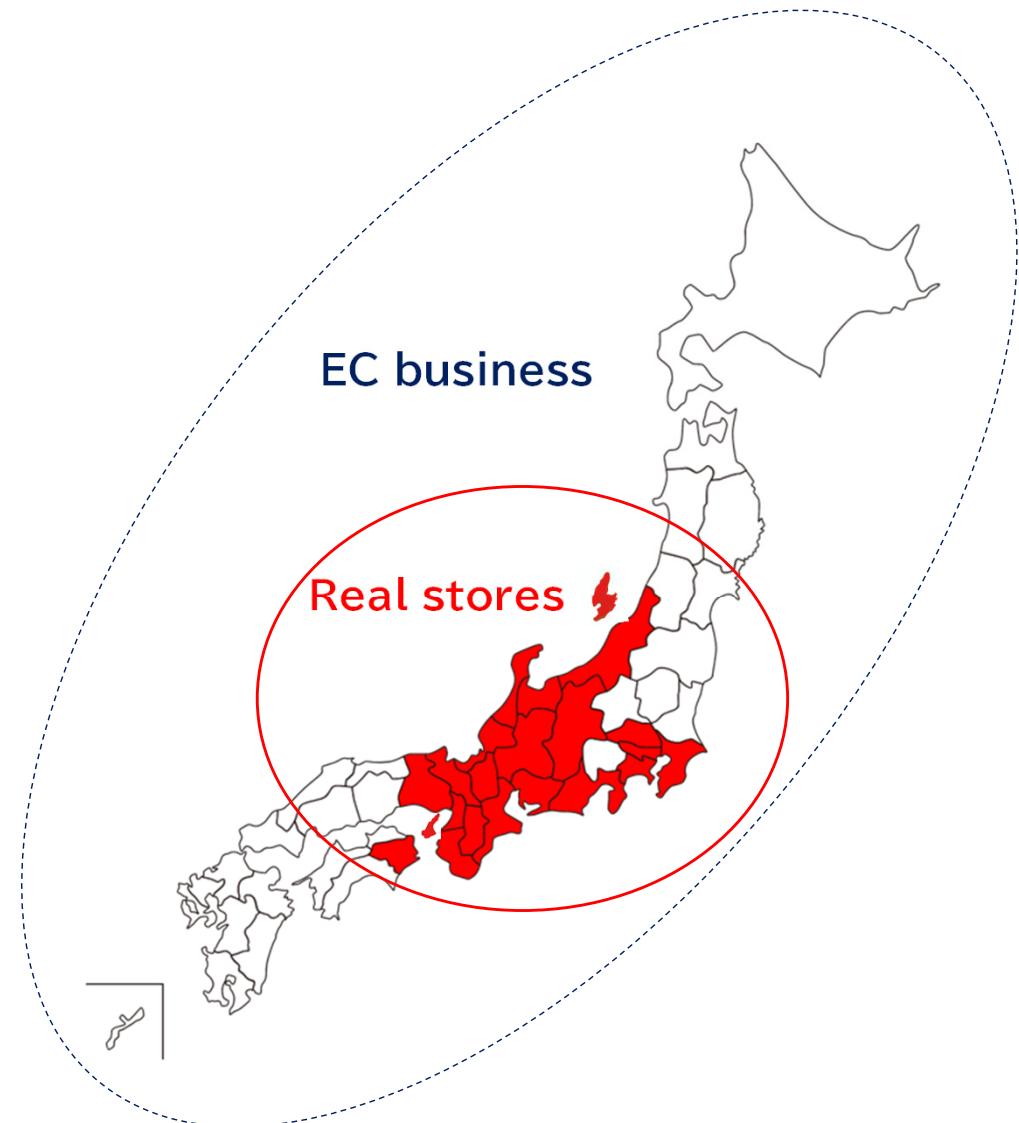
Region	Pref.	Joshin		BOOK OFF	TSUTAYA
		Direct	Franchise		
Kansai	Osaka	54		5	2
	Kyoto	12			
	Hyogo	38			2
	Shiga	12		1	
	Nara	12			
	Wakayama	8			
Shikoku	Tokushima	0	2		
Tokai	Aichi	16	3		
	Gifu	6			
	Mie	9			
	Shizuoka	1			
Kanto	Tokyo	3			
	Kanagawa	2			
	Saitama	7			
	Chiba	5			
Hokushinetsu	Toyama	8			
	Ishikawa	3			
	Fukui	2			
	Niigata	9			
	Nagano	1			
Total		208	5	6	4



Joshin operates some BOOK-OFF shops as a franchisee. These shops buy and sell items for reuse such as books, CDs, DVDs, games, apparel, and hobby items.



Joshin is a franchisee of the entertainment shop TSUTAYA, which offers lifestyle choices by selling new books, stationery, and other goods, and renting movies, music, and comics.



# Progress in Medium-term Management Plan “JT-2023” – 11

## New logistics project

The Kansai Ibaraki Fulfillment Center is moving towards unified distribution, and TC\*1 and DC\*2 operations were shifted there in February 2022.

TC and DC for EC\*3 moved into test phase in April 2022. Preparations are underway for full-scale operations.



### ● Ibaraki Fulfillment Center specs

- Stocked items: +20% from before move
- EC shipment capacity: +100% from before move
- Total inventory amount: -10% from before move
- Transport vehicles: -10% from before move
- Total floor area: Approx. 116,000m<sup>2</sup>
- Five-story seismic isolation structure

### ● Cafeteria inside the Kansai Ibaraki Fulfillment Center



- \*1 TC: Short for Transfer Center (where goods can be relayed)
- \*2 DC: Short for Distribution Center (warehouse type)
- \*3 EC: Short for electronic commerce, which is generally called “online sales” or “net shopping.”

## Sustainability Management 1 – Infrastructure strategy, climate change initiatives

# Initiatives to cut CO<sub>2</sub> emissions

### Specific measures

As of March 2022, 123 of Joshin's 249 business locations (49.4% of the total and 79.9% of directly managed locations) had switched to 100% renewable energy (CO<sub>2</sub>-free power sources).



Joshin has reduced annualized CO<sub>2</sub> emissions at business locations by 67.6% from the FY2013 level.

We achieved the government's goal of “reducing CO<sub>2</sub> emissions by 46% from FY2013 to 2030” in FY2021!

We support the “Task Force on Climate-related Financial Disclosures (TCFD)” recommendations and the “GX (Green Transformation) Basic League Concept” announced by the Ministry of Economy, Trade and Industry.





## Sustainability Management 2 – Infrastructure strategy, climate change initiatives

- We are actively introducing environmentally friendly solar power systems



We have installed solar-linked lithium-ion storage batteries (12Kwh) to support BCP in case of disasters, and they are used as backup power sources in power outages. Ten locations in total, including the Takaishi, Hikone, and Rokujizo stores.

Forty-five locations have solar power generation systems, including the Takaishi, Shibata, Hikone, Rokujizo, Ibaraki, and Nishinomiya stores.

\* At the end of March 2022. Stores with promotional panels are not included.

## Sustainability Management 3 - Strengthening corporate governance

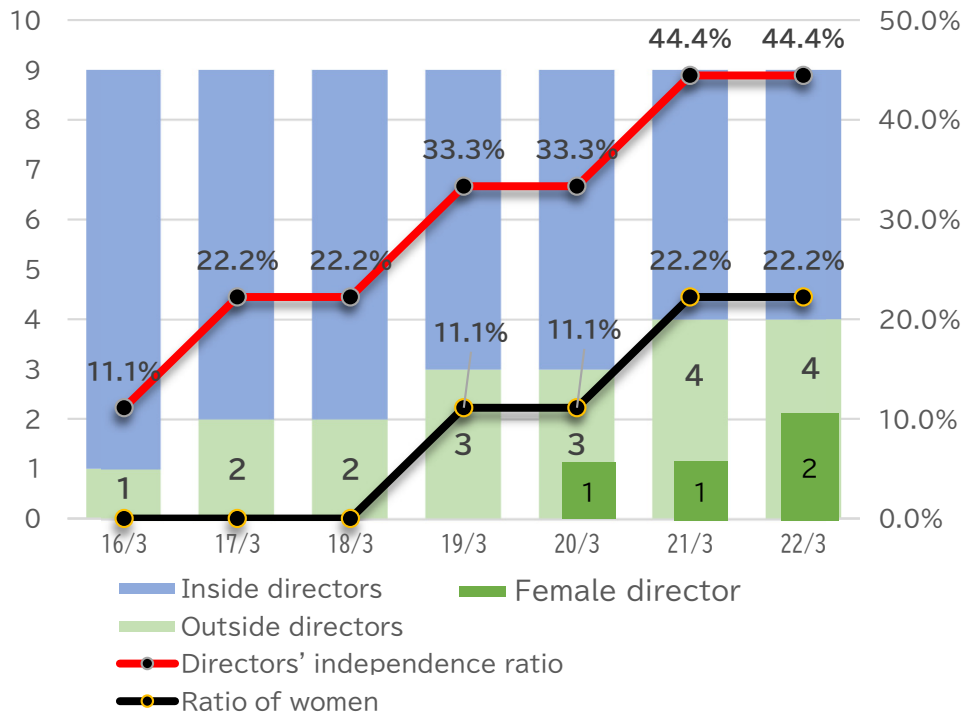
1. Diversity in the Board of Directors

2. Establishment of a Sustainability Committee

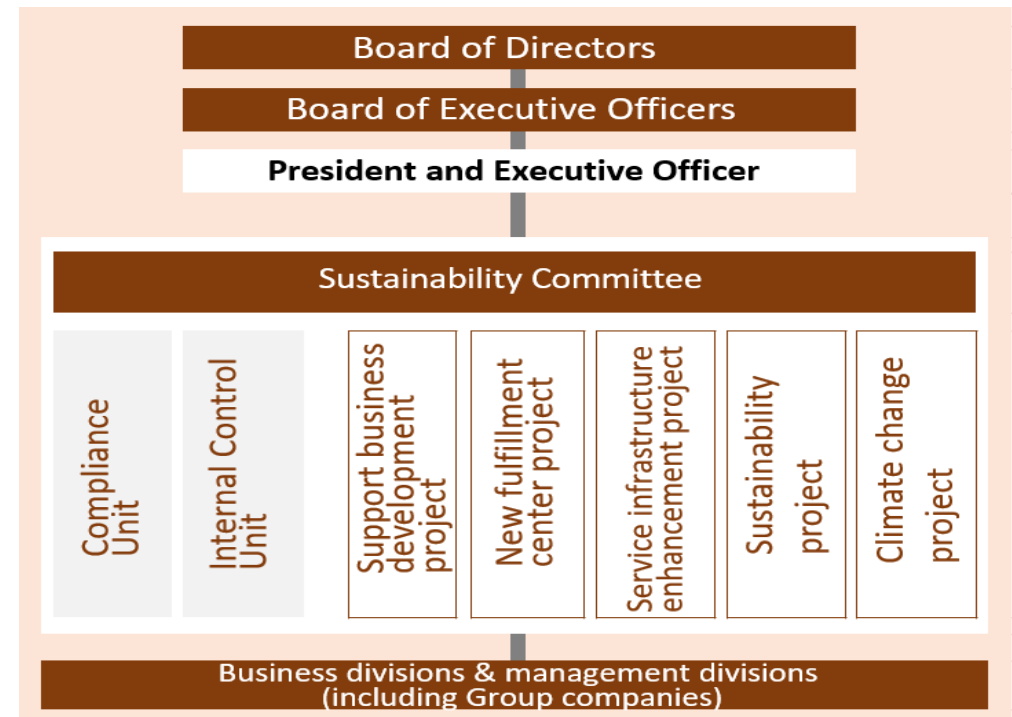
3. Response to revised Corporate Governance Code

- Number of external directors increased by one, to four
- Skill matrix drafted and released
- Revision of executive officer system (transition to a mandate-type system)
- Management Committee and CSR Committee merged, Sustainability Committee newly established. Management of progress on important financial and non-financial projects.
- The explanation item is one item in “[Recruitment Principle 2-4 ①] Ensuring diversity in the promotion of core human resources, etc.]”

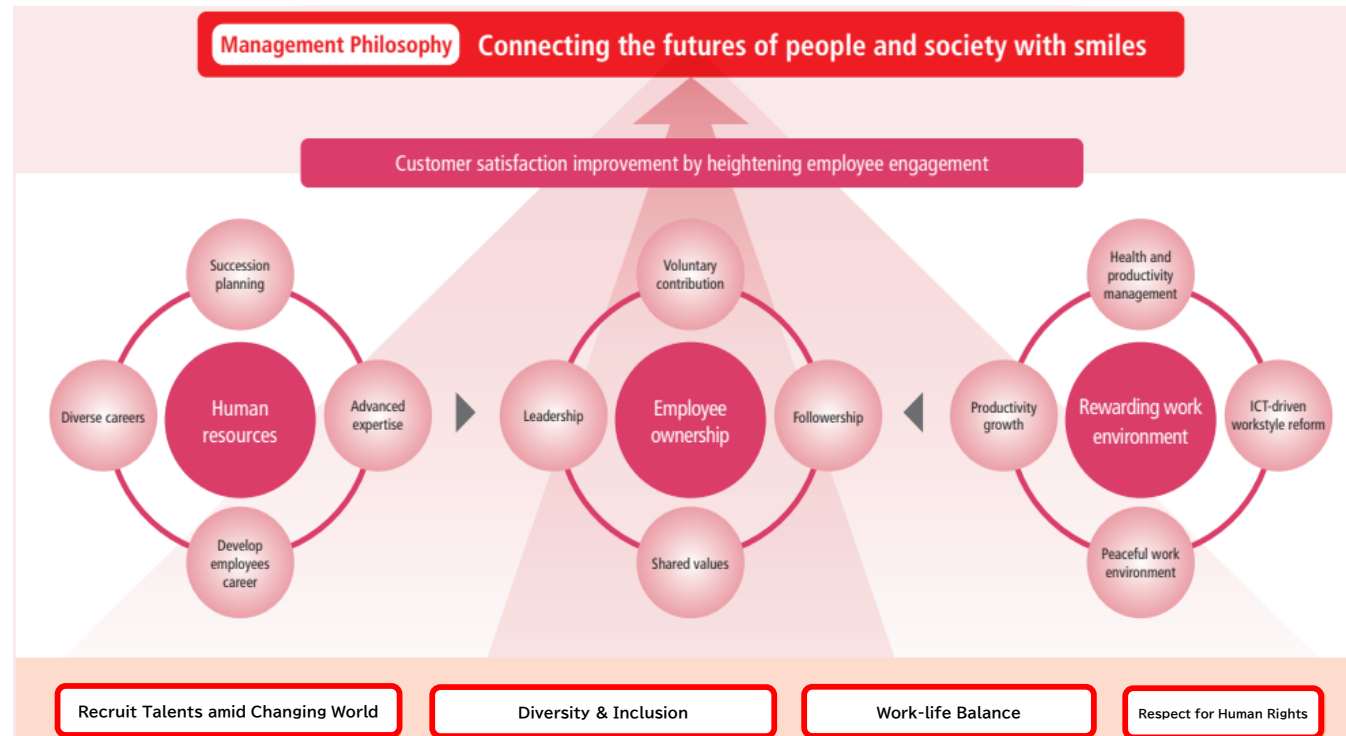
Board of Directors' independence and ratio of women



Sustainability promotion system



# Sustainability Management 4 - HR strategy, employee engagement



• October 2021: Conducted in-house recruitment to secure personnel for expansion of EC business  
 • January 2022: Launched “Support Business Development Project” in anticipation of future business model transformation

• Free addresses used in business locations  
 • Introduction of semi-self-checkout  
 • Introduction of digital signage

• November 2021: Establishment of Diversity Promotion Office  
 • March 2022: Establishment of a nursing care consultation counter, a labor-management collaboration that operates all day, 365 days a year  
 • March 2022: Certified as an excellent health-management corporation 2022 (large-scale corporation division)  
 • April 2022: Establishment of Diversity Council  
 Expansion of special paid leave for new fathers \*1  
 \*1 “Postnatal childcare leave” and “Ikumen leave,” newly established by a revision of the Childcare and Family Care Leave Law, were systematically integrated, and the number of paid leave days was expanded to 28.



## Sales Topics

### Joshin Advertising Characters for 2022

In 2022, Joshin is employing Nagisa Shibuya and Karin Kojima of the pop group NMB48 in its advertising. The third character is Chihiro Kawakami, who won the “NAMBATTLE 2~J~” contest.



With its new member, NMB48 will continue to brighten up our commercials and stores in 2022. We look forward to their future success.

## Sales Topics

### 2021 Oricon Customer Satisfaction® Survey 1st prize for home renovation

“Wholehearted Renovation” by Joshin, our renovation business, received the prestigious top rank in the 2021 Oricon Customer Satisfaction® Survey for home renovation conducted by oricon ME Inc. (Headquarters: Minato-ku, Tokyo, President: Ko Koike).

We have been in the remodeling business for seven years, and we receive high marks for putting into practice the wholehearted customer service that we have cultivated for 73 years since our founding. Economic activity has changed drastically due to the pandemic, but we will continue to propose renovations from the customer’s point of view with all our heart.



The Oricon Customer Satisfaction® Survey

Oricon has provided visible indicators of intangible popularity for many years, starting with music rankings. In 2006, an Oricon group business launched the Customer Satisfaction (CS) Survey, which focuses on satisfaction levels with services in various industries and business categories. As a third-party entity, it conducts large-scale surveys targeting only people who have used the service in question. So far it has produced 185 rankings, and a total of 2.91 million people have told Oricon what services they found really satisfying. Results open to the public.

\* 2021 Oricon Customer Satisfaction® Survey home renovation, overall ranking  
[https://life.oricon.co.jp/rank\\_reform/kodate/](https://life.oricon.co.jp/rank_reform/kodate/) (Japanese only)



## Sales Topics

### Full opening of Joshin virtual renovation store

As avoidance of the “Three Cs” has become the everyday norm during the pandemic, Joshin has opened a virtual renovation store to promote its renovation business.

#### ■Features of the virtual store

- All products in the Joshin Renovation Catalog (\*1) that cannot be shown in actual stores are exhibited. Shoppers can check product details with videos and freely do color simulations (\*2).
- With the AR function (\*3), shoppers can see how the selected product will look at home.

\*1 Built-in gas cooktops, kitchens, bathtubs, toilets, and vanities are all on display.

\*2 Can be used to show kitchens, bathtubs, vanities, and bathroom and dressing room interiors.

\*3 Can be used with built-in gas cooktops, kitchens, and vanities. A compatible smartphone or tablet is required.



## Sales Topics

**In 2021, Joshin Web wins "Rakuten Shop of the Year" Grand Prix for the second straight year!**

Joshin Web, our e-commerce site, was named "Rakuten Shop of the Year 2021" by Rakuten Group Inc., after winning the same honor in 2020. We have won the Grand Prix for two years in a row.

The Rakuten Shop of the Year is selected from more than 55,000 shops in the Rakuten marketplace based on the number of votes from customers, sales, sales growth rate, number of orders, customer support, etc.

Joshin Web, the Rakuten Shop of the Year 2021, has been honored with the Grand Prix for a second consecutive year.



### Win Record

#### ■Overall Grand Prix

Rakuten Shop of the Year - 2016  
 Rakuten Shop of the Year - 2020  
 Rakuten Shop of the Year - 2021  
 3rd win, 2nd in a row

#### ■Home Appliances Genre Award

Rakuten Shop of the Year - 2020  
 Rakuten Shop of the Year - 2021  
 2nd win in a row

## Disclaimer

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1. Earnings forecasts and other forward-looking contents of this presentation are based on available information at the time the Company prepared this document. We cannot promise or guarantee that results will match forecasts.
2. This presentation contains unaudited approximations, which may change.

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**Joshin**

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