

Joshin Denki Co., Ltd.

Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending
March 31,

(April 1, 2021 to September 30, 2021)

Presentation Material

Nov. 2, 2021

Listed on the First Section of the Tokyo Stock Exchange

Securities code: **8173**

Message

We wish to express our heartfelt sympathy to those who are suffering from the novel coronavirus infectious disease (“COVID-19”). At the same time, we offer our deepest thanks to medical personnel who are striving to save human lives around the clock and to those who are performing their duties to protect precious lives in various fields of society.

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1. Summary of the Consolidated
Financial Results for the First Six Months
of the Fiscal Year Ending March 31,
2022



Consolidated Income Statement

《Summary of the Statements of Income for the First Six Months of the Fiscal Year Ending March 31, 2022》

◆Net sales and all profit lines declined year on year mainly due to the impact of temporary store closures and shorter operating hours during the declared states of emergency, but operating income, ordinary income, and net income topped our initial forecasts*1 thanks mainly to improvement in the gross profit margin as a result of benefits from our store “scrap and build” approach in prior years.

(Million yen)	Fiscal year ended March 31, 2021			Fiscal year ending March 31, 2022				(Reference) Progress on First six-month period
	(First six-month period)			(First six-month period)				
	Actual results	% to net sales	YoY	Actual results	% to net sales	YoY	Change in % to net sales	
Net sales	226,698	100.0%	104.5%	200,822	100.0%	88.6%	—	47.8%
(Of which, sales at stores)	183,291	80.9%	102.0%	159,576	79.5%	87.1%	-1.4%	—
(Of which, sales in EC business)	34,095	15.0%	122.6%	36,993	18.4%	108.5%	3.4%	—
(Of which, other sales)	9,311	4.1%	100.4%	4,253	2.1%	45.7%	-2.0%	—
Gross profit	52,718	23.3%	100.7%	49,244	24.5%	93.4%	1.3%	—
Selling, general and administrative expenses	45,388	20.0%	98.5%	43,938	21.9%	96.8%	1.9%	—
Operating income	7,330	3.2%	116.9%	5,305	2.6%	72.4%	-0.6%	44.2%
Ordinary income	7,284	3.2%	117.1%	6,073	3.0%	83.4%	-0.2%	50.6%
Net income	4,261	1.9%	101.8%	4,064	2.0%	95.4%	0.1%	50.8%

*1. For details about the changes to our initial forecasts, please refer to the press release dated October 28, 2021, “Notice on the Revision of Forecasts of Consolidated Financial Results for the First Six Months of Fiscal Year Ending March 2022.”

*2. Net income attributable to owners of the parent.

Consolidated Cash Flows and Balance Sheet

Cash flows

(Million yen)

	2020/09	2021/09	Increase (Decrease)
Net cash provided by operating activities (a)	20,937	-1,157	-22,094
Net cash used in investing activities (b)	-3,396	-4,087	-691
(Free cash flow (a)+(b))	17,540	-5,245	-22,785
Net cash used in financing activities	-6,062	4,140	10,202
Cash and cash equivalents at end of the term	14,811	7,513	-7,298

Balance sheet

(Million Yen)

Assets	2020/9	2021/9	Change	Liabilities and net assets	2020/9	2021/9	Change
Total current assets	94,999	104,958	9,959	Total current liabilities	67,693	76,267	8,573
				Total non-current liabilities	34,859	41,791	6,931
Total non-current assets	100,658	110,027	9,368	Total liabilities	102,553	118,058	15,505
				Total net assets	93,104	96,927	3,822
Total assets	195,657	214,986	19,328	Total liabilities and net assets	195,657	214,986	19,328

Reference :

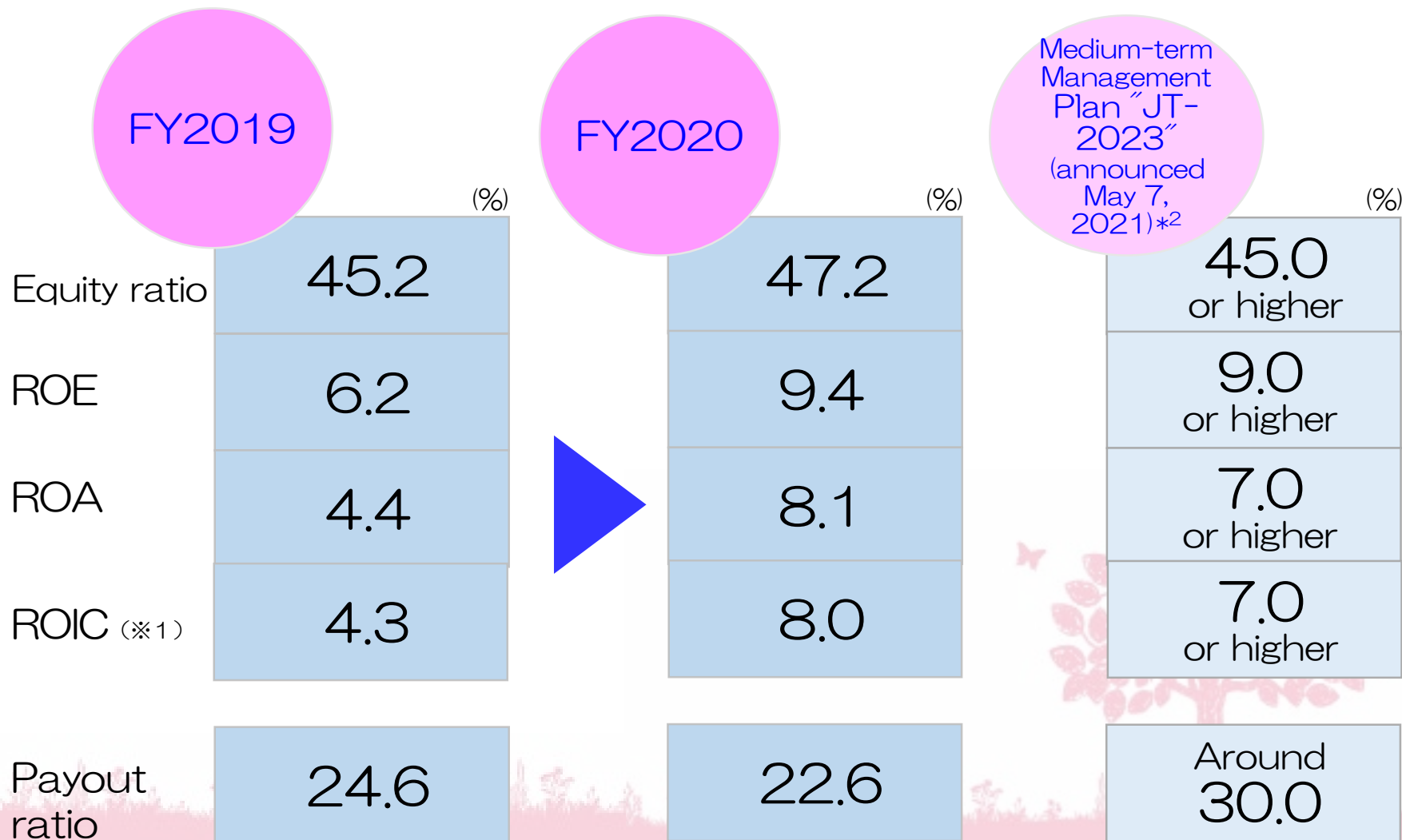
Total interest-bearing liabilities	42,956	41,766	-1,190
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Reference:

Total net interest-bearing liabilities*	27,995	34,253	6,258
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*Total net interest-bearing liabilities: interest-bearing liabilities less cash and deposits

Other Financial Indicators



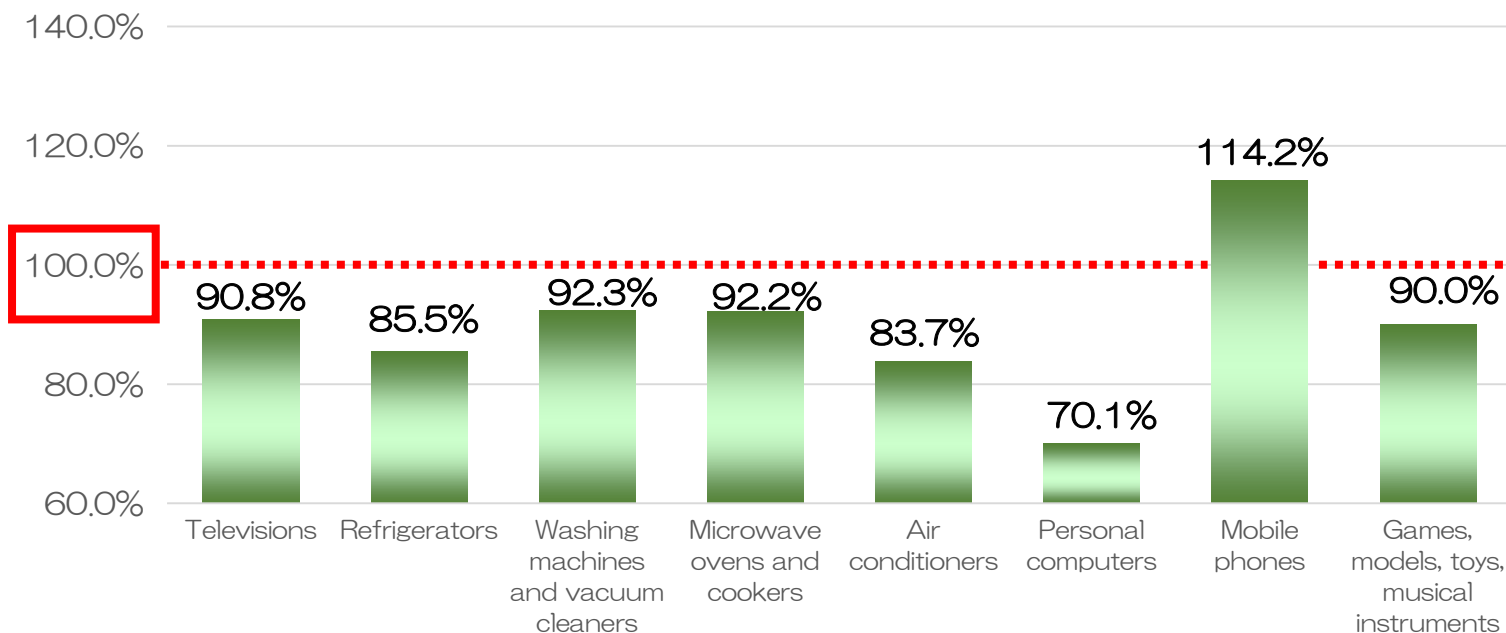
*1 ROIC = operating income x 0.65 (assuming tax rate of 0.35) / (net assets + interest-bearing liabilities)

*2 For details, please refer to the press release dated May 7, 2021 announcing revisions to targets in Medium-term Management Plan.

Sales by Product

Sales overall came in lower than last year due mainly to the dropout of special demand during the COVID-19 pandemic last fiscal year

Year-on-year comparison of major product items (cumulative total sales)



Earnings Forecasts (1/2)

Net sales

- Along with the dropout of special demand related to people staying home and teleworking, earnings in the 2nd Quarter were weighed down by suspended store operations under the declared state of emergency and unfavorable summer weather.
- From the 3rd Quarter onwards after the lifting of the state of emergency and the raft of measures designed to halt the spread of infections, we expect consumer spending to be spread across travel and dining out and we therefore forecast a decline in spending on durable consumer goods.
- Taking into account such uncertainties as the global shortage of semiconductors and hampered production capacity and strained container transportation services in Asia owing to the spread of COVID-19 infections, we anticipate a YoY decline of 6.5%.

Selling, general and administrative expenses

We forecast flat YoY SG&A costs owing to efforts to further enhance productivity, even though we take into account a rebound from FY2020 after limiting our usually aggressive measures to promote footfall in order to avoid the so-called “3Cs,” as well as ongoing investments in labor-saving and digitalization, and aggressive investments in human capital in preparation for the future.

Extraordinary losses

We expect to keep extraordinary losses to roughly the same level in most years (about ¥1.0bn) because the losses associated with the scrapping of businesses carried out through FY2020 have now dropped out.

Net income*

While we anticipate a sharp YoY decline in operating income owing to lower net sales, the impact on net profit will be limited because we booked extraordinary profits as a result of a decrease in extraordinary losses and the disposal of previously scrapped assets.

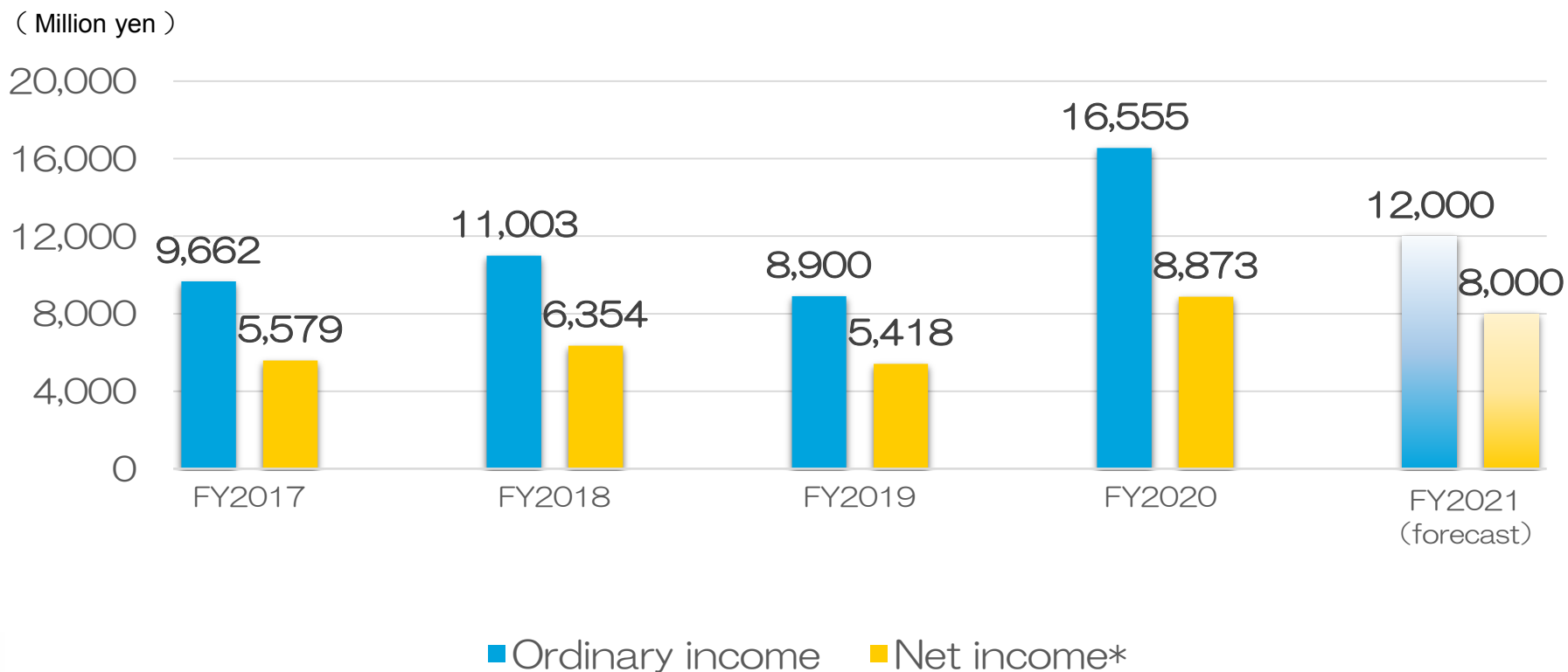
*Profit attributable to owners of parent

Earnings Forecasts (2/2)

(Million yen)	FY2020			FY2021		
	(Full year)			(Full year)		
	Actual results	% to net sales	YoY	Forecast	% to net sales	YoY
Net sales	449,121	100.0%	108.1%	420,000	100.0%	93.5%
Operating income	16,550	3.7%	184.3%	12,000	2.9%	72.5%
Ordinary income	16,555	3.7%	186.0%	12,000	2.9%	72.5%
Net income*	8,873	2.0%	163.8%	8,000	1.9%	90.2%

*Profit attributable to owners of parent

Trends of Ordinary Income and Net Income



* Profit attributable to owners of parent

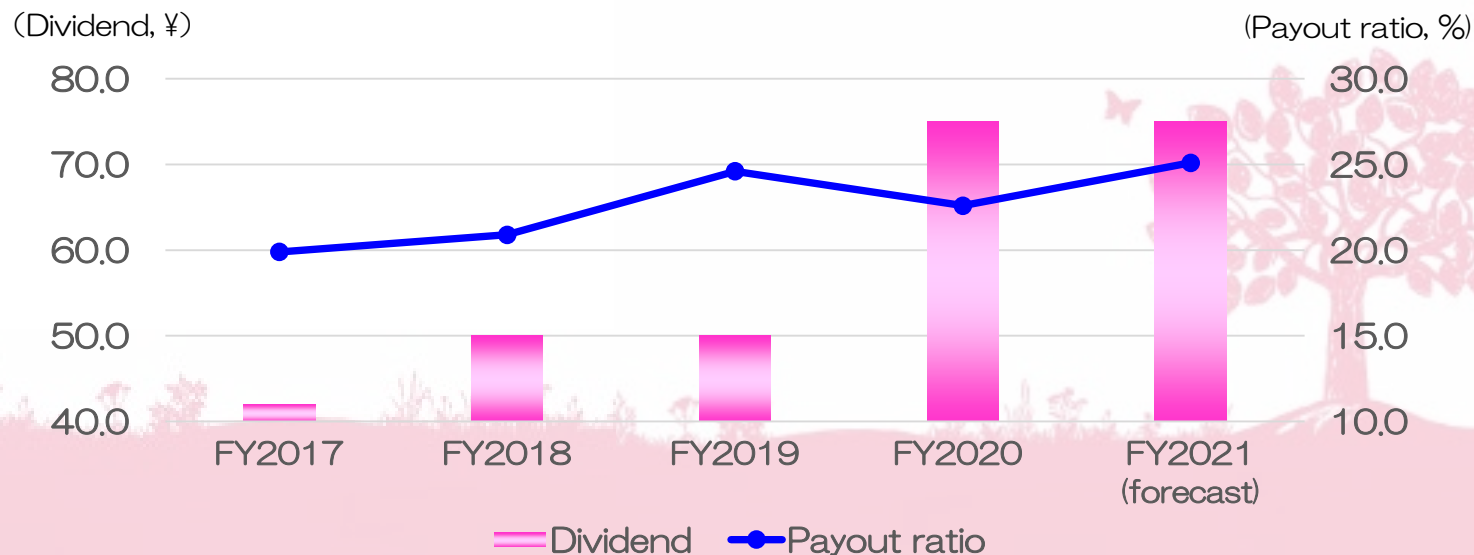
Trend of Dividend

Basic Policy

Stable dividend payments will be continued by taking into consideration the balance of business performance, dividend, and internal reserves.

(Dividend: ¥ / Payout ratio: %)

Full-year	FY2017	FY2018	FY2019	FY2020	FY2021 (forecast)
Dividend (Yen)	42.0	50.0	50.0	75.0	75.0
Payout ratio (%)	19.9	20.9	24.6	22.6	25.1



2. Progress on Medium-term Management Plan “JT-2023”



Progress on Medium-term Management Plan “JT-2023” (1/2)

Closing of unprofitable stores under our “scrap & build” approach and the strengthening of existing stores

Two-fold expansion of e-commerce shipment capabilities with operations at our new distribution center coming on stream

Steady growth in operating cash flow versus plan

Greater restocking and inventory efficiency owing to full-fledged operations at the new distribution center
(20% increase in items held for distribution, 10% decrease in total logistics inventory value, and 10% drop in transport vehicles used)

Aiming to further improve our financial position

Final year targets

Aiming once again to attain record-high net sales and profit on the back of COVID-19 teleworking and stay-at-home demand in FY2020, as well as extraordinary demand from the government’s special cash payments

(Million yen)	FY2020 (actual)	FY2021 (forecast)	(1) FY2022 initial target	(2) FY2022 revised target*	Change (2-1)
Net sales	449,121	420,000	435,000	450,000	15,000
(of which, e-commerce)	71,706	72,500	70,000	80,000	10,000
Operating income	16,550	12,000	11,500	16,500	5,000
Ordinary income	16,555	12,000	11,500	16,500	5,000

(%)	FY2022 initial target	FY2022 revised target*	Change
Equity ratio	45.0 or higher	No change	
ROE	7.0 or higher	9.0 or higher	2.0
ROA	5.5 or higher	7.0 or higher	1.5
ROIC	5.5 or higher	7.0 or higher	1.5
Payout ratio	Around 30.0	No change	

*Announced May 7, 2021

3. Topics



2021 Integrated Report was released



- Management philosophy updated for the first time in 57 years
“Connecting people and society’ s future with a smile”
- Management Vision was newly established
“Becoming a lifestyle infrastructure hub through the power of home appliances and ICT”
- Highlights
 - Seven issues of materiality and 14 key issues to be addressed
 - Sales strategies, ESG measures, and more
- Released: October 19, 2021
- Use the URL below to access the entire report
<https://www.joshin.co.jp/joshintop/csr/index.asp#ANC-DOWNLOAD>

New Distribution Center

Our new distribution center, the focal point of the Medium-term Management Plan “JT-2023,” was completed on May 21, 2021

Name: Kansai Ibaraki Distribution Center

Location: 1-chome Saitomoegi, Ibaraki, Osaka

Total floor area: Approx. 120,000m²



Exterior view 1



Exterior view 2



Tape-cutting ceremony

Preparations are well underway for full-fledged operations in spring 2022

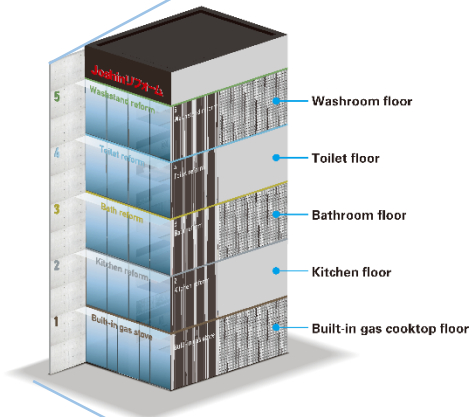
Opening of Virtual Renovation Store

The kitchen and bathroom floors were opened in July and October 2021, respectively

On average, the site has been accessed more than 1,000 times daily

Conceptual layout of floors in the virtual renovation store

■ External view (conceptual image when complete)



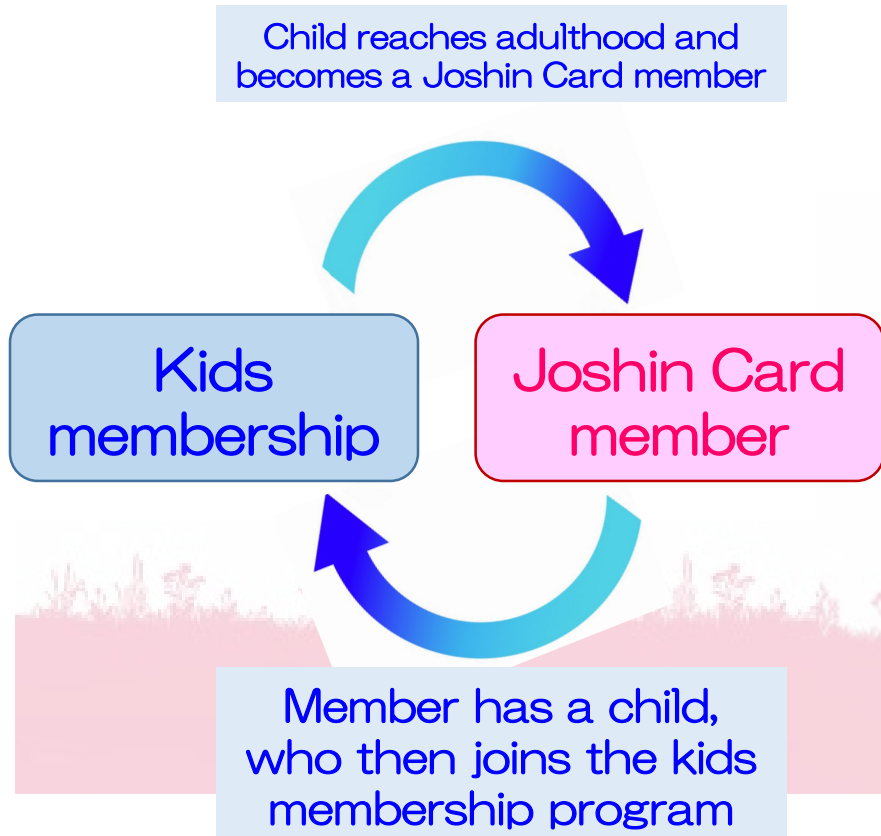
↓ <https://www.virtualshop-joshin-reform.jp/entrance/>
↓ Or scan the QR code the left

Kids Membership Program (Joshin app)

Purpose:

To create an inter-generational cycle among members in Japan's aging society that is characterized by a declining birthrate. For example, from home appliances (parents) to toys (children) to home appliances (adulthood) to toys (childbirth).

Inter-generational cycle in home appliance and toy segments



Another new feature!

Joshin App

Scan here for more info

Japanese only

A new type of membership for mums and dads!

Kids Members

by **Joshin**

Registrations currently open!

This new service delivers useful information to parents, especially those having trouble deciding what kind of present to buy for their kids, or those looking for a bargain.

*Use of the Joshin app is required in order to register.





Measures Implemented at Stores and Elsewhere

Guaranteeing safe and secure shopping experiences for customers

Measures implemented at stores

1 Customer temperature checks 	2 Masks worn by all employees / regular temperature checks 	3 Installation of plastic screens 
4 Hand sanitizer 	5 Installation of acrylic partitions 	6 Social distancing 

Measures implemented during product delivery and construction

1 Temperature checks, hand-washing, gargling, and the wearing of masks 	2 Disinfection (sterilization) 
3 Wearing of masks, gloves, and sock covers 	4 Wipe-down (sterilization) after completion of work 

Requests to customers

1 Please wear a mask 	2 Please do not visit our stores if you have a fever or symptoms of a cold 
3 Please disinfect your hands with antiseptic solution 	4 Please visit our stores in small numbers 

4. Joshin' s Initiatives and the SDGs



Sustainable Management for Achievement of SDG Targets

Joshin' s Corporate Strategy and the SDGs

Promote management supportive of an aging society and contributing to the environment.





Working to lower our CO₂ emissions

Concrete measures

As of July 2021, we have switched to 100% renewable energy (CO₂-free sources) for the electricity used at 108 of our offices and stores



Accordingly, our CO₂ reduction volume on an annualized basis at our offices and stores will account for 62% of total emissions in fiscal 2013, which means that in fiscal 2021 we plan to achieve the Japanese government's 2030 target of lowering CO₂ emissions by 46% versus 2013 levels

We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (announced in a July 13, 2021 press release)



Joshin's Initiatives (2/2)



Installation of an eco-friendly photovoltaic system*

As a BCP measure during times of disaster, we have installed a lithium-ion storage battery (12Kwh) connected to solar panels for use as a backup power supply during blackouts (Hikone and Rokujizo stores).



Lithium-ion storage battery connected to solar panels (Rokujizo store)



Solar panels (Rokujizo store)

*Installed at Hikone, Rokujizo, Ibaraki, Nishinomiya, Kakogawa, and other stores (36 offices and stores in total) as of September 31, 2021

*Excluding stores that have panels installed for promotional purposes.

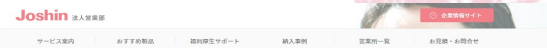
Joshin's Initiatives (3/3)

Diversification of Sales Channels

- Our coverage extends throughout Japan thanks to Joshin web operations
- We have opened stores on major online shopping sites, such as Rakuten and Yahoo! Shopping
- We won the grand prize in the Rakuten Shop of the Year 2020 awards, among others

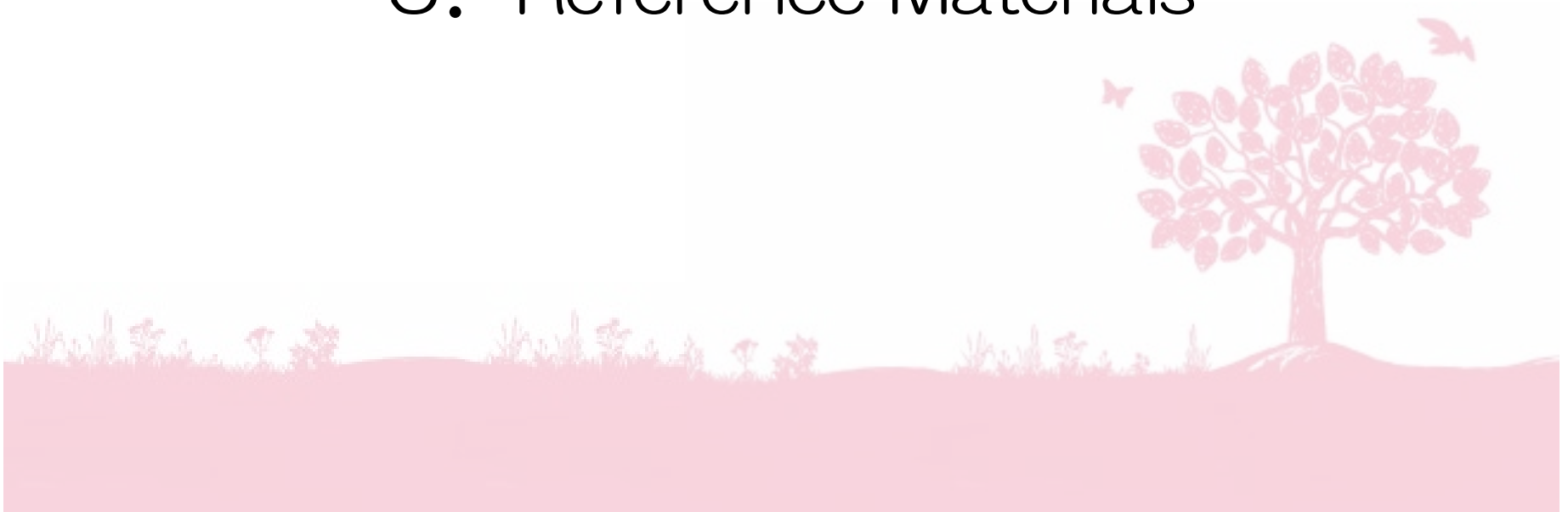


- Quick shipping!
- Extra value services for members only!
- Excellent product warranty and services!



- Customer support by dedicated staff!
- Quick response!
- Reliable after-sales service!

5. Reference Materials



2021 NMB48 Advertisement Image Character Named

Supporting Joshin with performances brimming with cheerful singing!

In The Store

You can choose how to buy

On The internet

お店
でも

買い方、選べる♪

ネット
でも

Kokona
Umeyama

Nagisa Shibuya

Karin Kojima



NMB48 × Joshin

NMB48はJoshinを応援しています。

Official Sponsor

Joshin is the first ever official Sponsor of the HANSHIN Tigers.

HANSHIN
Tigers × **Joshin**



Ryuhei Kanatani, Representative Director, President & Executive Officer, threw the opening pitch at a gala event in support of frontline healthcare workers (Hanshin Koshien Stadium, June 18, 2021)



Nagisa Shibuya of the NMB48 idol group threw down the first pitch of the "Joshin Present" night game (Kyocera Dome Osaka, August 25, 2021)



Corporate Profile

As of September 30, 2021

Name : Joshin Denki Co., Ltd.
Securities code : 8173
Stock exchange : First Section, Tokyo Stock Exchange
Head Office : 6-5, Nipponbashi-nishi 1-chome, Naniwa-ku,
Osaka City, Osaka, Japan
Establishment : May 1948
Capital stock : 15,121 million yen
Number of shares outstanding : 28,000,000



Representative : Ryuhei Kanatani, Representative Director, President and Executive Officer
Businesses : Sale of home appliances, information communication equipment, entertainment products and housing equipment-related products and incidental businesses
Annual sales : 449,121 million yen (Consolidated basis for the fiscal year ended March 31, 2021)
Number of employees : 4,024 (plus an average of 3,689 temporary employees (equivalent to number of regular employees) (Consolidated basis for the fiscal year ended March 31, 2021)
Number of stores : 216 (Consolidated total number); 221 (Total of the Joshin Group)
Number of consolidated subsidiaries : 15 (Joshin Service Co., Ltd. and 14 others)



Corporate History

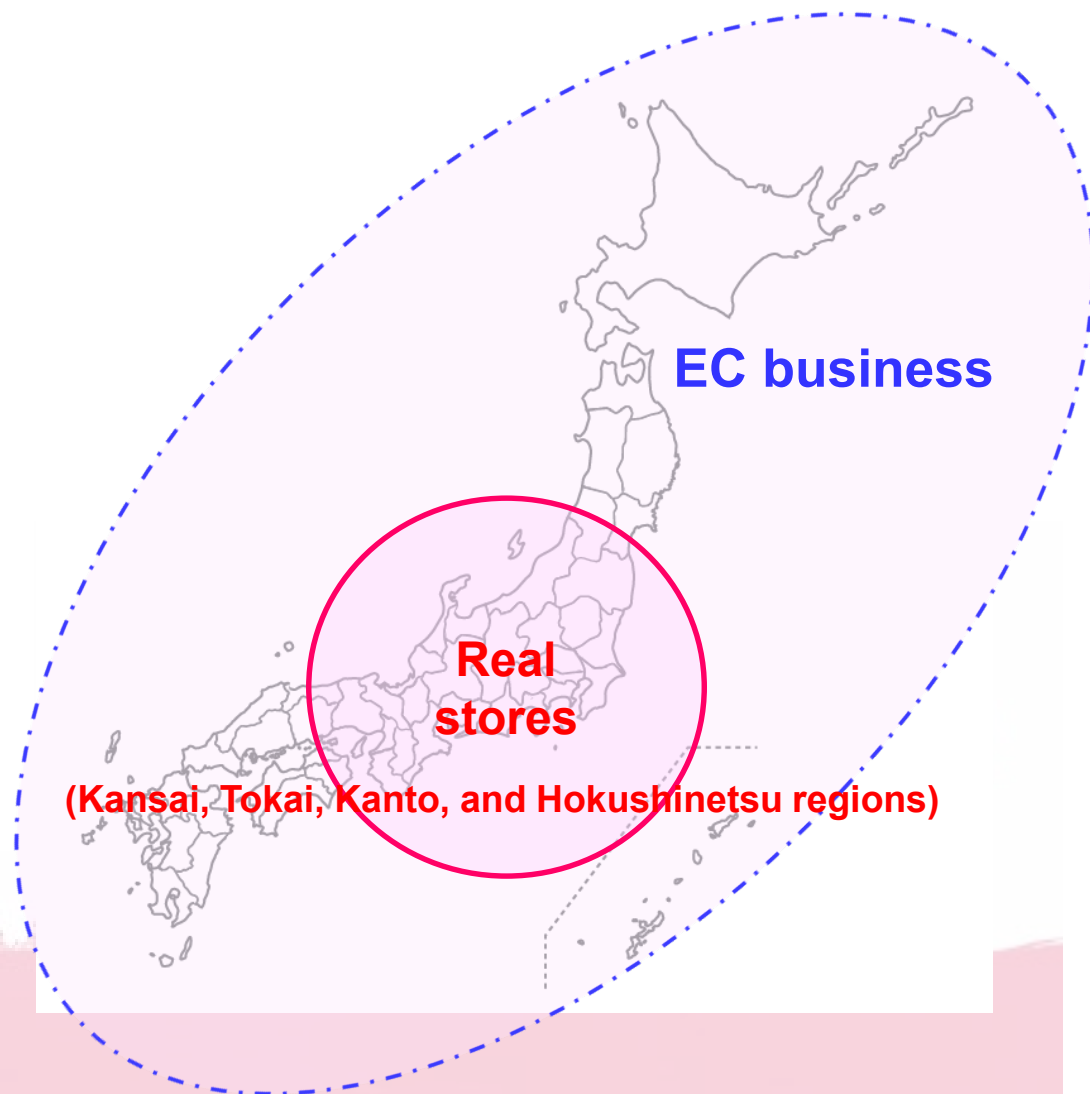
- 1948 Joshin Denki Shokai was founded at 4-33, Nipponbashisuji, Naniwa-ku, Osaka City
- 1956 “Service Department” was established ahead of other competitors in order to provide good after-sales services to customers. **First in the industry!**
- 1958 The trade name was changed to Joshin Denki Co., Ltd.
- 1972 Listed on the 2nd Section of the Osaka Securities Exchange.
- 1974 Launched “0% Interest Rate Credit” (Raku Raku Credit) ahead of competitors. **First in the industry!**
- 1974 Started the first-in-the-industry TV Shopping (mail order shopping). (Currently, Joshin operates an internet shopping site “Joshin web.”) **First in the industry!**
- 1981 A large-scale store specializing in personal computers “J&P” (currently, “J&P Technoland”) was established.
- 1985 Listed on the 1st Section of Tokyo Stock Exchange.
- 2000 Launched “Joshin web,” an internet shopping site.
- 2001 Established “PitONE OUTLET,” a specialty outlet store. (Former, “Joshin OUTLET”) **First in the industry!**
- 2005 Obtained “Privacy Mark,” the first among electronics retail stores. **First as a large-scale retailer!**
- 2012 Received Product Safety Award from the Ministry of Economy, Trade and Industry, the first company awarded three consecutive times (2008, 2010 and 2012) (*) (Retailer division, major companies) as a company with excellent product safety frameworks and initiatives **Joshin was the first company awarded for 3 consecutive years!**
- 2013 Became the first ever official sponsor of HANSHIN Tigers, a leading professional baseball team.
- 2013 Introduced electronic pricing **First in the industry!** **First in the system!**
- 2014 Allowed to use logo of “Gold Product Safety Company,” a newly established logo awarded by the Ministry of Economy, Trade and Industry in recognition of being a company with prominent product safety measures.
- 2015 Tie-up with Rakuten, Inc. for the common point service “R Point Card” of Rakuten Super Point **First in the industry!**
- 2017 : Acquired the certification of Business Continuity Management System (ISO22301) as the first major domestic retail company **First in the retail business!**
- 2020 Appointed NMB48 as new TV commercial personalities

Notes*: In the fiscal year after receiving the award, a company is not eligible to apply

Store Distribution by Region

*As of September 30, 2021

Store Distribution by Region	
Region	No. of stores (directly operated)
Kansai	144
Tokai	32
Hokushinetsu	23
Kanto	17
Total	216



Business Types of Group Stores

Joshin

Joshin stores propose life scenes for all generations, and quickly satisfy every kind of customer needs with consistent service systems ranging from delivery and installation work to repairs, not to mention sales of goods.



Joshin OUTLET provides goods at a lower price to customers through its internal distribution system established with the aim of forming a recycling-based society.



J&P

J&P is a special brand of information devices and digital products applicable to a diversified network environment from personal use to business use. Used personal computers and smartphones are also purchased from customers at high prices or taken as a trade-in.

The Joshin Nipponbashi Ichibankan and Disc Pier Nipponbashi stores were moved and integrated into the former J&P Technoland and reopened as the Joshin Nipponbashi Store on November 7, 2020.



KIDS LAND Joshin is a general family entertainment shop, specializing in toys, models and video games



The brand Mother-Pier handles a large line-up of not only pharmaceuticals but also cosmetics, baby goods, daily supplies, operating popular 100 yen shops. The store is supported by customers of broad age groups.



DISC-PIER has a large lineup of music and video software and video games, thereby satisfies fans' needs across a broad range of genres.



We are a franchisee of BOOK-OFF, a mixed category second-hand shop buying and selling various used goods, including books, CDs, DVDs, games, apparel, and hobby items.



TSUTAYA

We are a franchisee of TSUTAYA, a lifestyle entertainment store selling new publications, stationery, and general goods and providing movie, music, and comic book rental services.



Joshin MEGA WATCH has a special corner of watches, brand-name bags and accessories. In addition to the line-up of popular items, a long-term warranty system is provided to luxury watches for customer security.



*1 The Disc Pier Nipponbashi Store was permanently closed on October 25, 2020. It was moved and integrated into the Joshin Nipponbashi Store and opened on November 7, 2020.

*2 The transfer of independent stores was completed in fiscal 2020.

Disclaimer

- Statements concerning future forecasts and outlook are based on available information at the time this document was prepared. The Company cannot guarantee that the information presented here is always accurate.
- Information in this document is not intended to solicit any kind of investment. Readers are requested to use their own judgement and responsibility when making investment decisions.



Joshin Denki Co., Ltd.
Managing Planning
Department



Joshin

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Internet shopping site: <https://joshinweb.jp/> (Japanese only)