

Joshin Denki Co., Ltd.

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2021
(April 1, 2020 to March 31, 2021)

Presentation Material

May 7, 2021

Listed on the First Section of the Tokyo Stock Exchange

Securities code: 8173

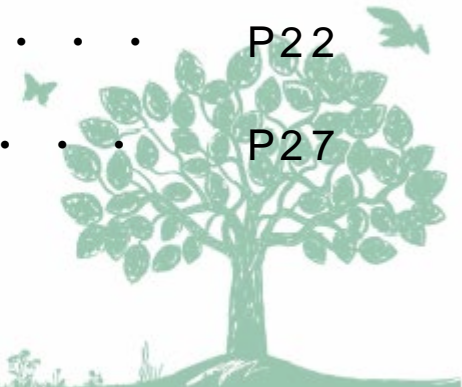


Message

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 Fiscal Year Ended March 31,
2021
and
Earnings Forecasts for the Fiscal Year
Ending March 31, 2022



Consolidated Income Statement

Summary of full-year results for fiscal year ended March 31, 2021

Record-high sales and profit on the back of teleworking and stay-at-home demand, as well as the impact of the government's special cash payments.

(Million yen)	Fiscal year ended March 31, 2021						(Reference) Medium-term Management Plan "JT-2023" (announced May 7, 2021)*2	
	Full-year						Revised Target	Percent achieved
	Revised forecast (announced Feb. 5, 2021)	% to net sales	Actual results	% to net sales	vs. forecast (vs act ud)	YoY		
Net sales	435,000	100.0%	449,121	100.0%	103.2%	108.1%	450,000	99.8%
(Of which, sales at stores)			358,607	79.8%		105.2%	-	-
(Of which, sales in EC business)			71,706	16.0%		125.5%	80,000	89.6%
(Of which, other sales)			18,807	4.2%		106.7%		
Gross profit			112,150	25.0%		111.5%		
Selling, general and administrative expenses			95,600	21.3%		104.3%		
Operating income	14,000	3.2%	16,550	3.7%	118.2%	184.3%	16,500	100.3%
Ordinary income	14,000	3.2%	16,555	3.7%	118.3%	186.0%	16,500	100.3%
Net income*1	8,000	1.8%	8,873	2.0%	110.9%	163.8%		

*1 Profit attributable to owners of parent

*2 For details, please refer to today's press release announcing revisions to targets in the Medium-term Management Plan.

Consolidated Cash Flows and Balance Sheet

Cash flows

(Million yen)

	2020/03	2021/03	Change
Cash flow from operating activities (a)	13,022	25,836	12,814
Cash flow from investing activities (b)	- 6,316	- 6,118	198
(free cash flow (a) + (b))	6,706	19,718	13,012
Cash flow from financing activities	-7,762	-14,433	-6,670
Cash and cash equivalents at end of period	3,333	8,618	5,285

Balance sheet

(Million yen)

Assets	2020/3	2021/3	Change	Liabilities and net assets	2020/3	2021/3	Change
Total current assets	98,255	106,807	8,551	Total current liabilities	75,114	79,571	4,457
				Total non-current liabilities	33,047	31,447	- 1,599
Total non-current assets	99,052	103,514	4,462	Total liabilities	108,161	111,018	2,857
				Total net assets	89,147	99,303	10,156
Total assets	197,308	210,321	13,013	Total liabilities and net assets	197,308	210,321	13,013

Reference:

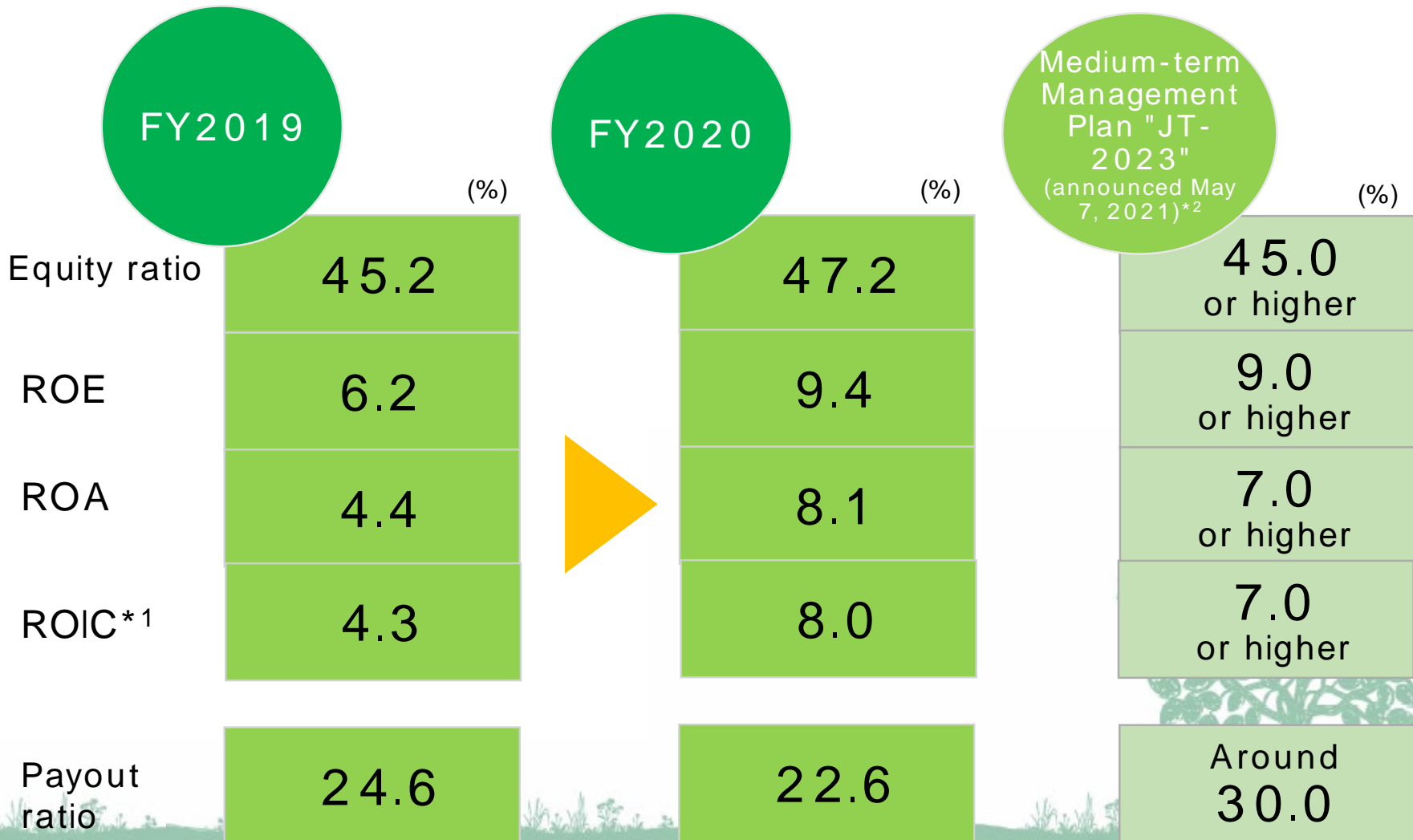
Total interest-bearing liabilities	47,144	35,119	- 12,025
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Reference:

Total net interest-bearing liabilities*	43,661	26,351	- 17,310
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*Total net interest-bearing liabilities: interest-bearing liabilities less cash and deposits

Other Financial Indicators



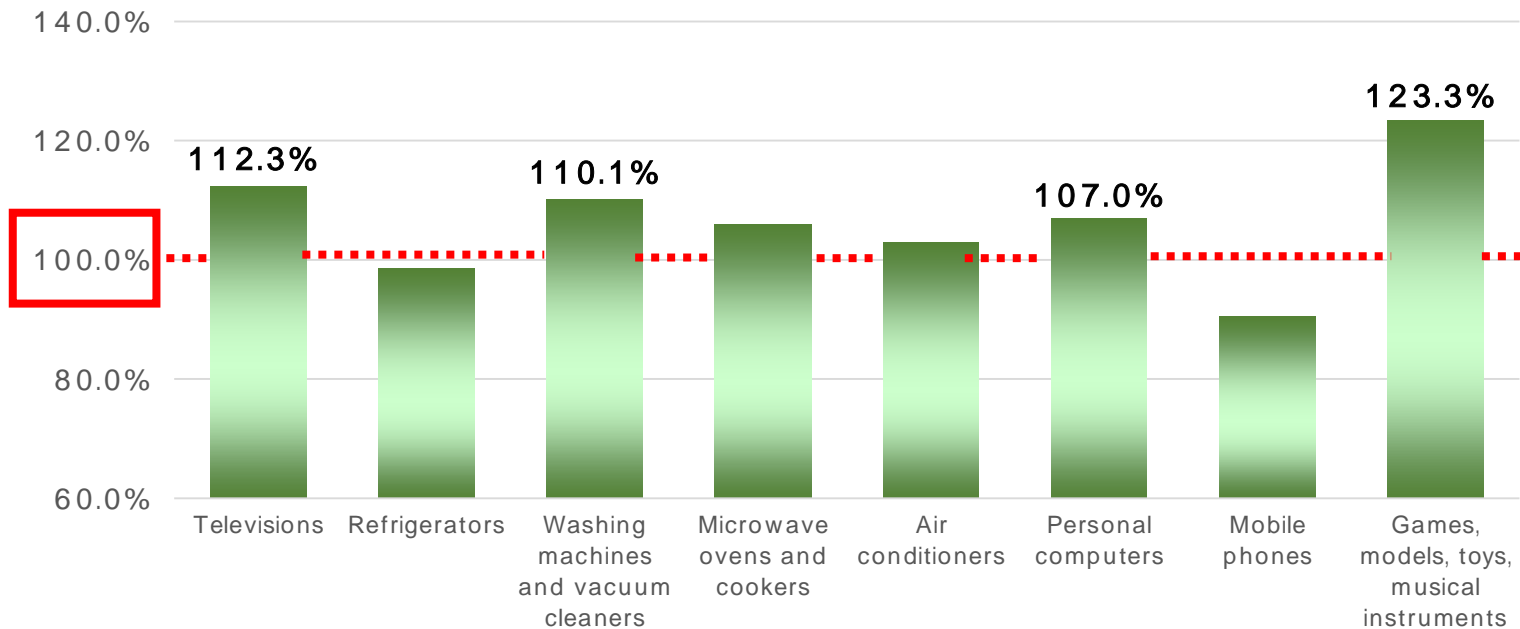
*1 ROIC = operating income x 0.65 (assuming tax rate of 0.35) / (net assets + interest-bearing liabilities)

*2 For details, please refer to today's press release announcing revisions to targets in Medium-term Management Plan.

Sales by Product

Overall earnings are brisk by virtue of teleworking and stay-at-home demand and the impact of the government's special cash payments

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



Earnings Forecasts (1 / 2)

Net sales

- I As teleworking and stay-at-home demand triggered by COVID-19 runs its course, we expect the government's special cash payments to have less of an impact and we forecast a significant hit to earnings from store closures and the like owing to the declared state of emergency.
- I Comprehensively taking into account shipping forecasts of manufacturers, consumption trends, and other factors, we anticipate a year on year decline of 6.5%.

Selling, general and administrative expenses

- I Profit in FY2020 was supported by mainly lower advertising expenses due to self-restraint under the declared states of emergency and lower rent payments with stores being asked to close by the government.
- I In FY2021 we estimate an impact at the same level as those in the preceding year, reflecting mainly a rebound in the above-mentioned cost reduction, ongoing investments in labor-saving and digitalization, and aggressive investments in human capital in preparation for the future.

Extraordinary losses

- I We have already booked a large portion of the huge extraordinary losses (some 4.0 billion yen in FY2020) stemming from the large-scale project in Osaka Nipponbashi district and the close of unprofitable stores.
- I In FY2021 we plan to keep extraordinary losses from the scrapping of assets to around 1.0 billion yen.

Net income*

We anticipate a sharp year on year decline in operating income owing to lower sales, but the impact on net profit will be limited reflecting the considerable decrease in extraordinary losses.

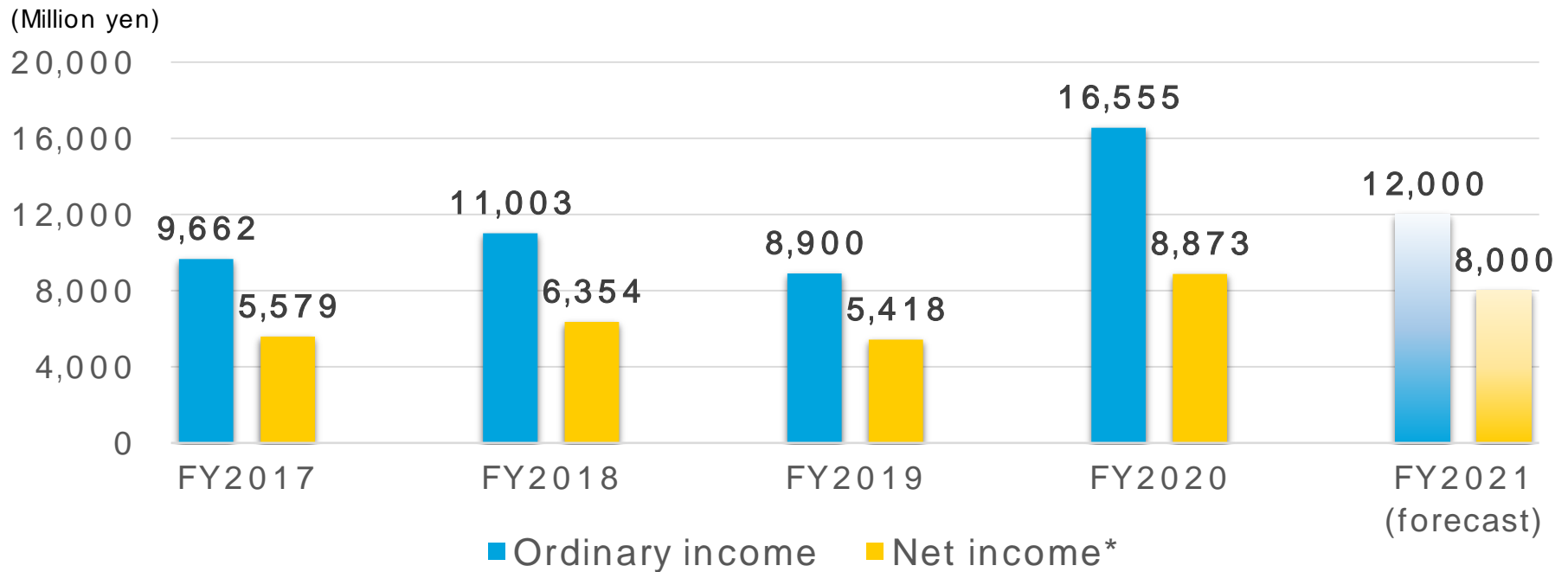
*Profit attributable to owners of parent

Earnings Forecasts (2/2)

	FY2020			FY2021		
	(Full year)			(Full year)		
	Actual results	% to net sales	YoY	Forecast	% to net sales	YoY
(Million yen)						
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:

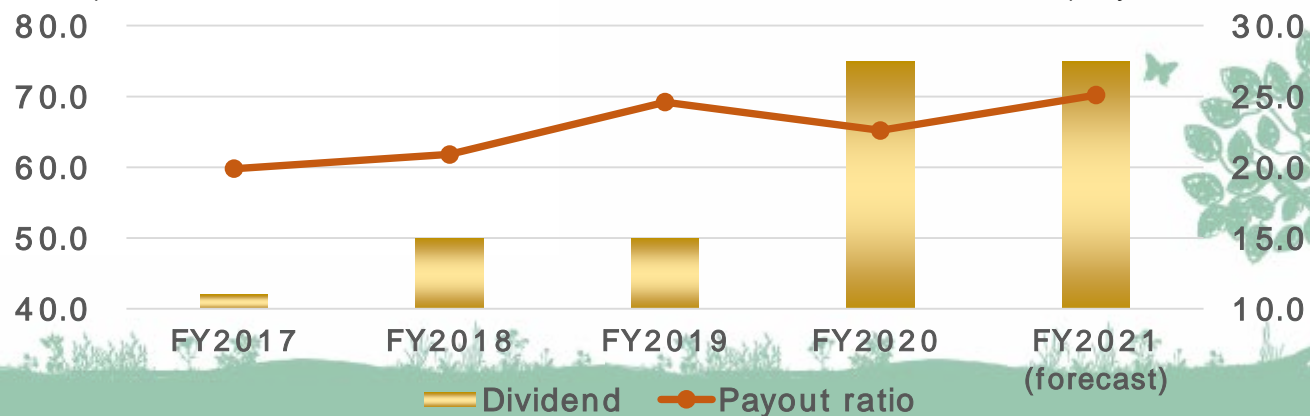
Stable dividend payments will be continued by taking into consideration the balance of business performance, dividend, and internal reserves.

(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

(Dividend, ¥)

(Payout ratio, %)



2. Financial Topics



Credit Rating Upgrade in November 2020

Credit rating raised by one notch following an increase in outlook last year

Change in outlook

Long-term issuer rating: **A -** (previously BBB+)

Outlook: **Stable** (previously Positive)

Domestic CP: **J-1** (previously J-2)

Credit rating agency

Japan Credit Rating Agency, Ltd. (JCR)

Rationale

- ∅ Improving profit structure and strong competitive edge in the Kansai region.
- ∅ Plans for aggressive growth investments in infrastructure, such as the realignment of distribution networks, and scrap-and-build process for stores.
- ∅ Anticipated growth in equity capital from profit accumulation and continued improvements in financial indicators.

(taken from JCR 's November 27 news release)

Capital Strategy in FY2020

Dividend Hike

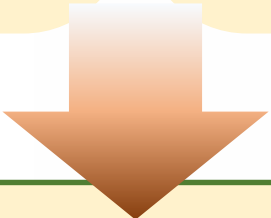
We announced a **50% DPS increase** to 75 yen from 50 yen in light of upwardly revised full-year consolidated earnings forecasts*^{1,2}

*1 Announced on February 5, 2021 along with 3Q results

*2 Dividend increase is subject to the resolution of the General Meeting of Shareholders.

Retirement of Treasury Stock

- Purpose: To improve shareholder returns
- Total number of shares outstanding (including treasury stock) after retirement : 28,000,000
- Number of treasury shares: 1,178,099 (as of end-March 2021)
(Percentage of total number of shares issued after retirement: **4.20%**)
- Date of retirement: March 23, 2021



We continue to target a payout ratio of around 30% for FY2022, the final year of the Medium-term Management Plan

3. Our Response to COVID-19







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 



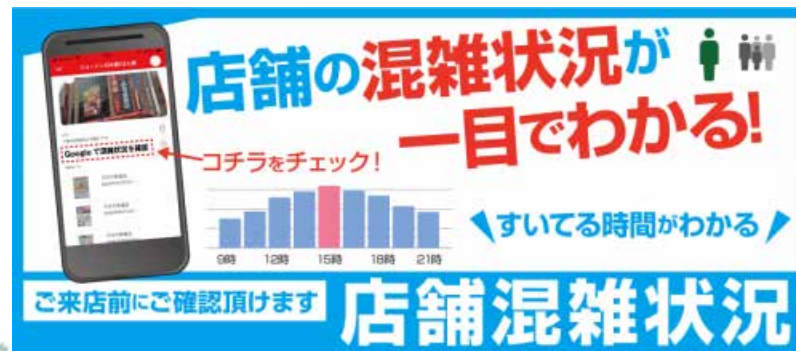
Strengthening Digitalization of Ad Media

We are shifting most of our catalogue-based product advertisements and sales notices to digital devices

- ☞ Promoting the use of a digital membership card in order to minimize interactions between checkout staff and customers
- ☞ Adding various app functions, such as lottery sales for popular products and an option to view store congestion status, as ways to avoid customer crowds at stores



Campaigns celebrating more than 3 million downloads on the Joshin app



App users can quickly see how crowded stores are



Other COVID-19 Measures and Benefits

Initiatives	Benefits
Shorter operating hours	More rest between day-to-day work contributed greatly to an improvement in the working environment. At the same time, more sales staff were available during operating hours because shift work was no longer required, which raised the level of service and boosted customer satisfaction.
Less frequent catalogues and smaller sizes	We reduced the number of folds and the paper size of product catalogues. We also steered our advertising towards digital media, such as via our smartphone app, which lowered advertising costs and generated profit.
Lottery sales	While the original purpose of this initiative was to avoid the so-called “ three Cs,” it provided all customers a fair chance to purchase popular products and helped eliminate re-sellers. It was favorably received by many customers.
New Year ' s Day closure	This was implemented as part of our workstyle reforms. We were able to deploy a large number of floor staff for the New Year ' s sales war starting on January 2, which helped improve levels of service and boost sales. This initiative also buoyed employee motivation, so we plan to continue it in 2022 and beyond.
Earlier New Year sales	By bringing forward the first sales of the New Year to the end of the previous year, we were able to offer bargain products at uniform prices throughout the year-end and New Year period. This initiative was originally conceived in order to avoid store congestion, but it ultimately improved the quality of customer service, made sales activities more efficient, and greatly helped to drive sales growth.

4. Sales Topics



Opening of Virtual Renovation Store

Purpose

Taking advantage of the COVID-19 pandemic situation and as part of our digital transformation efforts, the virtual renovation store aims to further promote our renovation business whilst avoiding the so-called “three Cs.”

Features

- Users can view products installed with the use of augmented reality at home.
- Users can obtain information from a virtual reality-powered chat-bot.

Store opening

- The built-in gas cooktop floor opened on April 1.
- The kitchen, bathroom, toilet, and washroom floors are slated to be opened in succession this year.



Information about products are provided by a chat-bot on the built-in gas cooktop floor

- <https://www.virtualshop-joshin-reform.jp/>
- Or scan the QR code to the right.



- Our e-commerce site, **Joshin Web**, was selected from among roughly 50,000 online retailers on the Rakuten marketplace to scoop **grand prize** in the **Rakuten Shop of the Year 2020 awards**.*
- We also won genre prizes in the [household appliances category] and [CD, DVDs, & books category].



*Awards are determined based on mainly customer voting, sales, sales growth, number of orders, and customer service.

New Phase for eSports Activities

Starting this fiscal year, we will be directly managing “ eSports Arena Sannomiya ”

With the goal of having the Kansai region serve as a hub in the esports world, we operate the facility in compliance with COVID-19 protocols and disseminate information about esports mainly through online streaming.

[Key developments from the second quarter]

- New sponsor agreement concluded (from April 2021) with CYCLOPS athlete gaming, a professional esports team.
- We are participating, as a supporting company, in “ A collaborative agreement aimed at solving regional issues through esports even during the COVID-19 pandemic. ” The three-party agreement was concluded in July 2020 between the city of Kobe, NTT West, and Package Inc.



With “ eSports Arena Sannomiya ” as a hub for esports,
we aim to contribute to its growing
popularity.

| In February 2020 we concluded a major sponsorship agreement with the SIRIUS GAMING and entrusted the management of eSports Arena Sannomiya to this team as a center for its activities, however, we came to the decision that such an exclusive contract with only one team would be obstructive to the broader development of the esports industry as a whole, which is why that sponsorship agreement was terminated at the end of December in the same year.

3rd Installment of “ O2O ” Campaign with The Rakuten Group in FY 2020

Still earning rave reviews!

Joshin

**Offline
Joshin**
(Real stores)



Strategic
strengthening
of partnership

Sending
Customers

Rakuten

Online
(Rakuten Ichiba)



5. 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.





Consideration for the environment

We earned the highest AAA ranking for the third straight year in Sumitomo Mitusi Banking Corporation ' s ESG/SDGs Assessment Loan scheme

Rationale: Assessed as having “ implemented outstanding initiatives and information disclosure aimed at realizing ESG management and achieving the SDGs ”

Key assessment points

- u Thoroughgoing implementation of environmentally-friendly business flow
- u Wholehearted customer service and health and productivity management initiatives for employees
- u Initiatives that contribute to the SDGs through core business operations and a substantial risk management system



Health & productivity certification



Commendation plaque for ESG/SDGs Assessment Loans scheme

Joshin ' s Initiatives (2/3)



We installed an earth-friendly photovoltaic system.

Clean energy capable of mitigating global warming with no CO2 emissions



Rokujizo Store: Opened in October 2020

Installed at Hikone, Rokujizo, Ibaraki, Nishinomiya, Kakogawa, and other stores (36 in total) as of March 31, 2021*
*Excluding stores that have panels installed for promotional purposes.

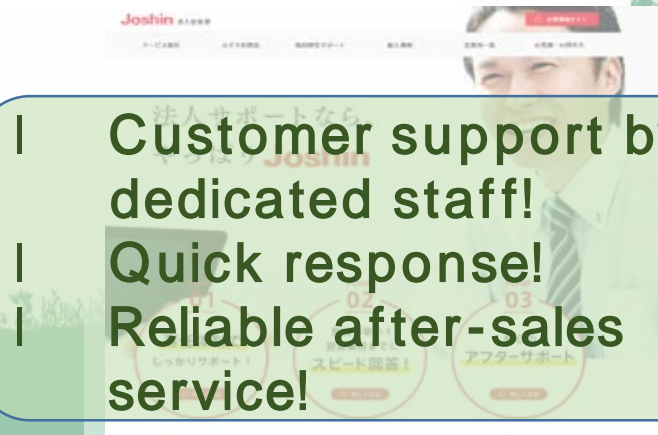
Joshin ' s Initiatives (3 / 3)

Diversification of Sales Channels

- Ø Our coverage extends throughout Japan thanks to Joshin web operations
- Ø We have opened stores on major online shopping sites, such as Rakuten and Yahoo! Shopping
- Ø 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!

6. Reference Materials



2021 NMB48 Advertisement Image Character Named

Supporting Joshin with performances brimming with cheerful singing!

In The Sotre

You can choose how to buy

On The internet

New member!

Kokona Umeyama

Nagisa Shibuya

New member!

Karin Kojima



Official Sponsor

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



HANSHIN
Tigers × **Joshin**



Corporate Profile

As of March 31, 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, President and Representative Director, 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	: 215 (Consolidated total number); 220(Total of the Joshin Group)
Number of consolidated subsidiaries	: 15 (Joshin Service Co., Ltd. and 14 others)



Corporate History

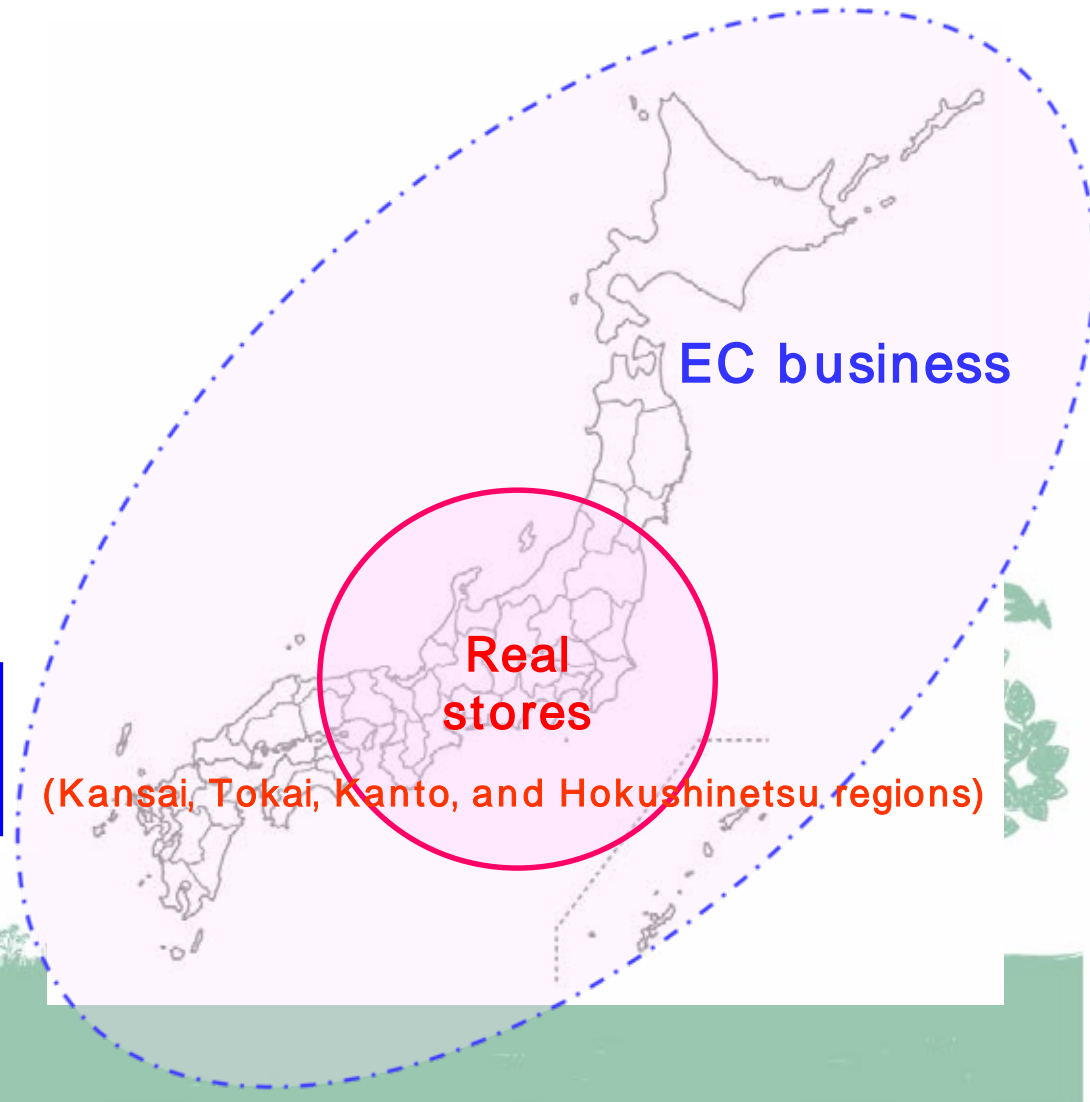
- 1948 Joshin Denki Shokai was founded at 4-33, Nipponbashisuji, Naniwa-ku, Osaka City **First in the industry!**
- 1956 “Service Department” was established ahead of other competitors in order to provide good after-sales services to customers.
- 1958 The trade name was changed to Joshin Denki Co., Ltd.
- 1972 The Company’s shares were 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, “Joshin Nipponbashi Store”) was established.
- 1985 The Company’s shares were 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. (Currently, “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 retail 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.
- 2020 Appointed NMB48 as new advertisement image character. **First in the retail business!**

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

Store Distribution by Region

As of March 31, 2021

Store Distribution by Region	
Region	Number of stores (Directly managed stores)
Kinki	144
Chubu	31
Hokushinetsu	23
Kanto	17
Total	215



Business Types of the 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.



A franchisee of BOOK-OFF, a company of specialty shops of buying and selling used books.



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.



A franchisee of TSUTAYA, a company of rental package media such as DVDs and CDs.



*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 FY 2020.

Disclaimer

- I The descriptions concerning forecasts and outlook for future performance are based on available information at the time the Company prepared this document and cannot guarantee the contents of the representations.
- I This presentation material is not intended to solicit any kind of investment. **Readers are requested to make decisions on investment on their own judgment and responsibility.**

Joshin Denki Co., Ltd.



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Internet shopping site: <https://joshinweb.jp/>