

ひと、まち、笑顔に。

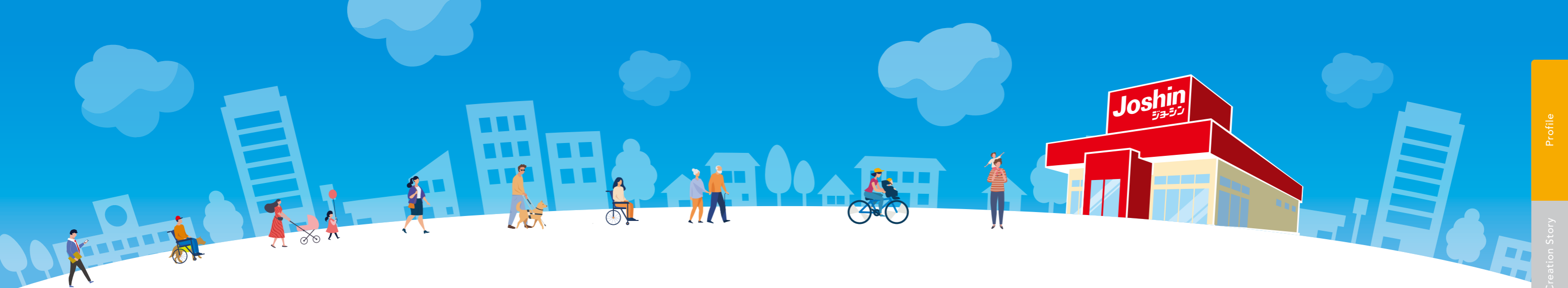
Joshin



Joshin Denki Co., Ltd.

Integrated Report 2022

————— Fiscal Year Ended March 31, 2022 —————



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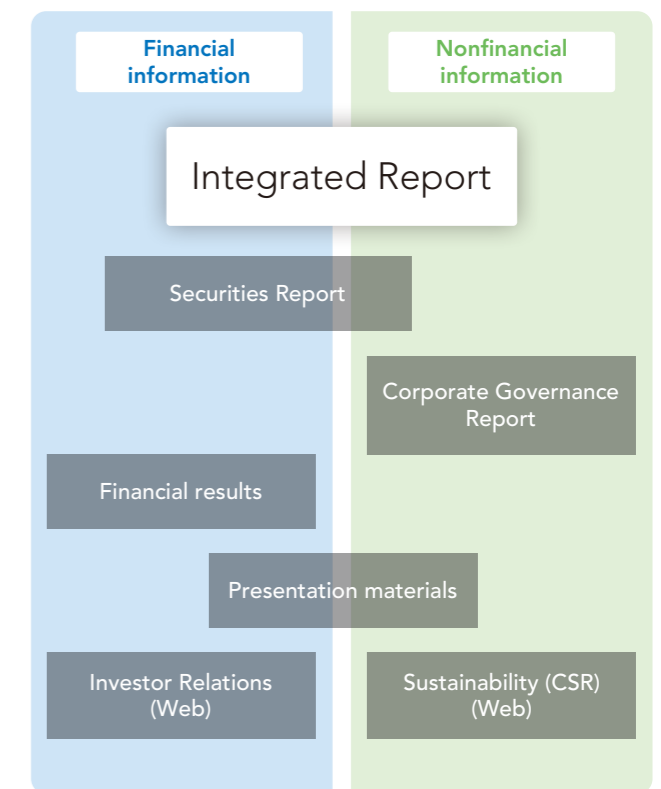
Editorial Policy

Joshin Denki identified the management vision and material (high-priority) issues by taking a backcasting approach from a medium- to long-term perspective, guided by our philosophy: connecting people and society to the future with a smile. While we referred to the International Integrated Reporting Framework provided by the IFRS Foundation and other relevant information to prepare this integrated report, we focused on presenting the following to a wide range of stakeholders, including our shareholders and investors: the direction in which the Joshin Group aims to move, our key management strategies, and our business activities and ESG initiatives that will form the foundation of value creation. The intention is also to promote constructive dialogue and improve Joshin's sustainable corporate value.

The sustainability page on our website presents ESG-related information that is essentially the same as the information included in this integrated report. We plan to keep updating this site with the latest data and information about new initiatives. Please see our website for these updates.

Applies to Joshin Denki Co., Ltd. and 13 consolidated subsidiaries
 From April 1, 2021 to March 31, 2022 (some information is from the period starting April 2022)
 Issued September 2022
 Reporting frequency: once a year

Integrated Report Framework



Notes on forecasts
 The forecasts for financial results are based on information currently available to us and on certain assumptions that we consider reasonable. Actual results could differ from the forecasts due to such factors as risks and uncertainties.

Our websites

<https://www.joshin.co.jp/>
 (Japanese only)



IR information

https://www.joshin.co.jp/joshintop/ir_en.asp

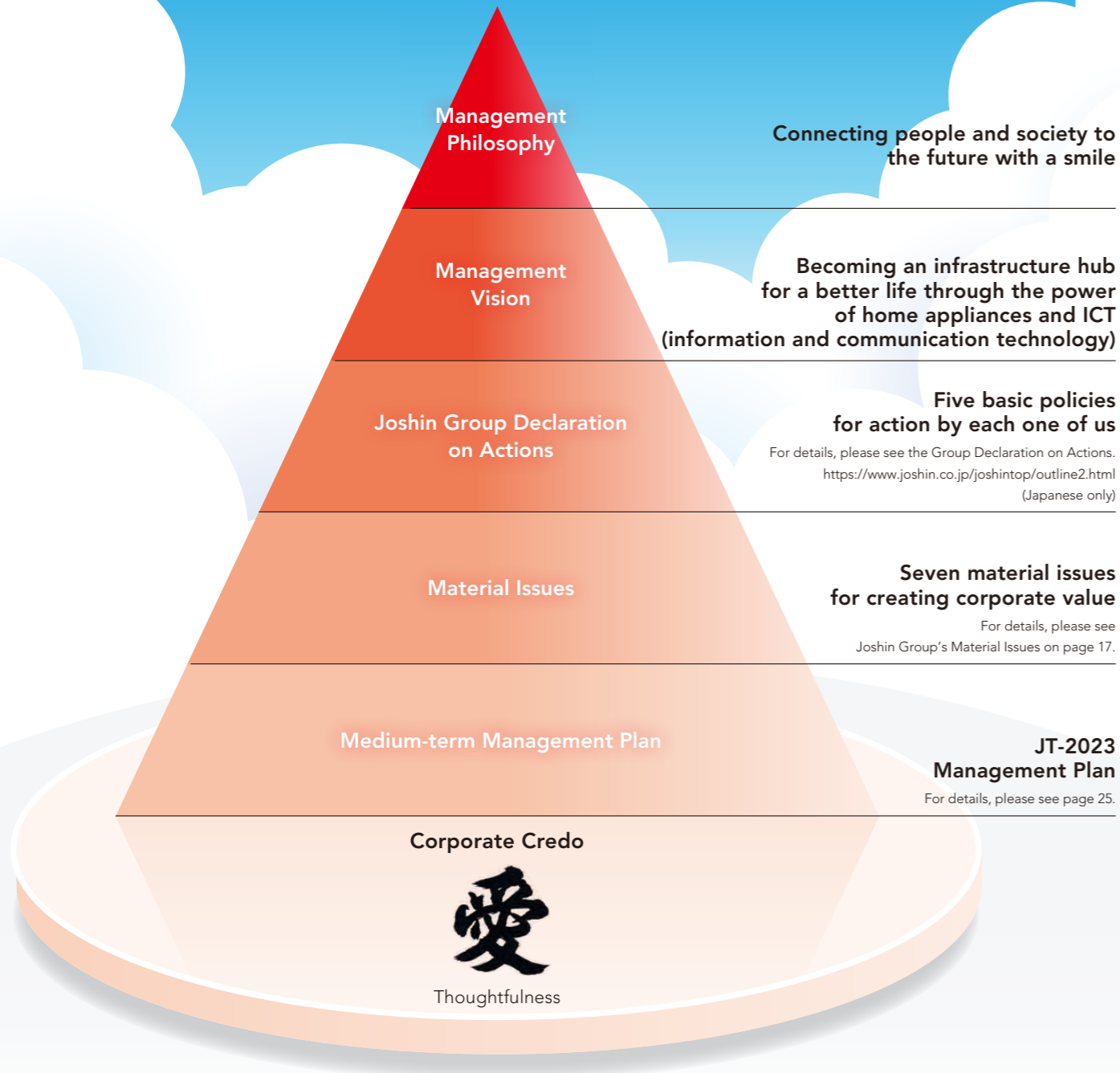


CSR

<https://www.joshin.co.jp/joshintop/csr/>
 (Japanese only)



Management Philosophy Structure



Corporate Information

Corporate Profile (as of March 31, 2022)

Company Name	Joshin Denki Co., Ltd.	Shiga Joshin Co., Ltd. Wakayama Joshin Co., Ltd. Tokai Joshin Co., Ltd. Kanto Joshin Co., Ltd. Hokushinetsu Joshin Co., Ltd. Joshin Shuhan Co., Ltd.* J.P.S Trading Co., Ltd. Joshin Service Co., Ltd. JAPRO Co., Ltd. Joshin TEC Co., Ltd. JSD Insurance Pte. Ltd. J.E. Next Co., Ltd.
Head Office	6-5, Nipponbashi-nishi 1-chome, Naniwa-ku, Osaka City, 556-8550, Japan Phone +81-6-6631-1221	
Founded	May 11, 1948	
Established	February 2, 1950	
Net Sales	¥409,508 million (consolidated) ¥407,435 million (nonconsolidated)	
Capital Stock	¥15,121 million	
Stock Listing	Prime Market, Tokyo Stock Exchange (code: 8173)	
Number of Employees	9,121 Males: 5,761 Females: 3,360 (including temporary employees)	
Group Businesses	Sales of home appliances, information communication equipment, entertainment products, housing equipment, and related products, as well as incidental businesses. Delivery, installation, and maintenance. Product supply to subsidiaries and franchises. Long-term repair warranty operations.	
Number of Stores	223 (208 directly managed stores, 10 affiliates, 5 franchises)	
Service Infrastructure Bases	28	
Long-term Issuer Rating	A-	
Rating Outlook	Stable	
Domestic CP Rating	J-1	
Rating Agency	Japan Credit Rating Agency (JCR)	
Subsidiaries and Affiliates	Hyogo Kyoto Joshin Co., Ltd.	
Franchises	Toyota Co-op Mikawa CLE Co., Ltd. Asaka Denki Co., Ltd.	
Banks	Resona Bank, Limited MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Nagoya, Ltd. and other	
Corporate Website	https://www.joshin.co.jp/ (Japanese only)	
Joshin Store Information	https://shop.joshin.co.jp/ (Japanese only)	
Joshin web	https://joshinweb.jp/ (Japanese only)	

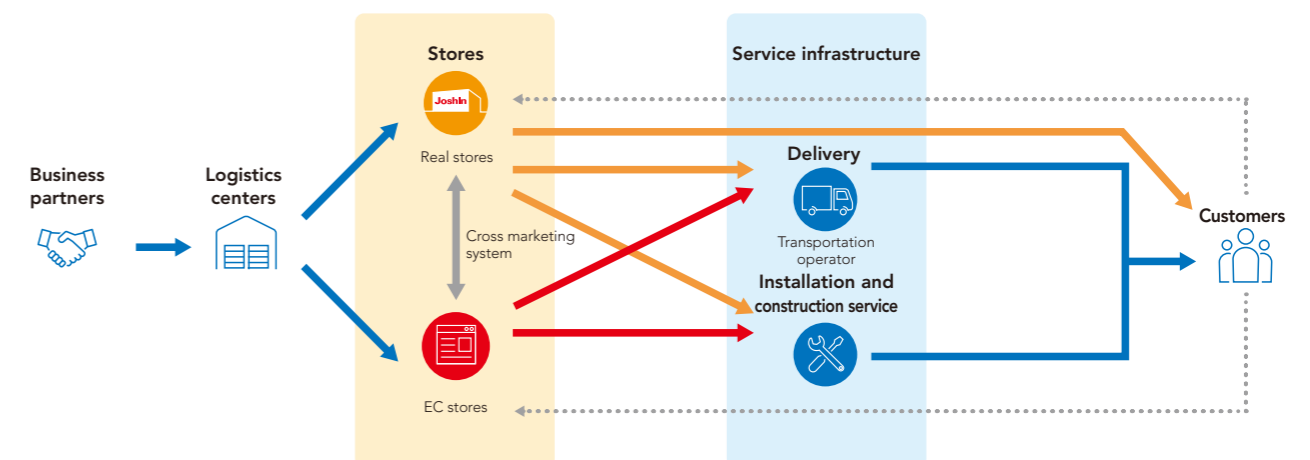
* Joshin Shuhan Co., Ltd. merged with Joshin Denki Co., Ltd. on October 1, 2022

Overview of the Joshin Group

The Company operates an electronics retail business that sells home appliances and entertainment products as well as a housing renovation and maintenance business through a three-part structure: real (brick-and-mortar) stores, EC (e-commerce) stores, and a service infrastructure. We have improved our network through cross marketing between real stores and EC stores (introduction of smart shop corners for referrals from real

stores to ECs; O2O referrals for ECs to real stores). Delivery, installation, and servicing-related work from both real and EC stores is handled by Joshin Service Co., Ltd.

The Company has a locally focused dominant strategy mainly in Tokyo, Nagoya, Osaka, and the Hokushinetsu regions. Looking ahead, we will improve and grow our real stores and service infrastructure with a view to strengthening our EC stores.



At a Glance

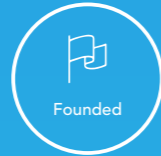
Our Group's core businesses include real (brick and mortar) stores and EC (e-commerce) stores, as well as the service infrastructure that supports them. Through the synergy of these businesses working together, we provide solutions for our customers and help resolve some of the problems that are faced by our customers and society.

Although our real store sites are primarily in the Kansai area, with the expansion of our EC store operations, we intend to grow our operations nationwide.

FY 2021 Actual results



¥409.5 billion



1948



6.6%



¥8.8 billion

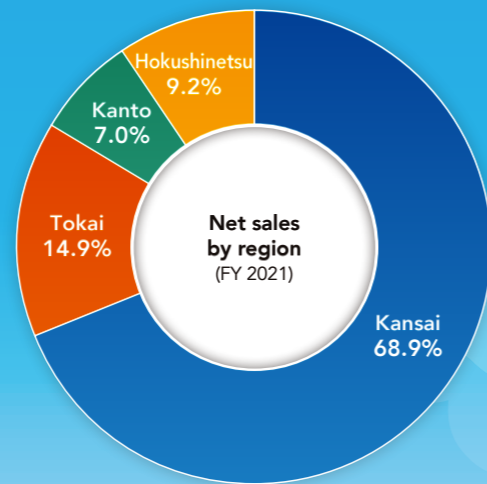
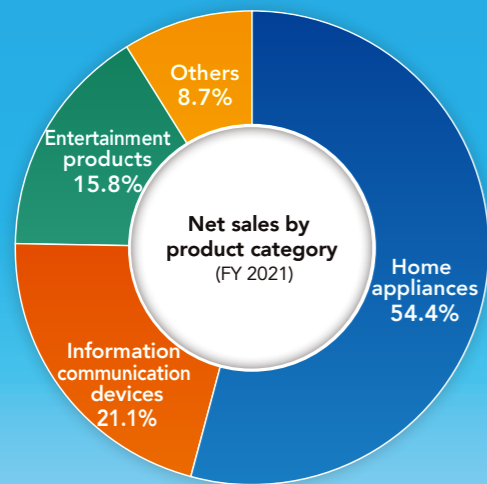


9,121
(including temporary employees)



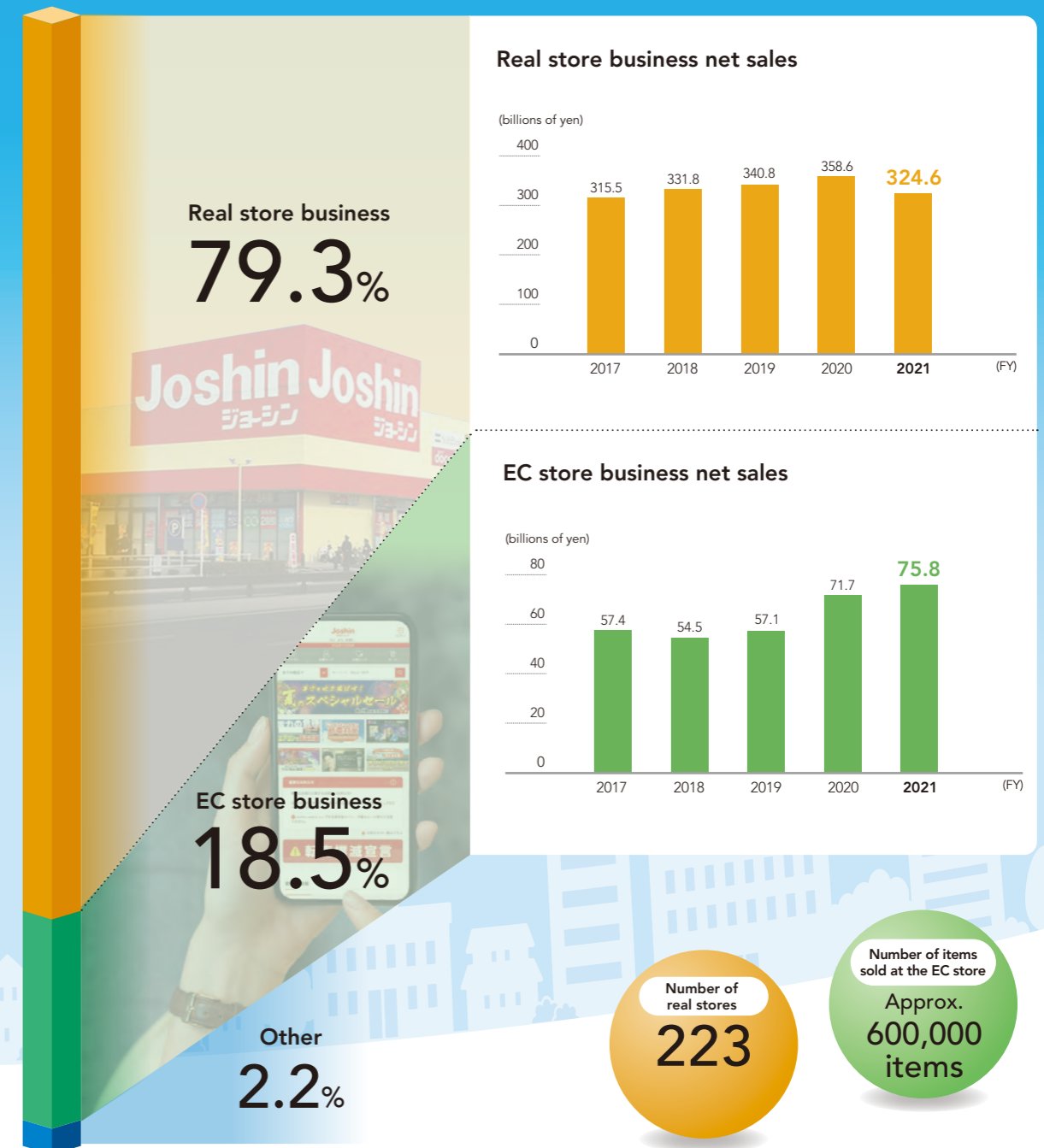
13 companies

Net sales by product category / Net sales by region

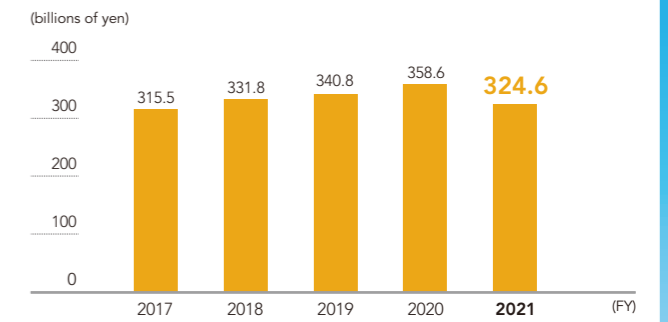


Conditions by business segment in FY 2021

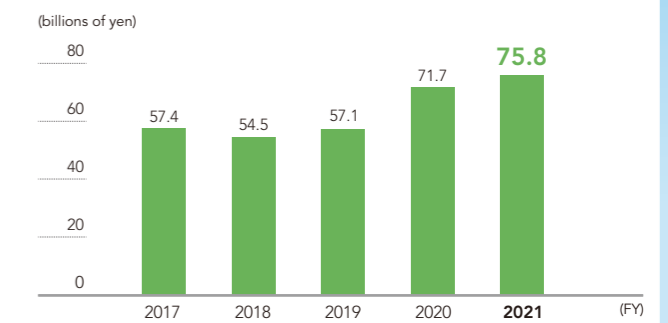
Net sales: ¥409.5 billion



Real store business net sales



EC store business net sales



Number of real stores
223

Number of items sold at the EC store
Approx. **600,000** items

Assessments by external organizations

Rakuten Shop of the Year 2021

Grand Prix
Winner for two consecutive years

2021 Oricon Customer Satisfaction® Survey

Standalone housing renovations
Awarded 1st place

Gold Product Safety Company

Follow-up company
No. 1

Sustainability Diagnosis

Four consecutive years
AAA

* Since 2018, Joshin has earned AAA ratings for Sustainability Diagnosis in the ESG/SDG Assessment Loan from Japan Research Institute

2022 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category)

Three consecutive years

Small Rechargeable Battery Recycling Campaign:

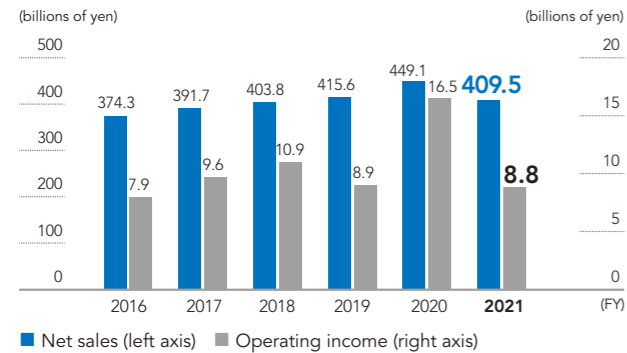
Eight consecutive years
Awarded the Certificate of Appreciation for Outstanding Contribution

* Organized by JBRC (Japan Portable Rechargeable Battery Recycling Center)

Financial/Nonfinancial Highlights

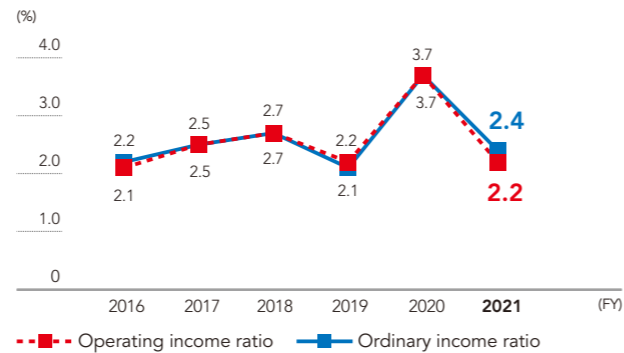
Financial

Net sales/operating income



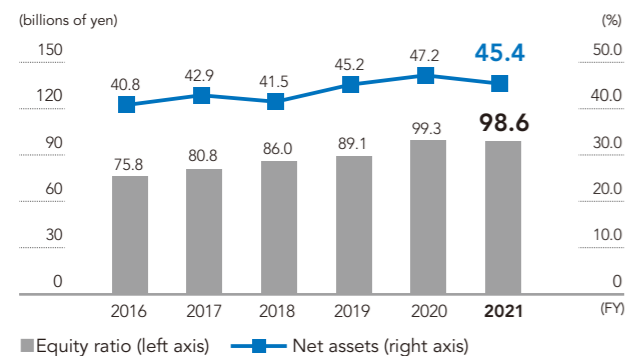
Both revenue and profit fell in fiscal 2021, due to the drop-off in the surge in demand prompted by the COVID-19 pandemic during fiscal 2020, such as government incentive-related and stay-at-home demand.

Operating income ratio/ordinary income ratio



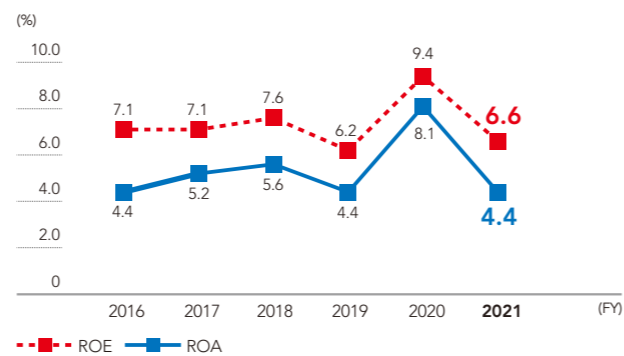
Diversification of sales promotion methods and deeper communication with customers are steadily leading to higher profitability.

Equity ratio/net assets



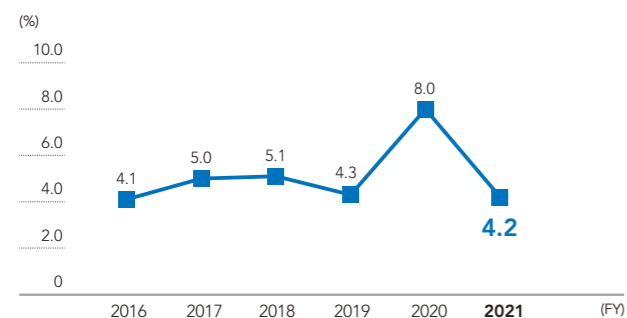
Stable earnings will lead to increases in net assets to total assets and a slower increase in interest-bearing liabilities, in this way, improving our financial stability.

Return on equity (ROE) / return on assets (ROA)



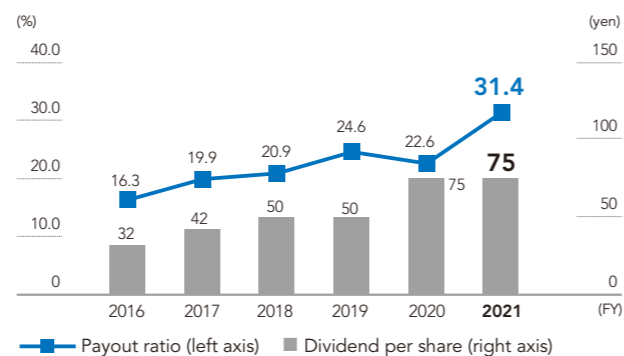
Our goal for fiscal 2022 is an ROE of 7.0% or above and an ROA of 5.0% or above.

Return on invested capital (ROIC)



Our ROIC goal is 5.0% or above.

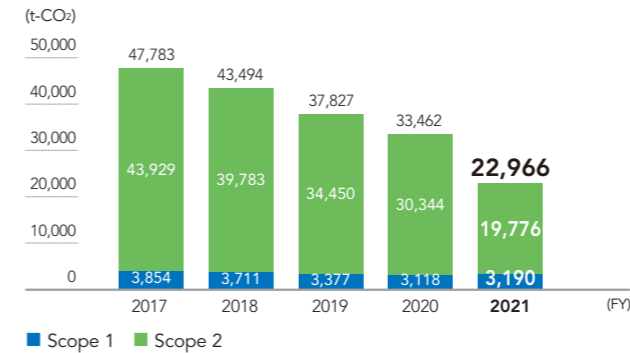
Payout ratio/dividend per share



We exceeded our goal for the initial payout ratio of 30% in the medium-term management plan.

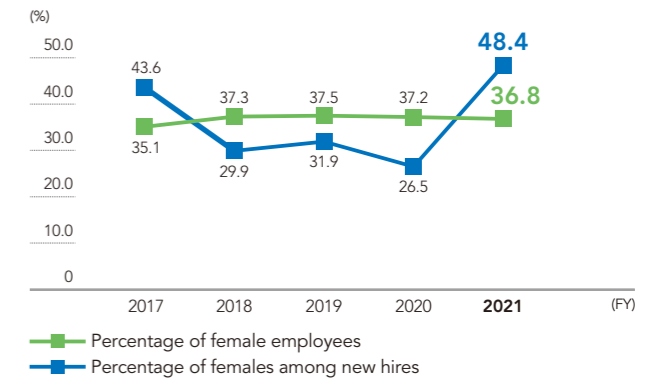
Nonfinancial

GHG (Greenhouse gas) emissions (Scopes 1 and 2)



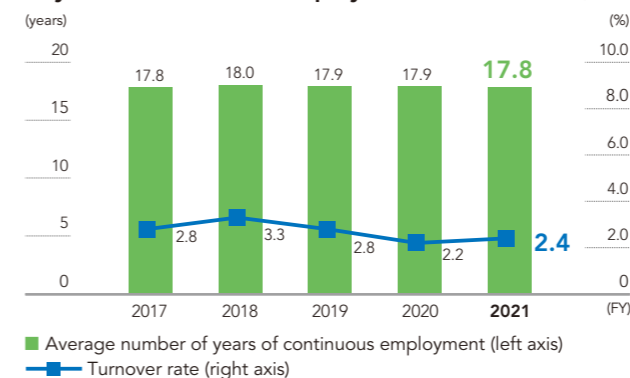
There was a steady decrease in CO₂ emissions due to the introduction of power management systems, LED dimmer systems, and similar devices. To reduce emissions, the Company will continue proactive initiatives, such as adopting renewable energy.

Percentage of female employees, percentage of females among new hires



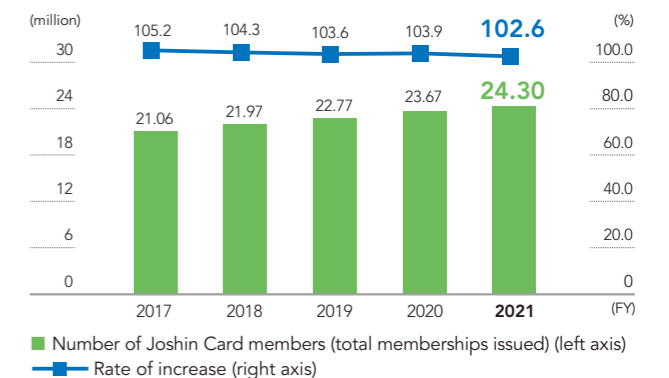
The Company aims to have 50% female employees and is strengthening support for hiring and career development. In fiscal 2021, 48.4% of all new hires were female.

Rate of full-time employee retention (average number of years of continuous employment, turnover rate)



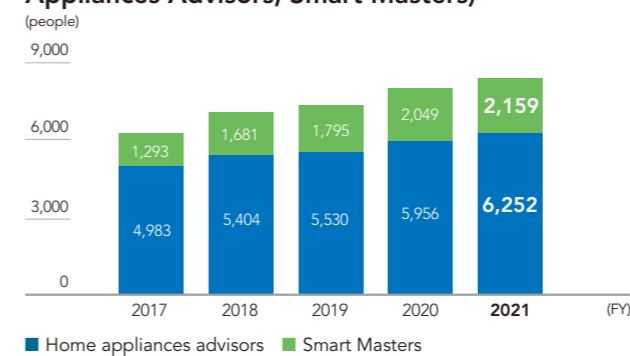
Our full-time employee retention rate is among the highest in the industry, which is the source of high employee satisfaction (ES). The Company focuses on employee engagement so that diverse employees can have job satisfaction.

Number of Joshin Card members



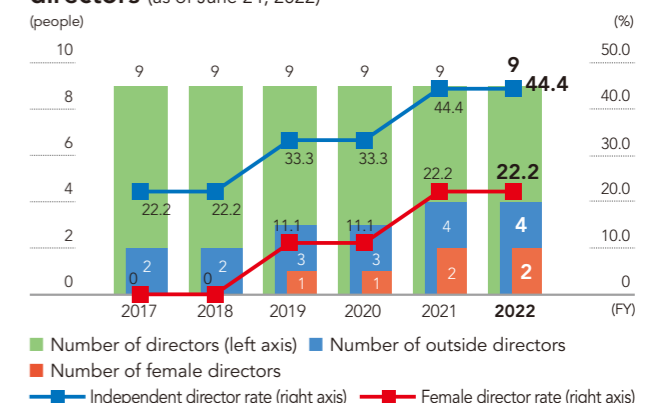
Since beginning this service in 1989, Joshin Card has been favored by customers. There are currently over 20 million members.

Number of certification holders (Home Appliances Advisors, Smart Masters)



Maintaining a high percentage of certification holders is a symbol of professionalism. The Company will propose a safe, secure, and comfortable lifestyle for customers and help to attain carbon neutrality in homes.

Percentages of independent and female directors (as of June 24, 2022)



The Company appointed two female directors in fiscal 2021 in an aim to improve independence, diversity, and the effectiveness of the Board of Directors. The percentage of independent (outside) directors reached 44.4%.

Message from Management



Our goal is to help put smiles on the faces of our customers and all of society, starting with the smiles on our employees' faces, in order to establish the foundation for value creation for Joshin's future and to achieve our management philosophy of "Connecting people and society to the future with a smile."

金谷隆平

Ryuhei Kanatani
Representative Director,
President and Executive Officer

with the aim of realizing Joshin's ideals for the future, which I believe was our strongest achievement in fiscal 2021.

First, we defined Joshin's direction and the form of our ideal future, beginning work on our future value creation. Our initiatives in this area included updating our management philosophy for the first time in 57 years, creating a management vision, and identifying our material (high-priority) issues. We decided to change our management philosophy to better reflect the change in who will benefit. While the previous management philosophy had defined ideals for employees and the code of conduct that governs them, the new management philosophy was created with the changes in the corporate environment of the Company in mind, defining the purpose of the Company's existence and our creation of value. This new philosophy, "Connecting people and society to the future with a smile," includes our Corporate Credo of "Thoughtfulness" (to always think and act in consideration of the other's perspective) and the spirit of the SDGs. The new philosophy is steadily becoming established throughout the Company, by aligning the vectors of everyone within Joshin with the Corporate Credo of thoughtfulness and our mission statement: "Let's do our best every day to achieve the prosperity of the Joshin Group, our happiness, and the betterment of society!"

Second, we made real progress in building a rewarding work environment where diverse employees can have a more active role. This initiative has begun to bear fruit.

While the spread of COVID-19 affected our business, including the voluntary suspension of business operations, fortunately COVID-19 did not create any substantial disruptions or result in any major risks actually occurring, so we were able to continue with business. We believe

that we owe this success, in part, to the continuation to our initiatives to optimize the work-life balance of our employees. These initiatives include programs that allow our employees to choose human resource courses that match their career plans, as well as workstyles that allow them to balance their work and home lives, initiatives that were in place pre-COVID-19. We also responded to COVID-19 with programs such as prioritizing permission to take annual paid leave for employees requiring special consideration (employees who are at high risk of COVID-19 complications due to pregnancy, preexisting conditions, among others, and employees who live with elderly family members) and special paid leave that allows employees to deal with temporary school closures or the switch to online classes for elementary and junior high school students.

Third, we laid the groundwork for dealing with changing demographics, as well as making possible prosperous living that anticipates changes in lifestyles. We provide improved services that are only possible through real stores and have diversified our product lines, including non-appliance products. Further, we have reinforced our new revenue base by enhancing coordination with our EC website and by switching our support business operations for regional and residential infrastructure to a subscription model. In October 2021, we diversified the products we carry and conducted an internal recruitment for new product planners with extensive product knowledge. In addition, to strengthen our shipping systems to deal with more EC business sales, we created a new logistics center and began centralizing our logistics in phases. In February 2022, we completed the relocation of our transfer center (TC) and our distribution center (DC). We are confident that we have made significant progress in laying the foundation for the future.

Looking Back on the Past Year

Looking back on the past year, COVID-19 variants, rather than joining together, were rapidly replaced with new, more contagious variants, both in Japan and overseas. As a result, lockdowns were implemented in several locations worldwide, such as Shanghai, and factory production was stopped, logistics networks came to a standstill, and supply chains were disrupted. In addition, the Russian invasion of Ukraine caused oil and material costs to soar, resulting in falling consumer sentiment and reduced buying power. There are concerns that these factors will have a major impact on consumption and corporate activity in the future.

For the Company as well, in fiscal 2021, demand fell due to a rebound from the unusual demand in the previous fiscal

year caused by the COVID-19 pandemic. In Osaka, Kyoto, and Hyogo, which account for roughly 70% of our net sales, 100 stores (45% of all of our stores) were asked to suspend operations due to the state of emergency declaration. This took place from late April to the end of May, including Golden Week, a time for major business opportunities for us. Some stores had to remain closed for 37 days. These closures, combined with unfavorable summer weather, caused net sales to fall to 409.5 billion yen and operating income to fall to 8.8 billion yen, resulting in a decrease in revenue and profits.

However, despite the tough business environment, we began working steadily on the following three initiatives

Progress of the JT-2023 Medium-term Management Plan: Hop, Step, and Jump

Revising the targets of the JT-2023 Medium-term Management Plan

We feel it is important to have a plan that is realistic and achievable even in the current tough business climate, and this is why we chose to revise our medium-term management plan. We believe it is especially important to revise our ROE, ROA, and ROIC targets, with the aim of sustainably maximizing our medium- and long-term corporate value through our next medium-term management plan, which we intend to formulate in fiscal 2023. Please note that our targets for fiscal 2022 have been set with this in mind.

Hop, Step, and Jump

We compare the growth process of our company to the three step process of "hop, step and jump," the previous medium-term management plan would correspond to the "hop," while the current plan would correspond to "step." However, as our current plan was significantly impacted by the COVID-19 pandemic, we have not yet built up the necessary momentum to move forward to the "jump," which represents the third stage.

Therefore, our next medium-term management plan, JT-2023, which begins next fiscal year, will include some items of the second "step" stage of our ramping up the process,

with the aim of preparing for the third “jump” stage.

In fiscal 2021, Joshin was deeply affected by the COVID-19 pandemic; both revenue and profit fell. I believe it would be fair to say that we were successful in putting up a good fight given the rebound from fiscal 2020, when we had record sales, plus the impact of the temporary suspension of our business operations. As a result, our net income was 6.3 billion yen, the second highest ever, falling only below the record high of fiscal 2020. Over the three years of the JT-2023 management plan, we intend to achieve an operating CF of 40 to 45 billion yen. While this depends on the current business environment, it is achievable.

In fiscal 2022, the final year of JT-2023, we introduced an internal slogan to propel our operations as we move forward to achieve our targets: “Joshin, a company abounding with smiles: let’s engage in collaborative creation by combining the wisdom of each and every one of us!” In particular, we intend to implement our management approach of “Connecting people and society to the future with a smile,” so it is essential that we first put smiles on the faces of our employees (bringing them joy), who will be the driving force behind these efforts. Without smiles by employees, we will not be able to put smiles on the faces of either our customers or society. Our highest priority is to put smiles on the faces of our employees, so we will create comfortable workplace environments that provide job satisfaction,

promote diversity and inclusion, bring together diverse ideas, and collaboratively create innovative concepts and initiatives that are free from the confines of conventional approaches and systems. In these ways, we will provide smiles to our customers and contribute to the creation of a sustainable society.

I always view profit/loss statements as an evaluation of our current business and balance sheets as conveying a sense of security for the future. In my management duties, I consider it my personal mission to pass on the management baton of a company that is safe and stable. This view of safety and security is not limited to finances. We have scrapped and rebuilt stores that did not meet seismic standards to provide our employees with an environment where they could work with peace of mind. In this way, we are eliminating the negative legacies of the past. For all our stakeholders—including shareholders, investors, customers, and employees—we will increase our investment in the intangible value of the Company, specifically our strategies for the future, our human resources, and improving the environment. These initiatives will include ways of addressing our material issues, with the aim of achieving sustainable growth. Through these actions, we will accelerate the building of the foundation for Joshin’s future value creation.



with our service infrastructure, such as our businesses for home maintenance and digital support, and will offer new subscription services. To reinforce our support businesses in line with the expansion of the commercial domain, led by EC stores, we will review and revise our service infrastructure strategy, improve deliveries, installation work, and construction skills, and further grow our area of operations.

In our support business, we continually follow up with our existing customers. This helps to build strong relationships of trust and, in turn, will contribute to turning customers into fans. In Japan, where the population is

falling every year, acquiring new customers is not easy. Reinforcing our support business increases engagement with existing customers and creates fans, in turn building a stable foundation for revenue. Turning existing customers into fans also creates stronger ties between us, making it possible for Joshin to gain new customers through word of mouth. This is why we believe that Joshin’s future depends on our support business initiatives, and we will work hard to implement them.

Realizing Our Management Philosophy and Management Vision through Materiality Initiatives

Building a rewarding working environment where diverse employees play a more active role

I believe that the smiling faces of our employees are an important driving force for achieving our management philosophy, which is why we promote diversity and inclusion (D&I). Our D&I promotion began with creating comfortable work environments that provide our employees with job satisfaction. To accomplish this task, we extended our human resource system and took pioneering steps that were later reflected in systems implemented by the national government. Our initiatives for employees have enabled every employee to live up to their potential, creating a foundation that fosters trust and attachment to the Company, and ultimately, we boosted employee engagement. Our aim is to improve the performance of both individuals and the Company as a whole, secure new human resources, and continually offer our customers services that provide them with satisfaction.

Making possible prosperous living that anticipates lifestyle changes

Given the future scale of home appliance sales, although we anticipate some level of demand due to their replacement, unit prices are expected to fall as the number of Japanese households falls, the population declines, and the number of single-person households goes up as a result of the declining birthrate and aging population. We predict that the market will gradually contract over the medium to long term. For Joshin to survive, we must quickly grow from our current two core business segments of real and EC stores to also include support business. In particular, we urgently need to expand and improve our environmentally conscious support for businesses in anticipation of a super-aging society. We intend to shift to a 2:2:1 sales ratio between our real stores, EC online stores, and support business by 2050, while also growing our overall sales. We will supply and develop our selection of support businesses integrated

In Closing

No matter what the business environment is like, I think that in order to realize our management philosophy of “Connecting people and society to the future with a smile,” it is important for us to accurately recognize the tasks we face, such as those defined by our material issues and to work hard to achieve our management vision: “Becoming a hub for the infrastructure of life through the power of home appliances and ICT (information and communication technology).” Of course, to reach this goal, we must maintain sustainable growth. However, we must also all work together, both executives and employees, to create the twin social values of “supporting and strengthening

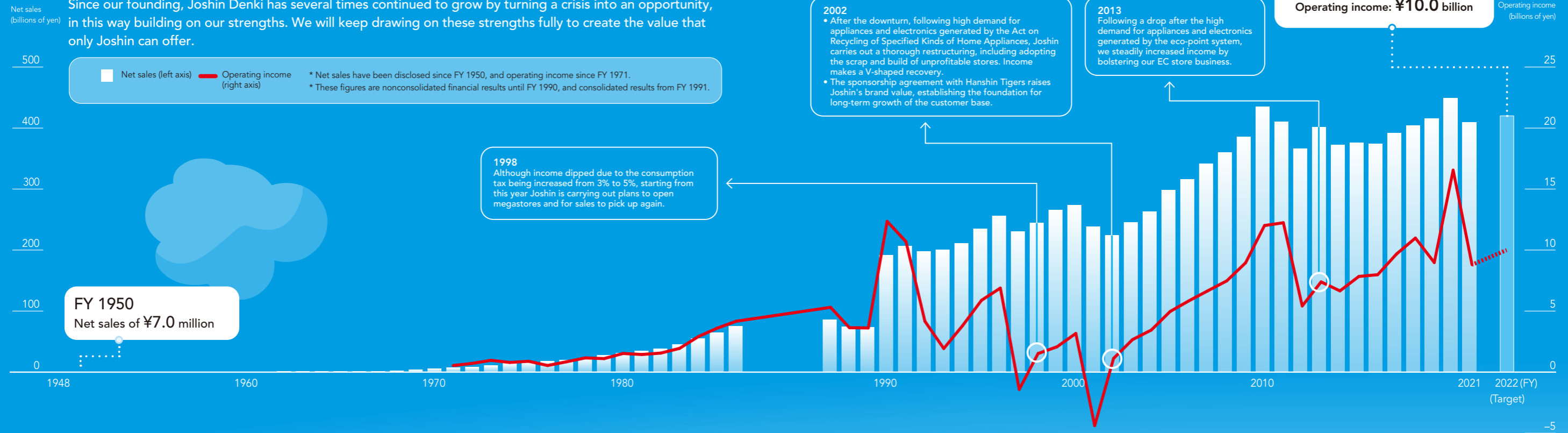
resilience in our aging society” and “achieving carbon neutrality in the home.”

We recognize that increasing brand awareness among stakeholders is one of the challenges we face to increase the number of Joshin fans, and we will enthusiastically use publicity campaigns. We will also engage in constructive dialogues with our shareholders and investors, and strive to foster positive, bidirectional communication on our business strategies, financial information, nonfinancial information, and other important issues.

We look forward to your continuing patronage of Joshin.

History of Value Creation

Since our founding, Joshin Denki has several times continued to grow by turning a crisis into an opportunity, in this way building on our strengths. We will keep drawing on these strengths fully to create the value that only Joshin can offer.



1940s–1960s | 1970s–1990s | 2000s–2020s

1948 Joshin is founded

Joshin starts up as a home appliance parts store in Osaka Nippombashi, Osaka. In 1954, we switched our business to become a home electronics and appliance store.

More than 500,000 items targeted at markets across Japan

1974 1st in the industry

Joshin launches TV shopping service

Joshin pioneers TV shopping service, the first in the industry. This service helped raise Joshin Denki's profile and boost store sales.

Brand building as a pillar of the strategies to attract customers from wide areas

1988 1st in the industry

Joshin establishes the principal sub-brand KIDS LAND Joshin

Joshin begins the operation of KIDS LAND Joshin, the first brand launched by a major electronics store that offers toys, models, and TV games. We earned one of the biggest market shares for model sales in Japan.

Brand recognition with a wider range of consumers

2002

Joshin sponsors ads for the Hanshin Tigers helmet

As part of our strategy for corporate identity (CI), Joshin staged publicity that featured the Hanshin Tigers, Kansai's enormously popular baseball team. The strategy raised our profile and brand value, dramatically increasing the company's net sales and membership.

Introduced as part of dynamic pricing

2018 1st in the industry

Introduced electronic shelf tags (electronic pricing) in all appliance stores

To realize dynamic pricing and support our workforce reforms for employees, we introduced electronic shelf tags (electronic pricing) for small and medium-sized appliances as a first initiative in the industry—in all of our appliance stores. Further, in September 2019, we introduced electronic shelf tags for large appliances (televisions, air conditioners, etc.).

Contributing to the growth of the EC website business by improving the efficiency of inventory and shipping, developing a BCP, and controlling GHG emissions, all at the same time

2021

The Kansai Ibaraki Logistics Center was launched

The new logistics center was built in Ibaraki, Osaka, to pursue Joshin's business strategies, enabling the Company to manage all inventory from one place for real and EC stores.

Highly professional after-sales service for home electronics and appliances

1956 1st in the industry

Service department established

Joshin sets up a service department to offer a well-developed all-in-one service package that covered the entire process from sale to after-sales service. Today, Joshin Service's after-sales service includes delivery, installation, and repairs.

Know-how in personal computer sales built on one of the best experiences in Japan

1981 1st in the industry

Opened the industry's first large-scale specialty store for personal computers

Joshin was the first to sell personal computers as home electronics in Japan. Information communication devices have grown to become the mainstay of this segment, making up 20% of our sales today.

Marketing and big data accumulated from data of 1.3 billion purchases

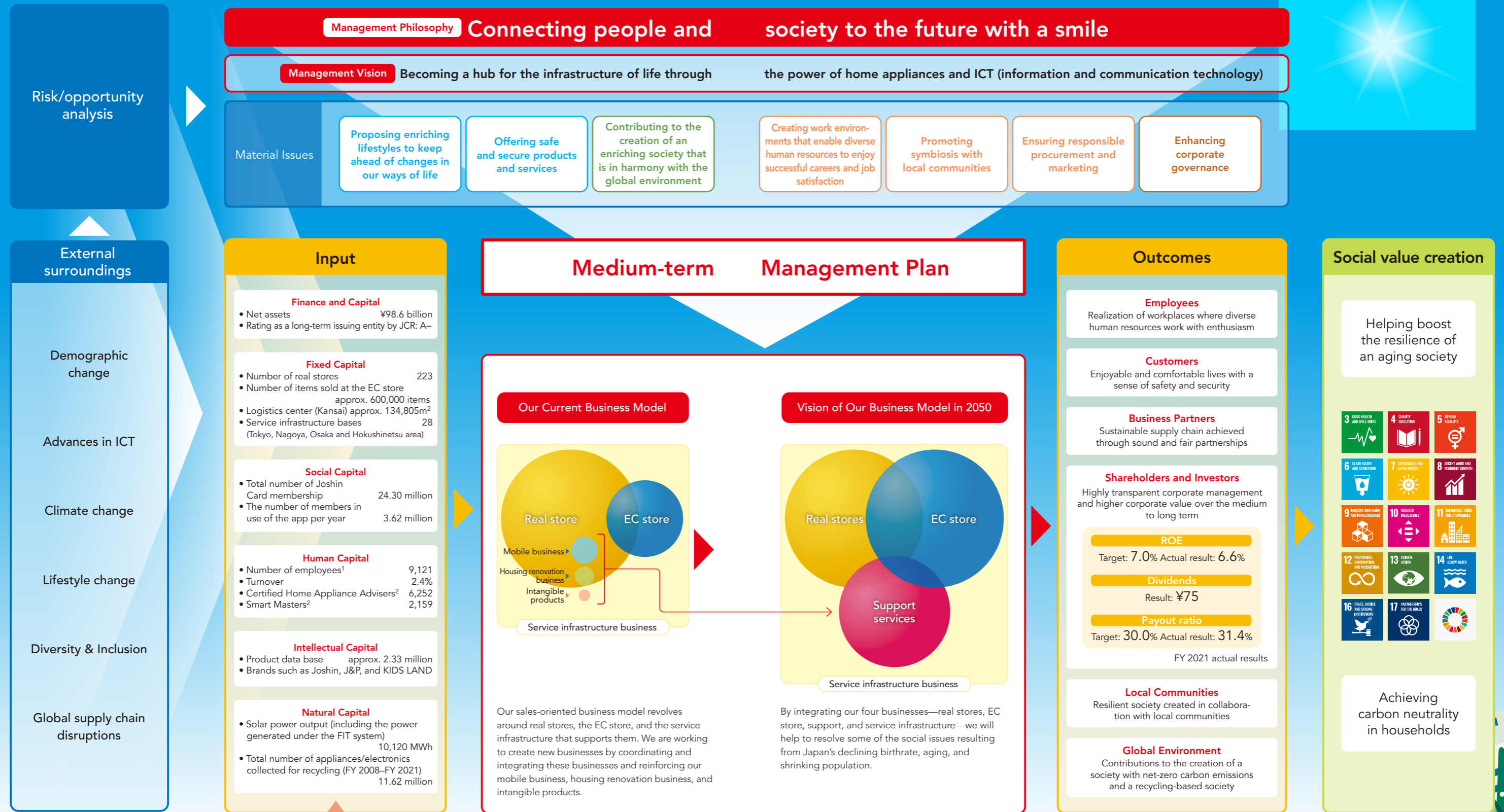
1989

Joshin issues the Joshin Membership Card and launches customer management through a POS system

By creating a customer database, Joshin establishes the foundation for improving membership services and for varied marketing techniques.

Value Creation Processes

By applying our current capital and long-term management strategies, the Joshin Group is committed to creating the social value that supports the two visions of "helping boost the resilience of an aging society" and "achieving household carbon neutrality," as well as increasing our corporate value.



1. Including temporary employees
 2. Home Appliance Advisers and Smart Masters are certified by the Association for Electric Home Appliances. Home Appliance Advisers are professionals in home appliance sales and customer service, and Smart Masters are specialists in everyday life and homes, which are being increasingly made "smart."

Joshin Group's Material Issues

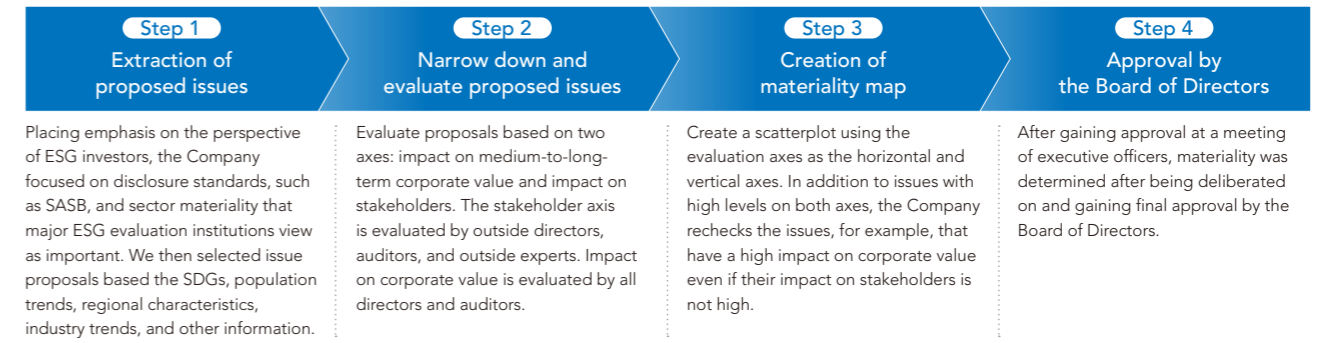
Our management philosophy is connecting people and society to the future with a smile and our management vision is becoming an infrastructure hub for a better life through the power of home appliances and ICT. To realize the goals of our vision and philosophy, we chose the seven material issues (major challenges) that we should address first, due to their high impact on corporate value creation of the Joshin Group, as well

as the 14 issues to help resolve through our initiatives. After determining which issues to tackle, we analyzed the risks and opportunities based on the perspectives of both our investors and stakeholders, organized the issues, and set long-term targets and KPIs, as well as action plans to reach the goals for every initiative. The Company will also use these initiatives to reach our materiality targets.

Sustainability Committee

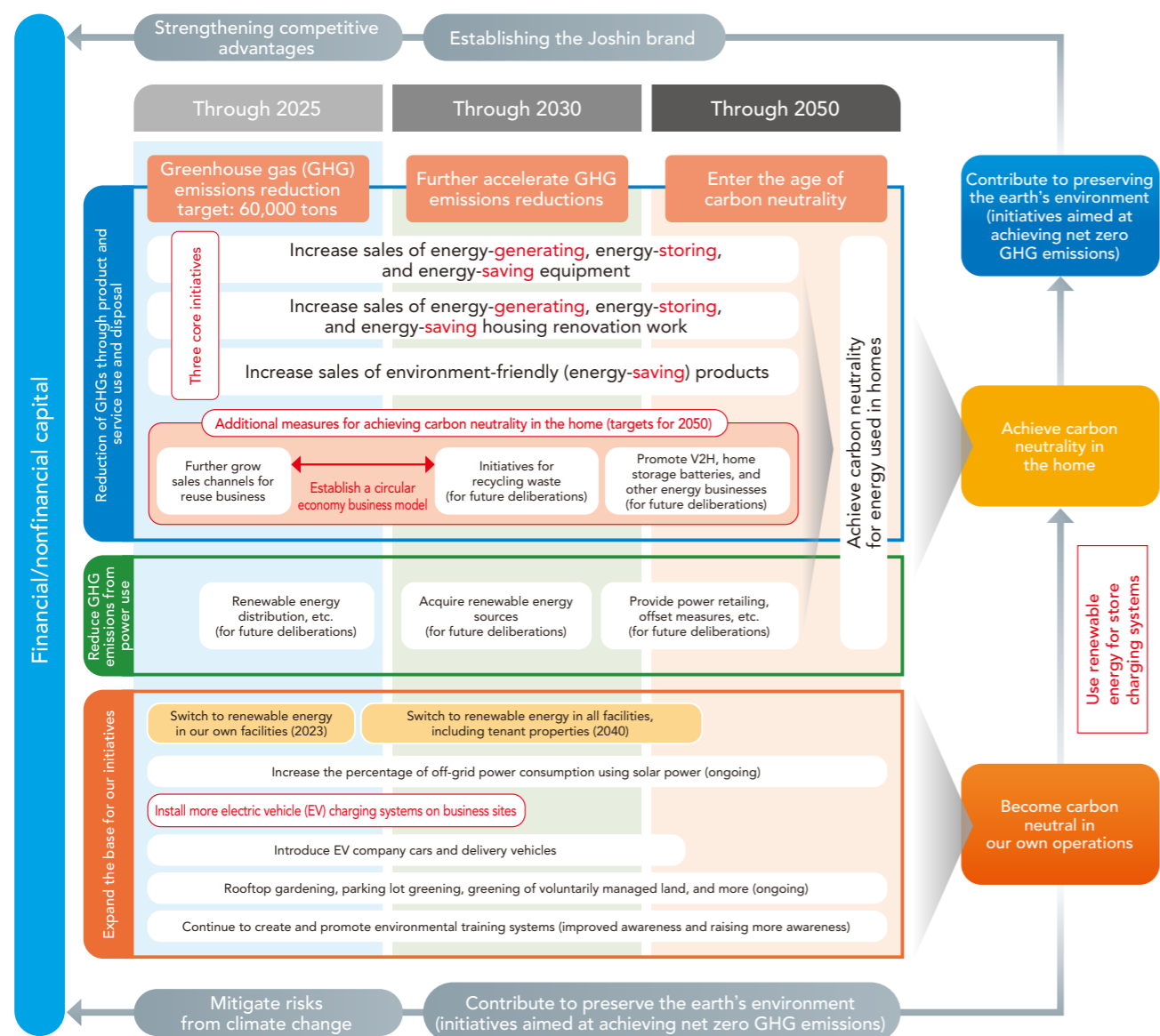
The Sustainability Committee works to achieve our management philosophy and our management vision by dealing with our highest priority initiatives and material issues, together with the progress of important department-spanning internal projects that support these initiatives. The committee also oversees financial and nonfinancial information for our business strategies and our ESG initiatives, among other items. To verify the viability of our 30-year business strategy—the target year is 2050—the committee investigates the numeric plans for individual fiscal years leading up to 2030, which is the midpoint of the business strategy.

Materiality determination process



Material Issues (Major Challenges)	Challenges	Main Action Plans	Main Goals (2030)	Main Goals (2050)	Sustainable Development Goals	
ES (Impact)	Proposing enriched lives that anticipate lifestyle changes ▶ see p. 21	<ul style="list-style-type: none"> Fulfill every task by using ICT <ul style="list-style-type: none"> Improve convenience for customers ▶ Achieve operational excellence ▶ Implement IT features designed to support sales operations Operate highly efficient real (brick-and-mortar) stores that have staff who are remarkably skilled in proposing products Enhance and expand the high-quality EC (ecommerce) stores that quickly meet customer requirements Offer support business list of services linked to the Company's service infrastructure, for example order delivery, installation, air conditioner cleaning, and maintenance work Develop and promote new subscription and recurring businesses 	<ul style="list-style-type: none"> EC: 25% of net sales Support business: about 14% of net sales 	<ul style="list-style-type: none"> EC: Over 40% of net sales Support business: about 21% of net sales 		
	Achieving household carbon neutrality	<ul style="list-style-type: none"> Put more effort into the sales of environmentally conscious products and promote the remodeling of housing environments for advanced features 	<ul style="list-style-type: none"> Cut GHG emissions by 60,000 tons through the sales of products designed to create, store, and/or save energy [2025] 	<ul style="list-style-type: none"> Promote the wide use of products designed for reaching household carbon neutrality through off-grid power generation and consumption 		
	Offering safe and secure products and services ▶ see p. 53	<p>Improving data security</p> <ul style="list-style-type: none"> Introduce a facial recognition system for logging on to work systems Implement systems that don't require saving data on business computers to prevent information leaks <p>Ensuring product quality and safety</p> <ul style="list-style-type: none"> Improve data consistency between the purchaser database, product and parts data, and fault information Provide information about purchased product support via the app, including safety, convenience, recalls, and maintenance Revise product safety assessment criteria that is linked with reducing adverse environmental impacts and labor loads based on the CSR Procurement Policy [2025] 	<ul style="list-style-type: none"> Retain the PrivacyMark certificate Maintain the record of zero data-related incidents Remain a top player as a Gold Product Safety Company More than 95% of employees are certified Home Appliance Advisers [2025] 	<ul style="list-style-type: none"> Retain PrivacyMark certification Maintain the record of zero data-related incidents by taking advantage of the latest technologies Our continual efforts to ensure product safety helps to establish a product safety-oriented culture across society, creating a virtuous cycle that leads to improved corporate branding and value 		
	Contributing to the creation of a better society that is in harmony with the global environment ▶ see p. 31	<p>Developing a resource-recycling society</p> <ul style="list-style-type: none"> Rebuild the recycling system that includes reuse and resale Expand EC stores' recycling plan to more regions Further cut the use of plastics by no longer offering disposable shopping bags and taking other related actions <p>Addressing climate change issues</p> <ul style="list-style-type: none"> Increase the percentages of renewable energy sources and off-grid electricity generated by solar power at our business sites Conduct negotiations to increase the percentage of renewable energy sources used by tenants and other leased properties Take advantage of power purchase agreements (PPAs) and virtual power plants (VPPs) Manage greenhouse gas (GHG) emissions across the supply chain, set reduction targets, and take actions for reduction by identifying figures for key items in Scope 3 Disclose information to follow the TCFD recommendations, advocate international initiatives to tackle climate change, and disclose information related to our initiatives 	<ul style="list-style-type: none"> Pursue initiatives to move toward a circular economy Achieve a recycling rate of 65% for the four target product classes of home appliances Cut 80% of the plastics used for shopping bags (compared with FY 2019) [2023] Discontinue using plastic shopping bags Achieve 100% renewable energy power source rate at our contracted business sites [2023] Achieve 25% in-house power generation as a percentage of total electricity to promote in-house power generation/consumption Identify GHG emissions in the key categories of Scope 3 [Completed in 2022], and cut these emissions [2030] Advocate international initiatives to tackle climate change and become certified [2025] 	<ul style="list-style-type: none"> Establish the business model of a circular economy through an alliance that could develop into a capital alliance Raise the percentage of renewable energy sources to 100% (at all business sites, including those that are leased) [2040] Raise the percentage of off-grid power to 50% to promote off-grid power generation and consumption Cut 100% of GHG emissions in all categories in Scope 3 Become the top company in the CDP Climate Change Program [2035] 		
S (Society)	Creating work environments that enable diverse employees to enjoy successful careers and job satisfaction ▶ see p. 43	<p>Securing, maintaining, and developing human resources in parallel with environmental changes</p> <ul style="list-style-type: none"> Establish a job-type employment system (introduce the system to the head office's planning departments for ICT and DX by FY 2025) Increase the number and improve service support staff through investments in and loans for partner companies <p>Diversity & Inclusion</p> <ul style="list-style-type: none"> Discontinue the mandatory retirement age for permanent employees and Smile Partners by providing work environments that enable them to have successful lifelong careers [2050] Launch a diversity council to pursue gender equality and plan leadership training for female employees <p>Creation of secure and safe workplace environments that focus on work-life balance</p> <ul style="list-style-type: none"> Ensure appropriate business hours to remedy long working hours and working late at night Take advantage of IT and robotics technology as alternatives to employees 	<ul style="list-style-type: none"> Maintain 9,000 employees across the Group Keep hiring 150 new graduates/mid-career workers as permanent employees every year Ensure enough service support personnel for Japan's major cities covered by the EC stores Percentage of female employees hired as new graduates from high schools, technical/junior colleges, or universities: 50% Permanent female employees: 30%; female employees: 50%; and female managers: 20% Employees with disabilities: 3.0% Maintain an annual turnover of permanent employees at 2.5% or less Achieve the average health index score (for obesity, blood pressure, liver function, fats, blood sugar, and smoking) of +2.0% across Japan 	<ul style="list-style-type: none"> Maintain a personnel allocation system that is determined according to each employee's assigned area in a store Move more of our personnel to the EC store, logistics, the environmental business, and the support services, among others No mandatory retirement [2040] Permanent female employees: 50%; female employees: 50%; female managers: 50% Turnover of permanent employees: 2.0% or less Achieve the average health index score (for obesity, blood pressure, liver function, fat, blood sugar, and smoking) of +5.0% across Japan 		
	Promoting synergies with local communities ▶ see p. 57	<p>Respecting human rights</p> <ul style="list-style-type: none"> Provide employee training as part of Joshin's initiative to put in place the Group's policy that bans forced labor and other abusive practices to ensure respect for human rights and to make sure that the policy is understood and followed across the entire Group Conduct a review of the Joshin Group Human Rights Policy, as needed, based on the United Nations Guiding Principles, and announce updates across the supply chain. Perform ongoing human rights due diligence <p>Exploring in depth the businesses that are closely aligned with local communities</p> <ul style="list-style-type: none"> Establish and disclose the Group's policy to contribute to community service For Joshin's community service activities that are connected with our main business, engage in projects that are intended to build stronger relationships with local customers based on these pillars: safety and security, a healthy life, supporting the development of the next generation, and the environment. 	<ul style="list-style-type: none"> Establish the Joshin Group Human Rights Policy [2022] Announce the Joshin Group Human Rights Policy across the supply chain and perform human rights due diligence Establish the Group's policy on community service [2022] Create a virtuous cycle where the Group's community service activities lead to increased brand power and corporate value in every local community 	<ul style="list-style-type: none"> Pursue initiatives to ensure respect for human rights across the supply chain Take part in community service activities in collaboration with businesses working with municipalities Create shared value by offering solutions to social issues 		
	Ensuring responsible procurement and marketing ▶ see p. 54	<p>Implementing purchasing and providing services based on CSR (green) purchasing guidelines and ethical standards</p> <ul style="list-style-type: none"> Establish the supply chain code of ethics, CSR procurement policy, and CSR procurement guidelines, based on the Group's code of conduct Establish a due diligence process designed to ensure compliance across the supply chain 	<ul style="list-style-type: none"> Establish the supply chain code of ethics and the CSR procurement policy and guidelines [2022] 	<ul style="list-style-type: none"> Build a sound, robust supply chain by ensuring full compliance with the supply chain code of ethics 		
	G (Governance)	Enhancing corporate governance ▶ see p. 59	<p>Ensuring compliance, risk management, and maintaining company morale</p> <ul style="list-style-type: none"> Establish and operate the Joshin Group Anti-corruption Policy that is based on the Group's Code of Conduct [2022] Make compliance training a requirement for assigning management positions (for example, the screening process for promotion and the position renewal system) [2023] Pursue Group-wide business continuity management centered on the Risk Management Committee [2023] <p>Corporate/Group governance</p> <ul style="list-style-type: none"> The Board of Directors develops the Basic Sustainability Policy and discloses this in the Corporate Governance Report. [Completed in 2021] Set KPIs for risk management related to climate change, respect for human rights, employees' health, work environments, fair and appropriate treatment, fair and appropriate trade, and natural disasters, among others, based on the Basic Sustainability Policy Provide a well-developed executive compensation system that could be an incentive for creating sustainable growth and higher corporate value 	<ul style="list-style-type: none"> Introduce a fixed-term system (renewal system) for assigning management positions Establish a business continuity management system Maintain a Group-wide framework of our business continuity plan (BCP) Assign the parent company's executive officers and senior staff to management teams at Group subsidiaries [2022] Separate supervision and execution by increasing the number of experienced executive officers [2023] Stock compensation: 50%; disclose the compensation standards and individual compensation Set KPIs based on the Basic Sustainability Policy 	<ul style="list-style-type: none"> Ensure well-developed and sustainable corporate governance intended to improve our corporate value, leading to higher social value and the realization of our management philosophy 	

Reinforcing Joshin's financial and nonfinancial capital through the achievement of carbon neutrality in the home



Mitigate risk and take advantage of opportunities to strengthen financial and nonfinancial capital

One of the Joshin Group's high-priority material issues (materiality) is "making possible prosperous living that anticipates lifestyle changes." To address this material issue, we are focusing on two areas: "providing products and services that support a diversifying, super-aging society (see page 22)" and "achieving carbon neutrality in the home." To address risk, achieving carbon

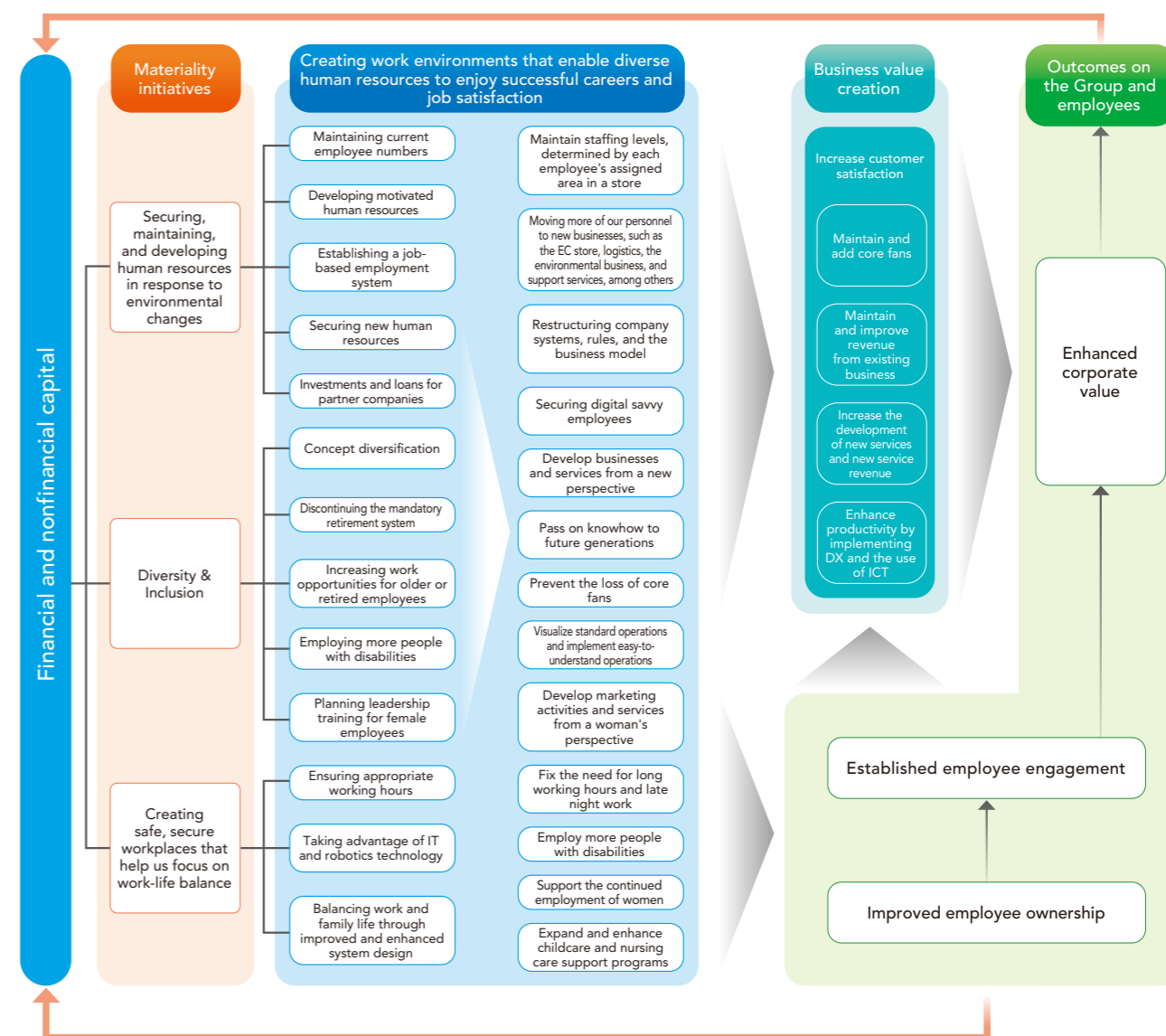
neutrality in the home will help to mitigate the risks associated with climate change, while capitalizing on the opportunities from climate changes will enable us to achieve a competitive advantage for establishing the Joshin brand, which in turn will increase our revenue. Our goal in handling materiality now is to further strengthen our financial and nonfinancial capital.

Striving to achieve carbon neutrality in the home

To achieve carbon neutrality by 2050, we will use a backcasting approach from a long-term perspective to implement a range of initiatives, such as boosting the sales of energy-generating, energy-storing, and energy-saving products and services. At the same time, we will also consider other initiatives, such as the

distribution of renewable energy used in homes. Internally, we will bolster our foundation for achieving carbon neutrality in our operations, such as raising the use of renewable energy to 100% at all business sites.

Reinforcing Joshin's financial and nonfinancial capital through the creation of work environments that enable diverse human resources to enjoy successful careers and job satisfaction



Creating rewarding work environments

One of our Group's high-priority material issues is creating work environments that enable diverse human resources to enjoy successful careers and job satisfaction. We consider enhancing our corporate value as one of the most important of the seven materiality themes for financial and nonfinancial capital, especially the strengthening of our human capital. For this reason, we are

working to secure, maintain, and develop employees in response to environmental change, to promote diversity & inclusion (D&I), and to create safe, secure workplace environments that focus on work-life balance. To achieve these goals, we are implementing ways to create more rewarding work environments.

Generating business value and better results for the Group and our employees

By creating rewarding working environments, we hope to generate a sense of ownership among employees and ensure employee engagement. At the same time, we will be improving customer satisfaction, maintaining and adding core fans, preserving and boosting the revenue of our existing business, and

generating more corporate value. We intend to strengthen our management foundation of financial and nonfinancial capital by increasing our corporate value through the creation of rewarding working environments.

Message from the Executive Officer in Charge of Sales Strategy



We aim to create new business opportunities through the synergy between our three businesses—real stores, the EC store, and the service infrastructure—in order to assist customers and to help resolve their problems.

高橋 徹也

Tetsuya Takahashi
Representative Director, Senior Managing Executive Officer in Charge of Sales Strategy

The arrival of an era of uncertainty and changing needs in the market

For many years, the electronics retail store industry has grown by attracting customers and increasing the number of stores through mass marketing, while leveraging the large sizes of stores and their overwhelming product selection. However, market needs and industry values are starting to show signs of dramatic change due to social issues, such as the COVID-19 pandemic,

the constantly shifting international situation, supply chain disruptions, Japan's declining birthrate and aging population, and a shrinking workforce.

I believe we are shifting from a long era of mass production and mass consumption to an era of personalization that is focused on individual customers.

Our growth strategy is connecting people and society to the future with a smile

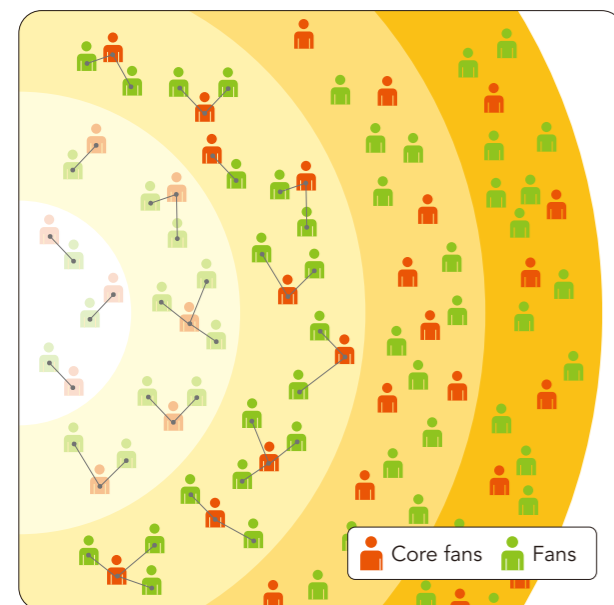
We intend to realize our management philosophy of "Connecting people and society to the future with a smile," in turn contributing to sustainable growth.

We believe that we can differentiate ourselves from, and gain a competitive advantage over, industry competitors with a different business scale and area strategies, essentially creating a "chain

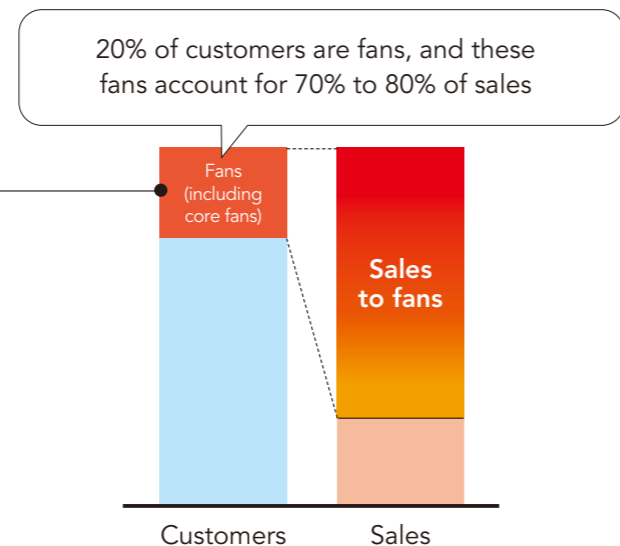
reaction" of value. For this reason, we strive to focus on each customer, dealing with them with kindness, care, and sincerity. By doing this, we are building strong bonds of trust and turning our customers into fans,¹ eventually into core fans.²

Values are growing more diverse, and customers are surrounded by a sea of information from fliers, direct mail, and digital sales

Conceptual image of fans and core fans



Conceptual image of how word of mouth from core fans drives fan growth



promotions. It is not easy for customers to get what they really want: to select the right products, support, and service options they won't regret, and to achieve comfortable, pleasant lifestyles.

If we can maximize the value we provide to our customers, we will be able to turn our customers into fans, and our fans into core fans. The effusive comments of our core fans spread the strongest

possible message to those around them, providing the entire market with solid, beneficial information.

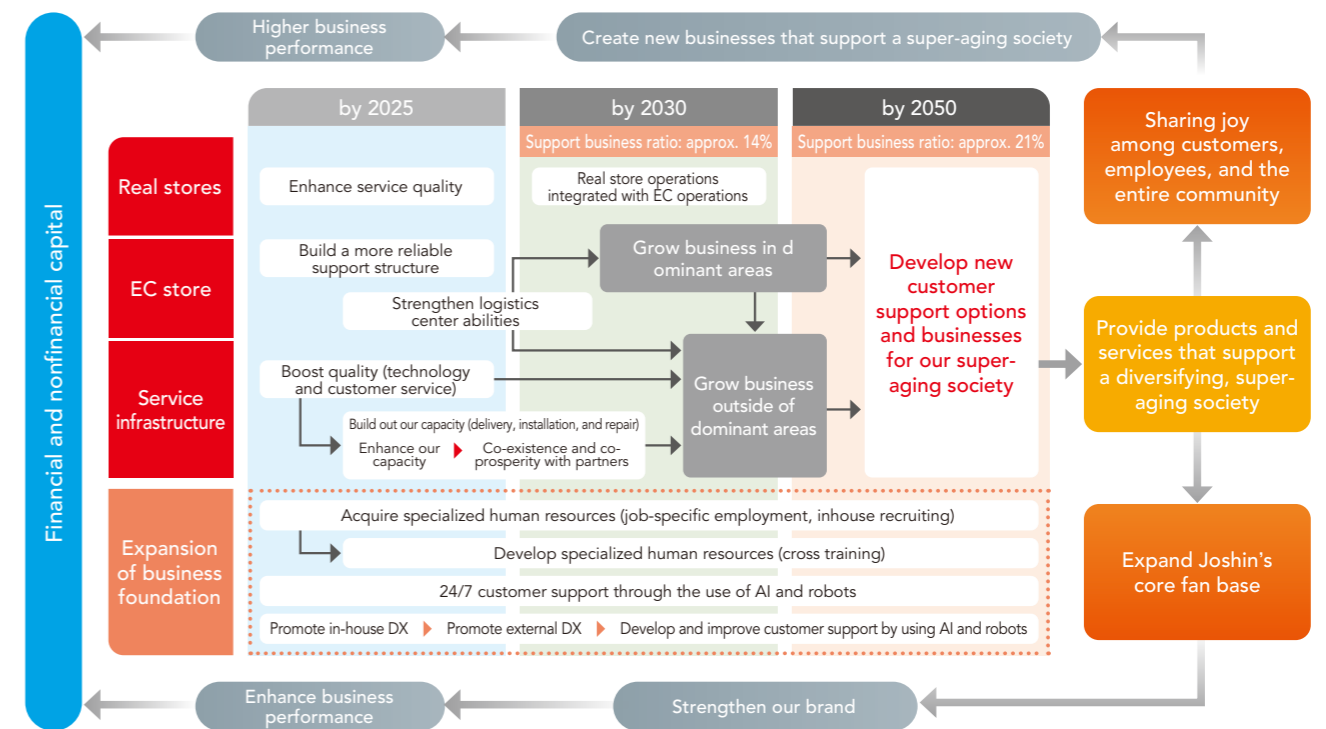
This creation of bonds of trust helps us further expand our circle of Joshin fans.

1. Joshin fans: Customers who repeatedly choose Joshin products and services
2. Joshin core fans: Customers who repeatedly choose Joshin products and services, then recommend us to others

Our value drivers are our human resources

The power of our human resources, or the ability to apply creativity and to propose solutions based on customer use, plays a vital role in earning our customers' trust. For example, when customers are selecting an air conditioner, we need to talk about heating even during the summer. This is because heating requires more power and technology than cooling, and if we make proposals purely based on air-conditioning considerations, there is a risk that the product will not meet customer expectations. In regions with particularly hot summers and cold winters, we need to consider not only use in the summer but also in the winter, and recommend advanced air conditioners that address both. If not, we might make poor recommendations, suggesting products that are not

powerful enough for winter weather. For environments where air conditioners will see extended use, running costs must also be taken into consideration when selecting products. It is not uncommon for people to buy affordable products only to ultimately pay more over the lifespan of the products, once running costs are factored in. The imagination and proposal strengths needed to make effective recommendations can be brought to bear when the innate qualities of individual employees are combined with training, and when this is added to the knowledge and experience that employees accrue every day. Our employees are value drivers that cannot be acquired overnight, and we regard them as one of Joshin's most powerful intangible resources.



Increase our corporate value by creating social value

Joshin's vision is to become a hub for the infrastructure of life through the power of home appliances and ICT. Led by this vision, we strive through our business operations to create the two social values of supporting and strengthening resilience in our aging society as well as achieving carbon neutrality in the home. To help realize these social values and our management philosophy of "Connecting people and society to the future with a smile," we

have defined our material (high-priority) issues using a backcasting approach from the ideal form that the Company will take in the future, and are executing action plans based on this approach. We began our initiatives focused on materiality more seriously last year, and we plan to visualize our future value creation and have all of our executives and employees work together as one, in this way creating both social and corporate value.

Long-term Strategy

Looking ahead, we expect customer needs to diversify even further in response to changes in the structure of society and the external environment. In the future, it will be vital to build a social environment that can adapt to issues such as the declining birthrate and an aging society, a fall in the working population, and climate change. We believe that concrete solutions to these social issues will be at the core of our solution service businesses. We must not limit ourselves to our past approach of

selling physical goods, but must also accurately respond to our customers' needs and the societal issues that underlie them, and we are in the process of establishing businesses that shift from physical goods to services. For our long-term strategy for 2050, we are investigating the need to establish a business model that provides new solutions and value, one that addresses the underlying social issues and individual customer concerns, in addition to providing goods and services.

Joshin's SWOT analysis for 2050

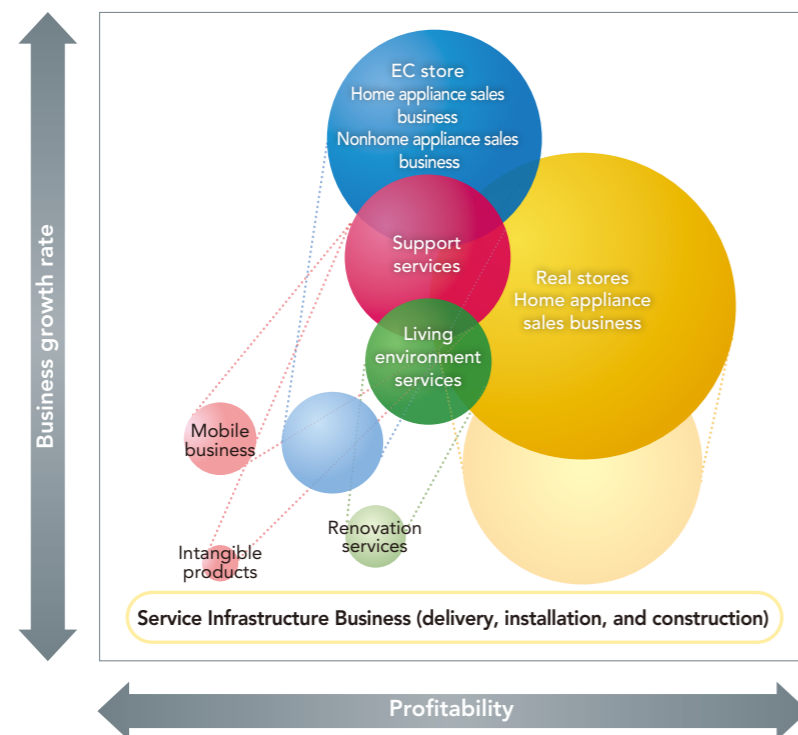
Strengths	<ul style="list-style-type: none"> Quality of employees (excellent customer service and response that is attentive to the details) Trust as a services provider at customers' homes Joshin Service (a subsidiary of our group) offers delivery, installation, and construction services Synergy between the real stores, the EC store, delivery, installation, construction services, and various support service businesses Records for more than 1,356.5 million purchase and Joshin Card membership database 	Opportunities	<ul style="list-style-type: none"> Diversification of customers' wants Change in customers' wants from "owning" to "using" Rise of the EC (e-commerce) channel (creating new services through the synergy between the real stores and the EC store)
Weaknesses	<ul style="list-style-type: none"> Limited business area, mainly in the Tokyo, Nagoya, Osaka and Hokushinetsu (Toyama, Ishikawa, Fukui, Nagano, Niigata) area Our customers are skewed toward the middle-aged and the elderly Smaller size of real stores (compared with competitors) 	Threats	<ul style="list-style-type: none"> Medium- to long-term shrinking trend in the home appliance market Decrease in the number of workers responsible for operations and the aging workforce Household and population declines in Japan Urban density of population Entry into different industries, to become competitive

Conceptual image of our business portfolio strategy

To achieve our management vision of "Becoming a hub for the infrastructure of life through the power of home appliances and ICT," we are aiming to establish a business model that is focused on services that use 5G and other networks to connect to physical goods, in addition to our conventional business model of selling physical products. Our mobile business, which covers intangible

products, will be at the heart of this business model. This model will evolve into support services that we will then integrate with our housing environment services to establish a business model that shifts from physical goods to services, and then to the value that lies beyond even that.

Conceptual image for 2030



The key points of our long-term growth are establishing a fan strategy by enhancing CX, creating a "Joshin economic zone" by integrating each of our businesses, and developing new businesses.

Establishing a fan strategy

As our social environment undergoes tremendous change, our customers' buying habits are also constantly changing. Amid these changes, one area that we are focused on as part of our strategy for differentiating ourselves from our competitors is our fan strategy. This strategy is built on the trust and confidence that we have established with our customers over the years since Joshin was founded. Inhouse data analysis has shown that within Joshin, 20% of our customers account for 70 to 80% of total business. This result has reaffirmed our

Group's conviction that there is nothing stronger than the bonds we establish with our customers, and those bonds are rooted in trust and confidence. Going forward, we will further create new bonds of trust and confidence by supplying our customers with goods, services, and the value that lies beyond them. We will, in this way, develop our customer experience (CX) and make our customers' lives richer and more comfortable, turning our customers into fans and our fans into core fans, in a "chain reaction" of value.

Creating the "Joshin economic zone" by integrating each of our businesses and by developing new businesses

The needs of our customers are constantly changing and diversifying, and we are responding by providing our customers with the goods, services, and new value that lies beyond them. To accomplish this task, we believe that it is vital to grow our business from our conventional focus on real stores, to an approach that integrates real stores, the EC store, and the service infrastructure business. We must also integrate our

mobile business, living environment services, and intangible products to create new business such as subscription and other ongoing businesses. We have defined this collection of Group businesses and services as the "Joshin economic zone," and are aiming to establish a new business model that allows customers to use this zone freely.

Realizing our business strategy: Human resource development and data analysis

Human resource development

Human resources are at the heart of our business, and our human resources demonstrate strategically vital abilities in every part of the Group. Our CS Promotion Department is responsible for customer satisfaction (CS), while our Diversity Promotion Office is responsible for employee satisfaction (ES). CS and ES are the two axes of our business operations. We are implementing CX strategies through marketing automation (MA), led by our Information System Department and our Sales Promotion Department. Each of our sales departments implements fan strategies. The mobile business plays a central role in the creation of our support business, which we have positioned as our fourth key business sector. To advance these strategies for CXs, fans, and our mobile business, we have set up a training center where we develop the human resources that will be the core of our next-generation of

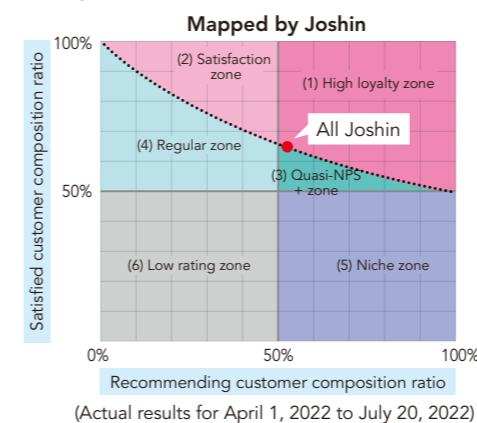
business. With human resources always at the heart of our business, we view the development and leveraging of human resources, and the creation of better work environments, as vital tasks. We have created an internal recruitment system for specific operations to better leverage the skills and experience of our employees. The number of applications submitted by employees far surpasses our plans, indicating that the system is invigorating our employees. Looking at work environments, we separate operations that can be performed by people from those that can be automated (systematized), and we integrate and coordinate people and digital technologies to boost productivity, by focusing our allocation of employees on human operations and on promoting automation (systematization).

Data analysis

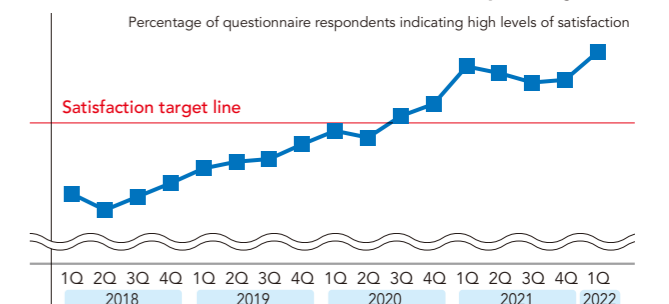
Creating the "Joshin economic zone" involves integrating businesses (real stores and the EC store), creating new businesses such as subscription services, and strengthening the service infrastructure business that supports them. Further, an accurate assessment of customer needs and concerns is essential, and to accomplish this assessment, an analysis of our member database, which contains roughly 1,356.5 million data items, will be indispensable. We expect to use our analysis results for the development of CX strategies as well as in marketing campaigns aimed at increasing the number of Kid Members, who will grow up to become our next generation of customers. We are also improving our physical services, such as picking up orders placed online (from the EC store) at real stores, and expanding our selection of digital services, such as the ability to make onsite repair requests outside of business hours, and by introducing phone support through AI. Through these efforts, we aim to provide our customers with even more value.

For the past five years, we have been collecting daily feedback from customers through Web questionnaires, and then using this information to improve the customer experience (CX). Starting this year, we modified the questionnaire to further reinforce our CX strategy of turning customers into fans and fans into core fans, and introduced net promoter scores (NPS). The NPS is a forward-looking customer satisfaction index that has been confirmed to closely correlate to business growth. It allows the quantification of the affection that people feel toward brands and the trust they place in them. We expect that this index will be a highly effective indicator for our efforts, enabling us to evaluate customer experiences and use the findings to make improvements. We believe that consistent mapping in the "high loyalty zone" of the NPS[®] Map will contribute to the stability and growth of business results, and we plan to continue to use this data to enhance our CX, going forward.

NPS[®] Map Source: Macromill, Inc.



Joshin Denki "Overall Satisfaction" trend (quarterly)



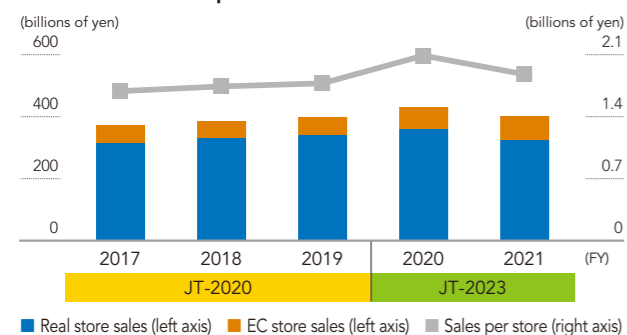
Medium-term Management Plan JT-2023

Review of our Medium-term Management Plan

The entire industry is struggling after two consecutive years of unusually high demand. Further, in fiscal 2021, we were faced with an unprecedented operating environment. For example, as a result of the spread of COVID-19, we were obliged to temporarily close as many as 100 stores (roughly 45% of all of our stores), in some cases for as much as 37 days between late April and the Golden Week holidays. Hot summer weather also made the situation worse, so the economy as a whole suffered, presenting us with making difficult management decisions. Looking toward

the future business environment, there are no prospects for the resolution of COVID-19, and factors such as increasingly violent regional disputes are disrupting supply chains and causing purchase costs to soar. Economic indicators are taking a downturn, and disposable income and consumer sentiment are also declining, resulting in a slump in demand. As the business outlook is expected to remain unclear, we have reviewed the target values for the final year of our medium-term management plan (the fiscal year ending March 31, 2023).

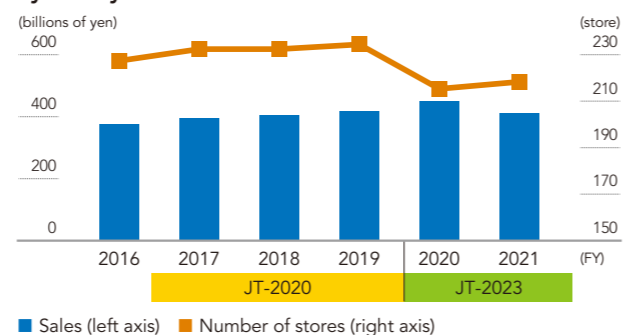
Real store and EC store sales trends –actual results for per-store sales



Even under this environment, our EC store, which requires no physical contact and is open 24/7, has enjoyed the steady support of customers, and the business performed according to plan. In July 2022, we also began shipping products sold in the EC store from our new logistics center. Increases in the number of products we carry and our shipping abilities are expected to bring about even more growth in EC store business.

In the struggling real store sector, we opened eight new stores and closed five other stores for a net increase of three stores, a result that was more or less in line with our plan. We also focused on reinvigorating existing stores, so that they could more accurately respond to changes in their commercial areas and their customers' needs. As a result, net sales per store increased significantly, by 13.9% compared with five years ago, which exceeded the overall growth rate of the Company of 9.4%. We

Actual results for sales and number of stores by fiscal year



see our growth strategy as raising sales per store and boosting our store competitiveness, rather than increasing market share by opening new stores. We believe that it is important to balance store sales strengths with the number of stores and to employ measurement standards, such as sales floor space, annual sales per employee, and sales per unit of floor space. We must also evolve from providing customers with physical products to providing services, and then on to providing value. As well, we need to earn the trust and confidence of our customers, which we value above all else. This trust and confidence will contribute to sustainable growth, as we switch from the past industry standard of mass marketing to one that is focused on the individual, turning individual customers into fans and fans into core fans, and producing a "chain reaction" of value.

Sales policy

- (1) Invest in human resources as our value drivers, in addition to real stores, the EC store, and the service infrastructure business, in order to create a long-term, stable foundation for growth
- (2) We do not intend to just increase the number of stores, but instead aim to raise the amount of support we receive from customers through our high-level sales strengths, and use this customer support as a foundation for the further growth of our EC store business.

Our understanding of the challenges we face

The key to our growth strategy is earning the trust and confidence of our customers, so it is absolutely essential for us to improve the quality of our real stores, the EC store, and service infrastructure businesses. We will focus all of the strengths of the Group to increase the value we supply to customers, and leverage their trust and confidence to turn our customers into fans, and then into core fans, positioning ourselves on a growth trajectory

through this chain of value. We will further boost the quality of our real stores, the EC store, and our service infrastructure businesses, and we will integrate and coordinate these different businesses to provide new value. We will intensify our efforts to tackle the challenges of improving the quality of our businesses, paving the way to provide new value.

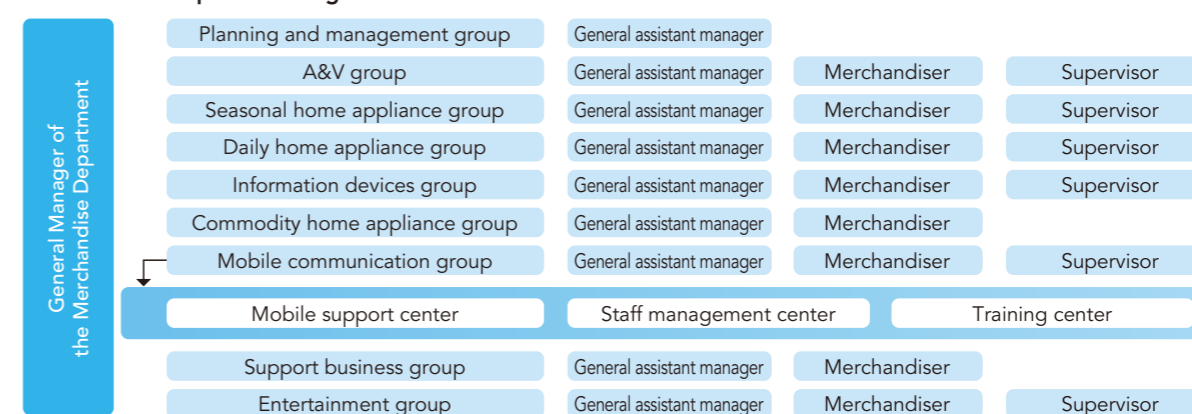
2021– 2022 Topics

(1) Refining our product initiatives

Our Merchandise Department, which controls purchasing of merchandise and sales policies, has been reorganized into nine groups, each with a general assistant manager. We are refining our product initiatives, while at the same time, have established a new dedicated organization for our support businesses and a new dedicated education organization for the support businesses. We will optimize our sales channels in line with the features of our products and services, and we will use our new logistics center to make major progress in centralizing our inventory. The introduction

of standardized products, such as those that had not been fully negotiated in the past, has resulted in improved gross profit margins and increased sales. In our support business, we will focus on subscriptions and ongoing businesses, and we plan to turn this business segment into one of our core revenue pillars within the next few years. We are already working on the development of several services, and we plan to seriously expand our service offerings later this year.

Merchandise Department organization chart

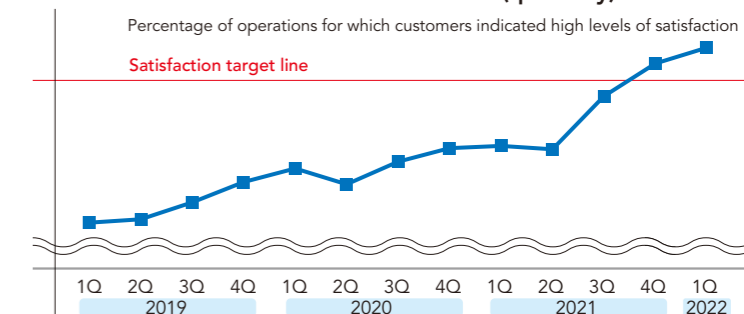


(2) Boosting service levels through training and improved human resource allocations

Our service infrastructure departments are also working to improve service levels during delivery and installation, and questionnaire results indicate that this is bearing fruit. Our strengths lie in the "last mile and the last meter" from our customers' doors to inside their homes. The trust and confidence we have built up with our customers since the Company's founding is an irreplaceable asset.

In fiscal 2022, we established a new training section to increase the percentage of inhouse vehicles, with the aim of improving quality and maintaining consistent delivery times and installation in the future. We appointed the manager of a large store as the head of this section and have begun working all out.

Joshin Service "Overall Satisfaction" trend (quarterly)



(3) Expanding through the operation of our new logistics center

In fiscal 2021, our EC store business grew by 5.8% year-on-year and by an astounding 32.8% compared with fiscal 2019. The EC store business now accounts for 18.5% of sales, and is continuing to grow steadily. In July 2022, our new logistics center began shipments for the EC store. The new center has double the shipping capacity of our previous center, as well as an inventory that is significantly higher. The center also uses automated material handling technology for saving on labor costs. With its high output and high efficiency, we believe that this next-generation logistics center will be a major contributor to future business.

We will intensify our work to achieve an EC (e-commerce) ratio of 25% by 2030, if not sooner.



(4) Launch of the Kids Members system, with the aim of cultivating the next generation of customers

We launched services for our Kids Members Joshin app in April 2021, with the aim of establishing a channel of communication with young customers (elementary school aged or younger), who will become our next generation of customers. One of the notable features of this app is that it provides services via the parents' Joshin app, so that parents understand the services and feel comfortable letting their children use them. The Kids Members Joshin app fosters communication between parents and children, and that communication blossoms into communication between customers and at Joshin Kids Land.

As of August 2022, the app was used by roughly 120,000 members, and we will continue to create bonds that span generations, from parents to children and then on to their grandchildren.



MD&A (Management Discussion and Analysis of Financial Condition and Operating Results)

Recognition of the business environment

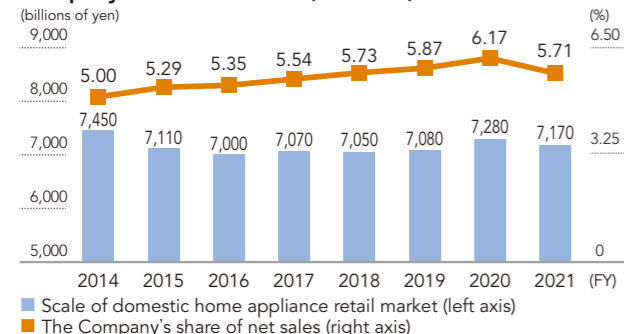
The scale of the domestic home appliance retail market (according to a survey by GfK Japan) has been approximately 7 trillion yen since fiscal 2014, the year after the special demand generated by the consumption tax increase. The Company's share of net sales has been increasing year on year, and in fiscal 2020, we recorded our highest share ever, partly due to the special demand generated by the COVID-19 pandemic. However, in fiscal 2021, the Company experienced a slight decrease in market share due to the downturn following the high demand in the previous fiscal year, and the request

for closing real stores in Kansai, where the Company is based.

Looking at changes in the size of the domestic market for retail home appliance the market size since fiscal 2014 has not exceeded the first year of the survey. Even in this environment, the Company's net sales have exceeded the first year for every fiscal year.

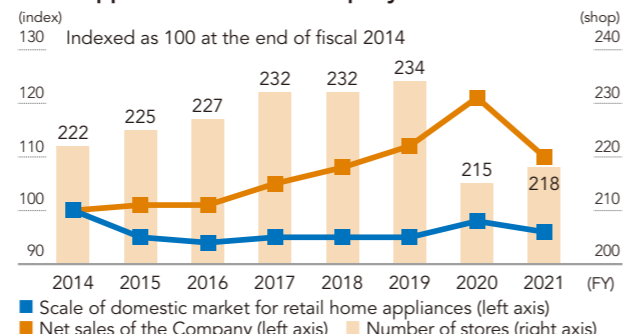
We see this as the fruit of our steady work to improve sales quality, such as engaging in strategic scrap and build of stores and business formats, as well as the growth of EC (e-commerce), which contributed to our business performance.

Size of domestic home appliance retail market and the Company's net sales share (estimate)



* General electronics retailer store market, domestic market, based on sales revenue, according to GfK Japan survey
* The data year of the GfK Japan survey is the calendar year (January 1 to December 31).

Comparison of the scale of domestic market for retail home appliances with the Company's net sales



* With the 2014 domestic market for retail home appliances and Joshin Denki net sales as an index of 100
* General electronics retailer store market, domestic market, based on sales revenue, according to GfK Japan survey
* The data year of the GfK Japan survey is the calendar year (January 1 to December 31).

Return on invested capital (ROIC)

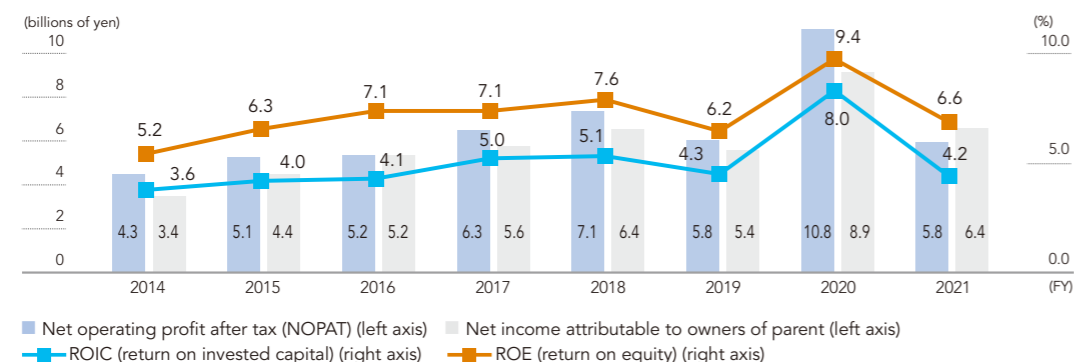
We have set numerical targets for ROE, ROA, and ROIC in the Company's Medium-term Management Plan (JT-2023). Of these targets, we have placed special emphasis on ROIC as an indicator that directly measures capital efficiency.

Net operating profit after tax (NOPAT)¹ for fiscal 2021 was 5,774 million yen due to the downturn following high demand in the previous fiscal year, and the return on invested capital (ROIC)² was also 4.2%.

Given these circumstances, considering the current commercial environment, we revised the numerical targets in the JT-2023 management plan in May 2022, aiming for ROA of 5.0% or higher, ROE of 7.0% or higher, and ROIC of 5.0% or higher.

1. Net operating profit after tax (NOPAT): Operating profit × (1 - effective tax rate). Assumes an effective tax rate of 35%.
2. Return on invested capital (ROIC): (NOPAT) ÷ (interest-bearing liabilities + equity).

Return on invested capital (ROIC) / Return on equity (ROE)



Summary of financial results

In fiscal 2021, net sales were 409.5 billion yen (91.2% compared with the previous fiscal year), operating income was 8.8 billion yen (53.7% compared with the previous fiscal year), and ordinary income was 9.7 billion yen (58.6% compared with the previous fiscal year), resulting in a significant decrease in revenue and income. The fall in income was mainly due to lower marginal income caused by decreases in net sales and the gross profit margin (25.0% to 24.0%), as well as higher logistics center-related costs and accompanying expenses. This was largely attributable to our Kansai Ibaraki Logistics Center, which is currently preparing for full-scale operations, and high-quality performance is expected after its launch.

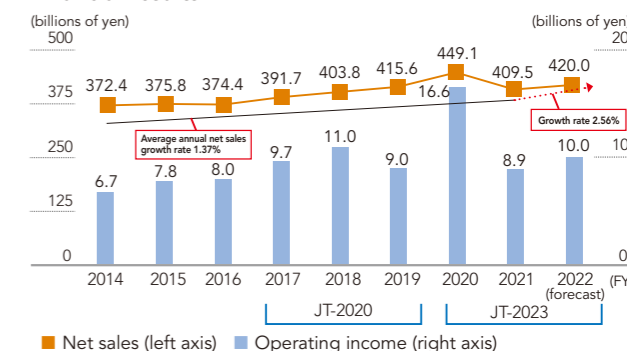
Although net sales saw a decline in fiscal 2021, in the eight years since fiscal 2014 (the year following the special demand in response to the consumption tax increase), the Company experienced a moderate upward trend with an average annual net sales growth rate of 1.37%, while the domestic market for retail home appliances remaining at around 7 trillion yen.

Looking at our financial position, our net assets steadily grew as we consistently posted profits while reducing interest-bearing liabilities. The most recent net D/E ratio in fiscal 2021 was 0.38

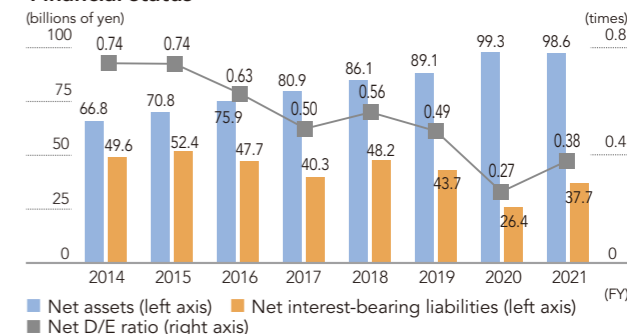
times, which is well below one times, indicating that financial soundness was maintained.

In fiscal 2022, the final year of the JT-2023 management plan, we are aiming to achieve our targets and expect net sales of 420 billion yen (up 2.56% year on year) as well as operating income and ordinary income of 10 billion yen.

Financial results

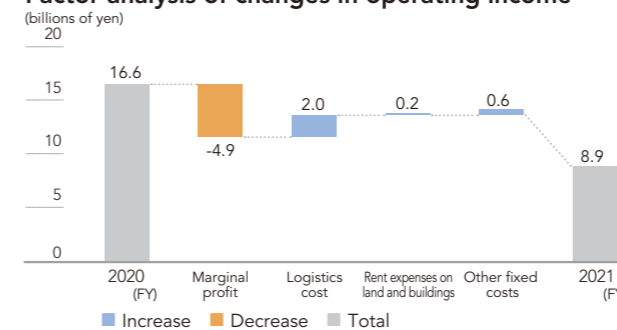


Financial status



(Net interest-bearing liabilities = interest-bearing liabilities - cash and deposits)

Factor analysis of changes in operating income



Our financial position

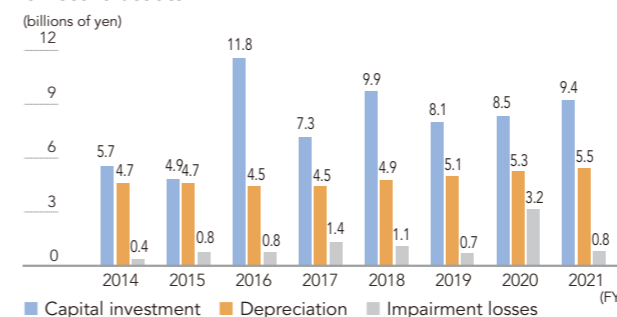
In order to maintain our financial soundness, it is extremely important to optimize the balance between assets and liabilities.

As part of our use of cash flow for each fiscal year, we worked to optimize interest-bearing liabilities in parallel with each investment. For projects related to stores, we thoroughly examine all the details of every project as investments directly linked to

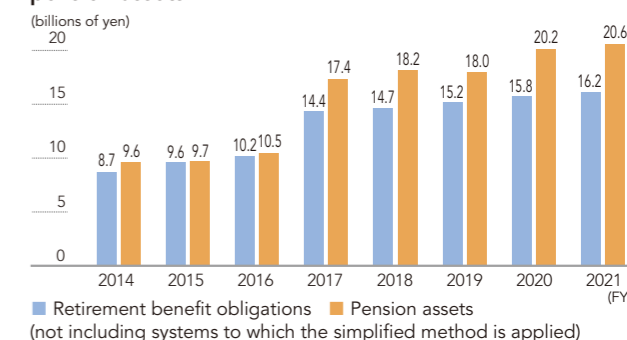
future profits before implementing them. At the same time, we also execute effective accounting measures for impairment losses according to the financial results of each store, in order to prevent the deterioration of assets.

Pension financing was also in a situation where assets exceeded liabilities, and there are no unrealized losses for retirement benefits.

Capital investment, depreciation, and impairment losses on store assets



Changes in retirement benefit obligations and pension assets



(not including systems to which the simplified method is applied)

Message from the Executive Officer in Charge of Financial Strategy

Financial stability is the cornerstone of our corporate growth.
We will actively invest the cash flow generated from sound finances in strategies for sustainable growth.

大石 卓

Suguru Oshiro
 Director and Executive Officer in charge of Financial Strategy



Financial policy

(1) Maintaining a stable financial base

In the previous Medium-term Management Plan, JT-2020, the Company worked to strengthen the financial base.

As a result, during the period of the previous plan (April 2017 to March 2020), our equity ratio increased from 40.8% to 45.2%, and our net interest-bearing liabilities (interest-bearing liabilities - cash and deposits) decreased from 47.7 billion yen to 43.6 billion yen. In addition, we also made capital investments of more than 25 billion yen, and were able to steadily strengthen our financial base.

As a result, JCR (Japan Credit Rating Agency) upgraded our long-term issuer rating, which is an objective evaluation of financial strength, to A- (November 2020).

(2) Optimal allocation of operating cash flow

In our current Medium-term Management Plan, JT-2023, we are allocating the cash flow generated from our businesses to investments essential for our growth strategy, and plan to open up prospects for medium- to long-term business model transformation and sustainable growth.

In our current medium-term management plan, we have

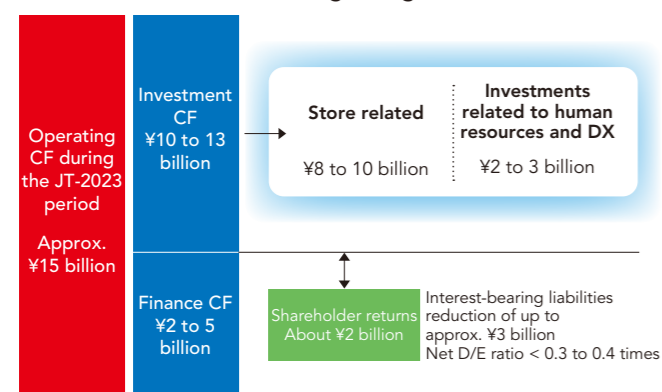
set numerical targets for ROE, ROA, and ROIC, with the aim of improving our capital efficiency, in order to increase shareholder value.

We have revised the final target figures, based on the financial results forecast for the final year of the plan.

In our next medium-term management plan, we have reestablished the level we are aiming for over the medium term as our target value, and will shift to management with a stronger awareness of management efficiency, with a focus on ROIC.

Regarding the distribution of operating cash flow, we believe that it is even more important to adopt a balanced approach for making investments, which will form the foundation for our growth in the future and for strengthening shareholder returns. These investments include using the generated operating cash flow to strengthen the value chain, improve systems in the EC store business, and invest in human resources, including by securing work-ready employees and by extending employment. In JT-2023, we plan for the average annual operating cash flow for three years to be roughly 15 billion yen. We will use the amount that exceeds this plan to reduce interest-bearing liabilities, in preparation for

Cash allocation (annual average image)



Financial indicators

	JT-2020		JT-2023	
	Fiscal 2019 (actual results)	Fiscal 2021 (actual results)	Final year (target)	
Equity ratio	45.2%	45.4%	45% or more	
ROE	6.2%	6.6%	7.0% or more	
ROA	4.4%	4.4%	5.0% or more	
ROIC*	4.3%	4.2%	5.0% or more	
Payout ratio	24.6%	31.4%	around 30%	

* ROIC = Operating income × 0.65 (assuming a tax rate of 0.35) ÷ (end-of-period net assets + end-of-period interest-bearing liabilities)

future growth investments aimed at realizing our medium- to long-term strategy. For our future direction, we plan even more effective allocations in line with our sales strategy plans.

(3) Stable shareholder returns

The Company's basic policy is to distribute continued and stable dividends taking into consideration business results and the balance between dividends and internal reserves. In fiscal 2021,

Aimed at proactive growth investment

For current investments, we spend roughly 8 to 10 billion yen each fiscal year, primarily on store openings and store renovations. Based on the perspective that the importance of real stores will continue to increase going forward, with rising customer recognition, effective use of service infrastructure such as logistics, and the synergistic effect of the expansion of our EC store business, we will continue to proactively support our real stores, while considering asset efficiency.

In addition, M&As could be one of the Company's options for spontaneous growth. Our basic idea regarding M&As is not to "buy consolidated net sales and profits." Rather, an examination of the possibility of creating synergies with our strategies, including "human resources" and "business models," is the most important point in making these decisions. With this perspective in mind, we are still gathering a wide range of information.

Capital policy

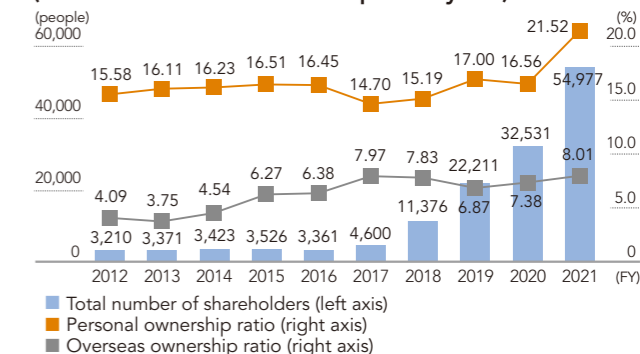
This April, the Company's stock was moved to the Tokyo Stock Exchange (TSE) Prime Market. For cross-shareholdings, we steadily reduced the number of shares (company by company), while also striving to secure liquidity in order to maintain a market capitalization (liquidity) that is valued by a wide range of investors, which is the mission required of listed companies in this market. As a result, in the past year, the number of traded shares of the Company increased by approximately 1.35 million shares (approximately 5% of the number of shares outstanding) under the Tokyo Stock Exchange standards, and individual shareholders accounted for the majority of the increase in the shareholder composition. As of the end of March 2022, the number of individual shareholders had more than doubled year on year to 9,473. (End of March 2021: Number of individual shareholders: 4,321)

we maintained the same dividend as in the previous year: 75 yen per share. Further, for fiscal 2022, we announced a dividend payout ratio of around 30%, assuming that we achieve the targets in the JT-2023 management plan.

In our next medium-term management plan, we will return profits through dividends and are also considering the possibility of returning profits from a variety of perspectives, including capital policy.

Going forward, we will continue to invest approximately 10 billion yen annually in store-related items, and plan to invest the same amount in our growth strategies (management structural reforms), including items recognized as accounting expenses. Looking at the breakdown (approximate), we are considering a portfolio of 6 billion yen to strengthen business including the EC store business, 1.5 billion yen for systems that support corporate management, 1.5 billion yen for investments to strengthen human resource use, and roughly 1 billion yen for other profit structure reforms and services, strengthening the infrastructure, and items related to climate change. Considering the likelihood of corresponding changes in the environment, including recent geopolitical events, we will strive to operate flexibly on each project through discussions with the Board of Directors, and then consider investments to expand our earnings base in the future, in a flexible way that captures every business opportunity.

Trends in total number of shareholders and ratio of ownership by individuals and overseas investors (as of the end of March of the past 10 years)



Engagement with a wide range of investors

When looking ahead to the future, the further diversification of shareholders is one of our most important themes. Due to our steady efforts, we have dramatically increased the number of individual shareholders, as described above, contributing to the creation of fans at the Company's real stores and EC store, as retail businesses. For details, please refer to the section on engagement with personal investors on page 58.

At the same time, over the medium term, we intend to more than double the ratio of investors from overseas, which is currently around 8%, in line with the Prime Market standards required by the Tokyo Stock Exchange. In addition to disclosing and providing materials in English, all inside directors participate in online individual investor relations meetings with institutional investors and others, in principle. At those meetings, we

strive to provide investors with a better understanding of the sophistication of home appliances through future ICT (information and communication technology), and the affinity between Japan's unique home appliance mass retailer business model and the lifestyle service business, while also putting the Company's unique value creation story into practice, while proactively making specific announcements.

Going forward, as a company listed on the Tokyo Stock Exchange Prime Market, we will continue to make growth investments that are even more proactive and conscious of capital efficiency, while maintaining a strong balance with improving shareholder returns. We will also further intensify our investor relations (IR) activities, and strive to be evaluated as a target for medium- to long-term investment by a wide range of investors.

Message from the Officer in Charge of Infrastructure Strategy



To provide healthy and comfortable lives to our customers, it is essential that we address environmental issues as a prerequisite for the infrastructure of their lives.

横山 晃一

Koichi Yokoyama
Director and Managing Executive Officer
in Charge of Infrastructure Strategy

Environmental initiatives

The Group has always worked to reduce our environmental impact as an industry leader, becoming one of the first companies to establish our Environmental Principles in 1998, and we acquired ISO 14001 certification for our head office building in 2000. Further, based on our management philosophy of “Connecting people and society to the future with a smile,” we have set a management vision of “becoming a hub for the infrastructure of life through the power of home appliances and ICT,” and are making every effort to create two forms of social value: “supporting and strengthening resilience in our aging society,” and “achieving carbon neutrality in the home.”

Moreover, we conduct our daily corporate activities with pride in being a company that plays a part in our customers’ life infrastructure, so that they can live more safe, secure, healthy, and comfortable lives. To provide customers with healthy and comfortable lives, it is essential that we address environmental issues, such as climate change, as a prerequisite for that lifestyle. The Group has set “Contribute to a prosperous society in harmony with the global environment” as one of our management’s material (high-priority) issues and we are promoting all necessary initiatives to help resolve environmental issues.

Achieving the materiality target: to “Contribute to a prosperous society in harmony with the global environment”

The Group is in the retail business, and most of our GHG (greenhouse gas) emissions are due to using electricity in our stores. For this reason, we have started working to quickly reach carbon neutrality at all of our business sites, and over the past year (fiscal 2021), we made substantial progress in converting the sources of power used at business sites to renewable energy (conversion to renewable energy).

As of the end of March 2022, 79.4% of our business sites where the Company contracts directly with power suppliers have completed the conversion to renewable energy, and we plan to reach 100% by 2023. In addition, the ratio of renewable energy use at all of our business sites, including tenants is 49.4%, and we will achieve 100% renewable energy use by 2040.

We are also promoting the adoption of photovoltaic systems (solar panels) at all business sites where installation is possible, with the aim of improving the Company’s energy self-sufficiency through off-grid power generation and consumption, and we are scheduled to complete installations in fiscal 2023. As a result, we have achieved a 67.6% reduction in GHG emissions compared with fiscal 2013, and have already achieved the target of a 46% reduction set by the Japanese government.

From the perspective of contributing to the realization of a society with net-zero carbon emissions, we need to consider

reducing not only emissions from our own activities, but also GHG emissions throughout the entire supply chain. In fiscal 2021, the Group calculated our emissions for the first time and got a good grasp of the overall picture for Scope 3 emissions. Going forward, we will consider and cooperate on reduction measures for 2050 in coordination with our suppliers, who are our business partners.

Also, in July 2021, we expressed our support for the recommendations from TCFD (Task Force on Climate-related Financial Disclosures) and for the transition to a society with net-zero carbon emissions. Although regulatory compliance related to climate change is identified as a business risk, we see sales activities that respond to changes in product demand as business opportunities. We have identified and analyzed the risks and opportunities that climate change poses to the Company’s business and have formulated countermeasures. We will disclose the contents that match the TCFD recommendations starting in fiscal 2022.

Going forward, we will further strengthen our actions as a Group to achieve the goal of Joshin Green Smile Challenge 2050, with the aim of realizing carbon neutrality by 2050, as well as other environmental issues, in this way improving our corporate value as we work to “achieve carbon neutrality in the home.”

Environmental policy

Joshin Group Environmental Principles

The Joshin Group recognizes that conservation of the global environment based on the spirit of our Corporate Credo of “Thoughtfulness” is of extreme importance for people and all other life on earth. We intend to work hard as a responsible corporation with the social mission of creating an environment where people can live in peace, comfort, and good health, while also considering biodiversity.

Revised December 21, 2021

Joshin Group Basic Environmental Policy (excerpt)

Based on our management philosophy of “Connecting people and society to the future with a smile,” the Joshin Group conducts all business activities while focused on making prosperous living proposals that anticipate lifestyle changes, and on providing safe and secure products and services. Through these activities, we will contribute to a prosperous society in harmony with the global environment.

- | | |
|------------------------------------|--|
| 1. Management system | 5. Disclosure of environmental information |
| 2. Ensuring compliance | 6. Conservation of biodiversity and ecosystems |
| 3. Engagement with stakeholders | |
| 4. Raising environmental awareness | |

Joshin Group Environmental Action Guidelines (excerpt)

1. Initiatives to counteract climate change

Climate change is one of the most important issues facing humanity, and we intend to realize a carbon-neutral society as a countermeasure to climate change.

2. Initiatives to create a recycling-based society through the effective use of resources

We intend to realize a sustainable, recycling-based society by efficiently using limited resources, minimizing waste, and through recycling.

Enacted December 21, 2021

Joshin Green Smile Challenge 2050 (excerpt)

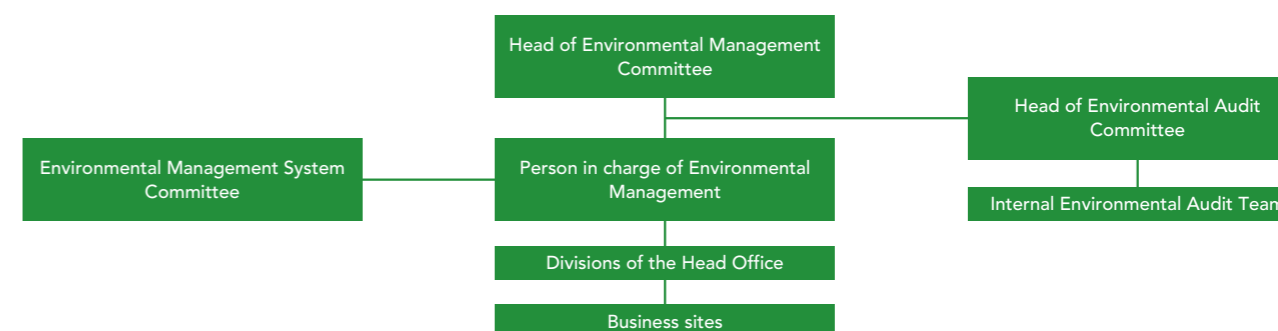
The Joshin Group aims to achieve sustainable growth by “contributing to a prosperous society in harmony with the global environment,” and has set the following targets for environmental issues, to be achieved by 2050.

- Raise the percentage of renewable energy sources to 100% (at all business sites, including those that are rented out) [2040]
- Raise the percentage of off-grid power to 50%, as a ratio of total power consumption, to promote off-grid power generation and consumption
- Cut 100% of GHG emissions in all categories of Scope 3
- Rank as the top company in the *CDP Climate Change Report* [2035]
- Establish the business model of a circular economy, through value co-creation with business partners

* Please refer to our website for details.
<https://www.joshin.co.jp/joshintop/csr/2021/environment04/> (in Japanese)

Environmental management system

Organization for fiscal 2022 environmental management system (EMS)



Climate Change

Policies on climate change

Environmental issues such as climate change are growing increasingly critical. Since abnormal weather has a severe environmental impact, including massive disasters even in Japan, climate change has become one of the highest priority issues that companies can no longer ignore.

Given these circumstances, the Group has positioned "contributing to a prosperous society in harmony with the global environment" as one of our high-priority material issues (materiality). As part of our actions to effectively deal with the risks and opportunities from environmental issues, we will work

to disclose information in compliance with the TCFD (Task Force on Climate-related Financial Disclosures) disclosure recommendations for governance, strategy, risk management, as well as metrics and targets.

The Group will further promote company-wide initiatives, such as reducing GHG emissions, and actively disclose this information.



TCFD requirements	Item details	Recommended disclosure contents	Explanation
Governance	Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	We discuss environmental initiatives in the Climate Change Project, and hold discussions at the Sustainability Committee, which manages the progress of high-priority financial and nonfinancial issues, then consults with the Board of Executive Officers and the Board of Directors.
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	In response to initiatives aimed at mitigating climate change, we are promoting the Climate Change Project. We have established a system for monitoring climate change initiatives by reporting on them regularly to the Sustainability Committee, which has executive directors, executive officers, full-time corporate auditors, and heads of divisions (including subsidiary officers), and is chaired by the representative director, president and executive officer.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	As a starting point for the risks and opportunities related to climate change, the Joshin Group has set short-term targets up to 2025, medium-term targets up to 2030, and long-term targets up to 2050. The Sustainability Committee will continue to discuss risks and promote opportunities that will have a major financial impact on the organization, based on the scenario analysis within the project, then report to the Board of Directors.
		b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	The Group is conducting analyses based on two scenarios: an average temperature increase of 1.5°C to 2°C and an average temperature increase of 4°C. The goal of assessing both these scenarios is to determine the risks and opportunities that climate change poses to the Group and their impact on business, as well as to implement countermeasures. We have identified the business impact of transition/physical risks and opportunities for both average temperature increase scenarios, and have started to take countermeasures up to 2030. Our main long-term targets up to 2050 are described in this <i>Integrated Report</i> (see pages 17 and 18). Based on these assumptions, we look at the impact of climate change and plan new growth opportunities in our business strategy and medium-term management plan for both temperature increase scenarios.
		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	To verify the resilience of our organizational strategy, the Group has conducted a business impact analysis for each risk and a scenario analysis based on the results. Focusing on the items that are expected to have a large qualitative impact, we use these results to analyze risks that affect the Company's strategy and countermeasures. We intend to maintain resilience by using the findings of our analyses when formulating key measures for each department and basic strategies for sustainability management.
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	In our company-wide risk management system, we have established the Risk Management Committee and Sustainability Committee, the core of the risk management system, to identify, assess, and manage risks for the entire Group, including those related to climate change.
		b) Describe the organization's processes for managing climate-related risks.	Currently, we identify risks, assess any impact on business, and formulate countermeasures in the Climate Change Project. The Sustainability Committee then deliberates on these risks and countermeasures. We have also established an environmental management system at our Head Office departments based on the ISO 14001 standard, and we monitor other risks, such as compliance with laws and regulations, under this system.
		c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	Disclose the metrics and targets used to assess and manage climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	For addressing climate-related risks, we recognize the importance of reducing GHG emissions and installing photovoltaics (solar panels) or renewable energy systems at Company sites. Therefore, we use GHG emissions, photovoltaic systems, and renewable energy introduction ratios as indicators. We have set SBTi certification and RE100 acquisition as medium- to long-term goals, and Major Targets for Materiality Initiatives as short-term goals, and we will monitor indicators, while managing the progress of strategies as well as risks.
		b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 3 calculation results (fiscal 2021) are listed in the major categories (see page 35 for 1, 2, 4, 5, and 11).
		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	We have stated our goals in the Climate Action Roadmap (see page 36).

Analysis of climate-related risks and opportunities

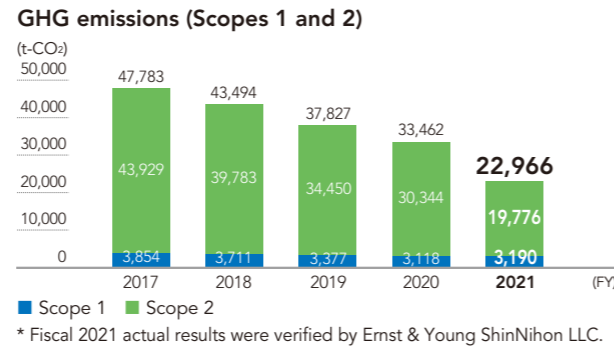
● Assuming a scenario of 1.5 to 2°C
○ Assuming a 4°C scenario

	Major classification	Minor classification	Item	Overview	Financial impact		Countermeasure
					1.5-2°C	4°C	
Risks	Transition risk	Policies and legal regulations	Introduction of carbon pricing	<ul style="list-style-type: none"> ● There will be a major impact from carbon pricing, which is being introduced in countries around the world, and is expected to be introduced in Japan as well. ○ Introduction of carbon pricing will not make much progress due to the lack of public support for price increases resulting from its introduction. The impact will be small on the Company's costs, such as utility bills. 	Large	Small	<ul style="list-style-type: none"> ● Further promote 100% renewable energy conversion for all business sites under Company contracts as well as renewable energy conversion for rented properties, through external procurement, PPAs (power purchase agreements), and off-grid power generation. ● Promote energy conservation at business sites ● Introduce electric vehicles for decarbonization ○ Minimize risk by effectively combining capital investment for more air conditioning equipment and heat insulation materials, external purchasing of fossil fuel-derived energy and renewable energy, PPAs, and off-grid power generation.
			Cost increases due to soaring energy prices	<ul style="list-style-type: none"> ● Increased electricity demand will cause electricity prices to go up, in turn raising energy costs for every business site. In addition, fossil fuel prices will likely soar and fuel costs for logistics and delivery will also go up. ○ There is a possibility that energy prices will soar due to uncertain factors, such as intensifying storm and flood damage as well as supply interruptions due to conflicts in petroleum-producing countries. 	Large	Small	<ul style="list-style-type: none"> ● Implement measures to achieve net-zero carbon emissions by combining procuring renewable energy with energy conservation and carbon credits ● Consider introducing electric vehicles (EVs) and hydrogen-powered vehicles to achieve net-zero carbon emissions ○ Minimize risk by effectively combining capital investments for more air conditioning equipment and heat insulation materials, external purchasing of fossil fuel-derived energy and renewable energy, PPAs, and off-grid power generation.
		Delayed response to a shift in demand for environmentally friendly products	<ul style="list-style-type: none"> ● If we fall behind other companies in proposing environmentally friendly living, this will lead to a decrease in net sales, due to fewer customers visiting stores and other factors. ○ Due to the decline in awareness, we cannot expect a significant shift in demand to environmentally friendly products, and the decline in net sales will be limited. 	Large	Small	<ul style="list-style-type: none"> ● In order to achieve carbon neutrality in the home, strengthen sales of environmentally friendly products and promote advanced-feature remodeling of housing ● Build stores that consider the environment and energy conservation ● Propose renewable energy sources for general consumers and small businesses 	
	Physical risk	Reputation	Decline in reputation due to passive response to climate change	<ul style="list-style-type: none"> ● As a major home electronics retailer, we are a point of contact with consumers, and if we are reluctant to respond to climate change we will be viewed as a bottleneck in the spread of environmentally friendly products, which will cause our stock prices to fall and sales to drop. ○ As the business continuity system of the entire supply chain is being closely monitored due to the frequent occurrence of severe natural disasters, reluctance to respond to climate change will be viewed as a problem for business continuity, which will cause our stock prices to fall and sales to drop. 	Large	Large	<ul style="list-style-type: none"> ● Strengthen sales of environmentally friendly products and promote advanced-feature housing remodeling in order to achieve carbon neutrality in the home ● Build stores that consider the environment and energy conservation ● Disclose information for TCFD recommendations and support and disclose information on international initiatives on climate change to enhance our reputation ○ Establish and promote a business continuity management system that considers climate change risks
			Suspension of business due to intensifying storm and flood damage	<ul style="list-style-type: none"> ● Although sales are expected to decline due to large typhoons, heavy rains, or other weather events at stores and logistics/delivery bases, the impact of these events will be limited. ○ If a large typhoon, heavy rain, or other weather event occurs mainly at a store or logistics/delivery base, then net sales will decrease due to fewer customers visiting stores, the disruption of employee commuting routes, and fewer sales opportunities due to inventory shortages and inventory damage at logistics/delivery bases. 	Small	Large	<ul style="list-style-type: none"> ● Establish and promote a business continuity management system that considers climate change risks, and control climate change risks in the Risk Management Committee ● Take the initiative for storage batteries at business sites and for general consumers ○ Begin construction to improve the resilience of business bases (logistics centers, service centers, stores, etc.)
		Damage to Company bases due to intensifying storm and flood damage	<ul style="list-style-type: none"> ● Although costs are expected to increase due to flood damage at stores and logistics/delivery bases caused by large typhoons, heavy rains, or other weather events, the impact of these events will be limited. ○ In the event of large scale typhoons, heavy rains, or other weather events at stores and logistics/delivery bases, costs associated with inventory damage due to flooding and repair costs for damage will increase. 	Small	Large		
Opportunities	Energy sources	Increase earnings by selling renewable energy	<ul style="list-style-type: none"> ● Increase earnings by entering the growing renewable energy market. Potential opportunities include investment, corporate PPAs, VPPs (virtual power plants), and renewable energy power plan proposals. ○ Although actively working on renewable energy power = all-electric systems and V2H, etc., can lead to an increase in net sales, the effect is limited as awareness is low among consumers. 	Large	Small	<ul style="list-style-type: none"> ● Begin renewable energy-related businesses, such as implementing off-grid power generation by introducing photovoltaic system equipment (solar panels) and implementing VPPs in collaboration with power companies 	
		Increased net sales from products and services that respond to climate change	<ul style="list-style-type: none"> ● Due to growing awareness of climate change, sales of environmentally friendly products and services including introducing renewable energy power plans will increase. ○ Demand for air conditioners/refrigerators will rise throughout the year as average temperatures go up. There will also be more demand for disaster response supplies, house ruggedization, relocation to higher ground to avoid flood damage, and replacement demand due to relocating. 	Large	Medium	<ul style="list-style-type: none"> ● Strengthen sales of environmentally friendly products and promote advanced-feature remodeling of housing environments in order to achieve carbon neutrality in the home, and support customers to reduce GHG emissions by promoting sales of products designed to create, store, and save energy ● Build stores that consider the environment and energy conservation ● Propose renewable energy sources for general consumers and small businesses 	
	Alliances with other companies, such as startups working on environment-friendly living	<ul style="list-style-type: none"> ● Increase net sales by investing in startups working on climate change, forming alliances with other companies, and providing products and services related to environmentally friendly living. ○ Although sales related to environmentally friendly living are limited, there is a high need for such products and services, and we will increase net sales by providing products and services that respond to rising average temperatures. 	Large	Medium	<ul style="list-style-type: none"> ● Establish business models for carbon neutrality and a circular economy through alliances that could develop into capital alliances, such as improving the efficiency of the visualization of supply chain emissions through collaboration with companies supporting initiatives for net-zero carbon emissions, and provide sales of renewable energy power and environmentally friendly products for general consumers. ○ Strengthen product services that respond to the increase in average temperature through alliances with startups and other companies 		

Initiatives to reduce GHG (greenhouse gas) emissions

Among the seven material issues (materiality) of the Joshin Group, we have positioned "Contribute to a prosperous society in harmony with the global environment," as one of the highest priority issues. We will work to help resolve and adapt to these issues in cooperation with Group companies and stakeholders.

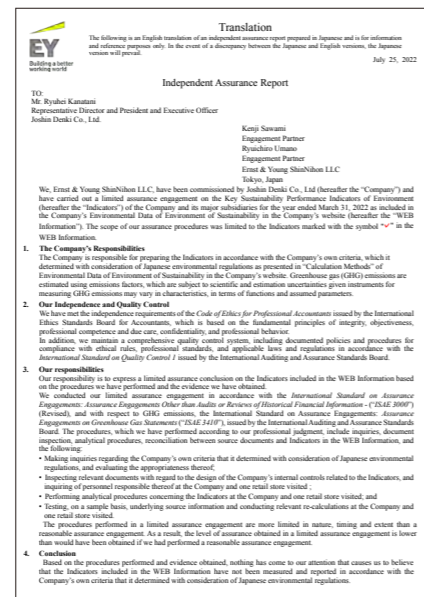
The entire Group will work together to strategically reduce GHG emissions, mostly CO₂, and we intend to create new business opportunities by helping to resolve social issues.



We have received third-party assurance of numeric values

To enhance the trust from our stakeholders, the Joshin Group has received third-party assurances from Ernst & Young ShinNihon LLC for Scope 1 (direct emissions) and Scope 2 (indirect emissions).

Through these efforts, we intend to further improve the reliability of sustainability reporting within the Group.



Information subject to assurance:
Energy consumption, GHG emissions (Scopes 1 and 2)

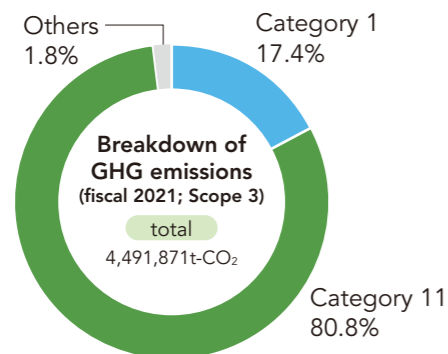
Range of assurance:
Bases of Joshin Denki Co., Ltd. and three subsidiaries (Joshin Service Co., Ltd., J.E. Next Co., Ltd., Joshin TEC Co., Ltd.) located in Japan, as of the end of March 2022

See below for the details of the range of coverage and calculation standards. (<https://www.joshin.co.jp/joshintop/csr/2021/environment05/>) (in Japanese)

Identifying GHG emissions in the supply chain

Of the GHG emissions throughout the supply chain of the entire Joshin Group for Scope 3* (indirect emissions other than Scopes 1 and 2), we identified all categories that correspond to GHG emissions for fiscal 2021.

* Scope 3: GHG emissions made indirectly through the supply chain of corporate activities during purchasing, manufacturing, distribution, delivery, business trips, commuting, disposal, etc.



Category 1: Purchased goods and services
Category 11: Use of sold products
Other: Total of categories 2-7 and 12-15 (categories 8-10 are not applicable)

Investigation results of major Scope 3 categories (FY 2021)

Scope 3 category	Overview of each category	Calculation results	
		GHG emissions (t-CO ₂)	Ratio (%)
1	Purchased products and services Procuring raw materials, outsourcing packaging, purchasing consumable supplies	781,163	17.4
2	Capital Goods Extension of production facilities (if construction or manufacturing spans multiple years, we will record it in the final year when construction or manufacturing is completed)	31,832	0.7
4	Transportation, delivery (upstream) Procuring logistics, internal logistics, shipping logistics (Joshin Denki is the shipper)	25,410	0.6
5	Waste generated from operations Shipping and processing waste (excluding valuables) outside Joshin Denki	5,717	0.1
11	Use of products sold Use of the product by the user	3,627,643	80.8
Other categories		20,106	0.4
Scope 3 total		4,491,871	100.0

Roadmap for climate change initiatives

We recognize that responding to climate change is an urgent issue that will have a significant impact on the entire Group. The Joshin Group regards climate change as a company-wide management-level risk as well as an opportunity, and will reduce the impact throughout a product's lifecycle.

Goals and measures	By 2025	By 2030	By 2050
Early realization of 100% renewable energy power sources at all business sites	Raise the percentage of renewable energy sources used at business sites where the Company contracts directly with power suppliers to 100% 2023	Conduct negotiations to increase the percentages of renewable energy sources used by tenants and other leased property	Raise the percentage of renewable energy sources to 100% at all business sites 2040
	Main initiatives <ul style="list-style-type: none"> Switch to 100% renewable power sources backed by non-fossil fuel energy certificates 2023 	<ul style="list-style-type: none"> Negotiate and discuss introducing renewable energy with the lessor and operate the entire facility with renewable energy 2030 	<ul style="list-style-type: none"> Consider using credits (J credits and green power certificates) for business sites where it is difficult to introduce renewable energy 2050
Initiatives to improve off-grid power ratio to total electricity	Adopt photovoltaic systems (solar panels) to improve energy self-sufficiency, and achieve off-grid power ratio of 25% to total electricity 2030		Achieve off-grid power ratio of 50% to total electricity
	Main initiatives <ul style="list-style-type: none"> Promote off-grid power generation and consumption by introducing photovoltaic systems and storage batteries at compatible business sites where the Company contracts directly with power suppliers 2030 Promote the introduction of off-grid power generation in collaboration with PPA (power purchase agreement) providers as well as manage and control power demand at business sites through VPPs (virtual power plants) 2030 	<ul style="list-style-type: none"> After completing the FIT (feed-in tariff) project for approximately 6.5 MW that has been underway since 2012, we will begin off-grid power generation and consumption as a post-FIT initiative. 2050 	
Manage and reduce GHG emissions throughout our supply chain	Set numerical targets for GHG emission reductions for major Scope 3 categories	Took action to reduce GHG emissions in major Scope 3 categories	Achieved 100% reduction in GHG emissions in all Scope 3 categories
	Main initiatives <ul style="list-style-type: none"> Calculate GHG emission reduction targets for 12 main categories out of 15 items for Scope 3, following Scopes 1 and 2. After the calculation, we will begin GHG emission reduction programs in cooperation with the target departments for Categories 1 and 11, which have the highest emissions. 2030 After selecting target categories and quantifying them, we will disclose the process and progress on reducing GHG emissions in the CDP Climate Change Program and TCFD scenario analysis 2025 	<ul style="list-style-type: none"> Understand GHG emissions in the upstream/downstream delivery and production processes at each company, visualize GHG emissions across the entire supply chain, and take action to reduce emissions by 100% Complete reduction by 2050 	
Disclosure of information for TCFD recommendations and support for international initiatives	Endorse and certify international initiatives on climate change 2025 Qualitative/quantitative scenario analysis based on TCFD recommendations	Continuing initiatives in line with targets and action plans based on standards, such as SBTi	Formulated a CDP climate change program that was highly ranked 2035
	Main initiatives <ul style="list-style-type: none"> Set quantified targets for governance, strategy, risk management, and metrics and targets based on scenario analyses, also put into effect action plans for climate change risks and opportunities Actively participate in international initiatives, such as RE100, by setting carbon-neutral targets including the introduction of renewable energy, and in SBTi through scenario analysis and establishing supply chain emission reduction targets 2025 	<ul style="list-style-type: none"> Begin initiatives to reach environmental targets set through participation in SBTi and RE100, as well as the CDP Climate Change Program 2030 	<ul style="list-style-type: none"> Based on the action plan up to 2030, we will aim for the highest rank in the CDP Climate Change Program by continuing to work on these initiatives even after 2030. 2035

Strengthening Sales of Environmentally Friendly Products

Visualize of GHG emissions reduction by switching to environmentally friendly products

The Group has been promoting environmentally friendly products from an early stage. In particular, since air conditioners and refrigerators are used throughout the year, they have a range of ways to reduce the burden on household budgets for electricity bills and to make everyday living more comfortable.

The Group's environmentally friendly products are defined as products with a uniform energy-saving label of 4 stars or higher for air conditioners, CTVs, and warm water washing toilet seats, and 3 stars or higher* for refrigerators. Assuming a replacement

cycle of approximately 10 years for these products, we calculated the GHG emissions of purchased products in 2010 using the energy-saving navigation system Shinkyusan. We have calculated the amount of reduction based on the difference with the amount of GHG emissions at the same sales volume as fiscal 2021.

We will continue to promote environmentally friendly products and contribute to reducing household GHG emissions.

* This is because there was no 5-star refrigerator products in fiscal 2020 or fiscal 2021, with a few exceptions.

Targets and results for sales of environmentally friendly products

Environmental conservation items	FY 2021		FY 2022		Department in charge
	Target	Actual result	Target		
Promotion of sales of environmentally friendly products	Aim for 40% sales ratio (set with Joshin's own environmentally friendly standards)	43.6%	Sales ratio of 40%		Merchandise Department

Fiscal 2021: GHG emissions and reductions in environmentally friendly products

4 to 5 stars (3 to 5 for refrigerators)	FY 2010		FY 2021		Average GHG reduction per unit (kg-CO ₂ /year) (1) - (2)	GHG reduction (t-CO ₂ /year) (A) - (B)	Total units
	GHG emissions/year, Total units (t-CO ₂ /year) (A)	Average GHG emissions per unit (kg-CO ₂ /year) (1)	GHG emissions/year (t-CO ₂ /year) (B)	Average GHG emissions per unit (kg-CO ₂ /year) (2)			
Air conditioners total	79,670	731	65,132	597	134	14,538	108,963
Refrigerators total	21,996	188	14,050	120	68	7,946	116,654
CTV total	7,093	69	3,069	29	40	4,024	102,786
Warm water washing toilet seats total	181	45	108	26	19	73	4,025

Initiatives to sell environmentally friendly products at business sites

At every business site, we are working on initiatives for environmentally friendly products. We hold regular seminars in the stores on air conditioners and refrigerators that use excellent power-saving technology. Furthermore, with the aim of achieving monthly sales targets, we share sales methods and create salesfloor areas for recommended environmentally friendly products.

For business sites with outstanding sales results, we conduct interviews with Merchandise Department supervisors and staff from each sales department about sales know-how and their commitment to creating salesfloor promotion areas, then distribute our findings to all business sites as successful case studies. These case studies are then posted on our company intranet, and new staff members can refer to them and use them in their own departments.



Reinforcing our business related to renewable energy

Photovoltaic systems & compact measurement and display systems

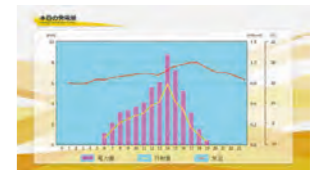
To achieve carbon neutrality and realize a society with net-zero carbon emissions, since 2012 the Company has used photovoltaic power generation systems at 45 business sites, including the Aridagawa store. Approximately 10,120 MWh of renewable energy is generated each year. We also installed display systems in every store to make it easier to see power generation conditions.

Purchasing entire generated power volume: 27 business locations
Off-grid consumption (PPA): 18 business locations

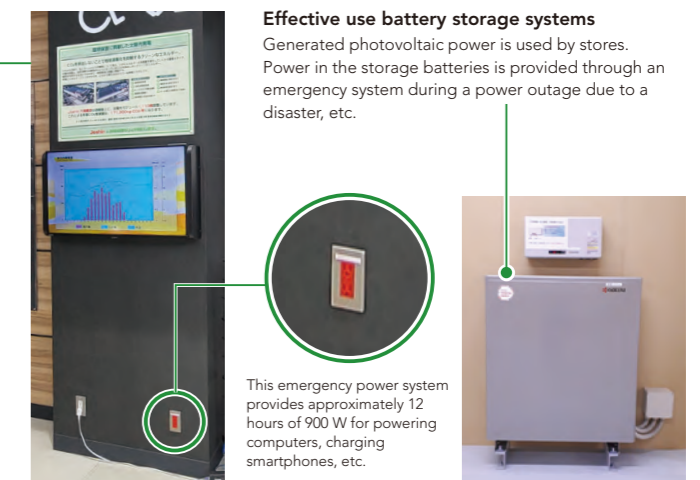


Example of graph screen display

Displays the amount of power generated, the amount of sunlight, and the temperature for the day. The graph is updated every 10 minutes.



Display item	Displayed content
Power generated (kWh)	The amount of power generated is displayed as a pink bar graph.
Amount of sunlight (kWh/m ²) Only displayed when sunlight intensity and temperature are measured	The amount of sunlight is displayed as a yellow line graph. The amount of sunlight is the cumulative amount for each block of time.
Temperature (°C) Only displayed when sunlight intensity and temperature are measured	The temperature is displayed as an orange line graph. The temperature is the average temperature for each block of time.



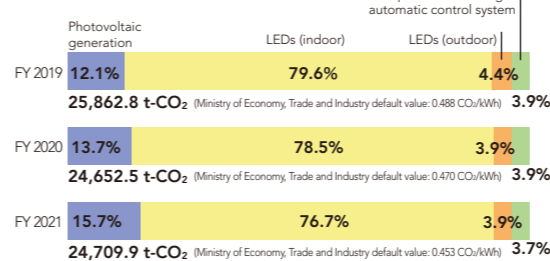
Effective use battery storage systems

Generated photovoltaic power is used by stores. Power in the storage batteries is provided through an emergency system during a power outage due to a disaster, etc.



This emergency power system provides approximately 12 hours of 900 W for powering computers, charging smartphones, etc.

GHG reduction breakdown



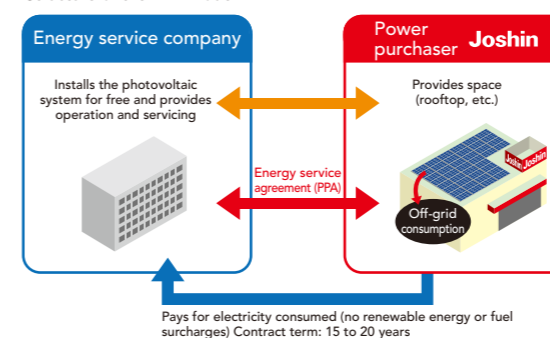
* Figures for renewable energy are not reflected.

PPA (Power Purchase Agreement) model

In 2020, the Company began planning operations under the PPA model and adopted the system at eight stores in January 2021, including the Wakayama store, where we now generate and consume renewable energy off the grid (off-grid consumption of approximately 469 MWh per year).

We aim to switch to 100% renewable energy at all business sites, and will work to promote off-grid power generation and consumption to increase the rate of off-grid renewable energy use.

Structure of the PPA Model



* Under the PPA model, the power purchaser provides space (land, rooftop, etc.) on which the PPA provider installs and operates a photovoltaic system. At the same time, the PPA provider measures the amount of power used and the power purchaser pays for the electricity consumed.

Electric vehicle charging systems

The Company supports the popularization of electric vehicles, strives to establish a low-carbon society, and aims to achieve a clean energy society.



Rapid charger (3 business sites)

Regular charger (24 business sites)

As of May 2022, rapid chargers have been installed at three business sites (the Kishiwada, Higashi-Osaka, and Minami-tsumori stores) and regular chargers have been installed at 24 business sites. We plan to install chargers in additional business sites going forward.



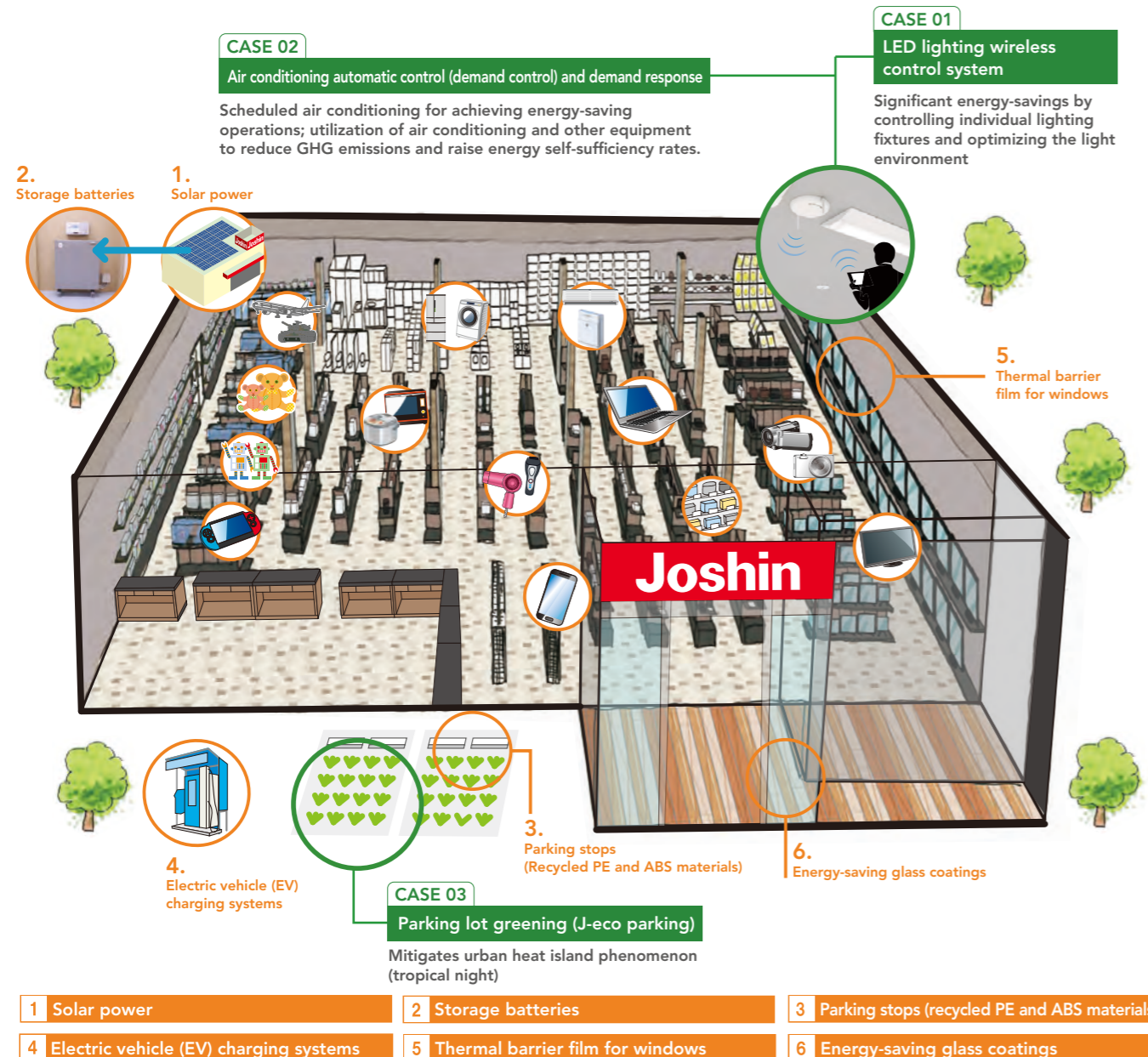
Eco-friendly, energy-saving store design

Joshin is striving to improve all of our stores with the aim of reducing global warming and creating a society where people and nature are in harmony. As energy-saving initiatives for the environment, we are gradually introducing energy-saving air-conditioning controls, store lighting dimmers and LED lighting in our stores. To conserve resources and for recycling, we are promoting simple packaging with the cooperation of our customers. In addition, J-eco parking, a system to reduce the urban heat island effect by greening parking lots, has been introduced to reduce GHG emissions.

Creating stores with state-of-the-art equipment to combat climate change

In addition to installing a photovoltaic system, which is a clean energy source with no GHG emissions, we will consume the electricity generated by solar power ourselves. For excess electricity consumption, a new store equipped with power-selling has been built. Looking ahead, Joshin will gradually introduce state-of-the-art equipment, including a switch to renewable energy sources and the introduction of electric vehicle (EV) charging systems, to reflect our commitment to climate change in the development of our stores.

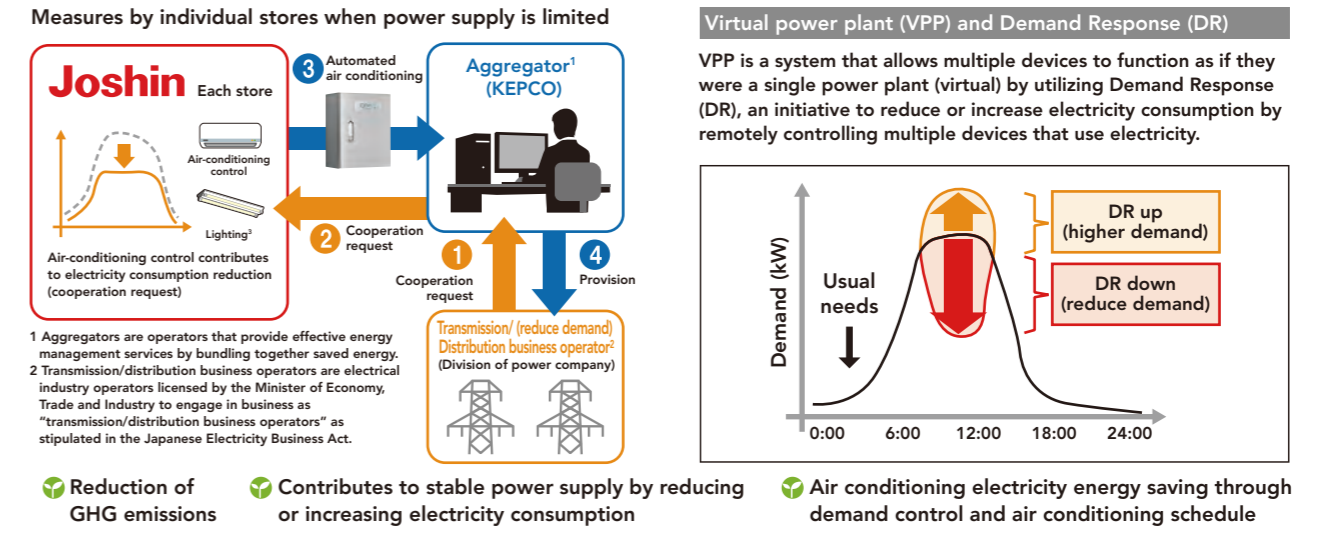
The main energy-saving equipment used in our stores



CASE 01 All LED lighting fixtures are individually controlled by a wireless LED lighting control system to optimize the light environment and save significant energy simultaneously 151 business sites



CASE 02 Continuous energy-saving and stable power supply through demand response initiatives using automated air conditioning (demand control) 16 business sites



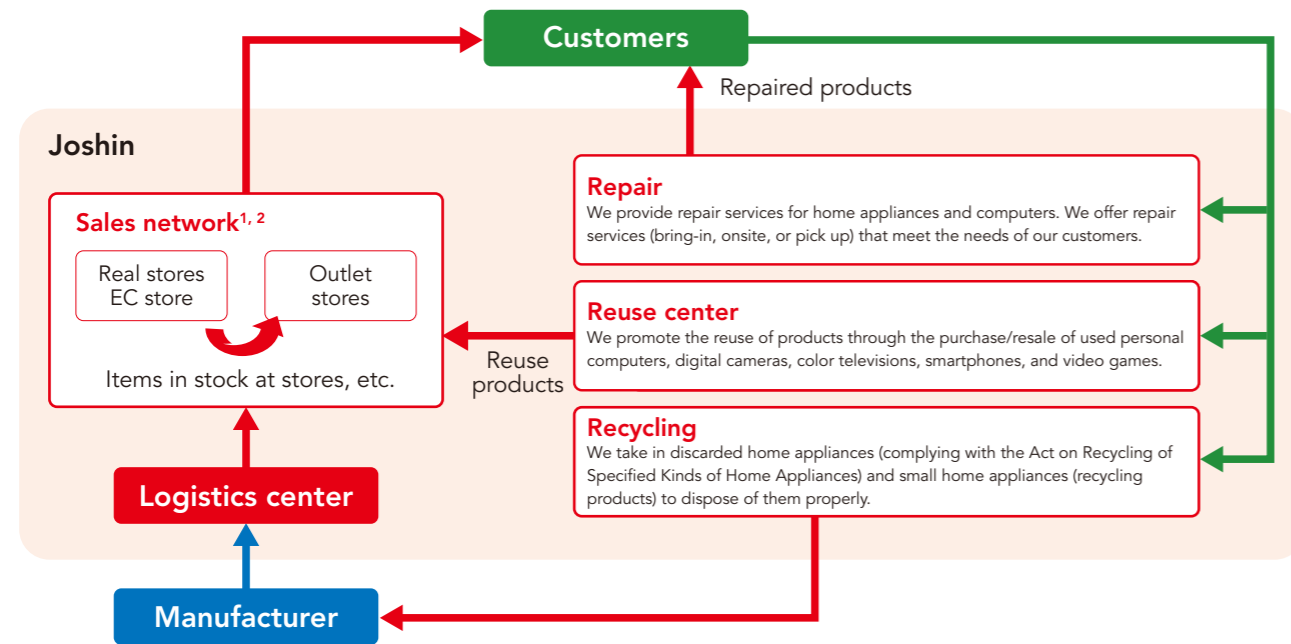
CASE 03 Parking lot greening (J-eco parking), contributing to environmental protection 50 sites



Building a Recycling-based Society

Resource recycling business flow

Joshin positions developing a resource-recycling society as one of our challenges. For this reason, we are promoting initiatives such as effective use of limited resources, repair systems, purchase/reuse of used products, and effective recycling of products that are no longer needed.



1. For reducing our environmental impact in stores, please see pages 39 and 40.
2. Includes some of the recycle centers doing business with Joshin.

2030 roadmap for materiality and action plan

Environmental sustainability in sustainability management, especially the creation of a recycling-oriented society along with climate change, is the key to our environmental initiatives. In addition to the 3Rs (reduce, reuse, and recycle), we will promote the circular economy from a new perspective and transform this into a new business model.

Action Plans	By 2025	By 2030
Rebuild the resource circulation cycles that includes reuse and resale	Promoting a circular economy within the Company 2030	
	<p>▶ Main initiatives</p> <ul style="list-style-type: none"> Achieve a recycling rate of 65% (Joshin Denki + Joshin Service total) for the four target product classes of home appliances 2030 Continually promote our cleaning business to encourage long-term use of air conditioners, washing machines, etc. 	
Further increase recycling areas for our EC store	<ul style="list-style-type: none"> Create a system that can support the increase of recycling areas along with the expansion of Joshin Web's delivery and working area 2030 	
Further cut the use of plastics by no longer offering disposable shopping bags and taking other related actions	Amount of plastic used in shopping bags 80% reduction compared with FY 2019 2023	Stop using shopping bags made with plastic materials 2030
	<p>▶ Main initiatives</p> <ul style="list-style-type: none"> Initiatives to improve the rate of refusal for plastic bags while introducing LIMEX material plastic bags 2023 Examine alternative bags that do not use plastic materials 	
		<ul style="list-style-type: none"> Introduce plastic-free shopping bags and discontinue conventional shopping bags 2030

Recycle & reuse

Home appliance recycling (four items)

Based on collection obligations under the Act on Recycling of Specified Kinds of Home Appliances, in fiscal 2021, we collected 863,939 units of four types of home appliances (air conditioners, televisions, refrigerators and freezers, and washing machines and clothes dryers). We also responded to requests from local governments for cooperation in picking up used fluorescent tubes and other non-obligated items that we are not required to recycle.¹

Results of recycled product (four items)

	Refrigerators	Washing machines	Air conditioners	CTVs*
FY 2019	21%	30%	30%	19%
Total: 894,642 items				
FY 2020	20%	30%	30%	20%
Total: 926,520 items				
FY 2021	20%	30%	28%	22%
Total: 863,939 items				

*CTV: Color TV

Small home appliance recycling

In fiscal 2021, we collected 273,150 small home appliances Group-wide. In addition to stores and service centers, we also offer a parcel delivery service, available from the Joshin EC (online) store.

Recycling small rechargeable batteries and personal computers

We are cooperating with the Small Rechargeable Battery Recycling Power-up Campaign organized by JBRC (Japan Portable Rechargeable Battery Recycling Center), and in fiscal 2021, we collected 10,433.4 kilograms of small rechargeable batteries. In addition, we participate in the Common Recycling of the Household PC Industry from the PC3R Promotion Association, and collect and recycle PCs from households.²

Reuse promotion of digital home appliances, etc.

We purchase/reuse personal computers, mobile phones, smartphones, digital cameras, video cameras, flat-panel TVs, Blu-ray/DVD recorders, video games, etc. Digital devices purchased in fiscal 2021 totaled 45,228 units for the entire Group. Purchased digital equipment is first sent to our Reuse Business Promotion Center, which is a reuse center. We have a system in place to sell the products in real stores and through the EC store after they undergo data deletion, repair, conditioning, cleaning, and operational checks.

1. Local governments that we cooperate with on picking up non-obligated items (as of June 2022): Urayasu City (Chiba), Kanie Town (Aichi), Kuwana City (Mie), Kyoto City, Joyo City, Oyamazaki Town (Kyoto), Arida City, Aridagawa Town, Iwade City, Katsuragi Town, Kudoyama Town, Gobo City, Hidaka Town, Mihama Town, Yuasa Town (Wakayama), and Nara City (Nara).
Used fluorescent tubes: Nagoya City, Kariya City, Komaki City (Aichi), Hirakata City (Osaka), Kobe City (Hyogo)
2. The achievements of collection/recycling in fiscal 2021 have been announced as a total of the recycling results of companies participating in Industry Recovery on the website of the PC3R Promotion Association

Reduce

Introducing LIMEX material plastic bags

Starting in July 2020, we introduced LIMEX plastic bags. LIMEX is made mainly from limestone, which is expected to be in stable supply, and will significantly reduce the use of plastic.



Table of actual results for air conditioner cleaning / washing machine tub cleaning (Actual results: units)

	FY 2019	FY 2020	FY 2021
Air conditioner cleaning	17,187	27,473	31,931
Washing machine tub cleaning	177	332	333



Promotion of air conditioner cleaning and washing machine tub cleaning

The Company handles air conditioner cleaning and washing machine tub cleaning so that customers can use the products they purchase with care for a long time. We remove the dirt inside air conditioners and washing machine tubs and increase the life of pulsators and heat exchangers to allow continued use of these products. In order to continue contributing to building a recycling-based society, we will thoroughly institute the 3Rs (reduce, reuse, recycle) throughout the product lifecycle and work to reduce the amount of waste generated.

Message from the Officer in Charge of Human Resources Strategy



Participation by employees in management will lead to higher corporate value and the realization of our management philosophy.

田中幸治

Koji Tanaka
Director and Managing Executive Officer
In charge of Management Planning and Human Resources Strategy

Following the management philosophy of “Connecting people and society to the future with a smile,” the Group creates two social values: “supporting and strengthening resilience in our aging society” and “achieving carbon neutrality in the home.” By doing this, we promote management that contributes to building a sustainable society.

To realize the creation of these two social values, we have set our management vision as “becoming a hub for the infrastructure of life through the power of home appliances and ICT,” and identified the seven material (high-priority) issues that we need to address. One material issue is to “achieve a rewarding working environment where diverse human resources play an active role.”

We consider our human resources strategy, in which we work to ensure diversity, to be integrated with our management strategy

The Group believes that the active participation of diverse human resources is the source of our organizational strength to control risks posed by changes in society, to seize new business opportunities, and to achieve sustainable growth. In an operating environment where change is the norm, we must be sensitive to the various challenges that society faces as well as potential consumer needs in order for us to contribute to society as a hub for life infrastructure. Our participation in society helps to achieve sustainable growth and higher corporate value for the Group. To sharpen our sensitivity to information, it is necessary to have an internal environment where diverse human resources can play a more active role and for us to create diverse values.

By creating an environment where a diverse range of human

resources can work together without distinction, it is possible to share within the Company the various daily life experiences of inconvenience, dissatisfaction, and uneasiness as social issues, and to bring solutions born from the free ideas of diverse human resources to bear on new businesses. This will also make it possible to develop new business solutions based on the free ideas of diverse human resources and to link new customer satisfaction to the enhancement of corporate value. This is the essence of the Group's sustainability management, and we believe that our human resources strategy to ensure diversity is an integral part of our management strategy.

We are promoting programs based on the concepts of respect for human rights and diversity & inclusion (D&I)

The Group is currently focusing on initiatives that create safe and secure workplace environments that focus on work-life balance and to secure, maintain, and develop human resources in parallel with environmental changes. Our goal is to achieve a rewarding work environment where diverse human resources play an active role. The universal value of respect for human rights serves as the mental foundation for all these initiatives, and the basic concept

that runs through all our efforts is diversity & inclusion.

The human resources strategy of the Group consists of initiatives to spiral up from ease of work to job satisfaction, then employee ownership, and further to enhanced employee engagement, by promoting ways to “achieve a rewarding working environment in which diverse human resources play an active role.”

To realize our management philosophy, we improve corporate value through active participation by employees in management

One specific measure of our human resources strategy: the Group is working to improve the environment for employees so they can participate in management.

In fiscal 2022, the Group established a Diversity Council as part of our inclusion (D&I) initiative. This major initiative helps to communicate to management the opinions of many employees gathered by the Diversity Council, then have the management team build relationships of trust by promptly responding to these opinions, and make improvements in the working environment and create new businesses.

The purpose of our human resources strategy is for the Company and employees to share a management vision and our sense of values, have every employee feel a bond with the Joshin brand and actively demonstrate their abilities, as well as motivate them to contribute to the creation of new value. We intend to improve customer satisfaction through the participation of employees in management that will lead to improve corporate value and to realize our management philosophy of “Connecting people and society to the future with a smile.”

Respect for human rights

- ★ Announce the Joshin Group Human Rights Policy across the supply chain
- ★ Develop an organizational structure that enables ongoing implementation of human rights due diligence

Diversity & inclusion

- ★ Established and operate the Diversity Council

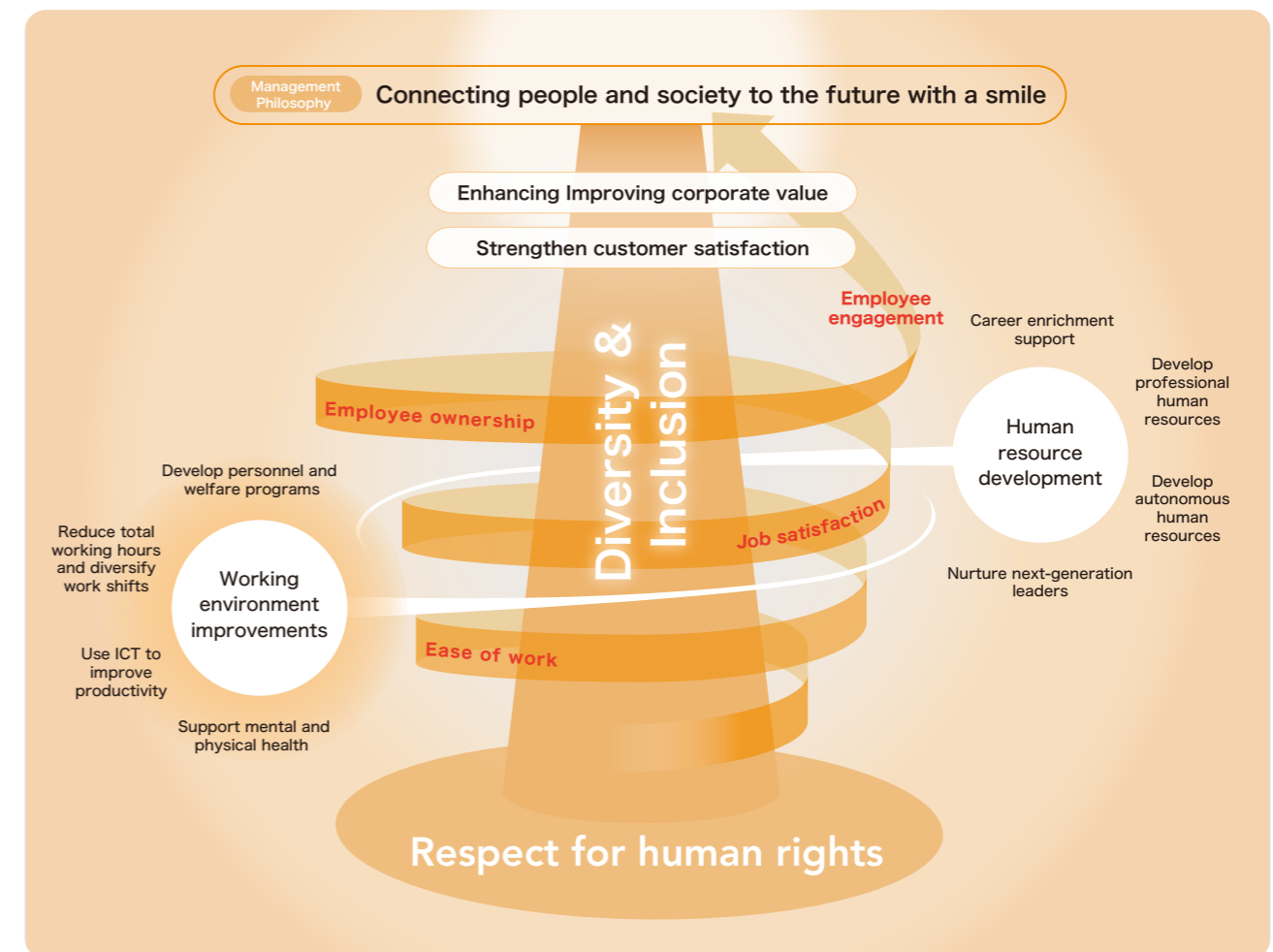
Create safe and secure workplace environments that focus on work-life balance

- Develop personnel and welfare programs
- Reduce total working hours and diversify work shifts
- Use ICT to improve productivity
- Support mental and physical health

Secure, maintain, and develop human resources in parallel with environmental changes

- Career enrichment support
- Develop professional human resources
- Develop autonomous human resources
- Nurture next-generation leaders

★ New initiatives ● Existing initiatives



Foundation of our human resources strategy: Respect for human rights

The Group considers respect for human rights to be the foundation of all corporate activities, and recognizes the importance of our corporate responsibility to respect human rights.

Based on the Joshin Group Code of Conduct, established in 2004, we are working to raise employee awareness, clearly stating respect for individuality and human rights, the prohibition of discrimination over gender, place of birth, race, educational background, beliefs, religion, mental or physical disabilities, etc., and the policy of dealing strictly with harassment.

Examples of specific initiatives

- Fair and honest treatment in all aspects of employment, promotion, evaluations, and benefits
- Continuing implementation of human rights training and education
- In 2019, we issued a declaration by top management to eliminate harassment.
- Promoting the design of barrier-free stores to consider the needs of the disabled and elderly, and salesfloors that consider the safety of small children

In July 2022, we signed the United Nations Global Compact. We will refine the activities of the Group while referring to the latest trends and examples of advanced programs related to respect for human rights.

We are currently preparing to formulate a human rights policy by the end of fiscal 2022. Going forward, we will also build a system for human rights due diligence in line with international



Global Compact certificate (Japanese version)



Basic concept that runs through every initiative: diversity & inclusion

Diversity and Inclusion (D&I) helps to realize job satisfaction and ease of work, and to create a foundation that opens up business prospects from diverse perspectives. We believe that the promotion of D&I is necessary to connect with society through services that bring smiles to the faces of our stakeholders and to pass on a prosperous future to the next generation.

To create an environment that promotes D&I, we believe it is essential to step up awareness, which can be expressed in four key phrases: ease of work, job satisfaction, employee ownership,

and employee engagement. We will work on these issues as the core of D&I and all other human resources strategy.

By establishing an in-house environment for diversity & inclusion where employees with different experiences, knowledge, perspectives, and values can work and accept their individuality and differences, we will create a powerful management organization that can increase our knowledge and ideas, curb the risks posed by social changes, and lead to the creation of new social value.



- November 2021 Established a new Diversity Promotion Office
- April 2022 Expanded *ikumen* (child-rearing men) leave¹ to the same 28 days as paternity leave²
- April 2022 Established the Diversity Council
- May 2022 Produced and displayed a D&I top message poster (left) in all departments
- May-June 2022 Showed videos to promote LGBTQ understanding (executives and employees of all Group companies)
- July 2022 Started introducing female managers and childcare workers (female and male) on the company intranet

1. *Ikumen* (child-rearing men) leave: Special childcare paid leave offered by Joshin Denki Co., Ltd. and home appliance sales subsidiaries. This system lets employees take a leave of 28 days within eight weeks after the birth of a child, or 14 days within 8 weeks of childbirth, and an additional 14 days within a year.
2. Paternity leave: National requirement that allows employees to take leave up to 28 days within 8 weeks after birth (established in October 2022)

Human resources strategy: four key phrases

► Ease of work

First, it is important that every employee is able to choose a flexible workstyle that suits them and that this is accepted within the Company. We will create a system and a work environment where employees with varied values and lifestyles can continue to work while experiencing ease of work.

- Reduce total working hours and increasing rate of taking paid leave (→ see details on page 50)
- Diversification of childcare/nursing care support system and work shifts (→ pages 48 to 50)
- Work-life balance initiatives (→ page 49)

► Job satisfaction

Feeling job satisfaction helps people feel more motivated. To achieve this, it is necessary for employees to clearly recognize their roles, with their supervisors' expectations clearly communicated to them, to be fairly evaluated according to their roles, and to be given equal opportunities.

- Implement management review interviews (→ page 52)
- Build a workstyle that leverages the experience of post-retirement employees (→ page 49)

► Employee ownership: work styles with autonomy

We can improve the performance of the organization as well as the individual by having employees recognize the goals of the team and their own role, and to interact with each other with a sense of ownership. We will foster employee ownership through good communication and education.

- Promote autonomous growth through education that matches abilities and positions (→ page 51)

► Employee engagement: urge to contribute based on relationships of trust

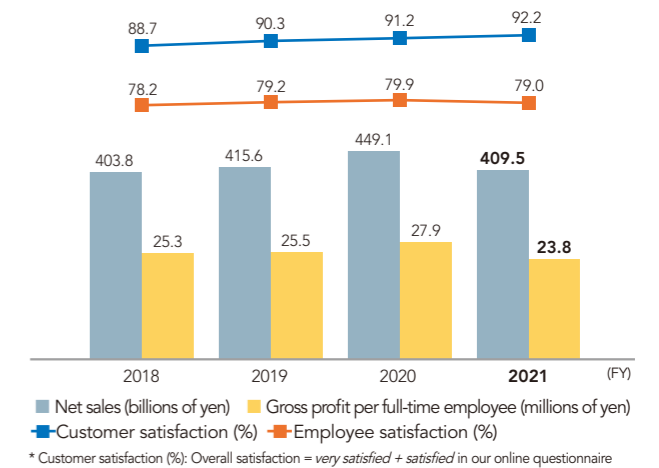
We can create a relationship of trust between employees and the Company if employees can see the Company's reason for being and the management direction in an environment where they

are comfortable working and can feel job satisfaction. Improving employee engagement will help with the creation of new social value through innovation. The Group creates new customer satisfaction by improving employee engagement, in this way achieving sustainable growth and improving corporate value.

- Create opportunities for employees to express their opinions and participate in management (→ page 47)
- Boost publicity inside and outside the Company to help instill our management philosophy
- Conduct quantitative evaluations of employee engagement and consider ways to make improvements



Employee satisfaction and financial data



Employee satisfaction (2019 to 2021)

	Work environment					Relationship at work	Satisfaction level with boss	Total score: 35 points (7 items × 5 points each)	Satisfaction level*(%)
	Vitality	Job satisfaction	Cooperation	Atmosphere	Ease of work				
FY 2019	3.72	3.78	4.21	4.20	4.13	3.75	3.93	27.72	79.18
FY 2020	3.83	3.88	4.25	4.18	4.12	3.75	3.95	27.96	79.88
FY 2021	3.73	3.80	4.23	4.19	4.10	3.72	3.94	27.71	78.99

* Total score for each item ÷ (35 points × number of people)

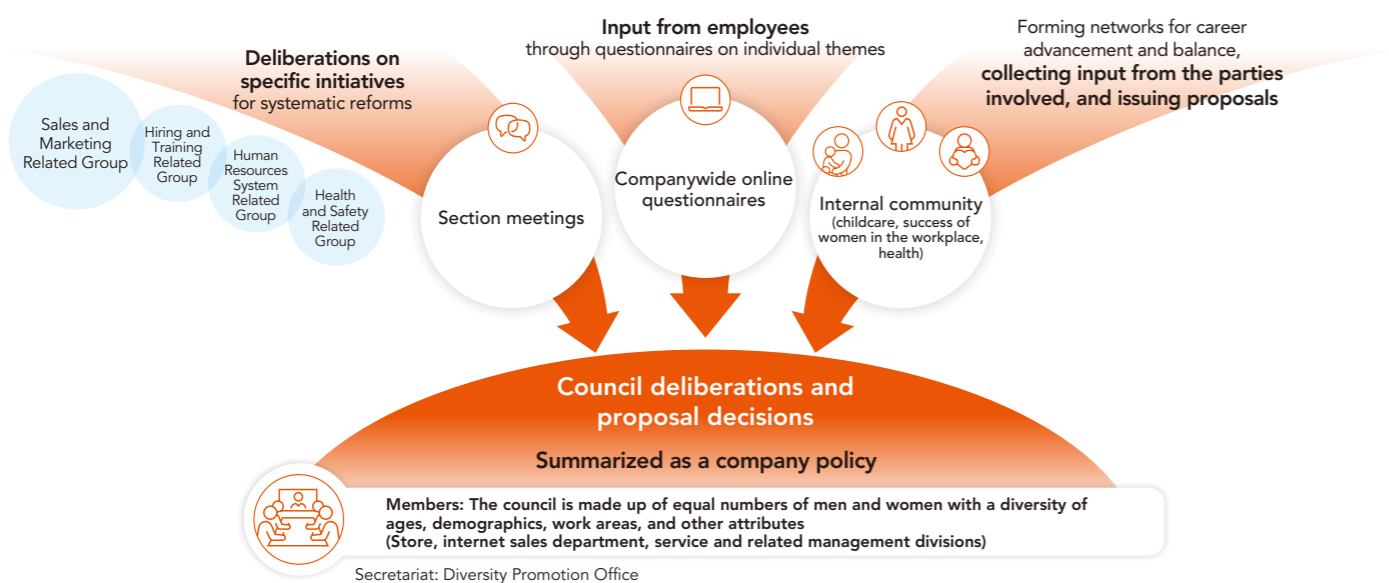
Diversity council: full swing operation starting in July 2022

The Diversity Council gathers opinions from employees regarding all of our D&I promotion themes, discusses them, and collects them as proposals.

The Joshin Group Diversity Council has a framework with four parts. All employees express their opinions through questionnaires and community communications, and then these diverse opinions are reflected in our management and operations.

Diversity Council objectives:

- Create a system for leveraging voices from employees in management and operations
- Provide support for long-term employment by forming an internal community
- Create comfortable workplace environments
- Increase employee engagement



Message from management regarding the Diversity Council

The Joshin Group is fostering a corporate culture that leverages diversity to continually create the new value needed by society. For this reason, it is important that employees, the wellspring of our sustainable growth, work energetically with smiles. The Diversity Council speedily relays the opinions of employees to management so that the opinions can be reflected in our policies. By listening to diverse voices, we seek to build relationships of trust with our employees and drive more engagement.

For companies that already have progressive initiatives, diversity isn't simply promoted from the perspectives of

ethics and improving employee benefits, but is positioned as a management strategy. Institutional investors also see that companies that promote diversity have a strong potential for long-term growth.

With building systems and culture that embraces diverse values and varied workstyles, we are keenly aware of needs and risks for improving our organizational capacity to innovate, as well as realizing the Joshin Group's ideals of "connecting people and society to the future with a smile," which lie beyond a smile on everyone's face.

Conceptual image of Joshin's diversity promotion system



Diversity Promotion Office

Increasing employee engagement using a flexible approach

Our basic management policy is to create a workplace environment where employees work energetically with smiles, which is why we created our Diversity Promotion Office in November 2021. Employees take their first step for building a relationship of trust with the Company when they find their workplace environments comfortable and they experience job satisfaction. By proposing workstyles that flexibly match employees' lifestyles, we ensure that employees and the human resources required for the future will choose the Group, and we make it possible to link the strengths of individuals to the improved performance of our entire organization. With backup from across the organization, including outside directors with extensive knowledge on diversity, we are currently launching unprecedented initiatives. We will reflect diverse perspectives in areas such as systemic improvements, while diligently working to meet our customers' needs and requests from within the Company.

The Diversity Promotion Office is using a flexible approach to improve employee engagement and forge stronger ties between employees and the Company.



Aki Shima
Diversity Promotion Office
Head of Office

Eliminating gender bias

► Childcare support system

From April 2022, we increased the number of days of *ikumen* (child-rearing men) leave to 28 days, the same as paternity leave.

Throughout the Group, we support the balancing of childcare and work by all employees, men and women, and we draw on the perspectives developed through taking care of a child as a family member.

Employees taking childcare leave or using the shorter working hours system (FY 2021)

Gender	Childcare leave	Shorter working hours
	No. using this system	No. using this system
Male	3	3
Female	119	49
Total	122	52

Employees taking *ikumen* (child-rearing men) leave

	FY 2020	FY 2021	FY 2022
No. of employees who took leave	84	90*	22*
Percentage who took leave	93.4%	(leave period still in progress)	(leave period still in progress)

* As of June 30, 2022

Comment from an employee that took *ikumen* (child-rearing men) leave

Smart Life Promotion Department
First person who took leave under the new system **Taira Ojima**

(Leave period: 14 days from birth of second child (leave taken in April 2022))

Q. How did you spend your time during your leave?

Partly because this was our second child, I mainly spent the leave period taking care of my older son and doing housework in general. I knew it would be impossible to take care of my son through the period when my partner was in the hospital while also working, so the *ikumen* (child-rearing men) leave was a real lifesaver.



► Success of women in the workplace

2030 Targets Permanent female employees: 30%, female employees: 50%, female managers: 20%

Women account for roughly half of Japan's population. To identify and address the needs of women, we need to assume that women's perspectives are incorporated into everything from store design to managerial decisions, and that female employees thrive in every section. As Japan's working population declines, companies will only be able to grow if they are chosen by men and women.

- Conduct ongoing education with the aim of eliminating unconscious bias, one of the impediments to the success of women in the workplace
- Prepare and improve systems and work environments, such as systems for supporting work-life balance, to enable women to continue working as they experience life events
- Foster a culture where both men and women can enjoy work and care for their children
- Share role models to cultivate a company culture where women exercise leadership and thrive
- Redesign managerial workstyles to eliminate the assumption of long working hours

Percentage of women

	FY 2020 Results	FY 2021 Results	2030 Target
Female directors	11.1%	22.2%	—
Female managers	3.2%	3.2%	20%
Female permanent employees	12.2%	12.0%	30%
Female employees	37.2%	36.8%	50%
Female new employees	26.5%	48.4%	50%

Proportion of women's average annual wages to men's average annual wages

	FY 2019 Results	FY 2020 Results	FY 2021 Results
Wage gap (permanent employee)	72.5%	72.3%	71.7%

The influx of new female employees is one factor affecting the wage gap.

Approach to improving workplace environment

Action item: Creating a safe and secure workplace environment that focuses on work-life balance

The Joshin Group is improving workplace environments so that all employees can enjoy rich private and work lives, regardless of their gender, age, or physical ability, and regardless of whether they are providing childcare or nursing care, or making use of our shorter working hours system. These initiatives include, for example, the introduction of a system in 2002 that allows employees to choose the personnel course that best matches their career plans, and to select a work location that ensures an effective work-life balance.

In addition, once a year, we survey all employees on their course selection preferences, and assign personnel according to the data that we gather. As our data shows, the average number of years of continuous employment for permanent employees is long and turnover is low. However, there is a gender gap in these results that must be addressed, so we are focusing on providing support that helps female employees maintain long-term employment.

Average number of years of continuous employment/turnover rates for permanent employees

	Female	Male	Total	2030 Target
Average number of years of continuous employment	10.0	18.2	17.8	—
Turnover rates for permanent employees	4.9%	2.1%	2.4%	2.5%

* Excludes involuntary retirees (mandatory retirement, expiration of leave, other retirements for company reasons).

Overtime work hours/paid leave usage rates

		FY 2019	FY 2020	FY 2021
Overtime work hours	Monthly average	18.1 hours	14.6 hours	14.7 hours
	Yearly average	216.6 hours	175.8 hours	177.0 hours
Paid leave usage rate (all employees)		44.9%	48.8%	54.4%

Expanded and improved personnel and benefit systems

▶ Extended retirement age

In fiscal 2020, we reached an agreement with the labor union to raise the retirement age by one year, from 60 to 61, in April 2021, and then one more year every year until April 2025, when the retirement age reaches 65. After retirement, if the employee wishes, they can continue their careers until the age of 70 as a "Smile Partner" (part-time employee). We will be able to build long-term relationships of trust with stakeholders, including customers, with respect, and then pass the torch on to the next generation.

Example: Comments from Seiji Tsumori Mobile Communication Group, Merchandise Department

For the six years before reaching retirement age, I served as the area manager in charge of over 10 stores in western Hyogo Prefecture, leading their productivity improvements.

Now, having passed the retirement age for that position, I am a member of the Mobile Communications Group in the Merchandise Department, where I make follow-up visits to stores, support rounders and I provide assistance with the training of mobile phone staff, etc. A lot of the work I'm doing is new to me, but I am able to use my extensive knowledge on conditions in stores. Every day is full of new discoveries, and I am happy and motivated by my growth through this position.



Seiji Tsumori
Mobile Communication Group
Merchandise Department

▶ Nursing care support system

In the future, the number of employees who work while providing nursing care to family members is expected to rise.

To support these employees providing nursing care and prevent them from leaving the company due to their obligations for nursing, on March 1, 2022 the Joshin Group launched the nursing care consultation desk, which is available for all employees directly employed by the Group. We joined a nursing insurance program as a joint labor-management project, and the consultation desk is available for free, 24 hours a day, 365 days a year.

Introduced in 1994: System of nursing care leave and shorter working hours for nursing care

Nursing care leave can be taken for up to one year for each person requiring family nursing care.

There is no time limitation for shorter working hours for nursing care.

▶ Employing people with disabilities

2030 Target Percentage of employees with disabilities: 3.0%

The Joshin Group is creating workplace environments where diverse employees are able to work equally and happily and have a long experience in life. We will create a resilient society by sharing the state of mind experienced in our daily lives as social challenges, and by turning the solutions from free-thinking individuals into unlimited business opportunities.

	No. of employees with disabilities	Percentage of employees	2030 Target
Status of employment of people with disabilities	190	2.6%	3.0%

Reducing total work hours and diversifying work shifts

From the perspective of reducing total work hours, we shortened business hours at 27 stores starting from April 2020, and 60 stores starting from April 2021. This increased the number of employees assigned (per hour), raising customer service ratios, and contributing to the beneficial outcomes of more sales of high value-added products that match customer needs, with an increase in both CS and revenue. We will also improve productivity by investing in labor savings, then cut down on overtime and increase paid leave. In addition, we will improve our operational capacity by diversifying work shifts under our system of shorter working hours for childcare or nursing care, in order for every employee to find a workstyle that matches their lifestyle.

ICT drive aimed at increasing productivity

The Joshin Group has been promoting ways to reduce workloads by saving labor and raising productivity. In some of our stores, we have introduced self-service cash registers, where customers touch a screen to select their payment method, eliminating physical contact when receiving cash and giving change. In the next phase of this process, customers will handle all payment processes themselves using full self-service registers. (261 registers have already been installed in 29 stores as of June 23, 2022. We plan to install them in all stores by 2024.)



- Started introducing electronic pricing (electronic shelf tags) ahead of the industry in 2013
- Used digital signs to create engaging sales areas using videos that showcase a product's appeal
- Supplied employees with wireless LAN transceivers that can be used to talk with multiple employees at the same time
- Started introducing a free address system in our offices with the goal of improving operational efficiency and stimulating communication

Mental and physical health support

2030 Target Achieve +2% average health index score across Japan

The Joshin Group has been promoting health and productivity management for many years, focusing on preventing employee turnover due to health problems. Starting from fiscal 2021, we set a target of +2.0% for average health index score (for obesity, blood pressure, liver function, lipids, blood sugar, and smoking) across Japan, and are now working on improvements and strengthening health guidance for employees.



- Reduce total working hours through both labor and management programs
- Mandatory complete medical checkups for permanent employees who have reached the age of 35 (at no cost to them)
- Promote specific health guidance to prevent lifestyle-related diseases
- Have workplace visits by industrial physicians, and provide online health consultations and interviews
- Recognized as a Certified Health & Productivity Management Outstanding Organization (Large Corporation Category) in 2022
- Established a system that allows employees to take leave and concentrate on medical treatment while receiving compensation for up to 36 months

Medical checkup participation rate

FY 2019	FY 2020	FY 2021
89.1%	95.7%	97.0%

▶ Mental health care and harassment prevention

Under our Declaration on the Elimination of Harassment (2019) prepared by top management, we conduct regular training sessions on preventing sexual, power, and maternity harassment, and have established a harassment reporting desk with seven staff members. For stress checks, a group analysis is conducted every year for all business sites to monitor the level of stress in each workplace and to make continual improvements.

Joshin Group Health and Productivity Management Declaration

We declare that we will support the mental and physical health for all Joshin Group employees.

The Joshin Group believes it is essential for the growth of the Group to create an internal environment where every employee can demonstrate their best performance in good mental and physical health, and to create a workplace where they can experience personal growth.

We will actively work to promote the health of employees and their families, who are the driving force of our Group, to put into practice our management philosophy of "connecting people and society to the future with a smile" through the creation of two social values: "supporting and strengthening resilience in our aging society" and "achieving carbon neutrality in the home."

Ryuhei Kanatani
Representative Director,
President and Executive Officer
金谷隆平

Stress check participation rate

FY 2019	FY 2020	FY 2021
93.7%	96.3%	97.5%

*Including business sites with fewer than 50 people

Approach to human resource development

Action item: Securing, maintaining, and developing human resources in parallel with environmental changes

Securing human resources in parallel with environmental changes means creating a company that attracts a diverse range of talented people, while at the same time fostering employees who are highly motivated to create social value with keen business awareness and new proposals for combating environmental change.

Joshin values motivated leaders willing to reform the corporate structure, rules, and business model in response to changes in the environment.

Higher employee knowledge and skills are not only the source of our corporate value but also the business engine of our sustainable growth. The development of effective human resource training is nothing less than an investment in the medium- to long-term growth of the Joshin Group.

Career enrichment support

The Joshin Group systematically develops human resources, while valuing a culture of self-directed and proactive learning among employees, from the career improvement of diverse talent to the grooming of new managers who will lead the next generation of management.

Education and training

Joshin's main business is to propose improvements to the household infrastructure, with home appliances at its core. Therefore, our employees are required to have extensive knowledge not only of home appliances, but also of general home living, a recycling-based society, and the conservation of the natural environment. In order to realize "Always with Joshin," we encourage our employees to be proactive in their learning.

Further, in order to prevent the spread of COVID-19, we promote proactive self-learning through an e-learning system. We have established and are operating an e-learning system that uses IT technology to create an environment where employees can learn by themselves a range of knowledge and skills at any time and place.

- Have introduced the Training Development System for Smile Partners that leverages our e-learning system and fairly evaluates employees based on their level of mastery
- Offer online study courses every year and help those who complete courses to pay for them (Fiscal 2021: 95 courses)

Promotion of acquisition of home appliance advisors/engineers and Smart Masters certifications

We also encourage employees to acquire various qualifications related to their jobs to support their proactive skill development, foster an entrepreneurial corporate culture that has a challenging spirit, and improve the competitiveness of the organization.

Qualification recommended & number of qualification holders

Title	Type	Holders
Home appliance advisor	All sorts	6,252
Home appliance engineer	All sorts	383
Smart Masters	—	2,159
Electrical worker	All sorts	295
Installation technician	All sorts	302
Health supervisor	All sorts	189
Photo master	Grade 1 to 3	1,888

* Total number of certifications held by Joshin Group officers, permanent employees, Career Promoters, contract employees, and Smile Partners

Education and training system

Category	Training (hierarchical)	Job-specific	Human rights education	Self-development support
Position	Senior staff	Senior training (management and legal expertise)		
	Manager	Managerial training (diversity management and compliance)		
	Chief	Chief training (human resource, coaching)		
Non-management	Late 50s	Life plan seminar (post-retirement financial plan)		
	Around 30	Level up training for mid-career employees (obvious role & execution power)	Training on mobile sales, delivery, product installation, and servicing	Encouraging qualification acquisition (recommended course)
	Year 5	Female career support (balancing life events)	Harassment prevention, diversity, etc.	Online study courses
	Year 4			
	Year 3	Younger employees upskill (2) (self-leadership development)		
	Year 2	Younger employees upskill (1) (CS mindset)		
	Year 1	Permanent employee orientation (of those registered as Career Promoters & Smile Partners)		
New employee follow-up (learn how to sell)				
New Employee	New employee training (join the workforce & Joshin Management Philosophy)			
Career Promoter (junior employee)	Training for Career Promoter			
Smile Partner (part timer)	Program for new staff			

Various OJT, e-learning, and training development systems

Training hours and costs

	Results
Frequency (days)	346
Total hours	43,453 ¹
Total no. of trainees	86,807 ²
Cost of training (yen)	38,817,257

1. E-learning is calculated by setting the average viewing time to 5 minutes per content and multiplying that by the number of times viewed. Product and support information sharing through the SA system is not included in this type of training.

2. Figures for temporary employees are also included in the total number of trainees.

Developing specialized human resources

Covering a wide range of business fields and offering the products best suited for the customer's needs requires specialized experience and advanced proposal strengths. Therefore, the Joshin Group strives to improve our ability to make proposals by acquiring this type of knowledge.

We are also working to develop our expertise by looking for experienced professionals in various fields, such as marketing, EC store operations, ICT/DX, management planning, finance and capital policy, legal governance, real estate management, construction, and investor relations.

Developing self-directed employees

Conduct management reviews

In the Joshin Group, at the beginning of each fiscal year, our superiors meet with employees and Smile Partners to set individual job goals and directly convey the Company's expectations to each employee. We encourage employees and Smile Partners in their self-directed skill development and personal growth by having them take on the challenge of creating ways to help themselves to accomplish their goals and experience a sense of achievement.

The superiors who conduct management review interviews are trained to motivate their subordinates through "praise" management.

Well-placed employees (self-reporting)

The Joshin Group is focused on creating a rewarding work environment, and periodically confirms whether these objectives are being achieved from the perspective of the workers through an annual Web-based survey called the self-reporting. The self-reporting was introduced in 1966 as a tool for employees to report their desired department and future position, and it has become a well-placed practice to encourage employees to exercise their abilities autonomously by assigning the right person to the right job. Every year, many suggestions are received from employees through self-reporting forms.

- Rethink the business hours at 87 stores for fiscal 2020 and 2021
- Conducted upgrades in stages to simplify the operation of POS systems
- January 2022: Introduced self-service registers
- August 2021: Introduced highly functional new uniforms

Personnel evaluation system

When appointing employees to positions that play a central role in the execution of business operations, the Group selects candidates with the highest business performance for promotion. Candidates are required to attend training sessions to acquire knowledge of laws and regulations, internal control rules, organizational management, labor control, and accounting expertise necessary for sales activities. Then, the top performers will be further evaluated on their presentation skills and other factors to determine their appointment.

Managers are rated and treated according to the weight of their responsibilities. Position grades fluctuate based on a fair evaluation of job performance, and the linked salary also fluctuates. This is an open personnel system with a semi-annual salary system that has no seniority, educational background, or gender factors for salary considerations. Many employees are promoted from Smile Partner to permanent employees and even to management positions after working as a Career Promoter (junior employee).

Fostering the next-generation leaders

In order to strengthen the functions of the Board of Directors, such as improving its effectiveness, the Group conducts training for directors and auditors six times a year by outside instructors as one of our efforts to enhance the skills necessary for management.

For executive officers, a wide range of expertise on business execution, such as legal governance, sales strategy, financial strategy, human resources strategy, business administration, and subsidiary management, are shared at the Board of Executive Officers meetings and Sustainability Committee meetings, which are attended by directors and auditors. The Group invests time and resources to evaluate and nurture executive officers.

- As part of our succession planning, we conduct executive training four times a year.
- In 2021, we appointed a female outside director with professional expertise to strengthen our diversity management.
- In 2022, we appointed an outside director with skills in ICT and DX to contribute to the transformation of Joshin's business model.

Promote management by smoothly sharing information between labor and management

At labor-management council meetings, the Company shares detailed information on the changing operating environment, our management policies, our business plans and the progress made toward them, our financial results, and other items. The labor union points out issues related to employee working environments and makes recommendations to management, providing a valuable arena for labor and management to exchange opinions.

Labor-management council meetings are attended by the Company's executive directors and executive officers, as well as the union's full-time officers and executives from each region. This enables the management visions and policies, and other details, to be shared with frontline union members. The council, as well as driving the business forward, plays a leading role in establishing a management system in which labor and management are united.

Collective agreement coverage

All employees	Unionized workers	Coverage ratio
3,969	3,669	92.4%

* Only includes permanent employees from throughout the Group.
* No. of employees at the end of the fiscal year (as of March 31, 2022).

Providing Safe and Secure Products and Services

Approach to product safety and voluntary action guidelines

Since Joshin was founded, we have been developing our business based on the concept that “The duty of a retailer is to ensure that the customers who purchase products always use them with peace of mind,” with the consistent offering of safe and secure products and services to our customers as a key question.

We formulated the “Voluntary Action Guidelines for Product Safety of Joshin Group” in 2007 to further embody this idea, and have developed a product safety promotion system in cooperation with the Group, so that our customers can always select and use the products we sell with peace of mind.

Voluntary Action Guidelines for Product Safety of Joshin Group

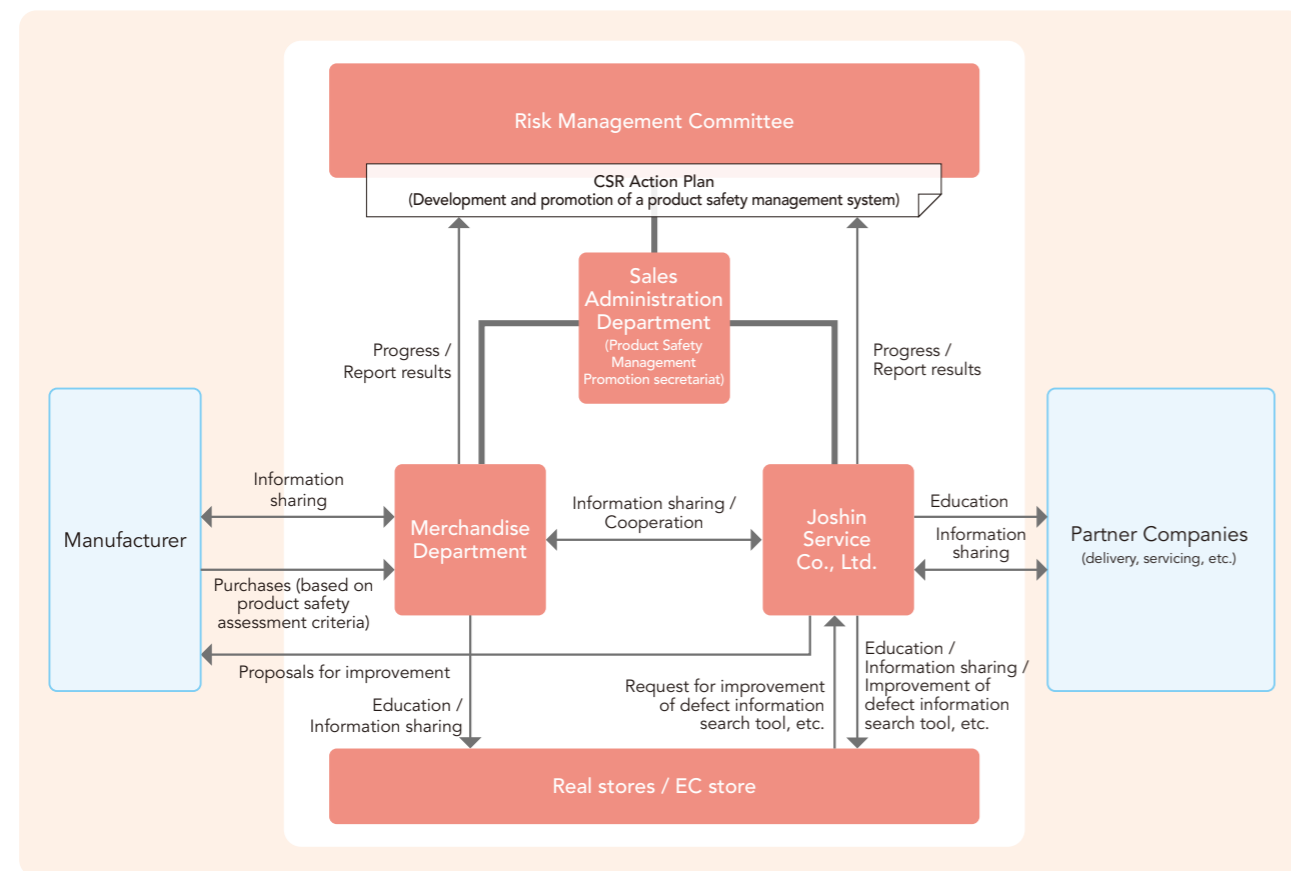
- Provide, install, and work on products trusted by customers.
- Collect data on product accidents and notify our customers.
- Establish a reporting system for product accidents, and a recall system.
- Publicize how to use products safely.
- Maintain and improve the product safety system while developing a risk management system.
- Ensure execution of “Give First Priority to Customer” and “Ensure Product Safety” set out in the Basic Management Policy.

Product safety management promotion system

At our Group, every division in charge of product safety reports to the Risk Management Committee every quarter on the state of activities based on the CSR Action Plan for the development and promotion of the product safety management system, in this way

sharing information. The Risk Management Committee regularly reviews the CSR Action Plan, and has established a system to direct departments to make required improvements.

Product Safety Management Promotion System



Procurement policy to ensure safety and security

The Company's supreme mission is to provide products and services that are treated with the highest level of care to not cause harm to the body or damage the health of our customers. Therefore, in order to ensure the safety of the products we handle, we make it a basic rule to conclude a Memorandum of Understanding on Product Safety at the same time we conclude a product purchase agreement with our suppliers. We also refer to our own Product Safety Standard Evaluation Sheet during individual business negotiations to ensure that we are taking all possible measures to provide safe products to our customers. In addition, we have set standard specifications that give top priority to safety for the delivery, installation, and servicing related work for home appliances.

These procurement policies are clearly stated in the Joshin Group Code of Conduct as selecting products and services that

give top priority to the safety of customers, and all employees of the Group act sincerely keeping in mind the policies in their respective departments.

The Joshin Group Code of Conduct stipulates the judgment criteria and action that all employees should share with our stakeholders, including customers, business partners, franchisees, contractors, local communities, and the environment. According to the Code of Conduct, we will establish the Joshin Group CSR Procurement Policy, the Joshin Group Anti-Corruption Policy, the Supply Chain Code of Ethics, and other guidelines by the end of fiscal 2022, and fulfill our corporate social responsibility through our business activities in the supply chain. We will continue to work on issues to realize our management philosophy, “Connecting people and society to the future with a smile.”

Development and implementation of education system

We proactively incorporate product safety-related subjects into the curriculum of various employee training programs conducted within the Company. We also conduct workforce training using a video conference system or an e-learning system as needed. Also, employees of our after-sales service department serve as instructors to provide product safety education to delivery and construction partner companies.

We have a system in place to ensure that our electrical work is always performed by electrical workers who are licensed as electricians.* Electrical workers are required to attach a name tag clearly indicating their electrician certification to the customer upon performing electrical work. Additionally, the electrician number is written on the construction slip given to the customer.

* The number of qualified electrical workers is 3,862 (the entire Group, including partner companies). (as of July 1, 2022)

Training for employees (on product safety)

Targets of the training	Frequency
Management candidates	At least 10 times a year
Service technology	At least 100 times a year
Solar power & Home renovation	At least 10 times a year
Product installation demonstration (store staff)	A few times a year
New employee	Once a year

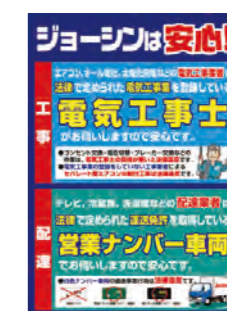
Training for external companies (on product safety)

Targets of the training	Frequency
Delivery & Construction (partner companies)	At least 70 times a year

The Company has opened the “Joshin Training House” inside our Technical Training Center as a facility for education and training on product delivery, installation, and servicing. With this facility, training can be conducted for various types of house structures of customers’ homes. Training is provided not only to our own employees but also to those of partner companies to prevent product accidents due to inadequate installation work.



Training at the “Joshin Training House” (patented in April 2012)

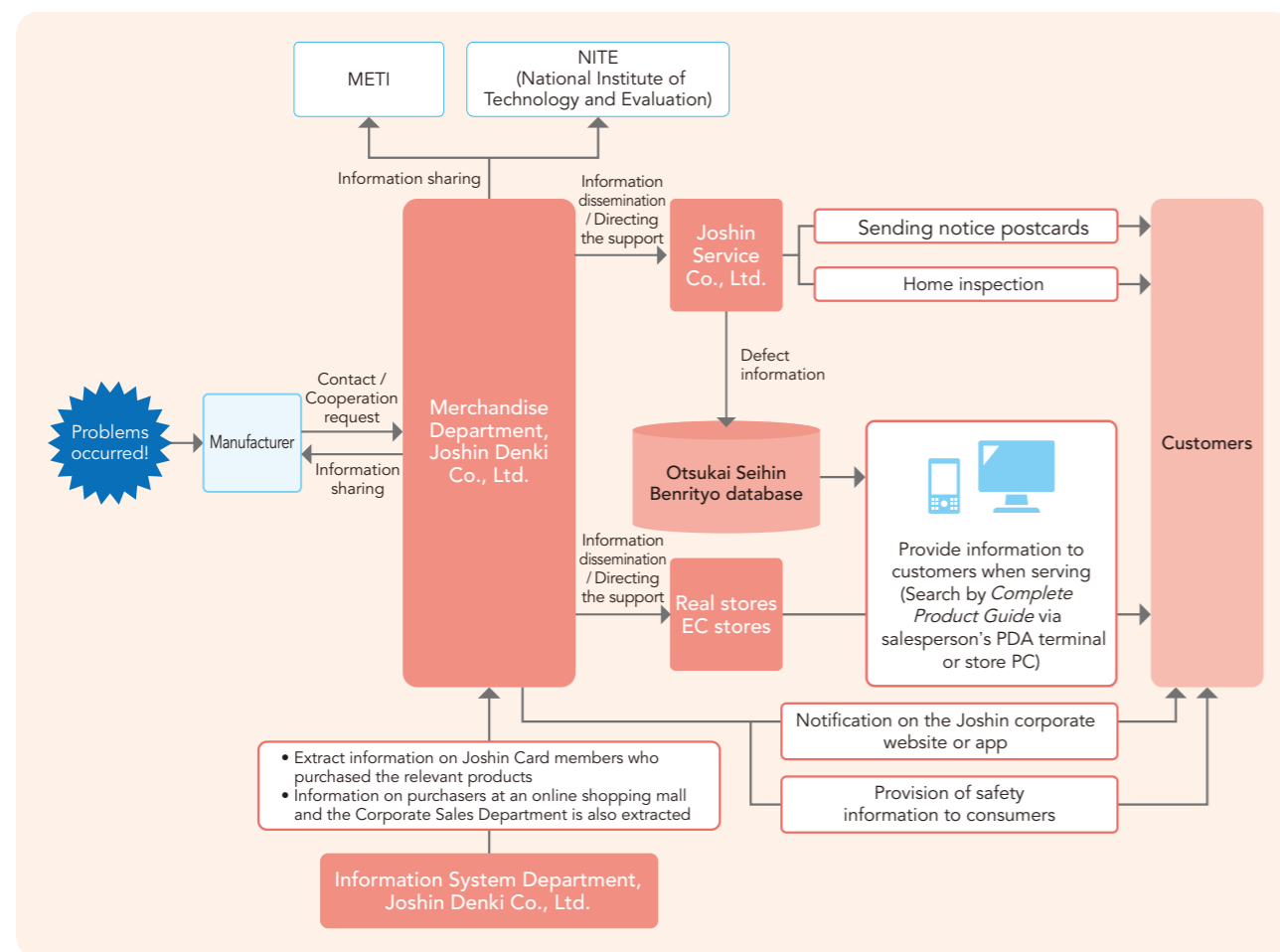


In-store posters and fliers emphasize the need for work to be done by qualified electricians

Flow when a defect occurs (Joshin's response)

In the event that a defective or faulty product is reported, the Company will work closely with the manufacturer and take prompt action following the workflow shown below. All information on products handled is managed and controlled by the Merchandise

Department, and whenever a problem occurs, the department issues instructions to each business site with a summary of countermeasures, which are then followed.



Steps taken after a manufacturer's recall

- (1) Search for all customers' purchase history sold by the Company. (Joshin Card member information, etc.)
- (2) Respond to requests for cooperation from manufacturers, and alert purchasers by direct mail.
- (3) If requested by the manufacturer, notify purchasers by phone and conduct home inspection.
- (4) Report recall information on manufacturers' products to customers at the store (when visiting the store to inquire about accessories and consumables)

When a manufacturer informs us of a defect, all customers' purchase histories are accessed using Joshin Card member information, etc., and then purchasers of defective products are alerted by direct mail. In addition, when requested by the manufacturer, we notify purchasers by phone and conduct home inspection, etc. The information on defects is databased and

shared with all employees in the Otsukai Seihin Benrityo. (our unique application)

Moreover, we have established a system enabling us to send direct mail on defects based on the purchaser data of consumables and accessories.

Defect database and how it is used

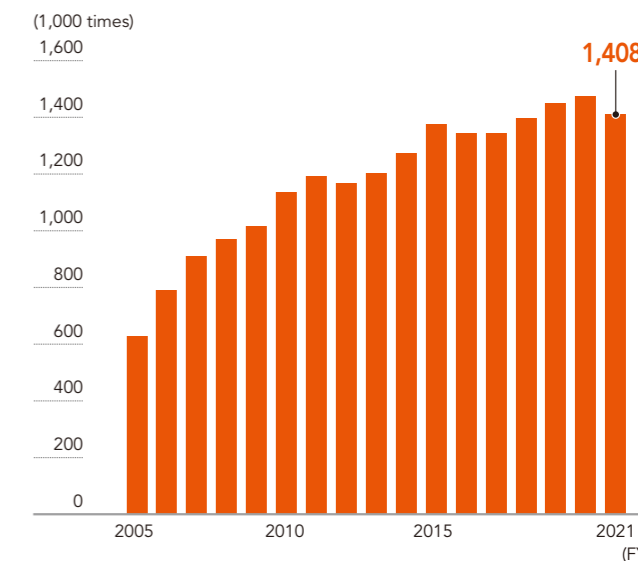
Information on product defects is stored in the Otsukai Seihin Benrityo database. The database stores approx. 2.33 million items of product information and related information, and is Joshin's proprietary system that allows employees to easily retrieve information on the product itself, related information such as compatible consumables and accessories, and even defect information from their PDA terminals.

In case of inquiries about consumables and accessories using this system, we will also provide information to customers.



Salesperson's PDA & Search screen of the Complete Product Guide

Number of annual searches of PDA/PC terminals by employees



Educating on how to use home appliances safely

Making use of the corporate website, we are educating consumers on the safe use of home appliances, such as setting up a page on "How to use home appliances safely" for consumers using the Internet (PCs and smartphones) and alerting them to recall information.

We are also making steady efforts, such as holding safety programs for elementary school children to raise the safety awareness of products at home.



"How to use home appliances safely" on the Joshin corporate website

External evaluation

After being certified as the first "Gold Medal Winning company,"* the Company has been recognized for our proactive actions aimed at achieving a higher level of product safety while maintaining our existing initiatives. Since the Awards Committee followed up (Confirmation that the initiatives taken at the time of certification are still being maintained, which is conducted every five years after certification as "Gold Medal Winning Company"), the "★" mark was added to the certification logo for the first time in the system.

As a top player or "Gold Medal Winning Company," we will make contributions to the establishment of a product safety-

oriented culture in the entire society by continuing our proactive approach to product safety.

* Companies that have been awarded the Minister of Economy, Trade and Industry Award (or Gold Award), three times or more are recognized as "Gold Medal Winning Company" with prominent product safety measures, and their willingness to improve their own initiatives based on objective assessment results, and continue to meet the criteria for "Product Safety Award" sponsored by the Ministry of Economy, Trade and Industry for a minimum of three years.



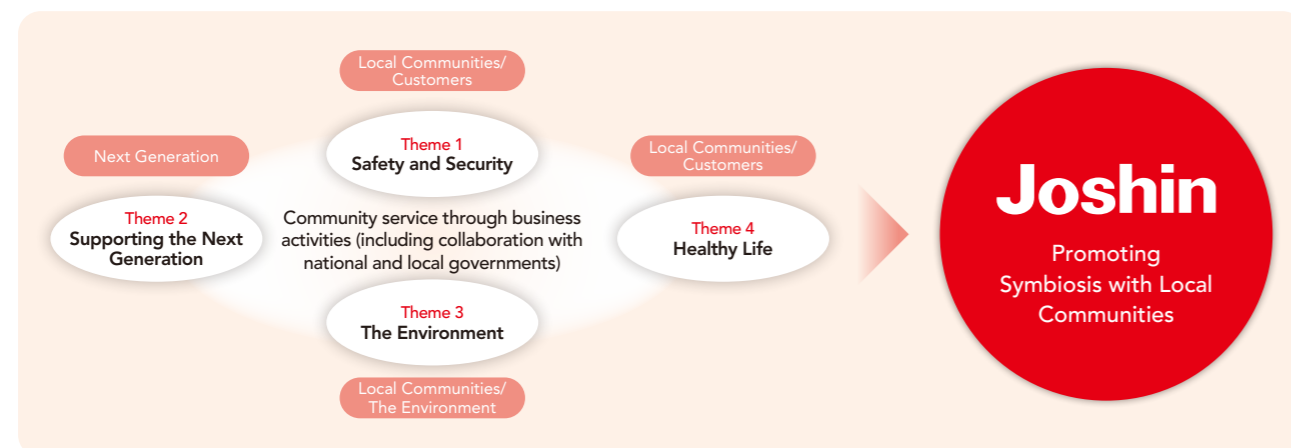
For details of each initiative, please see the Company's website page: Product Safety Initiatives. <https://www.joshin.co.jp/joshintop/product-safe-use/> (Japanese only)

Promoting Symbiosis with Local Communities

The Joshin Group believes that our brand value increases when we successfully develop a good relationship with local communities as part of our business operations, and by offering solutions to issues facing the local communities and promoting their development through our business activities.

These efforts toward symbioses with local communities create business benefits and value. By putting these benefits and value into the circuit of capital, we will contribute to the development of these communities and improve our corporate value.

Based on the management philosophy, "Connecting people and society to the future with a smile," we aim to create an enriching and sustainable society, help strengthen the resilience of our aging society, and develop the next generation. To achieve these goals, we will pursue symbioses with local communities by implementing initiatives designed around the primary themes of "safety and security," "supporting the development of the next generation," "the environment," and "healthy life," and by working more closely with the national and local governments.



The Joshin Group intends to create salesfloors that respond to changing conditions through collaboration between industry and academia

In May 2022, we launched a joint project with Baika Women's University (in Ibaraki City, Osaka Prefecture), using real Joshin Group stores and encouraging people in their teens, 20s, and 30s, who are the most responsive to trends, to visit there, with the aim of creating new salesfloors that respond to changes in buying styles.

In this project, carried out as part a Baika Women's University course, students analyze the issues they identify for home appliance salesfloors, deliberate in groups on how to address these issues, and then present their findings. We will take the proposals made in these presentations into

consideration when designing store salesfloors, use feedback from stores and reactions from customers, and implement the elements that are highly rated in other stores.

This project will help increase the number of young fans by creating salesfloors that meet their desires and expectations, while at the same time providing the students in the project with high-quality learning environments by using real sales locations. Through these activities, we intend to create a virtuous cycle that increases brand awareness and corporate value in local communities.

Challenges with current salesfloors

- Salesfloors must be designed to resonate with young people, whose buying styles are diversifying
- Salesfloors must be designed so that they consistently attract customers back to the same stores

Collaborative project between Joshin and Baika Women's University
"Creating new salesfloors that respond to changes in buying styles"



Creating new salesfloors for choices that respond to changes in buying styles

Engagement with Individual Investors

Broadening the scope of our fans (consumers) as a company in the retail industry

As a company listed on the TSE's Prime Market, one of the pillars of our capital policy is to work with personal investors from the perspectives of increasing the number of outstanding shares and the number of shareholders who are fans of us as a retailer.

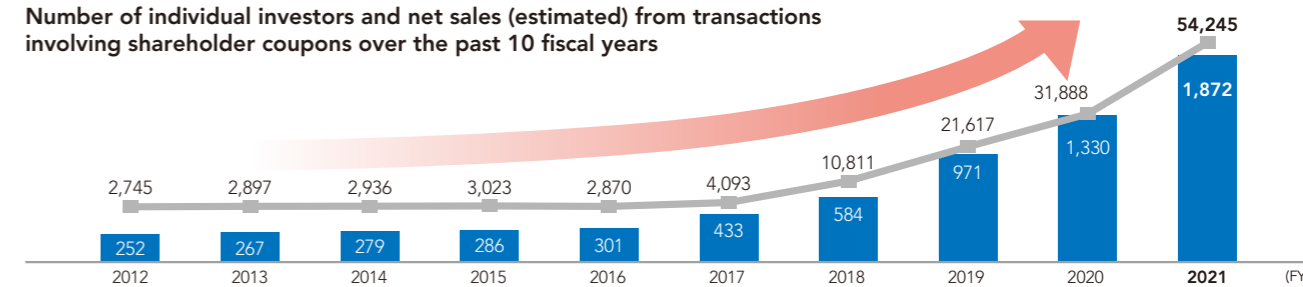
We believe that increasing the number of "fan" shareholders will increase their motivation to visit stores in person and use our EC site, and that the sales promotion benefits from this will

increase our sales.

We currently provide complimentary discount coupons to our shareholders.

This contributes to higher sales through word of mouth and the reviews that are generated, and is significantly increasing the percentage of our shares held by individual investors.

Number of individual investors and net sales (estimated) from transactions involving shareholder coupons over the past 10 fiscal years



■ Number of individual investors (unit: people) ■ Net sales (estimated) from transactions involving shareholder coupons (unit: millions of yen)

Notes: 1. Net sales from transactions involving shareholder coupons were estimated by Joshin (= number of coupons x 2,000 yen)
2. One coupon can be used for a 2,000-yen sale, and each coupon provides a discount of 200 yen

Shareholder benefits



Shareholder coupons (200-yen coupons)

One or more shares	25 coupons (equivalent to 5,000 yen) (September)
100 or more shares	11 coupons (equivalent to 2,200 yen) (March), 25 coupons (equivalent to 5,000 yen) (September)
500 or more shares	60 coupons (equivalent to 12,000 yen) (March), 25 coupons (equivalent to 5,000 yen) (September)
2,500 or more shares	120 coupons (equivalent to 24,000 yen) (March), 25 coupons (equivalent to 5,000 yen) (September)
5,000 or more shares	180 coupons (equivalent to 36,000 yen) (March), 25 coupons (equivalent to 5,000 yen) (September)

* Can also be used on the Joshin website

* Additional discount coupons were issued (below) to shareholders who continuously held shares for two years or more as of March 31 (the same shareholder number was listed consecutively three or more times in the March 31 register of shareholders)

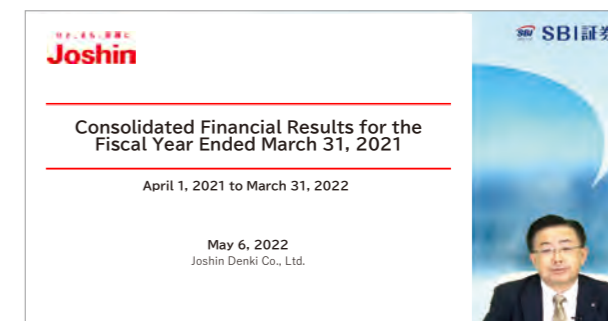
30 coupons (equivalent to 6,000 yen) --- (500 or more shares)
60 coupons (equivalent to 12,000 yen) --- (2,500 or more shares)
90 coupons (equivalent to 18,000 yen) --- (5,000 or more shares)

Briefings for individual investors

Starting in 2017, we have used meeting rooms in branches of securities companies and similar locations to hold quarterly briefings for investors.

Although we have been unable to hold in-person briefings recently because of the COVID-19 pandemic, we have held online briefings in conjunction with SBI Securities Co., Ltd. for fiscal year-end reporting. The briefing held on May 20, 2022 was viewed (live streaming) by 134 people with a diverse range of ages, from people in their 20s to 60s or older, and participants asked many questions about everything from our business strategies to environmental initiatives.

Through these briefings, we are providing a better understanding of our company and gathering feedback to be reflected in our management. We will continue to use these briefings to increase engagement and cultivate even more "fan" shareholders.





Basic concept of corporate governance

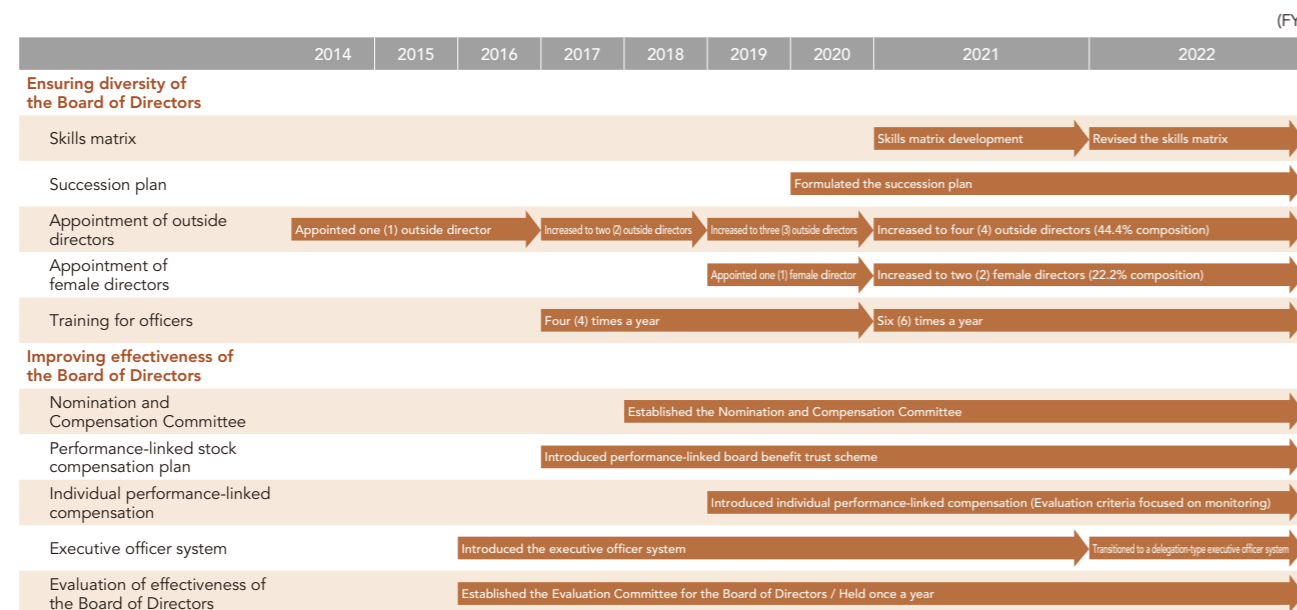
The Company examined materiality (major challenges) that were defined for FY 2021 from the viewpoints of the risks and opportunities they present for the sustainability as well as the growth of the Company, and incorporated them in management

strategies and our business portfolio. We intend to continue improving our corporate governance system to better manage the value creation processes that we have built up, using our capital flow in a beneficial cycle to create more social and economic value.

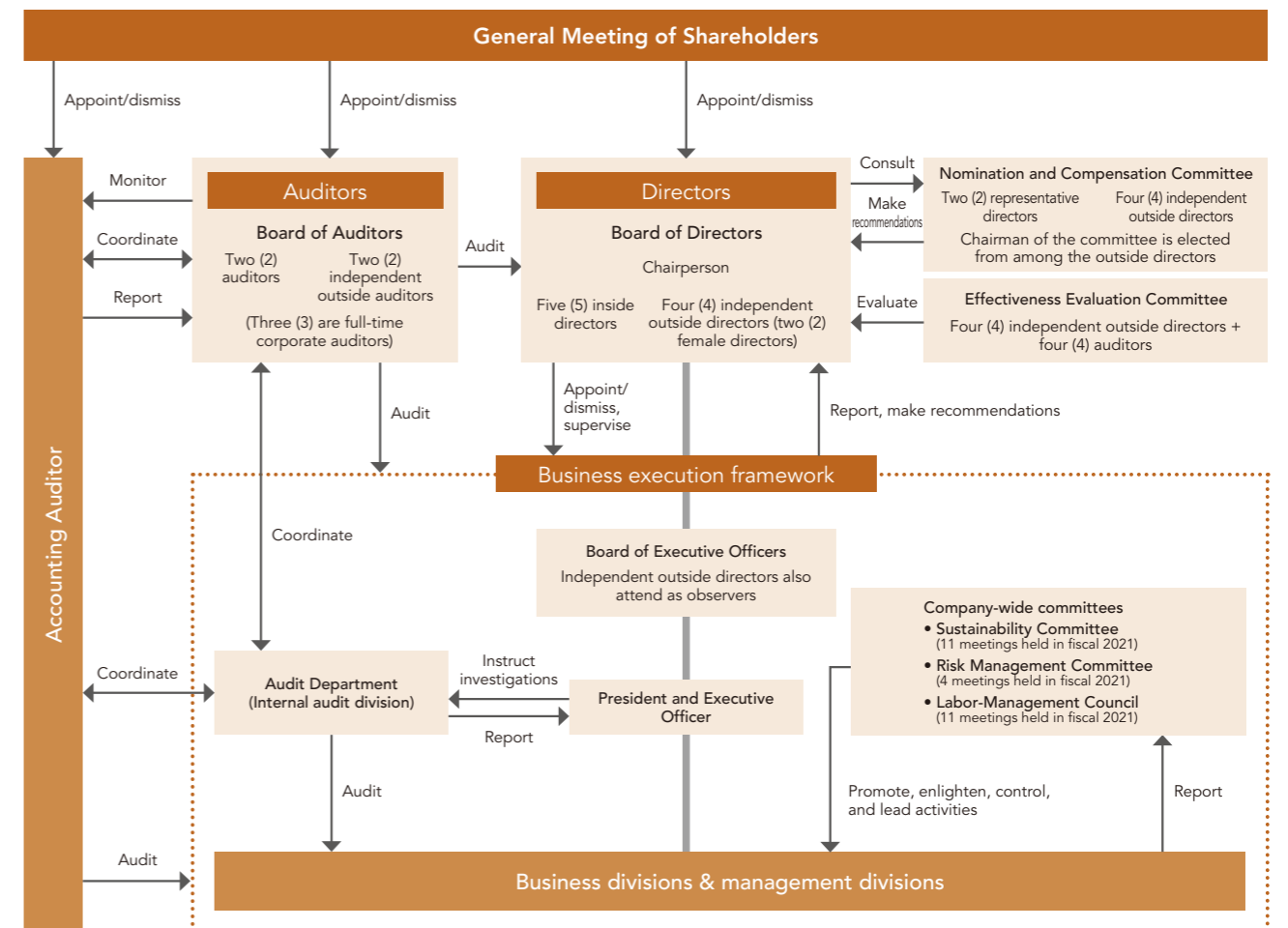
History of enhancing corporate governance

To enhance the supervisory function of the Board of Directors and the execution divisions, the Company ensures diversity of the Board of Directors by increasing the number of independent outside directors, appointing female directors, and other means. At the same time, the Company is working on evaluating the

effectiveness of the Board of Directors, establishing the Nomination and Compensation Committee and improving its effectiveness. We will continue to strengthen the monitoring function of the Board of Directors which supports the Company's value creation processes.



Corporate governance system



Main organization and structure of meetings

Organizational structure	Company with a board of auditors	Number of outside directors		Four (two are women)				(Reference) Meetings held in fiscal 2021
		Total number of members	Inside directors	Outside directors	Independent outside directors	Full-time Corporate Auditor	Independent outside auditors	
Major meetings	Chairperson							
Board of Directors	Ryuhei Kanatani, Representative Director, President and Executive Officer	9	5	4	4	—	—	23
Board of Auditors	Nobuhiro Sugihara, Full-time Corporate Auditor	4	—	—	—	3	2	13
Nomination and Compensation Committee	Kinya Naito, Independent Outside Director	6	2	4	4	—	—	10
Effectiveness Evaluation Committee	Kinya Naito, Independent Outside Director	8	—	4	4	3	2	5
Board of Executive Officers	Ryuhei Kanatani, Representative Director, President and Executive Officer	18	5	—	—	3	1	51
Sustainability Committee	Ryuhei Kanatani, Representative Director, President and Executive Officer	29	5	—	—	3	1	11

Meeting bodies	Roles and purpose of the meetings	Key points of fiscal 2021	Major discussion details
Board of Directors	Determines important management matters such as the medium- to long-term management policies and business strategies to create social and corporate values, and supervises the business operation by the directors and executive officers in accordance with the management philosophy, as the highest decision-making body of management.	<ul style="list-style-type: none"> Looking ahead to 2050 and envisioning the Joshin Group's ideal image, we engaged in deep-dive discussions of medium- to long-term management strategies and revised our management philosophy for the first time in 57 years. We decided to promote managers that contribute to building a sustainable society, based on the new management philosophy of "Connecting people and society to the future with a smile" and by creating the two social values of "Supporting and strengthening resilience in our aging society" and "Achieving carbon neutrality in the home." We decided on our management vision of "Becoming a hub for the infrastructure of life through the power of home appliances and ICT" as well as our seven material issues (high-priority issues) and the plan for 14 actions to be addressed by the Company. We elected an independent outside director with knowledge of diversity management and marketing. Proactive recommendations are being made for the Company's customer strategies in addition to advice on the promotion of diversity & inclusion (D&I). In the housing environment business segment, which we consider a field for medium- to long-term growth, we received constructive opinion on points for improvement in this business from an independent outside director with knowledge of this field. 	<ul style="list-style-type: none"> Management philosophy system (management philosophy and vision) Medium- to long-term management policies and business strategies Sustainability Materiality Skills matrix for the Board of Directors Candidates for Directors Directors' compensation system and individual compensation Effectiveness of the Board of Directors Plans for internal control and progress of the plan Medium-term Management Plan (progress of the current medium-term management plan) Progress of major projects Store openings, renovations, and capital investments Human capital investments, comprehensive labor conditions, and D&I Information system investments
Board of Auditors	An organization that audits and supervises the management of the Company and business execution by the Board of Directors	Auditing and supervision were conducted on business execution through activities in consideration of a three-pronged auditing approach, including the semiannual reports of audit results to and the exchange of opinions with the representative directors, the periodic exchange of opinions and deliberations on KAMs with the accounting auditor, and the confirmation of progress of audits, the exchange of opinions and giving of advice at the periodic meetings with the Audit Department and Risk Management Department, which are basically held once a month.	<ul style="list-style-type: none"> Preparation of the policy, plan, and report for audits Appointment of the Chairperson of the Board of Auditors Appointment of the full-time corporate auditor Matters related to the business execution of the auditor and the auditors' compensation Determination of whether to reappoint the accounting auditor Request for the submission of the proposal on the election of auditors to the General Meeting of Shareholders Consent for compensation to the accounting auditor Deliberation on KAMs with the accounting auditor Report on the audit results to and exchange of opinions with the representative directors, etc.
Nomination and Compensation Committee	Established as an advisory body to the Board of Directors, in accordance with the provisions in the Board of Directors' regulations, in order to strengthen corporate governance by ensuring the independence, objectivity, and transparency of the Board of Directors concerning decisions on the nomination and compensation of representative directors and directors, etc., as well as personnel matters, such as succession plans for the Chief Executive Officer.	<ul style="list-style-type: none"> Recommended evaluation criteria focusing on the monitoring of executive directors at the Board of Directors, following the transition to a delegation-type executive officer system. Selected a candidate for independent outside director with knowledge in the ICT/DX fields based on the skills matrix and made recommendations to the Board of Directors. (Approved by the 74th Annual General Meeting of Shareholders, after a resolution by the Board of Directors) 	<ul style="list-style-type: none"> Composition, number of members, and diversity of the Board of Directors Proposal on the election of directors to the General Meeting of Shareholders Election of representative directors and chief executive officer Evaluation of the business execution by directors Composition of the compensation, compensation levels, and individual compensation of directors
Effectiveness Evaluation Committee	Established as an advisory body to the Board of Directors, to analyze and evaluate the effectiveness of the Board of Directors and continuously improve its effectiveness. This advisory body is part of overall initiatives to strengthen corporate governance, while aiming to achieve sustainable growth and increase medium- to long-term corporate value. Made up of independent outside directors and auditors.	As a result of recommending "Enhanced discussions on medium- to long-term management strategies incorporating the perspective of ESG, including climate change" as an action item to be addressed by the Board of Directors, the Corporate Philosophy was revised for the first time in 57 years, following deliberations by the Board of Directors. To develop the new management philosophy, medium- to long-term management strategies were formulated and the basic policy on sustainability management was established.	<ul style="list-style-type: none"> Composition of the Board of Directors (number, diversity) Roles and responsibilities of the Board of Directors Qualities, knowledge, and skills of the Board of Directors Supervisory function of the Board of Directors System to support the appropriate risk-taking by the Board of Directors
Board of Executive Officers	The central body for business execution, consisting of executive directors and executive officers. Established to formulate the management strategies of the Board of Directors, improve the supervisory functions, and speed up the decision-making process for business execution through the delegation of authority for determining business execution. This is part of a system to be developed to ensure the efficient performance of the duties of directors. Independent outside directors, as well as auditors, also attend the meetings as observers in order to contribute to planning for the training of candidates for CEO and director positions.	In April 2022, the number of executive officers was increased to ten with the addition of two executive officers who do not serve as directors, and together with the transition from an employment-type to delegation-type executive officer system, the management partnership with directors was reinforced and management responsibility was further clarified. Going forward, the adoption of a performance-linked stock compensation plan similar to that of the directors will be considered.	<ul style="list-style-type: none"> Formulation of sustainability strategies Business and action plans based on management strategies Progress management of the business and action plans Planning and progress management of major projects Measures related to products, services, and sales channels System of sales, delivery, installation, and repair services Measures concerning compliance and examples of deviations Measures concerning risk management and accidents New businesses and business partnerships
Sustainability Committee	An organization that works to achieve our management philosophy and our management vision by managing the seven materiality and 14 action items, together with the progress of important division-spanning internal projects that support this work. The Committee centrally manages financial and nonfinancial information for our business strategies, our ESG initiatives, and similar items. Includes executive directors, executive officers, full-time corporate auditors, and other members of management.	To verify the viability of our 30-year business strategy, the target year is 2050, we formulated numerical goals for individual fiscal years leading up to 2030, which is the midpoint of the business strategy, and made minor adjustments to the targets and action plans.	<ul style="list-style-type: none"> Medium- to long-term management strategies Progress management of the medium-term management plan Progress management of priority initiatives for each fiscal year Progress management of major projects Compliance Internal control
Risk Management Committee	An organ that analyzes and manages accident and disaster risks, business risks, financial risks, and management risks that threaten the Company's efforts to maintain and continue business management, and supports stable management. Includes executive directors, executive officers, full-time corporate auditors, and other members of management.	<ul style="list-style-type: none"> We added items to the BCP to prevent the further spread of COVID-19 and strengthened COVID-19 cluster countermeasures. We strengthened our risk management system for cyberattacks by upgrading endpoint security. 	<ul style="list-style-type: none"> Formulation and management of the BCP Operation of the public interest notification system Development and promotion of personal information protection system Data security and cyber risk management
Labor-management Council	The highest council held jointly by labor and management that draws officers of the central headquarters of the labor union representing the employees and the executive directors and executive officers. A cooperative organization that aims to continuously improve the labor conditions and labor environment of the employees and promote work style reforms and reform for job satisfaction.	<ul style="list-style-type: none"> The paternity leave system of 28-days paid leave was adopted by agreement of both labor and management, ahead of the government's post-natal paternity leave based on the revised Childcare Leave Act. The nursing care consultation desk project, which operates 24 hours a day, 365 days a year, commenced as a joint labor-management project. 	<ul style="list-style-type: none"> General labor conditions of employees Overtime working hours and intervals between working hours Annual paid leave usage rate Rate of taking childcare leave and nursing care leave, and shorter working hours for childcare and nursing care Paternity leave usage rate Physical checkup and complete medical checkup consultation rate Occurrence of various types of harassment Sharing workplace safety and health information Awareness of the management environment and sharing the opinions of union members of each workplace

Evaluation of the effectiveness of the Board of Directors

To strengthen corporate governance in an aim to achieve sustainable growth and improve medium-to-long-term corporate value, the Board of Directors Effectiveness Evaluation Committee, consisting of outside directors and auditors each fiscal year, takes lead in analyzing and evaluating the effectiveness, etc. of the Board of Directors, and the Company takes continual action to improve the effectiveness. Furthermore, the Company has compiled skills required of the Board of Directors as a whole into

the skills matrix (see p. 65 for details) to achieve management strategies and uses the matrix for appointing director candidates. Based on the skills matrix of fiscal 2022, the Company appointed an outside director with knowledge of ICT/DX. The action items for fiscal 2022 will include upgrading the skills of the individual directors and executive officers. Going forward, we will conduct assessments of the skillsets of the Board of Directors each year.

(1) Evaluation process



(2) Key assessment items

- | | |
|--|---|
| <ul style="list-style-type: none"> (1) New initiatives under "new normal" due to the COVID-19 pandemic (2) Medium- to long-term management strategies and management vision (3) Succession planning | <ul style="list-style-type: none"> (4) Composition of the Board of Directors and delegation of authority to the Board of Executive Officers (5) Skills required by the Board of Directors (6) A concrete plan to address material issues |
|--|---|

(3) Initiatives for fiscal 2021, evaluation, and future policies

Initiatives for fiscal 2021	The Company worked to enhance discussions on medium- to long-term management strategies as a policy to be addressed, in response to the evaluation results of fiscal 2020. Finally, we revised the management philosophy for the first time in 57 years and established the new philosophy: "Connecting people and society to the future with a smile" and the management vision of "Becoming a hub for the infrastructure of life through the power of home appliances and ICT." As well, we formulated the seven material issues and 14 action items and their respective actions plans, which have been disclosed in the Integrated Report and on the Company's website.
Evaluation results for fiscal 2021	The entire Board of Directors continues to improve. This assessment was evidenced by the composition and operation of the Board of Directors, including the diversity and the information offered to outside officers, and has steadily improved supervisory functions through active discussions, such as the proactive opinions of the outside directors as well as the constructive proposals and comments of the executive directors. We concluded that the Board of Directors chiefly ensures this effectiveness.
Issue for fiscal 2021	To leverage the medium- to long-term management strategies for the Company's sustainable growth and increase corporate value, the skills matrix of the Board of Directors, the drivers of these management strategies, was revised in fiscal 2022. When they were revised, we shared the recognition of the need to reinforce and improve the succession plan based on the skill matrix as an issue.

Policy for fiscal 2022	Strengthen the training for officers to upgrade the skills of the directors and executive officers
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Training for Officers

For one issue to be addressed when improving the effectiveness of the Board of Directors, we established a policy for strengthening the training for officers to upgrade the skills of the directors and executive officers.

We are enhancing our knowledge of sustainability, diversity and inclusion, as well as cyber risks through training based on the

skills matrix. We have also compiled a skills matrix for executive officers. Going forward, we will strengthen skills associated with finance and accounting, capital policies, legal governance, and management planning and business strategies that are required as management skills, and we will carry out training as part of succession plans for director candidates.

Training themes	Reasons for selecting these themes
The development of next-generation leaders and members of management	In conjunction with formulating the succession plan, we will share awareness among officers of the need to strengthen initiatives to develop our next leaders
The Medium-term Management Plan and the market's assessment of the plan	To clarify financial strategies and capital policies (while being aware of the market assessment of our shares) and help strengthen investor relations from a market (investor) perspective
Restructuring corporate governance and the Board of Directors	To update our knowledge of the Corporate Governance Code revised in June 2021 and formulate management strategies that focus on issues surrounding sustainability, essentially the Company's corporate value
The promotion of diversity (promoting the advancement of diverse employees)	To study the latest trends and pioneering examples in an effort to promote diversity and inclusion centered on the newly established Diversity Promotion Office and to reeducate officers
Risks in corporate management (cyber risks)	To study the latest trends and pioneering examples of security measures as part of risk management, in an effort to reinforce our preparations against cyberattacks, such as ransomware attacks
Develop and operate internal control systems	To strengthen management defenses by ensuring the legality and reasonableness of business execution, managing losses, and efficiently running the organization

Compensation to Directors/Auditors

► Policy to determine the compensation of directors/auditors

In order to maximize the performance of duties in line with the management strategies and management goals, compensation for officers of the Company is based on job position and contribution to performance. With the aim of sharing profits and risks with shareholders, the compensation provides incentives to manage the Company from the perspective of shareholders. For outside directors who are independent from business execution, variable compensation such as performance-linked compensation is not necessarily appropriate. Therefore, outside directors are paid fixed compensation only. To ensure transparency and objectivity, compensation to directors and auditors is considered by the Nomination and Compensation Committee, in which outside directors account for the majority of members and one of them serves as chairman.

(1) Composition of directors compensation

Fixed compensation (70%)	Variable compensation (30%)	
	Individual performance-linked compensation (10%)	Company performance-linked compensation (20%)
Monetary compensation (80%)		Stock compensation (20%)

* The table above illustrates the model assuming the level of achievement of individual performance goals and the level of achievement of the Company's performance goals are 100%.
 * The composition of directors compensation are common to all executive directors.
 * Individual performance-linked compensation is determined by evaluating the results of business execution by the director during the fiscal year from the perspectives of monitoring (supervision) and managing (execution), then reflecting them in the compensation. An increase in the weight of evaluation for monitoring (supervision) led to improving the efficiency of the Board of Directors.
 * Performance-linked stock compensation is assessed based on the level of achievement of operating income announced in the earning forecasts for each fiscal year.

(2) Directors compensation by position

Criteria regarding compensation for directors is set as "directors and executive officers" and the standard monthly compensation is set at no more than 200% of the maximum monthly salary as set forth in the salary system. Individual allocations are based on the following compensation multipliers, according to position.

Position	Compensation ratio (total)
Director and chairperson	1.7
Director, president and executive officer	2.2*
Director, vice president and executive officer	1.7
Director, senior managing executive officer	1.4
Director and managing executive officer	1.2
Director and executive officer	1.0

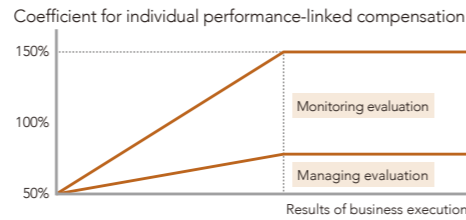
* Including the 0.2 added to the compensation ratio of the CEO

(3) Calculation of performance-linked compensation

(1) Individual performance-linked compensation (short-term incentive compensation)

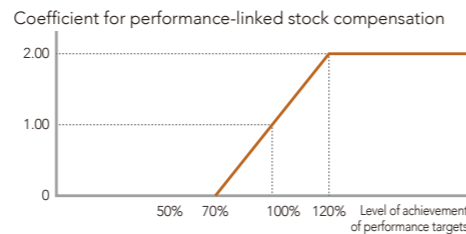
Each fiscal year, the Nomination and Compensation Committee evaluates the results of the business execution of each director, and the evaluation compensation (varying between 50% and 150%), with 100% indicating the achievement of the targets, and the fixed monetary compensation are combined and paid monthly as monetary compensation. The Individual performance-linked compensation is determined by multiplying the

performance-based coefficient, which is based on an overall evaluation covering both monitoring and managing evaluations.



(2) Performance-linked stock compensation (long-term incentive compensation)

Directors are awarded points for each position once a year, calculated by multiplying the base points for each position by the performance-based coefficient based on the performance (level of achievement of consolidated operating income) of the immediately preceding fiscal year (one ordinary share of the Company per one point), and each director receives ordinary shares of the Company (some are converted to cash) upon their retirement.



Position	Base point
Director and chairperson	3,060 points
Director, president and executive officer	3,960 points
Director, vice president and executive officer	3,060 points
Director, senior managing executive officer	2,520 points
Director and managing executive office	2,160 points
Director and executive officer	1,800 points

(4) Process of determining compensation to directors/auditors

The total amount of compensation for directors is set by resolution at the General Meeting of Shareholders, and monetary compensation is set within the range of 240 million yen per year. The Nomination and Compensation Committee, in which independent outside directors account for the majority of members and one of them serves as chairman, consults with the Board of Directors and deliberates on the allocation of compensation to individual directors based on the Regulation on Compensation for Directors, and the Board of Directors then makes the decision based on their report.

Criteria regarding compensation for directors is set as "Directors and Executive Officers" and the standard monthly compensation is set at no more than 200% of the maximum monthly salary as set forth in the employee salary system.

and amicable business relationships with business partners and to establish supply chains. In addition, the Board of Directors conducts quantitative review of percentage of total assets, and profits and dividends derived from business relationship, on a quarterly basis. In the event the significance of the shares is deemed diminished, the Company shall appropriately dispose of such shares through dialogue and negotiation with the shareholding party. In the fiscal year ended March 31, 2014, the Company held 39 stocks, but as of June 30, 2022, this number had been reduced to 26.

The Company exercises its voting rights in light of the purpose of holding such shares and by comprehensively taking into consideration the governance system and business performance of the issuing company.

Cross-shareholdings

► Basic policy on shareholding

Currently, the Company strategically holds shares of listed companies from the perspective of enhancing the Company's corporate value over the medium to long term, with the aim of strengthening business relationships and promoting smooth business operations. Although the total market value of cross-held shares demonstrates and upward trend due to fluctuation of share values in the market, the Company continues to reduce the number of issues held, and as a general rule, will not purchase any new issues in the future.

► Verification of rationality of continuation of the shareholding

For the current cross-held shares, the Company conducts qualitative verification of the purposes of shareholding such as to maintain smooth

Message from an Outside Director

Lively debate by the Board of Directors is the driving force of our growth strategy

Keiko Yamahira
Outside Director



Roles and responsibilities of an Outside Director

Briefly put, I believe the role of an outside director is to supervise improvements and to implement corporate governance, provide management advice based on our own expertise from an independent viewpoint, as well as to contribute to sustainable corporate growth and the increase of corporate value. In Board of Directors meetings, outside directors also deliberate and monitor growth strategies aimed at increasing corporate value from a medium- to long-term perspective. Outside directors also take part in the Board of Executive Officers' meetings as observers. These meetings include regular reports on business execution by officers in different business execution divisions. For example, they've provided me with an understanding of revenue changes in stores that are being redeveloped and the state of revenue improvements. A lot of progress has been made in the area of visualization in the three years since I was appointed as an outside director. As a member of upper management in a company that runs businesses for supporting home construction and everyday living, I have previous experience with product development, sales, marketing, and new business creation. These experiences have a close affinity with the sales of home appliances, Joshin's core business. I therefore believe that another of my roles is to provide advice based on my own experience in areas where Joshin should expand to contribute to medium- to long-term corporate growth and business continuity.

Improving the effectiveness of the Board of Directors to better implement Joshin's management philosophy

In Board of Directors' meetings, directors, both internal and external (outside), have lively debates. In the meetings, I can sense how attuned the internal officers are to using outside objective opinions as "food" for the Group's future growth. Regarding effectiveness, the year before last, the Group's medium- to long-term vision was identified as an area requiring attention, and the participants in Board meetings discussed this issue in depth. In fiscal 2021, the Group's management philosophy was revised for the first time in 57 years and a management vision and material issues were defined from a medium- to long-term

perspective. Going forward, management will take the initiative in implementing this vision and address material issues through concrete business operations. The Board of Directors will monitor the progress of these initiatives, while disclosing them outside the Group, which I believe will improve the probability of their success. In fiscal 2022, we welcomed a new outside director; reinforced our ICT and DX skills, which were a pressing issue for the Company; and revised the skills matrix through an assessment of the Board of Directors by adding housing environment business skills that will be essential to the Company's growth.

Increasing customer loyalty by combining business data with information on our many customers, the great company spirit, and the quality of the customer service we provide

Joshin's employees are proud of their work, feel a strong sense of unity with each other, and have a boundless company spirit. This is reflected in our low employee turnover rate.

However, since we have run a stable business, mainly focused on home appliance sales over many long years of business, I believe that in the future we must tackle the issue of diversifying our human resources, developing personnel with knowledge about industries other than home appliances and who have digital technology skills. In addition to our Board of Directors skills matrix, we have also created a skills matrix for executive officers. I believe that we can shore up areas where we lack knowledge or skills by hiring from the outside in the short term, and over the medium to long term we can diversify our human resources as we implement our HR development plans, including hiring, so that we can remain an innovative company.

We have established a reputation for the quality of our customer service, but it will be vital to use DX effectively given market conditions, improve operational efficiency while remaining attuned and attentive to our customers, and increase profitability, all while maintaining our high-quality customer service. Further, I believe that, going forward, we can achieve steady growth in our core business of home appliance sales, expand our support business, which will serve as a new pillar of business that produces tremendous synergy, and cultivate even greater customer loyalty by maintaining and further improving our high level of customer satisfaction and by leveraging our customer and product database, one of our biggest assets. I will do my best as an outside director to make this a reality.

Directors & Auditors

Directors

Directors

	 Ryuhei Kanatani	 Tetsuya Takahashi	 Koichi Yokoyama	 Koji Tanaka	 Suguru Oshiro	 Kinya Naito	 Keiko Yamahira	 Junko Kawano	 Seiji Nishikawa	Number of Outside Directors among all Directors
Positions	Representative Director, President and Executive Officer	Representative Director, Senior Managing Executive Officer	Director and Managing Executive Officer	Director and Managing Executive Officer	Director and Executive Officer	Outside Director Independent	Outside Director Independent	Outside Director Independent	Outside Director Independent	4/9
Career summary	<p>March 1979: Joined the Company as Manager of General Affairs Department</p> <p>July 1993: Director, Manager of General Affairs Department</p> <p>June 1998: Director, Manager of General Planning Department</p> <p>April 2001: Director, Manager of President's Office</p> <p>October 2001: Director, General Manager of Sales Planning Division</p> <p>March 2002: Managing Director, General Manager of Sales Division</p> <p>June 2002: Managing Director, General Manager of Management Planning Division and Manager of General Affairs Department</p> <p>June 2004: Senior Managing Director, General Manager of Management Planning Division</p> <p>April 2006: Senior Managing Director, General Manager of Management Planning Division</p> <p>October 2006: Representative Director, Vice President, General Manager of Management Planning Division</p> <p>July 2008: Representative Director, Vice President, General Manager of Management Planning Division</p> <p>June 2011: Representative Director, Vice President, General Manager of Business Administration Headquarters</p> <p>April 2016: Representative Director, Vice President and Executive Officer, General Manager of Business Administration Headquarters and Manager of Management Planning Department</p> <p>June 2016: Representative Director, Vice President and Executive Officer, General Manager of Business Administration Headquarters and Manager of Management Planning Department</p> <p>June 2018: Representative Director, Vice President and Executive Officer, General Manager of Business Administration Headquarters and Manager of Management Planning Department</p> <p>June 2019: Representative Director, Vice President and Executive Officer (to present)</p>	<p>March 1986: Joined the Company as Manager of Hyogo & Hokuetsu Area, Kansai Sales Department</p> <p>October 2001: Executive Officer, Assistant General Manager in charge of Store Sales of Sales Division and Assistant General Manager of Local Sales Support Division and Manager of Kansai Sales Department, responsible for Tokai Sales Department, Tokyo Sales Department, Entertainment Marketing Department, Smart Life Promotion Department, and Sales Administration Department</p> <p>October 2016: Executive Officer, General Manager of Sales Division</p> <p>April 2017: Executive Officer, General Manager of Sales Division</p> <p>June 2017: Director and Executive Officer, General Manager of Sales Division</p> <p>June 2019: Director and Managing Executive Officer, General Manager of Sales Division and Management of Internet Sales Department</p> <p>March 2020: Director and Managing Executive Officer, General Manager of Sales Division and Management of Internet Sales Department</p> <p>April 2021: Representative Director and Senior Managing Executive Officer, in charge of Sales Strategy (to present)</p> <p>June 2021: Representative Director and Senior Managing Executive Officer, in charge of Sales Strategy (to present)</p>	<p>March 1985: Joined the Company as Manager of Kizosaka Area, North Kansai Sales Department</p> <p>April 2000: Manager of PitONE Sales Department</p> <p>April 2001: Director, Assistant General Manager of Central Area</p> <p>September 2004: Director, Manager of Kansai Sales Department</p> <p>June 2005: Director, Assistant General Manager of Sales Division and Manager of Sales Division</p> <p>October 2008: Director, Assistant General Manager of Sales Division and Manager of Sales Division</p> <p>April 2009: Director, General Manager of Sales Division and Manager of Kansai Sales Department</p> <p>April 2012: Director, General Manager of Sales Division</p> <p>February 2013: Director, Assistant General Manager of Sales Division, responsible for Kansai Sales Department, Tokyo & Tokai Sales Department, Eco Business Promotion Department, CS Sales Administration Department</p> <p>June 2013: Director, Assistant General Manager of the Sales Division and Manager of the CS Promotion Department, responsible for Kansai Sales Department, Tokyo & Tokai Sales Department, Eco Business Promotion Department, and Sales Administration Department</p> <p>April 2016: Director, General Manager of Development Division and Manager of Development Department</p> <p>June 2016: Director and Managing Executive Officer, General Manager of the Development Division, Manager of the Development Department and Manager of the Construction Department</p> <p>September 2018: Director and Managing Executive Officer, General Manager of the Development Division, Manager of the Development Department and Manager of the Construction Department</p> <p>April 2021: Director and Managing Executive Officer, in charge of Infrastructure Strategy and Manager of Development Department and Manager of Construction Department</p> <p>April 2022: Director and Managing Executive Officer, in charge of Infrastructure Strategy (to present)</p>	<p>March 1986: Joined the Company as Assistant Manager of Human Resources Section</p> <p>April 1996: Deputy General Manager of General Affairs Department</p> <p>April 2002: Manager of General Affairs Department</p> <p>June 2010: Director, Manager of General Affairs Department</p> <p>April 2016: Director, Assistant General Manager of Business Administration Headquarters</p> <p>May 2016: Director, Assistant General Manager of Business Administration Headquarters and Manager of General Affairs Department</p> <p>June 2016: Director and Managing Executive Officer, Assistant General Manager of Business Administration Headquarters and Manager of General Affairs Department</p> <p>June 2018: Director and Managing Executive Officer, Assistant General Manager of Business Administration Headquarters</p> <p>June 2019: Director and Managing Executive Officer, in charge of Management Planning & Human Resources Strategy (to present)</p> <p>April 2021: Director and Managing Executive Officer, in charge of Financial Strategy (to present)</p>	<p>April 1986: Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>July 2002: Assistant General Manager of Sales Department II, Head Office Sales Division, The Asahi Bank, Ltd. (currently Resona Bank, Limited)</p> <p>April 2005: General Manager of Sales Department II, Namba Branch, Resona Bank, Limited</p> <p>April 2012: Joined the Company, Manager in charge of New Properties of Store Development Department</p> <p>April 2014: Director and Managing Executive Officer, Assistant General Manager of Accounting Department and Manager of Management Planning Department</p> <p>June 2018: Executive Officer, Assistant General Manager of Business Administration Headquarters and Manager of Management Planning Department</p> <p>June 2019: Executive Officer, Assistant General Manager of Business Administration Headquarters and Manager of Management Planning Department</p> <p>April 2021: Director and Executive Officer, in charge of Financial Strategy (to present)</p> <p>April 2022: Director and Executive Officer, in charge of Financial Strategy (to present)</p>	<p>April 1986: Admitted to the bar Established Naito Law Office</p> <p>June 2003: Outside Auditor, Ikko Corporation (currently J Trust Co., Ltd.)</p> <p>February 2004: Established Mizuho Partners Law Office</p> <p>April 2012: Vice President, Osaka Bar Association</p> <p>April 2014: Executive Governor, Kinki Federation of Bar Association</p> <p>Part-time Auditor, National University Corporation Osaka University</p> <p>June 2016: Outside Auditor of the Company Outside Director, FALCO HOLDINGS Co., Ltd. (to present)</p> <p>April 2017: Established Naito Law Office (to present)</p> <p>June 2017: Outside Director of the Company (to present)</p> <p>April 2019: Member of Personnel Inspection Commission, Osaka Prefectural Government</p> <p>January 2020: Chairman, Development Investigation Committee, Osaka City</p>	<p>April 1983: Joined Kubota House Co., Ltd. (currently Sanyo Homes Corporation) Officer, SANYO Homes Corporation (currently Sanyo Homes Corporation)</p> <p>June 2011: Director, Executive Officer of SANYO Homes Corporation</p> <p>June 2012: Director, SANYO Reform Corporation (currently Sanyo Reform Corporation) (concurrent position)</p> <p>June 2013: Executive Officer, Sanyo Homes Corporation</p> <p>June 2015: President & Director, Sanyo Homes Corporation</p> <p>April 2017: Chairman and Representative Director, Sanyo Homes Community Corporation</p> <p>April 2019: Advisor to the Company Outside Director, Fujitec Co., Ltd. Outside Director of the Company (to present)</p> <p>June 2021: Outside Director, Takara Leben Co., Ltd. (to present)</p> <p>June 2022: Outside Director, Shinagawa Refractories Co., Ltd. (to present)</p>	<p>April 1986: Joined Recruit Co., Ltd. Deputy Head Editor of "Shukan Jutaku Joho," Japan's housing magazine</p> <p>January 1997: Head Editor of "Travail," Japan's first career change magazine for women</p> <p>April 2006: Leader of Women's Life & Career Research Team (concurrent position) Retired from Recruit Co., Ltd.</p> <p>July 2008: Joined Sumitomo Corporation Lifestyle & Retail Business Division</p> <p>October 2008: Leader of Transmedia Team</p> <p>February 2013: Leader of Global Education Business Team</p> <p>June 2017: Retired from Sumitomo Corporation</p> <p>March 2018: Established Kawano Junko Office (to present) Chief Marketing Officer, Life Shift Japan Co., Ltd. Board Member, Not-Profit Organization Tokyo International Progressive School (to present)</p> <p>April 2020: Senior Researcher of Keio Research Institute at SFC (to present)</p> <p>June 2021: Outside Director of the Company (to present)</p> <p>December 2021: Director and Chief Marketing Officer, Life Shift Japan Co., Ltd. (to present)</p> <p>April 2022: Outside Director, DyDo Group Holdings, Inc. (to present)</p>	<p>April 1980: Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)</p> <p>July 1987: Lead Engineer, Mobile Communications Division, Nippon Telegraph and Telephone Corporation</p> <p>April 1992: Chief Engineer, Information Systems Department, Mobile Communications Division</p> <p>July 1992: Chief Engineer, Information Systems Department, NTT Mobile Communications Network, Inc. (currently NTT DOCOMO, Inc.)</p> <p>April 2000: Chief Engineer, Information Systems Department, NTT DOCOMO, Inc. (currently NTT DOCOMO, Inc.)</p> <p>October 2001: Executive Chief Engineer, Information Systems Department</p> <p>June 2003: Department Manager, Information Systems Department</p> <p>June 2006: Department Manager, Information Systems Department and Executive Officer</p> <p>June 2012: Director, NTT DoCoMo Kiyushu, Inc. (currently NTT DOCOMO, Inc.) (concurrent position)</p> <p>June 2012: Department Manager, Information Systems Department and Managing Executive Officer (CO)</p> <p>June 2013: President and Representative Director, DOCOMO Systems, Inc. (concurrent position)</p> <p>March 2021: Member of Mizuho Bank's independent System Failure Special Investigative Committee</p> <p>June 2022: Outside Director of the Company (to present)</p>	
Term of office (yrs.)	24	5	17	12	3	6	3	1	(Newly appointed)	
Number of Company shares held	47,620 shares (13,520)*	13,031 shares (7,731)*	29,020 shares (8,820)*	24,420 shares (8,820)*	8,762 shares (4,262)*	1,600 shares	400 shares	—	—	
Committee membership										
Nomination and Compensation Committee	○	○				○ (Chairman)	○	○	○	
Evaluation of the effectiveness of the Board of Directors						○ (Chairman)				
Attendance at meetings of the Board of Directors and Board of Auditors	During fiscal 2020: 23/23 During fiscal 2021: 23/23	23/23 23/23	23/23 23/23	22/23 23/23	23/23 23/23	18/23 23/23	19/23 22/23	(Newly appointed) 16/16	— (Newly appointed)	
Areas of experience/skills										
Corporate management	○	○	○	○	○	○	○	○	○	9
Finance & accounting	○									3
Capital policy	○									4
Legal governance	○									6
Management planning	○									6
Business strategy	○									6
HR & personnel management	○									6
Diversity	○									6
Home appliance retail business	○	○	○	○	○	○	○	○	○	
Housing environment business	○	○	○	○	○	○	○	○	○	
Skills related to business specialization										
Marketing	○	○	○	○	○	○	○	○	○	
Logistics		○								
ICT / DX		○								
Environment & energy	○	○	○	○	○	○	○	○	○	

* Number of shares to be issued under the stock-based compensation plan

Executive Officers

Kazuyo Nabata In charge of legal and risk management, responsible for the Risk Management Department and the Audit Department	Kensuke Motoi Executive Manager of Logistics Management Department	Tatsuo Sakai In charge of store business, Manager of the Kansai Sales Department and Manager of the Hokushinetsu Sales Department	Koji Abe In charge of CRM and merchandise policy, Manager of the Merchandise Department	Kazuhiko Hashimoto In charge of CRM and MA, Manager of the Sales Promotion Department	Nobuhiro Eriguchi In charge of support services, President and Representative Director, Joshin Service Co., Ltd.	Tatsuhiro Kihara In charge of ICT and DX, Manager of the Information System Department	Kazuya Hatashima In charge of EC store business, President and Representative Director, Joshin Service Co., Ltd.	Hajime Arauchi In charge of EC store business, Manager of the Internet Sales Department	Kiminori Nishio In charge of Human Resources and General Affairs, Manager of the Human Resources and General Affairs Department
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Compliance Systems

Auditors

Auditors

					
	Nobuhiro Sugihara	Hidetoshi Yamamoto	Masayasu Hashimoto	Yoshio Hayakawa	Number of Outside Auditors among all Auditors
Positions	Full-time Corporate Auditor	Full-time Corporate Auditor	Full-time Outside Auditor Independent	Outside Auditor Independent	2/4
Career summary	<p>April 1975 August 1988: Joined the Company Manager of Home Appliance No. 1 Sales Department of the Company</p> <p>April 1996: Deputy Manager, Main Store Business Division</p> <p>November 1998: Deputy Manager, Merchandise Department</p> <p>October 2001: Manager of Management Planning Department</p> <p>November 2014 June 2015: Advisor to the Company Full-time Corporate Auditor (to present)</p>	<p>April 1977 April 2002: Joined the Company Area Manager, PitONE Sales Department</p> <p>September 2004: Manager of Hamnan and Wakayama Area, Kansai Sales Department</p> <p>April 2012: Deputy Manager and Manager of Central Area Executive Officer, Manager in charge of Hokuetsu Sales and Service of Sales Division</p> <p>June 2017: Executive Officer in charge of Support Service of Sales Division</p> <p>April 2021 June 2021: Executive Officer in charge of Support Service Full-time Corporate Auditor (to present)</p>	<p>April 1982: Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>July 1999: Branch Manager of Amagasaki Branch, The Asahi Bank, Ltd. (currently Resona Bank, Limited)</p> <p>July 2003: Branch Manager of Fukushima Branch, Resona Bank, Limited</p> <p>January 2011: Joined Resona Card Co., Ltd.</p> <p>June 2013 June 2016: Executive Officer, Resona Card Co., Ltd. Outside Auditor of the Company (to present)</p>	<p>October 1980: Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC), Osaka Office</p> <p>March 1985: Registered as a certified public accountant</p> <p>August 2003: Member of Tax System Examination Committee, The Japanese Institute of Certified Public Accountants</p> <p>July 2005: Senior Partner, ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>April 2007: Part-time Lecturer, School of Accountancy, Graduate School of Kansai University</p> <p>June 2011: Retired from ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>July 2011: Established Hayakawa Accountant Office (to present)</p> <p>December 2011: Registered as a tax accountant</p> <p>May 2014: Part-time Auditor, Education Corporation Osaka Seikei Gakuen (to present)</p> <p>March 2015: Part-time Auditor, Rokko Butter Co., Ltd. (to present)</p> <p>June 2017: Outside Auditor of the Company (to present)</p>	
Term of office (yrs.)	7	1	6	5	
Committee membership					
Nomination and Compensation Committee					
Evaluation of the effectiveness of the Board of Directors	○	○	○	○	
Attendance at meetings of the Board of Directors and Board of Auditors	<p>During fiscal 2020: Meeting of the Board of Directors 23/23 Board of Auditors 13/13</p> <p>During fiscal 2021: Meeting of the Board of Directors 23/23 Board of Auditors 13/13</p>	<p>(Newly appointed)</p> <p>Meeting of the Board of Directors 16/16 Board of Auditors 10/10</p>	<p>Meeting of the Board of Directors 23/23 Board of Auditors 13/13</p> <p>Meeting of the Board of Directors 23/23 Board of Auditors 13/13</p>	<p>Meeting of the Board of Directors 23/23 Board of Auditors 13/13</p> <p>Meeting of the Board of Directors 23/23 Board of Auditors 13/13</p>	

Message from Outside Auditor



Masayasu Hashimoto
Outside Auditor

I believe that outside auditors must adopt a management view based on management experience at other companies as well as third-party perspective as consumers and shareholders, and detect risks while understanding the corporate culture of the Company. Bridging the gap between outside auditors and part-time auditors concerning their understanding is also one of the essential tasks. In that regard, it is significant that we are able to express our opinions from an outside perspective. The Company is currently working to separate the executive function by delegating substantial authority to the Board of Executive Officers in order to shift some weight on monitoring from management, under the organizational structure of a company with a board of auditors. The Company has taken a giant step toward the ideal Board of Directors, by updating the management philosophy, revitalizing discussions on the future image of the Company, and improving the balance of skills of the officers. As the risks surrounding a company become more complex and diverse, more focus should be given to strengthening the corporate risk management capabilities as well as deepening and improving skills, including those of next-generation officer candidates, to ensure effective corporate management in the future. While promoting DX, I believe that, as a corporate organization, the Company needs to strengthen development and preparations for these systems even in normal times, including the education of employees, in order to cope with increased risks associated with information management and system failures, the threat of reputational risk through information media, such as social media, and risks of concentrating logistics centers at the time of emergencies.

Going forward, as an outside auditor, I will broaden perspectives and improve my insights, especially on corporate risks, as well as improve the quality of internal controls to prevent damage to corporate value and heighten our sensitivity of corporate risks. From the perspective of an outside party, a consumer, and a shareholder, I will express opinions and oversee the path toward the Company's continuous development and sound governance from a long-term and higher standpoint, then contribute to the increase in corporate value through the full development of the Board of Directors.

Compliance promotion system

The sustainability activities of the Company are actions to resolve issues in the overall Group business activities and the system to promote compliance that creates the foundation to support these actions. The Sustainability Committee determines policies on

how to address various issues in our business activities and social challenges, and checks the status on a regular basis to improve corporate value.

Compliance Promotion System



Joshin Group Code of Conduct is the foundation for promoting compliance

The Joshin Group Code of Conduct stipulates the course of action that all employees working for the Group should take, the judgment criteria, and the guidelines of action that should be followed. The Code of Conduct sets out the behavior required of various stakeholders, as well as compliance with laws and social norms, fair trade practices, conservation of the environment, handling of personal information, policy on purchasing products, etc., and guideline on activities within the supply chain. The Code of Conduct is used as a basic tool for training of employees by category including company orientation and schooling for promotion.



Strengthening the internal control system

In order to increase management efficiency, achieve sustainable growth, and improve corporate value, the Company enacted the Basic Policy on the Construction of the Internal Control System in 2006 to improve the Group's internal control system on an ongoing basis.

To ensure that the business execution within the Group is in compliance with the laws and regulations, we have an organization to promote compliance led by the chief compliance officer (the director and executive officer who supervises management planning), which serves as an organization to control overall compliance.

In addition, the Company has a Risk Management Committee for promoting risk management. We have a risk management system in place to identify, analyze, and evaluate various risks around the corporate group on a regular basis, and implement appropriate measures while developing a system for business continuity in the event of an emergency.

In addition, the following system is in place to ensure the effectiveness of business operation of the corporate group.

- Appoint directors of subsidiaries from the directors, executive officers, and executives of the Company.
- Appoint corporate auditors of subsidiaries from the auditors of the Company.
- Appoint persons in charge of compliance promotion of the Company and subsidiaries.

- Chief compliance officer of the Company oversees and promotes compliance of the corporate group.
- Regarding the management of subsidiaries, the Company respects their autonomy, periodically requests a report on their business activities, and discusses important matters with them in advance.

The Company defines the purpose of internal controls of the Group as compliance, reliability of financial reports, effectiveness and efficiency of operation, and conservation of assets. The Internal Control Unit within the Sustainability Committee takes initiative in reviewing and improving the internal control system.

Purpose of Internal Control

Compliance (legal compliance, etc.)

Reliability of financial reports

Effectiveness and efficiency of operation

Conservation of assets

Risk management system

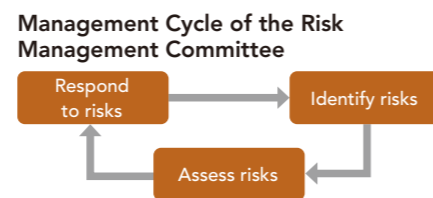
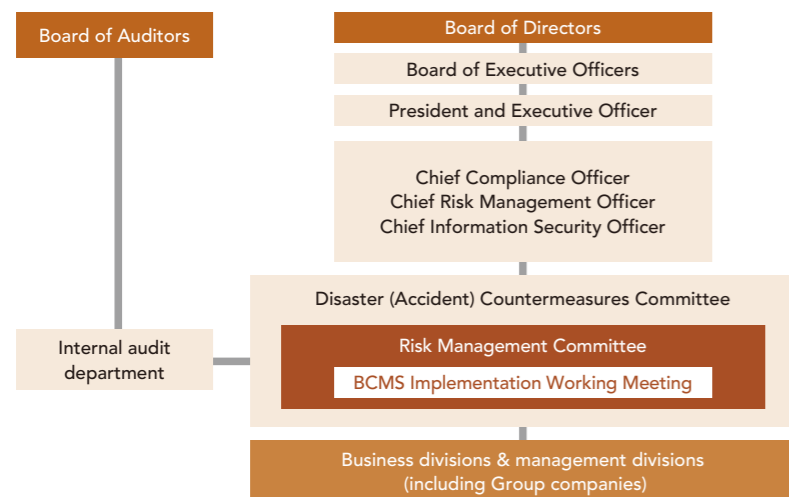
To manage the various risks that could occur within the Group, the Company formulated the Risk Management Rules in 2008 to prevent the occurrence of risks and respond appropriately to them under the management system. The Risk Management Committee is the central organization of the risk management system. It regularly identifies and assesses risks that could impact the Group, and manages the responses to these risks.

Also, in the event of a material incident, the Disaster (Accident) Countermeasures Committee, chaired by the president and executive officer, is convened to facilitate initial measures and minimize the impacts on the management of the Group.

The Company also sets business continuity plans (BCPs)

focusing mainly on incidents such as large earthquakes, fire at important facilities, pandemic of infectious diseases, and large-scale IT system failure and data leakage. Also, to increase the effectiveness of these measures, the Company acquired the ISO 22301 certification under the international standard on business continuity management system in 2017, the first among companies in the major retail and online sales industry operating chain stores in Japan. Amid growing threats of major natural disasters, such as large earthquakes and heavy rain as well as the risks of a cyberattack, the Company will fulfill all social responsibilities to stakeholders by ensuring early recovery and continuity of our business activities.

Risk Management System



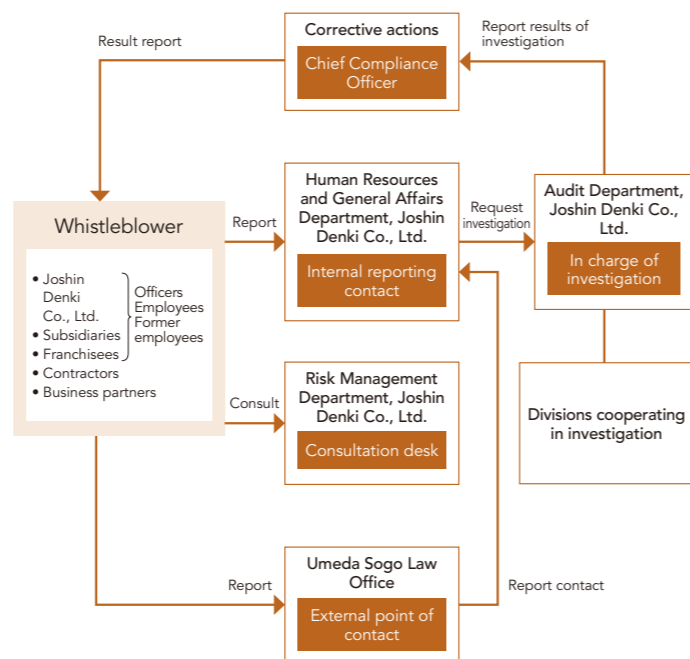
Internal public interest notification system

To prevent and promptly correct illegal and misguided acts, and to improve the capability to govern these acts, the Company uses a public interest notification system as our whistleblowing program. This system is made available not only to the employees of the Joshin Group, but also to the employees of franchisees, staff of business partners and contractors, as well as former employees.

The Company's public interest notification system allows whistleblowers (as shown in the diagram on the right) to consult and notify when they become aware of any violation of laws and regulations or misconduct against corporate ethics, or any potential violation or misconduct within the Company. Also, the Human Resources and General Affairs Department, which is our internal point of contact, accepts reports on harassment incidents in addition to public interest notifications. In fiscal 2021, this department received 68 reports on public interest notifications and harassment incidents for the entire Group.

In receiving public interest notifications, in addition to the internal contact point we also set up an external point of contact (law firm) to provide better access for the staff of business partners and contractors. The system guarantees the protection of whistleblowers, including arrangements so they are not mistreated as a result of reporting and accepting anonymous reports.

Joshin Group Public Interest Notification System



Data security and protection of personal information

The personal information of members is managed using an information system designed based on high security standards. Since the Company became the first major retailer to acquire Privacy Mark certification in 2005, we have built and maintained an operating system that clears the strict compliance criteria, and both its real stores and EC stores offer an environment that can be used securely.

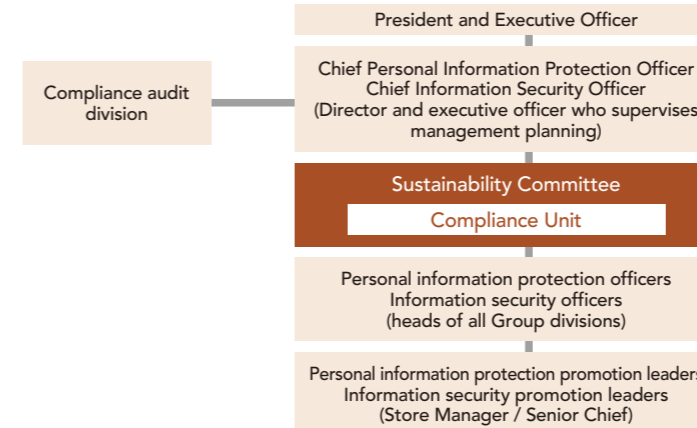
The Company adopts a common, nation-wide membership program since 1989. We keep track of the diverse purchase trends and potential needs of customers which allows us to provide rapid and effective services and responsible after-sales services to our members. By managing the membership information of real stores and EC stores on the same platform and building a seamless security system, we offer greater security while increasing customer satisfaction through improved convenience. As well, we have introduced a dedicated digital tablet to deal with membership enrolment at stores and requests for changes to

registered membership information. We have also managed to reduce problems with several procedures. As well, we coordinate speedy and accurate data gathering using digital devices.

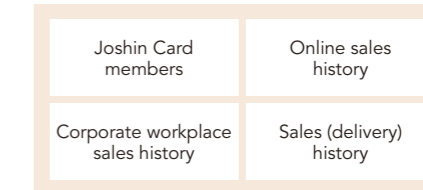
The Company implements a personal information protection management system at all Group companies. Every division protects personal information based on a plan formulated every year. The Audit Department conducts compliance audits on our operations, and makes prompt improvements, as required. Issues identified at the compliance audit, etc. are discussed at the Compliance meeting to determine remedial actions that are then reflected in new plans and actions.



Systems to Promote Data Security and Personal Information Protection



Purchasers History Database System

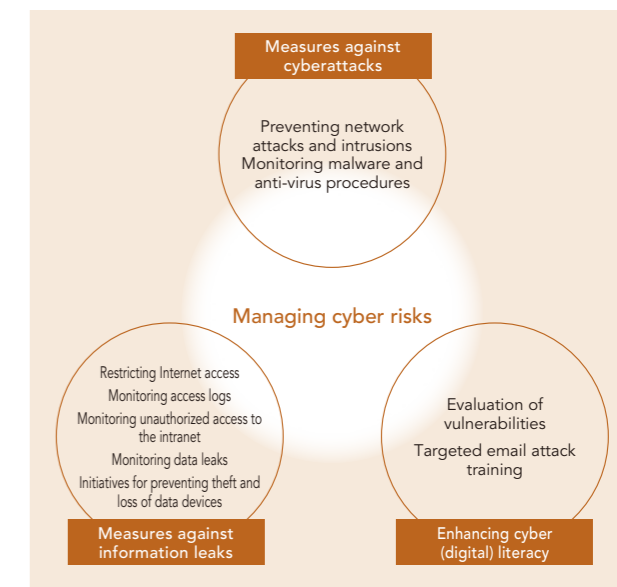


The customers' personal information is constantly updated upon each purchase order.

Customers registered through the Joshin website and the Joshin app can check their personal information and change their contact information from members' pages.

Preventing cyberattacks

Perimeter security prevents data leaks from our intranet through firewalls and in other ways. However, there are limits to the protection from these measures against diversified cyberattacks. Therefore, in addition to defense systems, such as firewalls, the Company has established a management system for cyber risks from the standpoint of zero trust, or authenticating every communications partner, regardless of whether they are inside or outside the Company. The Company operates a system that constantly monitors all business terminals and servers through EDR/MDR in remote work environments as well as internal environments, and eliminates threats by immediately detecting the intrusion of malware and other programs and isolating the infected systems. This approach ensures both the efficiency and safety of the Joshin Group's business as well as for work styles, such as remote work, and steadily promotes DX (digital transformation).



Major Financial/Nonfinancial Data for 11 Years

Millions of yen (consolidated)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Financial											
Profit/loss status											
Net sales	410,174	365,958	401,798	372,385	375,782	374,387	391,726	403,832	415,643	449,121	409,508
Operating income	12,239	5,421	7,391	6,656	7,838	7,982	9,680	10,987	8,979	16,550	8,884
Ordinary income	12,111	5,323	7,237	6,628	7,802	8,050	9,662	11,003	8,900	16,555	9,701
Net income attributable to owners of the parent	6,245	3,461	3,037	3,366	4,356	5,190	5,579	6,354	5,418	8,873	6,391
Capital investment amount	7,650	7,967	12,316	5,654	4,931	11,767	7,283	9,888	8,120	8,488	9,389
Status of cash flows											
Net cash from operating activities	589	-2,884	9,815	5,367	751	16,581	15,223	4,533	13,022	25,836	1,442
Net cash from investing activities	-6,942	-7,253	-5,625	-5,903	-3,595	-10,412	-6,230	-10,427	-6,316	-6,118	-9,573
Free cash flow	-6,353	-10,138	4,190	-535	-2,844	6,169	8,992	-5,893	6,706	19,718	-8,131
Net cash from financing activities	5,561	10,045	-2,534	-1,494	2,167	-6,131	-8,134	5,900	-7,762	-14,433	1,873
Financial status											
Total assets	156,326	171,022	182,411	175,005	180,905	185,971	188,550	207,351	197,308	210,321	217,417
Net assets	55,415	58,535	61,949	66,807	70,773	75,859	80,892	86,091	89,147	99,303	98,641
Interest-bearing liabilities	44,388	56,056	54,487	53,872	56,002	51,423	44,877	52,717	47,144	35,119	40,017
Net interest-bearing liabilities ¹	39,678	51,438	48,193	49,609	52,416	47,749	40,345	48,178	43,661	26,351	37,656
Equity ratio	35.4%	34.2%	34.0%	38.2%	39.1%	40.8%	42.9%	41.5%	45.2%	47.2%	45.4%
Net D/E ratio (times) ²	0.72	0.88	0.78	0.74	0.74	0.63	0.50	0.56	0.49	0.27	0.38
Per share information (after reverse stock split was calculated)											
Earnings per share (EPS)	250.14	139.24	121.56	133.64	166.26	196.56	210.62	239.10	202.84	331.62	238.78
Dividend per share	32.0	32.0	32.0	32.0	32.0	32.0	42.0	50.0	50.0	75.0	75.0
Business indicators											
ROE (return on equity)	11.9%	6.1%	5.0%	5.2%	6.3%	7.1%	7.1%	7.6%	6.2%	9.4%	6.6%
ROA (return on assets)	7.8%	3.3%	4.1%	3.7%	4.4%	4.4%	5.2%	5.6%	4.4%	8.1%	4.4%
ROIC ³	8.0%	3.1%	4.1%	3.6%	4.0%	4.1%	5.0%	5.1%	4.3%	8.0%	4.2%
Financial indicators											
Operating income ratio	3.0%	1.5%	1.8%	1.8%	2.1%	2.1%	2.5%	2.7%	2.2%	3.7%	2.2%
Ordinary income ratio	3.0%	1.5%	1.8%	1.8%	2.1%	2.2%	2.5%	2.7%	2.1%	3.7%	2.4%
Net income ratio attributable to owners of the parent	1.5%	0.9%	0.8%	0.9%	1.2%	1.4%	1.4%	1.6%	1.3%	2.0%	1.6%
Payout ratio	12.8%	23.0%	26.3%	23.9%	19.2%	16.3%	19.9%	20.9%	24.6%	22.6%	31.4%
Nonfinancial											
GHG emissions (scope 2) (t-CO ₂)	32,324	49,724	44,083	47,860	46,897	45,681	43,929	39,783	34,450	30,344	19,776
Changes in plastic shopping bags (volume of plastic used in shopping bags) (t)	202	224	230	194	204	208	219	219	203	80	30
Sales area (m ²)	424,288	442,576	477,449	489,579	501,918	502,974	512,812	514,237	518,958	505,210	513,509
Number of employees (including part-time employees) (people)	7,663	7,341	7,879	7,652	7,845	7,825	8,446	9,169	9,483	9,277	9,121
Number of new graduate employees (people)	198	212	48	51	59	63	55	77	91	98	126
Number of elder employees (employees 65 years old or older; including part-time) (people)	24	26	30	27	29	39	60	80	84	93	97
Percentage of employees with disabilities (%)	2.17	2.10	1.93	2.10	2.08	2.07	2.32	2.55	2.54	2.44	2.60
Turnover rate of permanent employees (%)	2.8	3.8	2.9	2.9	2.6	2.7	2.8	3.3	2.8	2.2	2.4
Percentage of employees participating in employee stock ownership plan (Joshin Denki only) (%)	90.03	90.62	92.01	92.49	92.61	92.41	91.90	91.13	90.13	87.46	86.49
Cases of violations of law and regulations, monetary amount	0	0	0	0	0	0	0	0	0	0	0
Whistleblower cases (number of cases)	21	23	26	28	26	28	29	41	46	60	68

1. Net interest-bearing liabilities: interest-bearing liabilities – deposits
2. Net D/E ratio: (interest-bearing liabilities – deposits) ÷ (equity capital)
3. ROIC: (operating income × 0.65) ÷ (interest-bearing liabilities + equity capital)
Effective tax rate of 35% is used for calculations

Group Locations

As of the end of March 2022, the Joshin Group operated 223 stores in the Kansai, Shikoku, Tokai, Kanto, and Hokushinetsu regions. Moving forward, the Group will quickly expand the operation of our new logistics center (Kansai Ibaraki Logistics Center) and open new stores, while developing our service infrastructure.

- Joshin Denki Co., Ltd. Head Office
- Store
- Logistics center
- Sales office/hub
- Other brands



35 stores in the Tokai region (total: 76,694 m²)
 39,689 m², 19 stores in Aichi Prefecture
 13,241 m², 6 stores in Gifu Prefecture
 21,780 m², 9 stores in Mie Prefecture
 1,984 m², 1 store Shizuoka Prefecture

Komaki store

23 stores in the Hokushinetsu region (total: 58,352 m²)
 22,465 m², 8 stores in Toyama Prefecture
 7,265 m², 3 stores in Ishikawa Prefecture
 5,156 m², 2 stores in Fukui Prefecture
 20,982 m², 9 stores in Niigata Prefecture
 2,482 m², 1 store in Nagano Prefecture

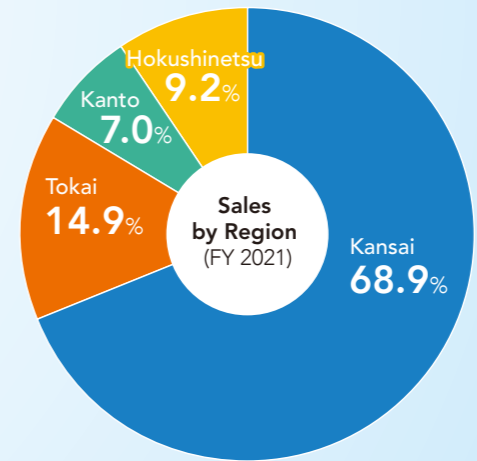
Toyama main store

17 stores in the Kanto region (total: 35,446 m²)
 5,381 m², 3 stores in Tokyo Prefecture
 5,263 m², 2 stores in Kanagawa Prefecture
 14,568 m², 7 stores in Saitama Prefecture
 10,232 m², 5 stores in Chiba Prefecture

Matsudo store

146 stores in the Kansai region (total: 342,802 m²)
 140,768 m², 61 stores in Osaka Prefecture
 31,411 m², 12 stores in Kyoto Prefecture
 92,507 m², 40 stores in Hyogo Prefecture
 27,702 m², 13 stores in Shiga Prefecture
 32,073 m², 12 stores in Nara Prefecture
 18,338 m², 8 stores in Wakayama Prefecture

Kishiwada store



2 stores in the Shikoku region (total: 213 m²)
 213 m², 2 stores in Tokushima Prefecture

ASAKA Naruto store

* All figures are rounded down to the nearest whole number.



See our website (below) for detailed store information. (in Japanese)

Store search <https://shop.joshin.co.jp/>



Overview of the Virtual Store for Renovations

Our virtual store for renovations

As of March 2022, approximately 515,000 people have “visited” the five floors of our virtual store for renovations. We are expanding the renovation business by generating synergy with our appliance business; establishing a renovation business that provides safe, reliable, and convenient consultation 24 hours a day, 365 days a year; and introducing a full range of renovation products too extensive to display in stores and allowing visitors to experience their functionality virtually.

The virtual store offers safety, security, and convenience when considering renovations (such as detailed product videos and online estimate requests) as well as functions that make the

renovation decision fun for families (such as AR (augmented reality) and color simulations), which also enables analysis of customer trends. We will further develop our virtual store for renovations to develop proposals tailored to customer needs, such as popular renovation products and functions.

Currently, the virtual store for renovations displays on average four times as many products than real (brick-and-mortar) stores. Moving forward, we will also consider expanding the range of products that we offer that are a good match for the virtual store format, and improve the ability of the virtual store for renovations to attract customers, while improving appeal and communication.

Diagram of the virtual store for renovations



Using smartphones



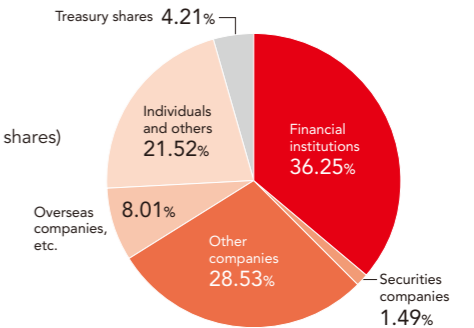
See the website to visit each floor of the virtual store for renovation: <https://www.virtualshop-joshin-reform.jp/entrance/> (in Japanese)

Stock Information (as of March 31, 2022)

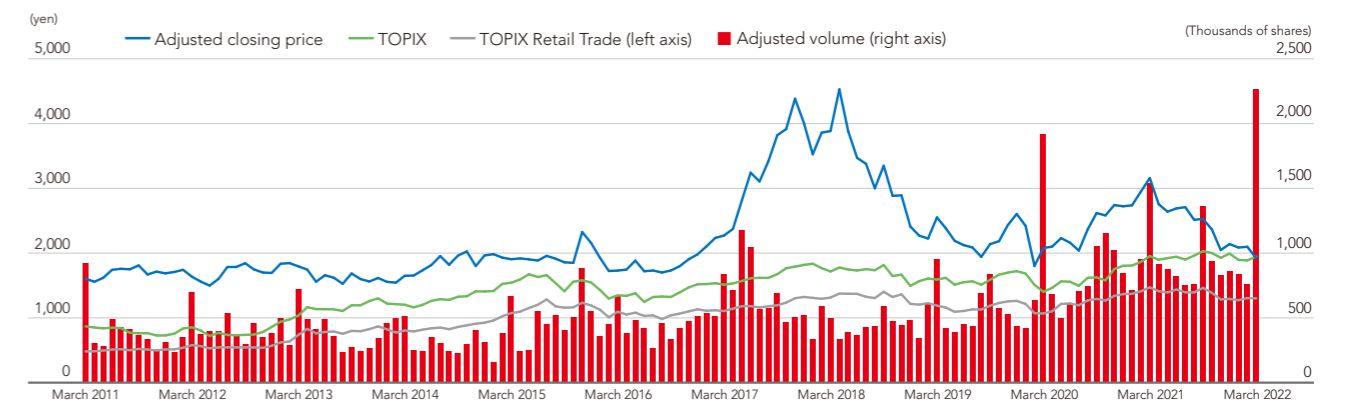
Current Shares

Number of authorized shares: 99,000,000
 Number of outstanding shares: 28,000,000
 Number of shareholders: 54,976
 (including 9,978 shareholders holding unit shares)

Distribution of Shares

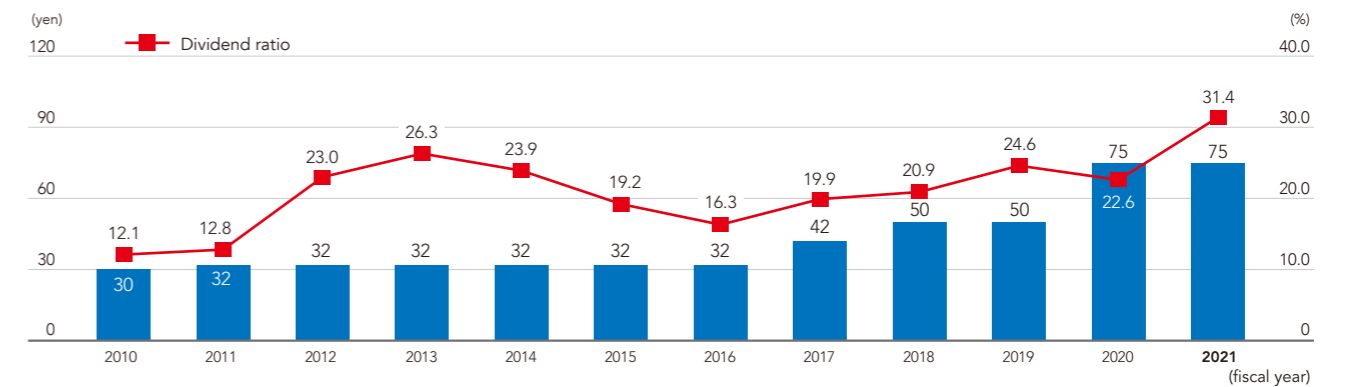


Share Prices (after reverse stock splits were calculated)



* On October 2, 2017, the Company reduced the number of ordinary shares issued by two to one.

Dividend per share



Current Major Shareholders

Shareholder	Number of Shares Held	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2,695,500	10.04
Joshin Denki Employee Shareholding Association	1,790,146	6.67
The Dai-ichi Life Insurance Company, Limited	1,350,000	5.03
Resona Bank, Limited	1,200,010	4.47
Custody Bank of Japan, Ltd. (trust account)	896,975	3.34
Sharp Corporation	542,500	2.02
Sompo Japan Insurance Inc.	506,500	1.88
Daikin Industries, Ltd.	447,792	1.66
Sumitomo Mitsui Trust Bank, Limited	420,000	1.56
Mitsubishi UFJ Trust and Banking Corporation	400,000	1.49

* Shareholding ratio was calculated excluding treasury stock (1,178,398 shares).

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Joshin

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