

Connecting the futures
of people and society
with smiles



Joshin Denki Co., Ltd.

Integrated Report 2021

Fiscal Year Ended March 31, 2021

Management Philosophy Structure

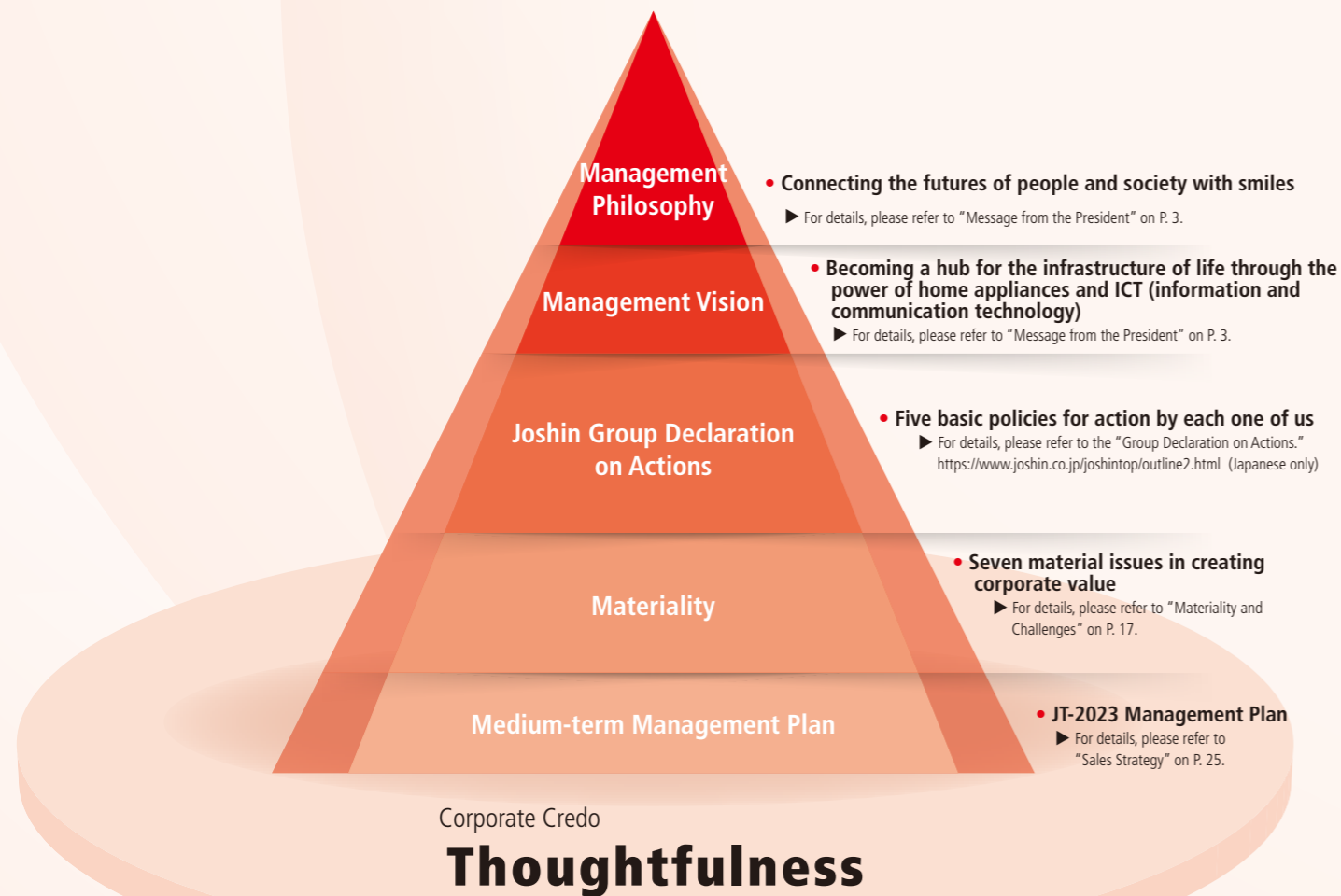


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Our Websites

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



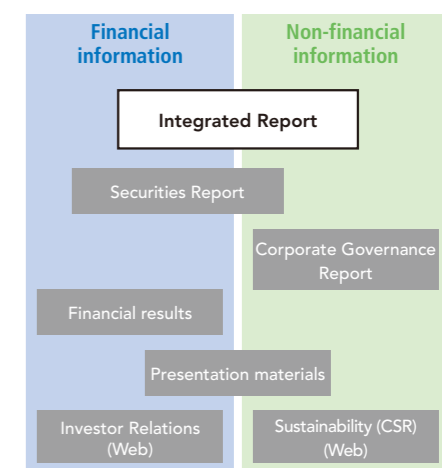
Investor Relations
https://www.joshin.co.jp/joshintop/ir_en.asp



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



Integrated Report Framework





From our Representative Director,
President and Executive Officer

Ryuhei Kanatani

I would like to thank all our stakeholders for their continued patronage of the Joshin Group (hereinafter “Joshin” or “the Company”).

First, I would like to express my deepest sympathies to all those affected by the COVID-19 pandemic and those impacted by disasters occurring all over the country. I hope and pray for the earliest possible recovery and reconstruction. I would also like to express my deep gratitude to all those who are performing their duties to protect precious lives in all areas of society, including medical professionals.

Message from the President

Joshin advocates for the management philosophy of “Connecting the futures of people and society with smiles,” and will continue to make every effort toward social value creation such as “supporting and strengthening resilience in our aging society” and “achieving carbon neutrality in the home.”

Joshin’s Awareness of the Current Social Environment

The environment around us is currently undergoing major changes. Our life styles are also changing significantly as the social structure, social environment, and societal values around us undergo drastic changes. Such changes are exemplified by demographic shifts like decreasing populations and households as well as increasing elderly single-person households, caused by the declining birth-rate and aging population. They are also brought about by trends such as advanced development of ICT (information and communication technology), and social trends such as respect for and acknowledgement of every individual regardless of gender, age, nationality, etc., and the spread of diversity & inclusion, not to mention climate change.

We updated our Management Philosophy for the First Time in 57 Years

This year, we gave some thought to the future from a long-term perspective, envisioned the ideal state of society, and revised our management philosophy to “Connecting the futures of people and society with smiles.”

Considering the current state of societal transformation and social issues, and in accordance with the fundamental spirit of our Corporate Credo of “Thoughtfulness” (meaning “to always think and act in consideration of the other’s perspective”) – the basis for our philosophical system – our new management philosophy reflects our desire to pass on to future generations a “sustainable society where no-one is left behind.”

Based on this management philosophy, we have identified social values that we will create over the medium to long term, a management vision, and materiality (major challenges), etc., using “backcasting” from a medium- to long-term perspective. ▶ P.15

Two Social Values that Joshin Creates

Based on its new management philosophy of “Connecting the futures of people and society with smiles,” the Company will make every effort to create two social values by “supporting and strengthening resilience in our aging society” and “achieving carbon neutrality in the home.”

For our retail business, which mainly sells home appliances, we believe that there are two main factors that will have a major impact on what our future looks like. One is a declining birthrate and aging population. The decrease in population and the number of households and the increase in the number of elderly single-person households due to a declining birthrate and aging population have implications on issues such as changes to consumer purchasing behavior, shrinking market size, and a shrinking working population. While we are addressing this issue as a risk, we also regard it as a new business opportunity. For this reason, we have chosen to support and

strengthen the resilience in our aging society as an initiative for social value creation the Company should work on to support the sustainable development of society.

I consider “resilience” to mean not only “restoration to the original state” but also “adaptation to change.” In light of the ongoing transformation into a super-aged society, we aim to find opportunities in the changing environment while adeptly integrating our sales know-how, through which we will create and seamlessly provide new added value.

The second factor is climate change. In July 2021, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Environmental problems such as climate change not only threaten biodiversity but are also serious risks that adversely impact the world economy. As a countermeasure to this issue, achieving a carbon-neutral society is a universal goal, and in October of last year Japan pledged before the world to aim for complete carbon-neutrality by 2050. With the frequent occurrence of large-scale natural disasters around the world, there is growing recognition that tackling climate change is an urgent issue. Environmental issues pose a risk for companies, but there are also ways to turn increased awareness of the environment into an opportunity. Through home appliance sales, we will popularize home appliances with high performance in energy creation, storage, and savings (solar power generation, storage batteries, energy-saving home appliances, etc.), and actively work on building a recycling-based society through the 3Rs (reduce, reuse, recycle) while contributing to the elevation of social values.

Our management vision is “to become a hub for the infrastructure of life through the power of home appliances and ICT (information and communication technology)”

Based on our new management philosophy, we have established our management vision of “becoming a hub for the infrastructure of life through the power of home appliances and ICT (information and communication technology)” to achieve two social values. In order to create the two social values, we believe that it is indispensable to maintain and enhance in-home infrastructure, which is the basis of people’s daily lives. Thus far, we have popularized a wide variety of home appliances all over Japan, through our home appliance sales operations. In the future, we believe that the progress of ICT and technological innovation will evolve home appliances into IoT appliances, and ICT itself will become a tool for advanced development of the social infrastructure in various situations such as responding to the declining birthrate and aging population, creating industries and jobs, creating safe and secure cities, and tackling the aging social infrastructure. We aim to become a hub (activity center or base) for our customers’ life infrastructure through our ability to popularize and spread home appliances and our ability to advance ICT and technological innovation.

“Turning a crisis into an opportunity” is in our DNA

One thing that left a strong impression on me were the words of the Company founder, Hiromitsu Jogu: “Turn crisis into opportunity.” At the time of the fire at our Head Office building (1970), Jogu thought first and foremost about the people whom the fire caused distress and inconvenience to and then took actions. I have heard that his sincere attitude was very well received, and as a result the Company gained credibility instead of losing it.

Also, in 2002, the Company was offered an opportunity to become a sponsor of the professional baseball team the Hanshin Tigers, while struggling to raise funds due to its poor business performance. We signed a contract as we thought the sponsorship would be a once-in-a-lifetime chance, expecting the synergy effects of improving the credibility of Joshin and our business development in the area. As a result, the name recognition of “Joshin” increased nationwide, which led to an increase in sales at e-commerce (EC) stores later. In addition, our business performance recovered by aggressively implementing various measures such as victory sale events in 2003 and 2005. I believe the main reason we reversed our business crisis was not only because we became a sponsor of the Hanshin Tigers, but also because there was a strong bond between the Company and its employees, who could be a solid foundation to protect the Company in the event of a crisis. This is precisely our DNA and our forté, which “turns crisis into opportunity.”

In fact, we were also able to turn the COVID-19 crisis into an opportunity. During Japan’s state of emergency, we decided to shorten our operation hours to end at 7:00 pm. By shortening business hours, we were able to allocate more employees during business hours, and deepened communication with customers more than ever before, resulting in improved CS (customer satisfaction) and leading to increased sales. In addition, we put the brakes on sales promotion practices such as newspaper inserts in order to prevent any close contact. By doing this and shifting to digital sales promotion using the Joshin app, etc., in addition to curbing advertising expenses, we were able to accumulate know-how about detailed sales promotions at the individual customer level. Furthermore, for

I personally believe that Joshin’s strength lies in its human resources, and I place particular importance on this in the seven materiality themes.

our Company, which is traditionally strong in e-commerce (EC), stay-at-home-related surge demand provided an opportunity to bolster sales. In fiscal 2020, our e-commerce sales increased 26% year-on-year to 71.7 billion yen, an increase of 14.5 billion yen. This is also the result of our “KohDoh*” in which we “always take the perspective of others,” think what is best for the customer, and turn crisis into opportunity.

* It means to think and act based on the other person’s perspective.

I believe that the current theme of the electronics retail industry is shifting from new-store competition to add-ons to home appliances (services). Our Company has a low turnover rate, and not only counts on many experienced staff members with qualifications such as home appliance consulting, but also has a solid system in place for delivery, installation, and repair by our subsidiary Joshin Service Co., Ltd. and other partner companies. In the future, we see this shift not as a hurdle but as an opportunity to show our true colors. In the long term, we will take advantage of our characteristics to turn a crisis such as a shrinking market due to demographic changes into an opportunity, while aiming for further leaps forward.

We have established our Materiality

Furthermore, we have established 7 materiality themes (major challenges) and 14 action items as important issues

The 7 Materiality Themes

1. Proposing enriching lifestyles to keep ahead of changes in our ways of life
2. Offering safe and secure products and services
3. Contributing to the creation of an enriching society that is in harmony with the global environment
4. Creating work environments that enables diverse human resources to enjoy successful careers and job satisfaction
5. Promoting symbiosis with local communities
6. Ensuring responsible procurement and marketing
7. Enhancing corporate governance



to be tackled in pursuit of our management philosophy and management vision. ▶ P.17

By working on these materiality themes under our corporate management, not as a transient approach but rather in a sustainable and long-term manner, we will fulfill our social responsibilities through our business activities. We will continue to make our efforts so that this will eventually lead to an increase in our corporate value.

My conviction about corporate management is to constantly develop and maintain the human resources that are trusted by our customers and society

I personally believe that Joshin’s strength lies in its human resources, and I place particular importance on this in the seven materiality themes. I believe that the lack of an “employee first” concept in the labor-intensive retail industry could undermine Joshin’s business foundation. I always tell myself that we must manage operations under the assumption that Joshin will continue to exist and grow as a company, even when our new employees joining us will be the same age as I am now. The continued survival of the Company will lead to sustained employment and support the lives and livelihoods of its workers. The achievement of this will lead to the practice of our Corporate Credo, “Thoughtfulness,” and our management philosophy, “Connecting the futures of people and society with smiles.”

Our average length of service is high in the industry. This leads to maintaining a high level of customer service and contributes to an improved customer return rate. In addition, the Company’s largest shareholder is the employee shareholder association, and we believe that good motivation to participate in management fosters a high level of professionalism, which feeds into the Company’s strengths.

In the sale of home appliances, appropriate advice is required for product selection, delivery, installation, construction, and recycling, so the presence of our employees who are in contact with customers and the employees staying attractive is a very important factor behind customers choosing us. Creating a working environment where employees can aim for long-term career development is, therefore, a requirement for our management.

My desire is to create a company that has diverse employees who enthusiastically participate in the business while feeling that their work is rewarding. This will be the engine of our growth. To that end, in 2021, we appointed a female outside director who is well-versed in promoting sustainability, including the development of human resources. We hope to improve corporate value by further enhancing employee engagement with the following four key pillars: “securing human resources in parallel with environmental changes,” “diversity & inclusion,” “respect for human rights,” and “work-life balance.”

Key Points of the Current Medium-term Management Plan “JT-2023”

To put it succinctly, if we consider the growth process of the Company to consist of the three stages of “hop, step, jump,” the previous Medium-term Management Plan “JT-2020” would correspond to “hop.”

Under “JT-2020”, as the first step to shift from quantity to quality, we promoted management that emphasizes scrap and build of real stores and operating cash flow. As a result of efforts to improve our financial position, directing operating cash flow to upcoming growth has made it possible to aggressively invest in fields that are indispensable for the future growth of the Company, such as sales infrastructure for real and EC stores, service and logistics infrastructure, and human resources.

The current Medium-term Management Plan “JT-2023” would correspond to “step.” In “JT-2023”, we will strive aggressive investment to reduce and consolidate existing logistics sites (launch the new fulfillment center) and strengthen service infrastructure to support real and EC stores, leading to even more future growth. And we will further improve profitability through scrap and build of real stores, among other measures.

Fiscal 2020 was the first year of “JT-2023”, and thanks to stay-home and government benefit-related surge demand, we achieved record highs in both sales and profitability. On the other hand, recovery from COVID-19 and its impact on future business performance remain uncertain. Even in this situation, I believe it is my role as a manager to respond promptly to the changing needs of customers, markets, and so on, firmly achieve JT-2023 Management Plan, connect it to the third stage of “jump,” and pave the way for sustainable growth beyond that.

Lastly

Joshin advocates for the management philosophy of “Connecting the futures of people and society with smiles,” and will continue to make every effort to create social values such as “supporting and strengthening resilience in our aging society” and “achieving carbon neutrality in the home.”

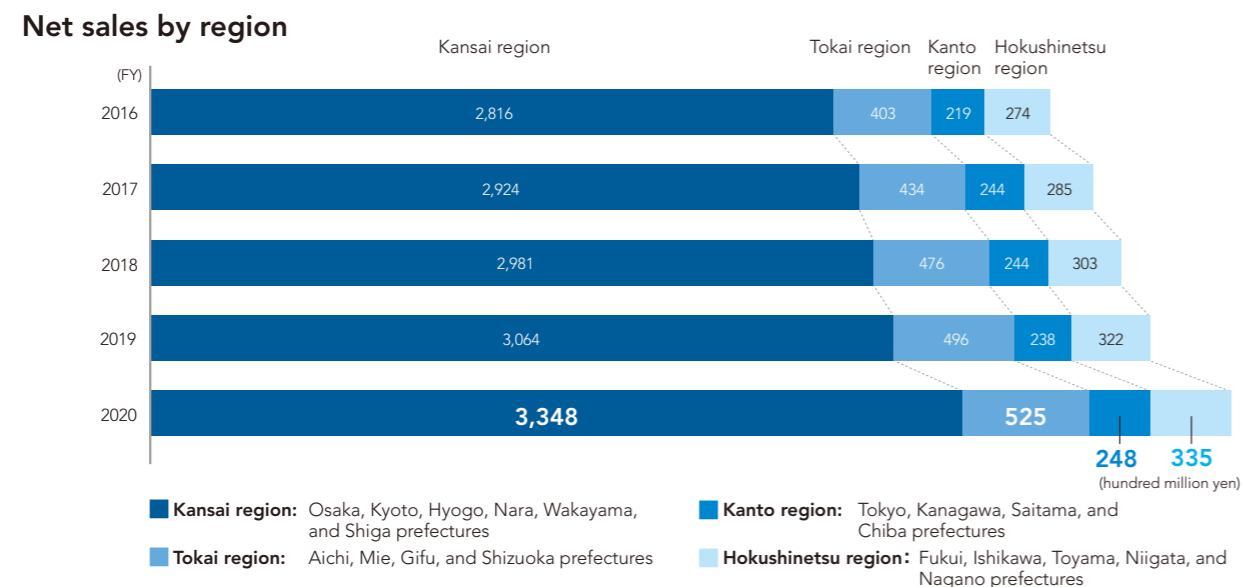
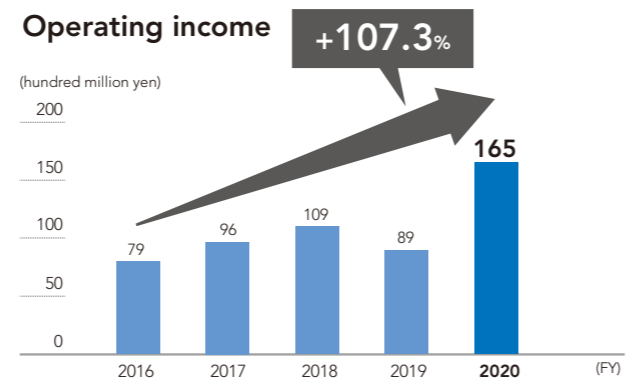
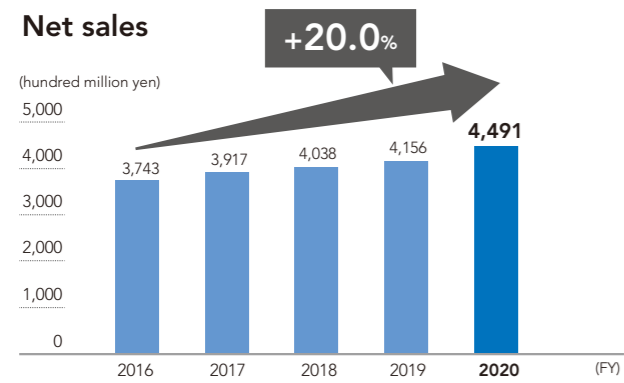
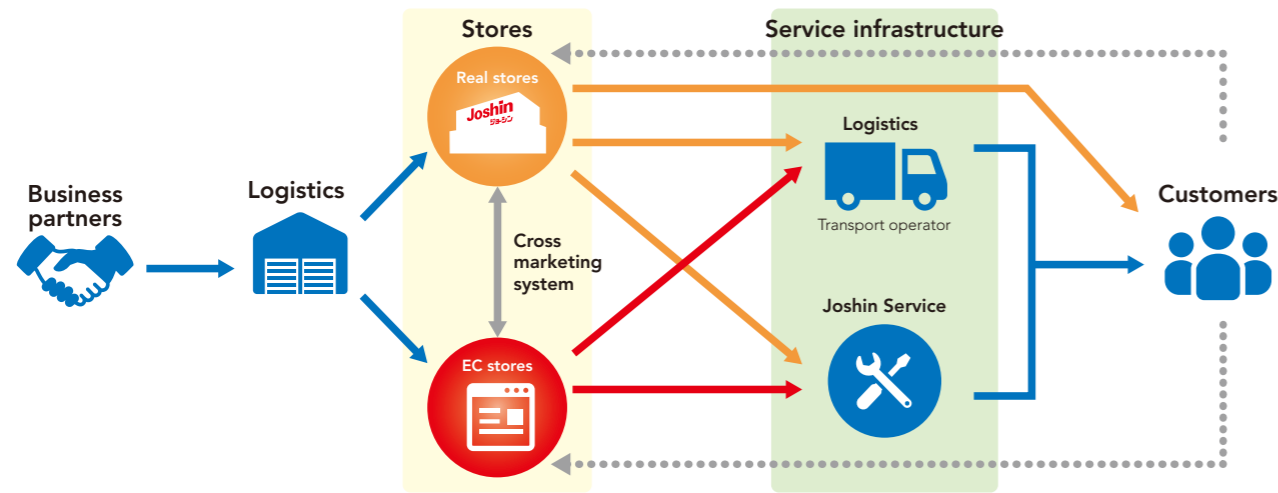
We look forward to your continued patronage of Joshin.

Representative Director,
President and Executive Officer
Ryuhei Kanatani

Overview of the Joshin Group

The Company operates an electronics retail business which consists of sales of home appliances and entertainment products, and a housing renovation and maintenance business through a triune structure of real stores, e-commerce stores, and service infrastructure. We enhance our network through cross marketing between real stores and EC stores (introduction of smart shop corners for referrals from real stores to EC; O2O

referrals for EC to real stores). Delivery, installation, and servicing-related works from both real/EC stores are handled by Joshin Service Co., Ltd. The Company rolls out a locally focused dominant strategy mainly in Tokyo, Nagoya, Osaka, and Hokushinetsu regions, and looking ahead, it will enhance and expand its real stores and service infrastructure with a view to strengthen its EC stores.



Real stores

Number of stores

220 stores

The Company operates 220 real stores mainly in Tokyo, Nagoya, Osaka, and Hokushinetsu regions (as of end of fiscal 2020). We avoid the expansion path that focuses too much on opening new stores, and work to strengthen the earning power of real stores by scrap-and-build of existing stores. Our sales staff proposes products with "sound customer service strength and courteous response" which is why we are highly evaluated by customers visiting our real stores.



EC stores

Number of product items

Approx. 560,000 items

EC stores collaborated closely with the Merchandise Division, which is in charge of procuring merchandise, to develop offerings so as not to bore customers, for example, by making frequent changeover of product display. At the same time, we gave meticulous attention in creating the EC stores, such as enhancing our response to inquiries by strengthening our call centers, among other efforts. This careful attention to store development and customer response was highly evaluated, which gave us the honor to win the Grand Prize in the Rakuten Shop of the Year 2020 awards.



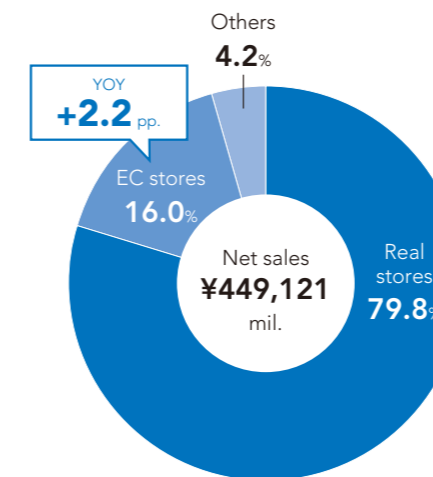
Service infrastructure

Product information accumulated

Approx. 2,250,000 items

Service infrastructure mainly focuses on the delivery, installation, and construction servicing of washing machines, refrigerators, and air conditioners. We maintain and improve the quality of our services by offering training for outsourcing contractors to gain understanding on the Company's approach to customer satisfaction. Through these efforts we have received high customer satisfaction for the past 40 years for services provided at the residences of customers. (Of the collected questionnaires, the percentage of VERY SATISFIED and SATISFIED exceeded 97%)

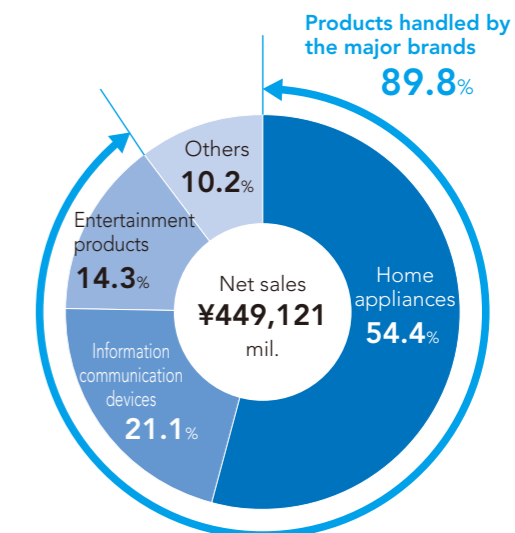
Composition of sales by channel



We operate shops and brands to suit various lifestyles and situations.

- Joshin**: General electronics retail store offering home appliances, audio-visual equipment, and information devices.
- J&P**: Special brand of information devices and digital products suitable for diverse network environments, including PCs and smartphones.
- KIDS LAND Joshin**: General entertainment brand specializing in toys, models, and video games.

Composition of sales by product category



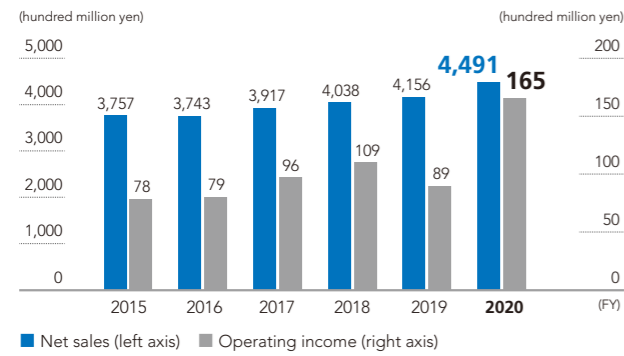
Trends of product mix

Net sales in fiscal 2020 totaled 449,121 million yen. Sales of home appliance products including TVs, home appliances, and related products was 244,451 million yen, accounting for 54.4% of total sales. Also, sales of personal computers and other information communication devices came to 94,761 million yen (21.1%), and entertainment products including video games, models, toys, and musical instruments totaled 64,178 million yen (14.3%). Products handled by our major brands (Joshin, J&P, and KIDS LAND Joshin) accounted for 89.8% of the total sales.

Financial/Non-financial Highlights

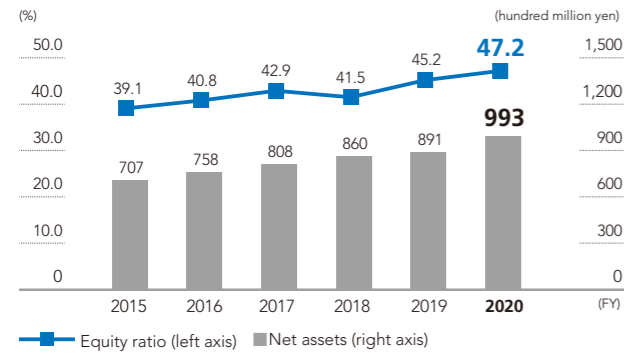
Financial

Net sales/operating income



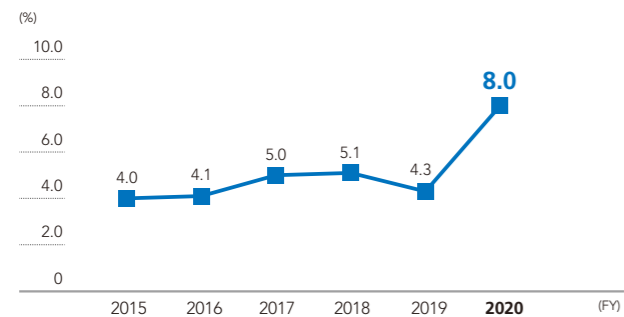
Thanks to new demands amidst the COVID-19 pandemic, we posted record-high sales, while suppression of sales promotion and other cost-cutting efforts also helped us achieve record-high profit.

Equity ratio/net assets



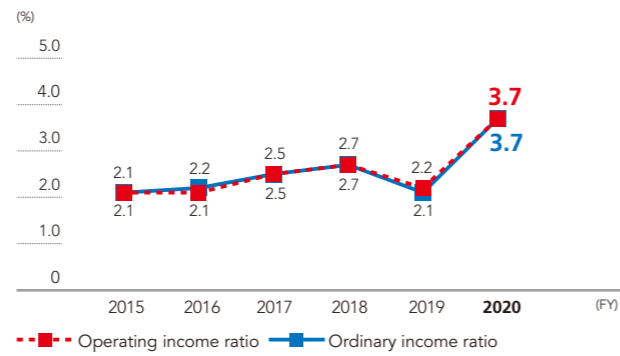
Stable earnings will lead to increase in net assets to total assets and steady reduction of interest-bearing liabilities, thereby improve financial safety.

Return on invested capital (ROIC)



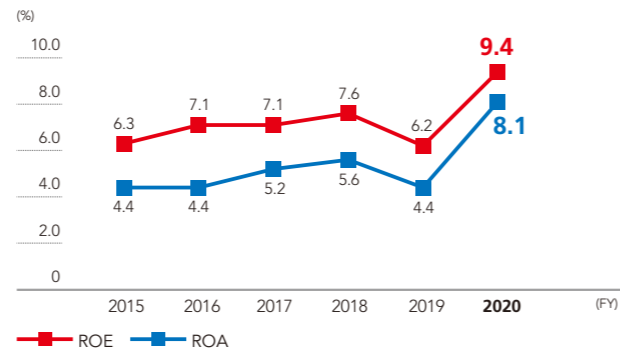
This is the most important financial indicator in comparison to cost of capital. As with ROE and ROA, record-high performance in the previous fiscal year has also brought ROIC above the original targets in the Medium-term Management Plan.

Operating income ratio/ordinary income ratio



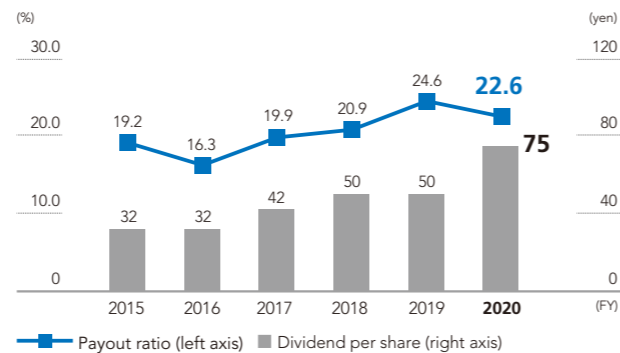
Diversification of sales promotion methods and deeper communication with customers are steadily leading to increased profitability.

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



With record-high results in the previous fiscal year, ROE and ROA both surpassed the original targets in the Medium-term Management Plan.

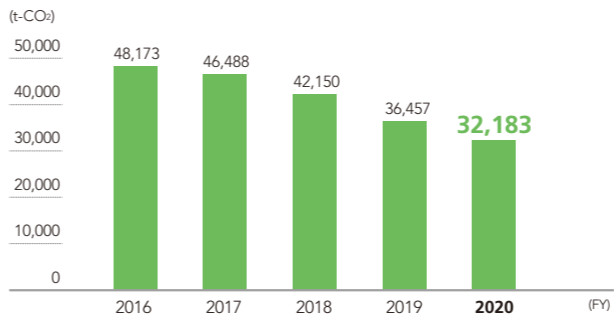
Payout ratio/dividend per share



The Company aims a payout ratio target of approximately 30% in fiscal 2022, the final year of the Medium-term Management Plan.

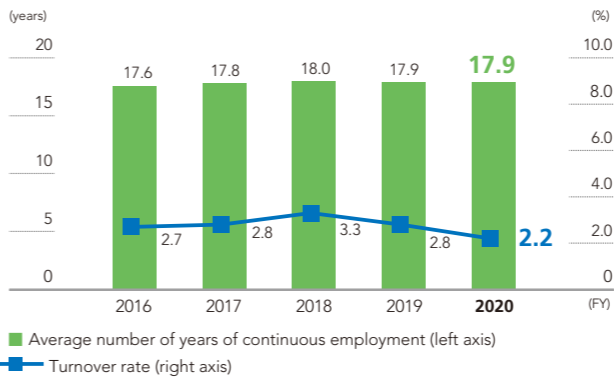
Non-financial

CO₂ emissions (Scope 2)



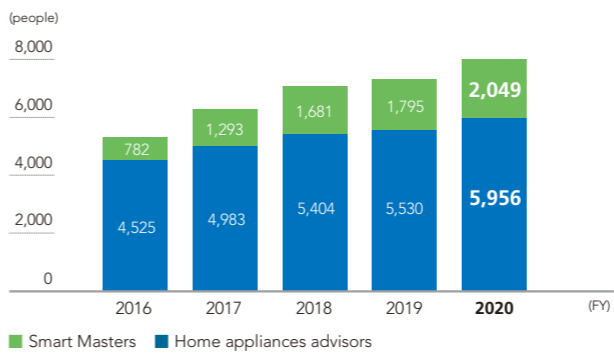
There was a steady decrease in emissions due to the introduction of power management systems, LED dimmer systems, and the like. The Company will continue to make proactive efforts, such as implementing renewable energy, to reduce emissions.

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



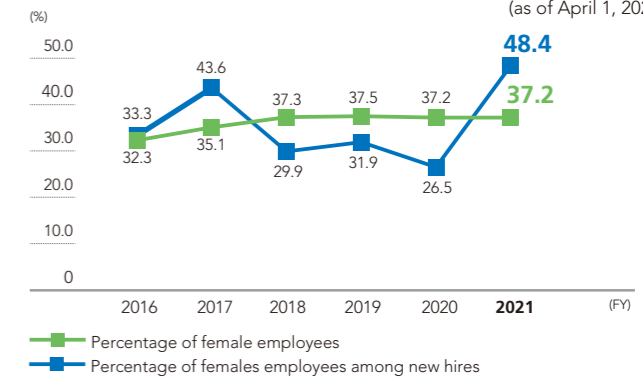
Our full-time employee retention rate is among the highest in the industry, which is the source of high employee satisfaction (ES). The Company focuses on employee engagement so that diverse employees can feel job satisfaction.

Total number of certification holders (home appliances advisors, Smart Masters)



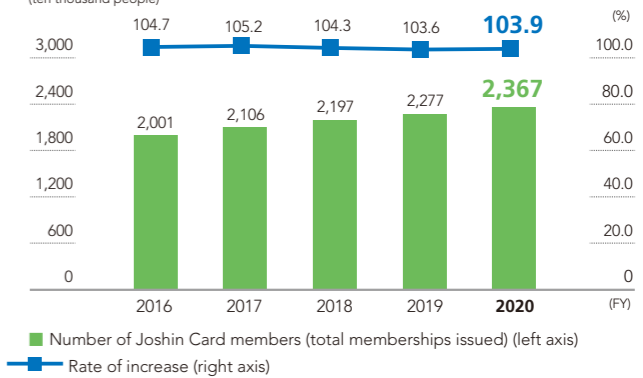
Maintaining a high percentage of certification holders is a symbol of professionalism. The Company will propose a safe, secure, and comfortable lifestyle for customers and realize carbon neutrality in homes.

Diversity & inclusion (percentage of female employees, percentage of females employees among new hires) (as of April 1, 2021)



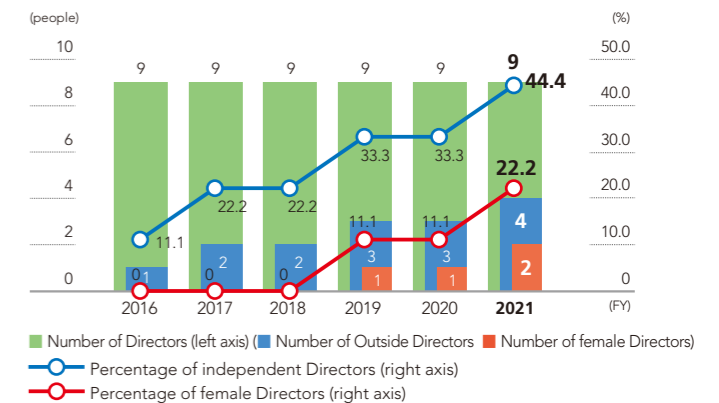
The Company aims to have 50% female employees and is strengthening support for hiring and career formation. In fiscal 2021, 48.4% of all new hires were female.

Number of Joshin Card members



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

Percentages of independent and female Directors (as of June 22, 2021)



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

History of Value Creation

Since its founding, Joshin Denki has continued to grow by turning a crisis into an opportunity on numerous occasions, thereby building up its own strengths.

We will keep drawing fully on these strengths to create the value that only Joshin can offer.

Highly professional after-sales service for home electronics and appliances

1956 1st in the Industry The service department is established

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



Net sales (hundred million yen)
6,000

5,000

1948 Joshin is founded

Joshin starts up as a home appliance parts store in Osaka Nippombashi, Osaka. In 1954, it switches its business to become a home electronics and appliance store.



FY1950
Net sales of 7.0 million yen

2,000

1,000

0

1950 1960 1970 1980 1990 2000 2010 2020 2022 (FY) (Target)

■ Net sales (left axis)
— Operating income (right axis)

* Net sales have been disclosed since FY1950, and operating income since FY1971.
* These figures are non-consolidated financial results until FY1990, and consolidated ones from FY1991.

Know-how in personal computer sales built on the longest Experience in Japan

1981 1st in the Industry Joshin opens the industry's first mass PC retail store

Joshin is the first to sell personal computers as home electronics in Japan. Telecommunication devices have grown to become the mainstay of our offerings, making up 20% of our sales today.



1981 Joshin's first store in the Kanto region opens

Joshin opens its first Kanto store in Mitaka. After the Mitaka store, Joshin fully carried out its plans to open stores in not only other parts of Kanto, but Tokai and Hokushinetsu area, establishing its shipping and installation infrastructure.



Assortment of 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 in the industry. This service played a role of raising Joshin Denki's profile and helps boost store sales.



Overview of the Joshin Group

Financial/Non-financial Highlights

History of Value Creation

Value Creation Processes

Joshin Group Materiality

Sales Strategy

Message from the Executive Officer in Charge of Finance

Marketing and big data amassed by accumulating the data of 1.3 billion purchase histories

1989 Joshin issues the Joshin Membership Card and launches its customer management through a POS system

By creating a customer database, Joshin establishes the foundation of membership service improvement and varied marketing techniques.



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

1988 1st in the Industry Joshin establishes its 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. It earns one of the biggest market shares of model sales in Japan.



Brand recognition across a wider range of consumers

2002 Joshin sponsors ads for the Hanshin Tigers helmet

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



Contributing to the growth of the EC store business by improving the efficiency of inventory and shipping, developing a BCP, and controlling CO₂ emissions all at the same time

2021 Construction of the new fulfillment center is complete

The new fulfillment center is built in Ibaraki, Osaka, to pursue Joshin's business strategies, enabling the company to manage all stock at its real and EC stores in one place.



Goal Specified in the FY2022 Medium-term Management Plan

Rises again to the challenge of reaching the record-high net sales and profits generated by demand for items consumers needed while they stayed at home, coupled with special cash payments provided, during the pandemic in FY2020.

Net sales: 450 billion yen
Operating income: 16.5 billion yen

Operating income (hundred million yen)
300

250

200

150

100

50

0

-50

1998
Although income dipped due to the repercussions of the consumption tax increase from 3% to 5%, starting from this year, Joshin fully carries out the plans to open mega stores, and sales pick up again.

2002
- After the downturn following high demand for appliances and electronics, which was generated by the Act on Recycling of Specified Kinds of Home Appliances, Joshin carries out thorough structural reforms, including the "scrap and build" (S&B) of unprofitable stores. Income makes a V-shaped recovery.
- The sponsorship agreement with Hanshin Tigers raises Joshin's brand value, establishing the foundation of long-term customer base expansion.

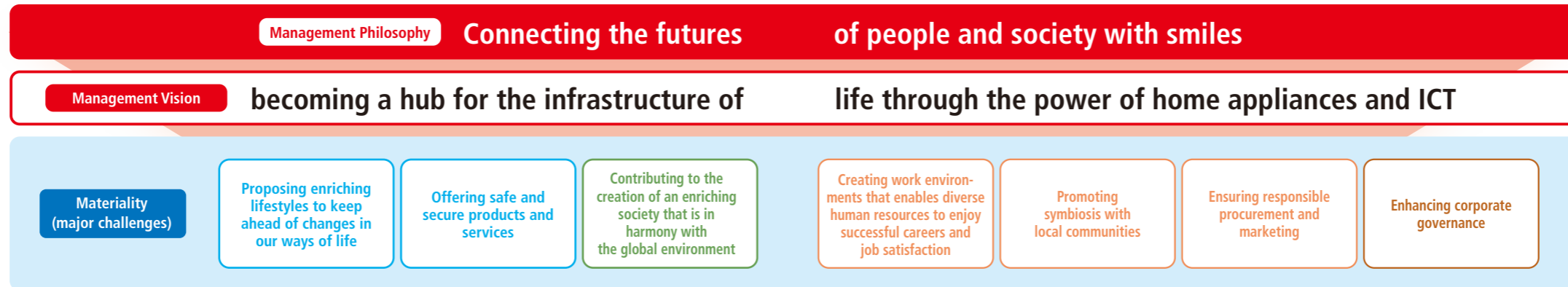
2013
Following a drop after the high demand for appliances and electronics generated by the eco-point system, Joshin steadily increases income by bolstering its EC business.

Value Creation Processes

With its 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," and to increasing its corporate value.



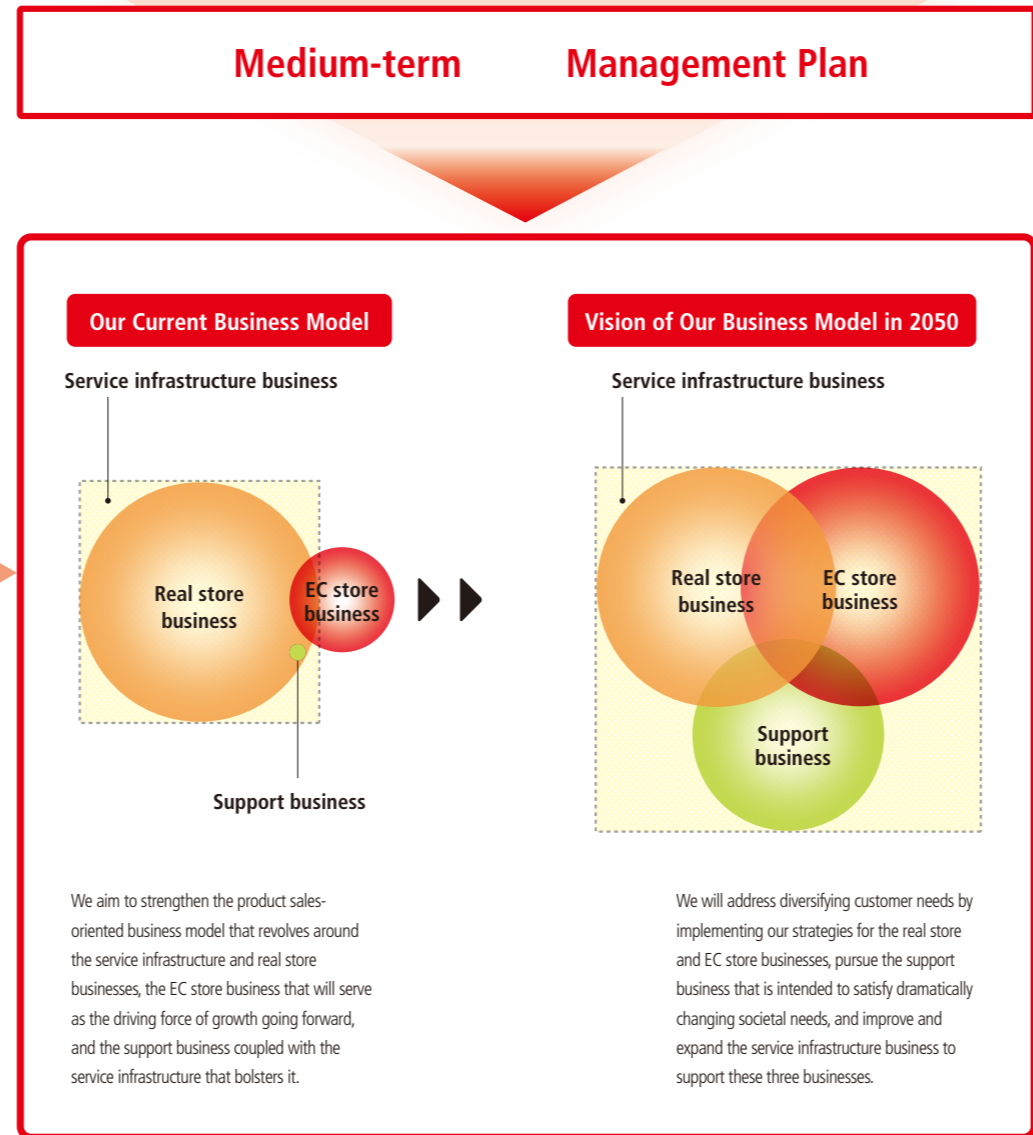
Analyze risks/opportunities



- External surroundings
- Demographic change
 - Advances in ICT
 - Climate change
 - Lifestyle change
 - Diversity & Inclusion

Input

Finance and Capital	
• Net assets	99.3 billion yen
• Rating as a long-term issuing entity by JCR	A-
Fixed Capital	
• Number of real stores	220
• Number of items sold at the EC store	Approx. 560,000 items
• Fulfillment center (Kansai)	Approx. 116,000m ²
• Service infrastructure bases (Tokyo, Nagoya, Osaka and Hokushinetsu area)	28
Social Capital	
• Total number of Joshin Card membership	23.67 million
• The number of members in use of the app per year	3.76 million
Human Capital	
• Number of employees*1	9,277
• Turnover	2.2%
• Certified Home Appliance Advisers*2	5,956
• Smart Masters*2	2,049
Intellectual Capital	
• Product data base	Approx. 2.25 million
• Brands such as Joshin, J&P, and KIDS LAND	
Natural Capital	
• Solar power output (including the power generated under the FIT system)	7,154 MWh
• Total number of appliances/electronics collected for recycling	10.76 million (FY2008 - FY2020)



- Outcomes**
- Employees**
Realization of workplaces where diverse human resources work with enthusiasm
 - Customers**
Enjoyable and comfortable life with a sense of safety and security
 - Business Partners**
Sustainable supply chain achieved through sound and fair partnerships
 - Shareholders and Investors**
Highly transparent corporate management and higher corporate value over the medium to long term
 - Local Communities**
Resilient society created in collaboration with local communities
 - Global Environment**
Contributions to the creation of a society with net-zero carbon emissions and a recycling-based society



*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 on homes and everyday life that are increasingly made "smart."

Joshin Group Materiality

In order to realize our new management philosophy of “Connecting the futures of people and society with smiles” and our management vision of “becoming a lifestyle infrastructure hub through the power of home appliances and ICT,” we have determined the seven materiality (major challenges) we should address first due to their high impact on corporate value creation of the Joshin Group, as well as 14 initiative issues.

Upon determining these issues, the Company analyzed risks and opportunities based on the perspectives of both investors and multiple stakeholders, organized the issues, and set long-term targets and KPIs, as well as action plans to realize them, for each initiative issue. In the future, the Company will promote initiatives to realize materiality targets.

Materiality determination process



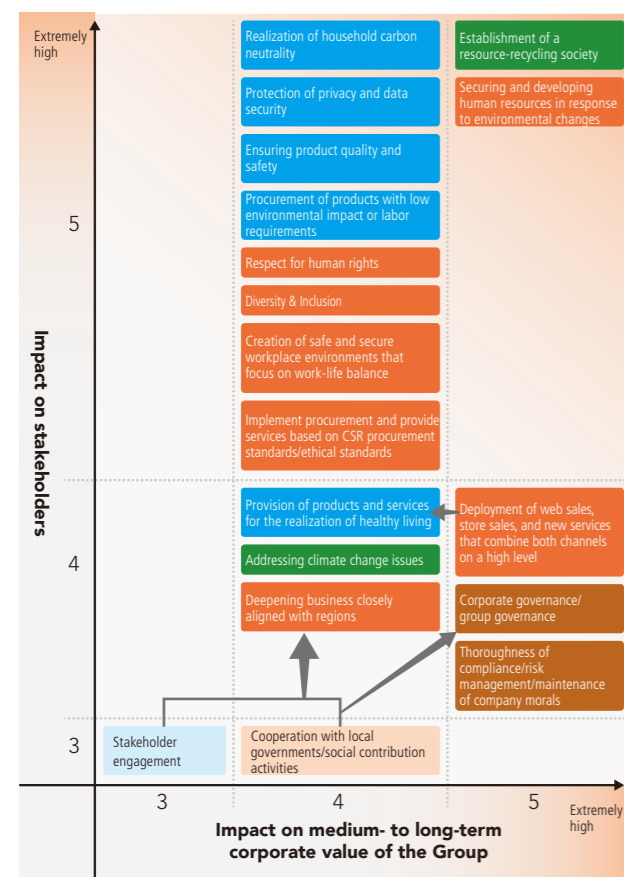
Placing emphasis on ESG investor perspectives, the Company focused on report guidelines such as SASB, and sector materiality that major ESG evaluation institutions such as MSCI view as important, and selected issue proposals based the SDGs, population trend data from government institutions, regional characteristics, industry trends, and other information.

Evaluate the proposals extracted in Step 1 based on the two axes of “impact on medium-to-long-term corporate value” and “impact on stakeholders” (e.g., assess impact on a 5-point scale). The stakeholder axis is evaluated by Outside Directors, Auditors, and outside experts (by conducting questionnaires). Impact on corporate value is evaluated by all Directors and Auditors.

Plot the evaluation points of the two axes in Step 2 on the horizontal and vertical axes of a scatterplot (materiality map). In addition to issues with high levels on both axes, the Company rechecked issues, for example, that had a high impact on corporate value based on outside expert comments even if their impact on stakeholders was not very high.

After gaining approval at a meeting of Executive Officers, materiality was determined after being deliberated on and gaining final approval by the Board of Directors.

Materiality Map



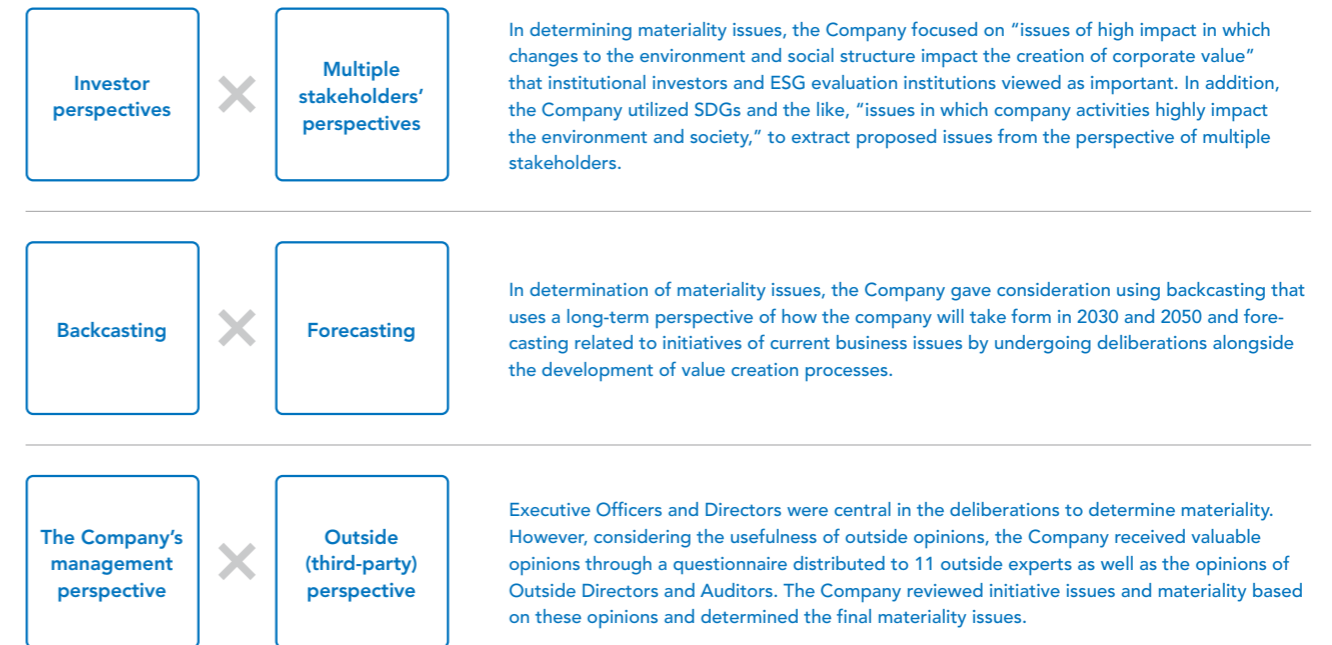
Integration of initiative issues

Of the initiative issues, “Provision of products and services for the realization of healthy living” and “Deployment of web sales, store sales, and new services that combine both channels on a high level” have similar content and there is overlap between the Company’s action plans for them. Therefore, the Company decided to combine them to form the issue of “Provision of products and services that support a diversifying, super-aging society.”

Reflecting outside expert comments

Outside experts evaluated “Cooperation with local governments/social contribution activities” and “Stakeholder engagement” as relatively low. Reviewing the comments of outside experts, the company reviewed its initiatives and organized the issues as “Deepening business closely aligned with regions.” Some elements were integrated into “Corporate governance/group governance.”

Points in determination process



Opinions from external experts

Based on issues extracted in Step 1, the Company received opinions from 11 outside experts regarding the impact on stakeholders.

Organization name/affiliation	Name	Organization name/affiliation	Name
CSR Asia Ltd. Japan Director	Makiko Akabane	Osaka University of Economics and Law Professor of International Studies	Emi Sugawara
The Japan Research Institute, Limited Counselor, Creative Strategy Center/Head of ESG Research Center	Eiichiro Adachi	Sompo Japan Insurance Inc. Senior advisor, Sustainability Promotion Department	Masao Seki
Nissei Asset Management Chief Corporate Governance Officer Executive Officer and General Manager	George Iguchi	Adecco Ltd. Director, Head of People Value Division	Keiko Tsuchiya
Hosei University Professor, Department of Lifelong Learning and Career Studies	Hiromi Sakazume	Japan Frozen Food Association Head of Public Relations Department, Consumer Lifestyle Consultant	Yoshiko Miura
Astonering Advisor LLC Principal	Hiroki Sampei	CDP Japan, PRI Global Network & Outreach Japan Head, Director	Michiyo Morisawa

(one other, names in order of Japanese syllabary)

[Opinions]

- In order to further improve the company brand and reputation, all employees must have a common understanding of materiality.
- Since society will demand companies contribute to a recycling-based society, the question is how this can be turned into a business opportunity.
- Neutral evaluation [is necessary,] because I cannot determine the social impact of online sales and new services. However, if lifestyle proposals through products become a value proposition, this could be important as a business opportunity.
- I rate Joshin highly for adopting a human resource development plan and business model that aligns with its management philosophy.
- I rate Joshin highly for is clear initiatives toward work-style reforms, diversity promotion, and stance that emphasizes employees.

[Issues and expectations for the future]

- As environmental changes intensify, I expect that Joshin will continue to review materiality and make improvements to initiatives through ongoing conversations with stakeholders.
- I expect that Joshin will integrate initiatives for social value creation and includes consumers into its company management.
- It is too bad that there were no initiatives to address the issue of the digital divide as society becomes more unequal.
- There are also issues with the development of policies for human rights, the advancement of initiatives, and improving transparency of information disclosure.
- Hiring the elderly and the percentage of female managers are also issues. I expect Joshin to disclose and transmit information on these topics.

Materiality and Challenges

Materiality (Major Challenges)	Challenges	Main Action Plans	Main Goals (2030)	Main Goals (2050)	SDGs Goals
ES (Impact)	Proposing enriching lifestyles to keep ahead of changes in our ways of life ▶ P.19	<ul style="list-style-type: none"> Fulfill each task by utilizing ICT Improve convenience for customers Achieve operational excellence Implement IT features designed to support sales operations Operate highly efficient real stores that are equipped with staff who are remarkably skilled in proposing products Enhance and expand the high-quality EC store that quickly meets customer needs Offer a support business menu linked to the company's service infrastructure e.g., order delivery, installation, air conditioner cleaning, 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 CO₂ 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 various products designed to facilitate household carbon neutrality through off-grid power generation and consumption 	
	Offering safe and secure products and services ▶ P.63	<p>Improving data security</p> <ul style="list-style-type: none"> Introduce a facial recognition system for logging into work systems Implement systems that don't require saving data on business computers to prevent information leakage <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 the product safety assessment criteria that are linked to reduction in adverse environmental impacts and labor loads in accordance with 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 the PrivacyMark certificate Maintain the record of zero data-related incidents by taking advantage of the latest technologies Our continuous efforts to ensure product safety helps establish a product safety-oriented culture across society, creating a virtuous cycle that leads to an improved corporate brand and value 	
E (Environment)	Developing a resource-recycling society	<ul style="list-style-type: none"> Rebuild the cycle of recycling that includes reuse and resale Expand the EC store's recycling plan to increase more regions Further cut the use of plastic by no longer offering disposable shopping bags and taking other relevant actions 	<ul style="list-style-type: none"> Pursue initiatives to move toward a circular economy Achieve the recycling rate of 65% for the four target product classes of home appliances Cut 80% of plastic used for shopping bags (compared to FY2019) [2023] Discontinue the use of shopping bags made of plastic materials 	<ul style="list-style-type: none"> Establish the business model of a circular economy through an alliance that may develop into a capital alliance 	
	Contributing to the creation of an enriching society that is in harmony with the global environment ▶ P.43	<p>Addressing climate change issues</p> <ul style="list-style-type: none"> Increase the percentages of renewable energy sources and of off-grid electricity generated by solar power at our business sites Conduct negotiations to increase the percentages of renewable energy sources used by tenants and other leased property 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 measures 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 the initiatives 	<ul style="list-style-type: none"> Raise the percentage of renewable energy sources used at the company's contracted business sites to 100% [2023] Raise the percentage of off-grid power to 25% to promote off-grid power generation and consumption Identify GHG emissions in the key categories of Scope 3 [2023] and cut these emissions [2030] Advocate international initiatives to tackle climate change and be certified [2025] 	<ul style="list-style-type: none"> Raise the percentage of renewable energy sources to 100% (at all business sites, including rented ones) [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 of Scope 3 Rank as the top company in the CDP Climate Change Report [2035] 	
S (Society)	Securing and developing human resources in response to environmental changes	<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 FY2025) Increase and improve the service support business personnel through investments in and loans for partner companies 	<ul style="list-style-type: none"> Maintain 9,000 employees across the Group Keep hiring 150 new graduates/mid-career workers as permanent employees each year Ensure enough service support personnel for Japan's major cities covered by the EC store business district 	<ul style="list-style-type: none"> Maintain the personnel allocation 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 service business, among others 	
	Diversity & Inclusion	<ul style="list-style-type: none"> Discontinue the mandatory retirement system applied to permanent employees and Smile Partners by providing working environments that enable them to pursue successful lifelong careers [2050] Launch a diversity council to pursue gender equality and plan leadership training for female employees 	<ul style="list-style-type: none"> Percentage of female employees hired as new graduates from high schools, technical/junior colleges, or universities: 50% Female permanent employees: 30%, female employees: 50%, female managers: 20% Employees with disabilities: 3.0% 	<ul style="list-style-type: none"> No mandatory retirement [2040] Female permanent employees: 50%, female employees: 50%, female managers: 50% 	
	Creation of safe and secure workplace environments that focus on work-life balance	<ul style="list-style-type: none"> Ensure proper business hours to rectify long working hours and late-night work Take advantage of IT and robotics technology as alternatives to human resources 	<ul style="list-style-type: none"> Maintain a 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"> 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 	
	Respecting human rights	<ul style="list-style-type: none"> Provide employee training as part of Joshin's efforts to institute the Group's policy that bans forced labor and other abusive practices in order to ensure respect for human rights, and to make sure that the policy is understood and followed across the Group Conduct a review of the Joshin Group Human Rights Policy as needed in accordance with the United Nations Guiding Principles, and announce updates across the supply chain. Perform ongoing human rights due diligence 	<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 	<ul style="list-style-type: none"> Pursue initiatives to ensure respect for human rights across the supply chain 	
G (Governance)	Exploring in depth the businesses that are closely aligned with local communities ▶ P.67	<ul style="list-style-type: none"> Establish and disclose the Group's policy that contribute to community service As Joshin's community service activities connected to the main business, engage in various projects that are intended to build stronger relationships with local customers, with the ideas of "safety and security," "healthy life," "supporting the development of the next generation," and "the environment" as the pillars of these activities 	<ul style="list-style-type: none"> Establish the Group's policy on community service [2022] Create a virtuous cycle in which the Group's community service activities lead to increase our brand power and corporate value in each local community 	<ul style="list-style-type: none"> Engage 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 ▶ P.64	<p>Implementing procurement and providing services based on the CSR procurement standards/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 and strong supply chain by ensuring full compliance with the supply chain code of ethics 	
G (Governance)	Ensuring compliance/risk management/maintaining company morals	<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 in the managerial position assignment system (i.e., the screening process for promotion, the managerial position renewal system) [2023] Pursue Group-wide business continuity management that centers on the Risk Management Committee [2023] 	<ul style="list-style-type: none"> Introduce a fixed-term system (renewal system) for managerial position assignment Sustain a business continuity management framework Maintenance a Group-wide operational framework of our business continuity plan (BCP) 	<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 	
	Enhancing corporate governance ▶ P.31	<p>Corporate governance/group governance</p> <ul style="list-style-type: none"> The Board of Directors develops the Basic Sustainability Policy [2021] Set KPIs for risk management related to climate change, respect for human rights, employees' health, work environments, fair and appropriate treatment, fair and proper trade, and natural disasters, among others, based on the Basic Sustainability Policy Provide a well-developed executive compensation system that may serve as an incentive to contribute to sustainable growth and higher corporate value 	<ul style="list-style-type: none"> Assign the parent company's executive officers and senior staff to management teams of the Group's subsidiaries [2022] Separate supervision and execution by increasing experienced executive officers [2023] Stock compensation: 50%; disclose the compensation standards and individual compensation Set KPIs based on the Basic Sustainability Policy 		

Sales Strategy



Message from Officer in Charge of Sales Strategy

We will create a system that enables an immediate response to diversifying customers' wants by increasing the share of EC sales to 25% by 2030.

Representative Director,
Senior Managing Executive Officer
In Charge of Sales Strategy

Tetsuya Takahashi

Until now, the Japanese consumer electronics market has been supported by home appliance manufacturers, who utilized their advanced technological capabilities to release high-quality, multi-functional home appliances to households one after another. Of course, we in the electronics retail industry will continue to play a role in supporting more convenient and comfortable lifestyles by popularizing value-added home appliances to the general public by offering the most suitable products from among the numerous Joshin products to satisfy the wants of each individual customer.

There is no doubt in my mind that home appliances, which are an essential part of the "household infrastructure" for daily life, will continue to be supported by solid demand as durable consumer goods. At the same time, however, customers' wants are becoming increasingly diverse due to changes in demographics and living environments, such as domestic population and household declining while elderly one-person households are increasing. In other words, the electronics retail industry is now being asked to shift to a new business model beyond product sales.

Based on our management vision of "becoming a hub for lifestyle infrastructure with the power of home appliances and ICT," the Company has set "proposing

a nice life ahead of changes in lifestyles" as one of our priority issues (materiality). In addition, we are working to "provide products and services supporting the diversifying super-aging society" and to "achieve home carbon neutrality" with an eye on the global environment.

By using ICT, the Company will achieve improved customer convenience, operational excellence, and implementation of IT features designed to support sales operations, and will operate highly efficient real stores that are equipped with staff who are remarkably skilled in proposing products, and enhance/expand the high-quality EC store that quickly satisfying customers' wants. We are working to create a system enabling immediate response to the ever diversifying customers' wants by increasing the share of EC sales to 25% by 2030.

In addition, in collaboration with its own service infrastructure, the Company will provide support business menus such as air conditioner cleaning, and build and promote a new subscription business. At the same time, we will promote sales of environmental consideration products and propose new living environment projects, such as advanced-feature remodeling in anticipation of a super-aging society to realize our new management philosophy, "Connecting the futures of people and society with smiles."

Advantages of the Joshin Group

In the electronics retail business, the Company have an effect by its strength as a multi-vendor to respond quickly to customer's wants. The following five strengths have been honed as part of our purpose of providing support that allows customers to use our products comfortably and conveniently.

- 1 Quality of employees (excellent customer service and attentive to details response)**

The Company consistently practices "thinking and acting based on the other person's perspective (KohDoh)." This allows us to respond immediately to customers' wants and provide an excellent customer service and a system of inquiry and follow-up services, which has been praised by our customers.
- 2 Trust as a services provider at customers' homes**

Joshin Service's installation and servicing on home appliances at customers' homes has received high marks in CS surveys, with more than 97% of respondents expressing were VERY SATISFIED or SATISFIED.
- 3 Joshin Service (a subsidiary of our group) ensures a system of delivery, installation, and construction servicing**

Joshin Service has established a system to secure capacity through alliances with other related companies, including the Joshin Cooperation Association. Our own employees are also working to ensure stable delivery, installation functions all year long.
- 4 Synergy effect of real stores, EC stores, delivery, installation, and construction servicing, and various support service businesses**

With the overriding mission of "satisfying customers' wants," real stores and EC stores, delivery, installation, and construction servicing, as well as various support businesses, play their respective roles and work in close cooperation.
- 5 More than 1,289 million purchase records and Joshin Card member database celebrating its 20th anniversary**

Contributing to the promotion of product safety, including the dissemination of information on recalls of products sold, Joshin has used purchaser information since 1974. Based on the database of Joshin Card members, which has celebrated its 20th anniversary, the Company is working on customer data marketing and other activities.

Current Initiatives

Taking advantage of our strengths accumulated in the electronics retail business, the Company has been working on our business in fiscal 2020, the first year of our Medium-term Management Plan "JT-2023." The Company has positioned the strategy of the Medium-term Management Plan as "building a foundation for long-term and stable growth."

As part of these initiatives, we are strengthening our EC stores, enhancing the profitability of our real stores through scrap-and-build of real stores, and rebuilding our logistics and service infrastructure.

To strengthen our EC stores, we are working to improve collaboration with the Merchandise Division, which is in charge of product procurement, to change product displays frequently to keep customers interested, and to expand the inquiry response capability by enhancing call centers, chatbots, etc.

As for real stores, the Group has been implementing a scrap-and-build strategy by opening 6 new stores and closing 25 stores, with an emphasis on operating efficiency.

In terms of rebuilding our logistics and service infrastructure, we are making company-wide efforts to start full-scale operations of our new fulfillment center (Kansai

Ibaraki Fulfillment Center). The Kansai Ibaraki Fulfillment Center, which has an area of approx. 116,000 m², is a consolidation of two logistics centers and one business warehouse, so it will function as a mother center playing a pivotal role in the Company's logistics operations (some functions began operating in June 2021). We are also focusing on strengthening Joshin Service, which is responsible for the service infrastructure "delivery, installation, and construction servicing." As the working population is predicted to decline in the future, we must maintain and strengthen our "Delivery and Installation" but also "Delivery and Construction servicing" functions by visualizing and improving the efficiency of ICT-driven operations. Meanwhile, the Company will endeavor to build collaborative systems such as business alliances beyond the industry boundaries to address the national-level problems of the declining and aging workforce in Japan.

What kind of company do we seek to be by 2050? With this in mind, we will continue to move toward becoming the "Good time Joshin" by formulating and implementing initiatives for 2030.

Sales Scenario in View of 2050

By 2050, the Company aims to fulfill “providing products and services supporting the diversifying super-aging society” and contribute to “achieving home carbon neutrality” with an eye on the global environment.

Japan’s total population will be about 100 million by 2050, so the number of households will decrease. At the same time, the number of one-person households, especially for the elderly, is expected to soar,

and thus efforts to uphold the social and living infrastructure in local communities are essential.

Not to mention, Joshin becomes a Solution Proposer offering solutions to our customers. As such, even in such a social condition, we will promote our business to become a comprehensive service company supporting the household infrastructure of communities and customers.

Joshin’s SWOT for 2050

Strength	<ul style="list-style-type: none"> Quality of employees (excellent customer service and attentive to details response) Trust as a services provider at customers’ homes Joshin Service (a subsidiary of our group) ensures a system of delivery, installation, and construction servicing Synergy effect of “real stores,” “EC stores,” “delivery, installation, and construction servicing,” and “various support service businesses” More than 1,289 million purchase records and Joshin Card member database celebrating its 20th anniversary 	Opportunity	<ul style="list-style-type: none"> Diversification of customers’ wants Change in customers’ wants from “owning” to “using” Rise of the EC channel (creation of new services through synergy effect of real and EC stores)
Weakness	<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 biased towards middle-age and elder Smaller size of real stores (compared to competitors) 	Threat	<ul style="list-style-type: none"> Medium- to long-term shrinking trend in home appliance market Decrease of workers responsible for various operations and aging workforce Household and population decline in Japan Urban density of population Entry of different industries, to become competitors

Our New Sales Strategy in Keeping with SWOT

Maintain and upgrade STRENGTH

Human resource capabilities must be passed on as part of the corporate culture through professional training, including OJT. In addition to our own vehicles, we will maintain and expand our delivery, installation, and construction servicing functions through alliances, and will enhance our trust as a services provider at customers’ homes by means of the CS evaluation system and other mechanisms.

Work on eliminating WEAKNESS while identifying THREATS

The maldistribution of the customer base relying on middle-aged people (threat) needs to be addressed by introducing content for younger people, such as NMB48, eSPORTS, and Kids Members. At the same time, we will strengthen our business (overcoming challenges)

providing support on how to use and setup the products sold, anticipating and responding to external environmental changes (threats) such as the future contraction of the Japanese consumer electronics market, the decline in population and households, and the urban density of population. Simultaneously, EC stores will focus on the Tokyo, Nagoya, Osaka, and Hokushinetsu area, with the aim of building a system that covers the entire country (resolving issues).

Don’t miss the OPPORTUNITY

We will strengthen the mutually complementary functions of real and EC stores to satisfy the diverse and wide-ranging wants of our customers from both perspectives. The subscription-based support business, which serves to counter threats, will become a new revenue base (seizing the opportunity).

Picture of Business Model Innovation

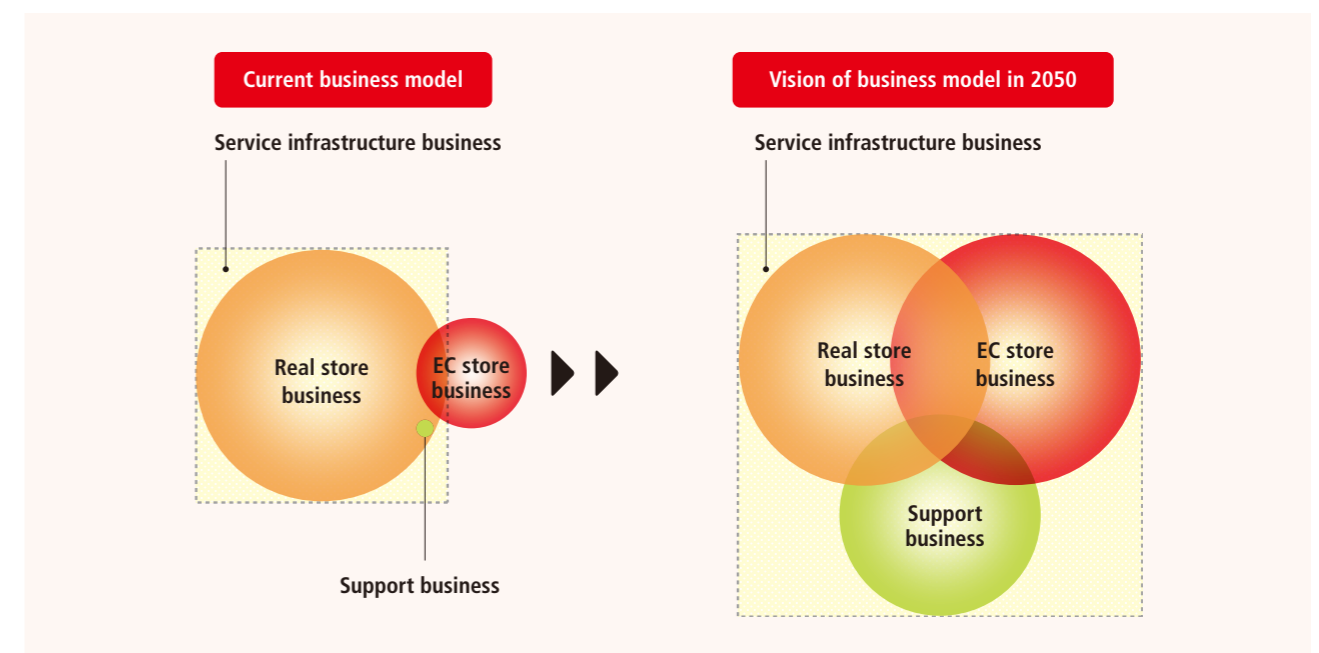
At present (FY2020), the real store business is mainly building areas for delivery, installation, and construction servicing, areas for home maintenance such as air conditioner cleaning, and areas for digital support such as PC settings (service infrastructure business), despite the growth of the EC store business.

Given this situation, the sales strategy for 2050 focuses on shifting from an overemphasis on real store business to a three-pronged structure, including the real store

business, EC store business, and support business.

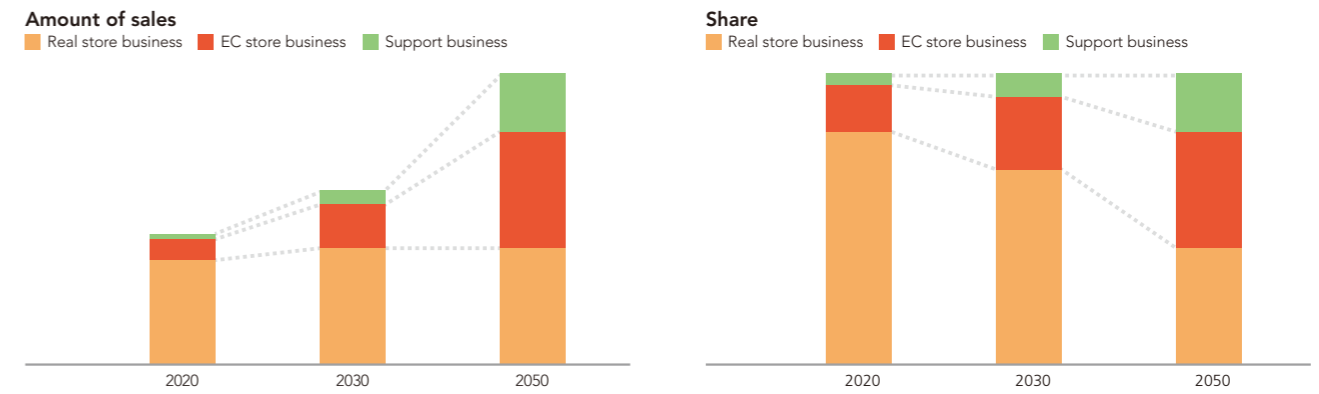
The Company aims to achieve a 25% share of EC sales by 2030 and over 40% by 2050, and to promote both the real and EC store businesses that are convenient for customers.

By 2030, moreover, we will beef up the support business supporting community and household infrastructure with an eye to 2050, and nurture it into our core business, promising to provide the services to our customers.



Trends in amount of sales and Share Composition

In fiscal 2020, the real store business accounted for approx. 80% of total sales. By 2050, we are aiming to boost overall sales growth while shifting the sales share to a ratio of 2:2:1 (Real: EC: Support Businesses).



Business Plan toward 2030

As we look toward 2030, we will continue to strengthen our product sales business, which combines home appliances, information devices, and entertainment. Reflecting the channel shift from the real to EC

stores, we will review our revenue structure and promote businesses to realize the provision of services and solutions for solving problems faced by society, such as the declining birthrate and aging population.

Business Plan to Work toward 2030

In the electronics retail business, customers' wants have been diversifying, so we are currently meeting them with a system of real and EC store channels. With the addition of Joshin Service's service infrastructure, which handles delivery, installation, and construction servicing,

we aim to become a company beloved by customers more than ever through the synergy of a triune structure. We will formulate and promote sales channel strategy, merchandise strategy, and service infrastructure strategy to achieve the synergy of a triune structure.

Sales Channel Strategy

The Company will establish a business model of high-efficiency, high-quality stores flexible enough to respond to the external environment, such as shrinkage in the consumer electronics market, smaller trade zone per

store due to over-storing, and entry into other industries. At the same time, we aim to shift the channel from real to EC stores. The target is to achieve a 25% share of EC sales (FY2020: approx. 16%).

Real stores	EC stores
Strategic use of electronic shelf-tag, signage for POP, and voucher-less	Boosting No. of products handled (maintaining inventory), increasing No. of same-day shipments
Establishing business operations that enable sales staff to complete the shortest flow from sales to checkout	Training of inquiry response proficiency by improving the call center system with the introduction of IVR, etc.
Drastic reduction of indirect operations to maximize operational efficiency and build a system that allows each store to concentrate on sales	Create a customer-preferred website by solving technical issues such as SEO and digital sales promotion (improve the sophistication).

Merchandise Strategy

Time for a change in our business structure as a result of the channel shift from real to EC stores. While strengthening sales of tangible products such as home appliances and renovation, we will establish a system to provide

new services and solutions by developing menus for intangible products such as home maintenance and mobile digital support, and by establishing business operations.

Renovation and home maintenance	Mobile	Digital support
Expansion of installation services and quality improvement	Business reinforcement and its domain expansion by reorganization	OTC (over-the-counter) support at mainstay stores
Enhancement of selling items and its menu	Menu development (subscription, recurring revenue) and professional training to boost sales in real and EC stores	Resourceful support network through system collaboration with partner companies
Developing customer-friendly menus, such as flat rate and subscription billing, etc.		

Service Infrastructure Strategy

In response to the expansion of the trade zone led by EC stores, we will expand our delivery, installation, and construction servicing functions, and enlarge business area to enable us to handle enhanced renovation and home

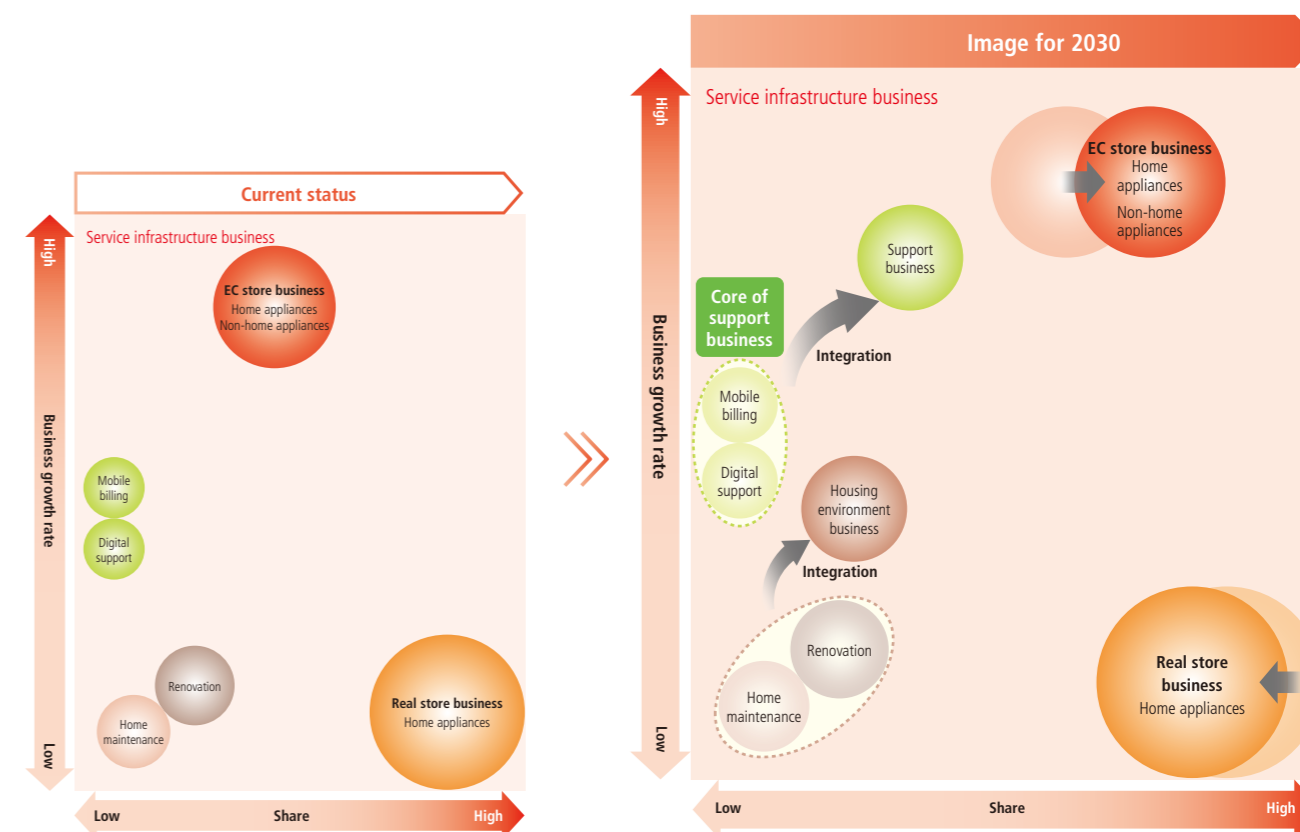
maintenance in addition to our existing operations. We will also establish a business model to grow into a support solutions provider with evolved delivery, installation, and servicing, building a foundation of trust with customers.

Expand "delivery, installation, and construction servicing" functions and enlarge business area	Grow into support solutions provider
Business efficiency improved through ICT-driven promotion (Joshin Service) Maximize delivery, installation, and servicing functions; establish operational excellence	Maintain and improve high CS scores based on the renewed CS evaluation system and Yao Service Center's training functions
Stronger cooperation with Joshin Cooperation Association and other related companies, and maximization of the potential provided by cooperating companies	Customer support for high-functional home appliances with IoT and ICT (setting standardization when installing products with Wi-Fi functionality, etc.)
While focusing on the Joshin Cooperation Association, acquire new cooperating companies, maximize the potential through business alliances, and expand the market zone	Implement measures to improve staff skills to respond to additional requests for delivery, installation, and construction servicing, and develop personnel who can respond immediately to customer's wants

Business Restructuring through 3 Strategies (Sales Channel, Merchandise, and Service Infrastructure)

The Company will further strengthen its EC stores in its channel strategy and raise the business share. At the same time, it is essential to strengthen growth and competitiveness by integrating "mobile and digital support" and "renovation and home maintenance" in the merchandise strategy. Therefore, we will increase the internal business share-weight and strengthen areas other than

the electronics retail business to stabilize our management base. Service infrastructure plays a fundamental role in the Company, underpinning all of our businesses. Our three strategic initiatives will transform our business structure through potential maximization and market zone enlargement.



Medium-term Management Plan "JT-2023"

The Company has reviewed the planned figures for fiscal 2022, the final year of the Medium-term Management Plan "JT-2023," based on the financial results in fiscal 2020 and consumption trends, etc. However, the strategies of the Medium-term Management Plan are unchanged. The strategy during planning formulated was to avoid an expansion path that focuses on opening new stores in the electronics retail industry, which is known to be overstored, and to aim to strengthen Real stores and expand EC stores. The Company then decided to invest the cash flow generated based on the financial strategy

in strengthening the value chain (underpinning the seamless sales between real and EC stores, redeveloping logistics and service infrastructure), which is the next foundation for growth, and to build a platform for long-term and stable growth.

Although the pandemic has caused social changes, we will continue the current strategy of avoiding an expansionary path focused on opening new stores, strengthening our EC stores, and redeveloping our logistics and service infrastructure. We ensure the smooth execution of its initial strategy while paying attention to social changes.

Results / Initial Plan / Revised Plan

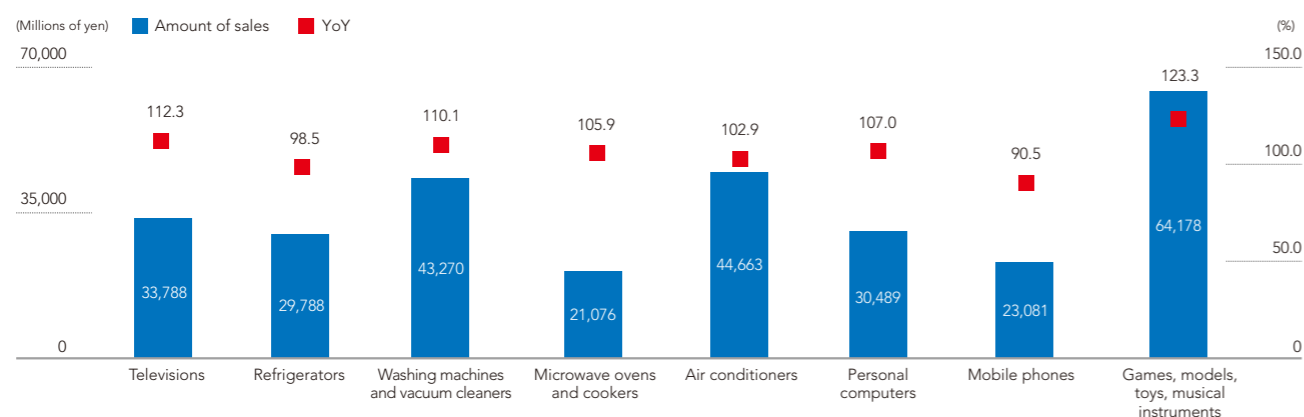
We have revised the targets in the Medium-term Management Plan "JT-2023" for the final year (FY2022) based on the results of the first year (FY2020) and other factors.

(Millions of yen)	(1) Results FY2020	(2) Initial plan FY2022	(3) Revised plan FY2022	(3)-(2) Compared to initial plan
Amount of sales	449,121	435,000	450,000	+15,000
(of which, EC store business)	71,706	70,000	80,000	+10,000
Operating income	16,550	11,500	16,500	+5,000
Ordinary income	16,555	11,500	16,500	+5,000
Equity ratio	47.2%	45.0% or more	Same as left	—
ROE	9.4%	7.0% or more	9.0% or more	+2.0pt
ROA	8.1%	5.5% or more	7.0% or more	+1.5pt
ROIC	8.0%	5.5% or more	7.0% or more	+1.5pt
Payout ratio	22.6%	30.0% or more	Same as left	—

Summary of FY2020 Results

In fiscal 2020, special demand was generated by special cash payments provided and responses to changes in social conditions such as "stay-at-home" and "teleworking" due to the spread of the COVID-19 infection. Of the eight major items, six items (excluding mobile phones and refrigerators) exceeded 100% year-on-year.

Amount of sales by category (YoY)



Background and Reasons for Revised Plan

In the first year (FY2020) of the Medium-term Management Plan "JT-2023," rapid social changes has prompted people around the world "to avoid dense contact" and "to reduce the number of contact or

contactless" with the pandemic. This social milieu has spurred the shift to digitalization in both sales and its marketing promotion.

Category	What's behind	Expected effect
EC stores	"Joshin web" won the Grand Prix in the Rakuten Shop of the Year 2020	Sales up
Real stores/EC stores	Virtual renovation store opened (AR: Augmented reality function provides an installation image of products)	Sales up
	Ongoing Rakuten O2O (online-to-offline) promotion	Sales up
	Digital sales promotion efforts (smartphone apps, YouTube, LINE, various SNS, etc.)	Sales up with cost-saving
Financial	Long-term Issuer Rating: A-, Rating Outlook: Stable, Domestic CP Rating: J-1	Reduction of financing costs
	[Rating Agency] Japan Credit Rating Agency (JCR) Credit Rating: 1 notch-up	

EC stores grew more than initially expected, reflecting the social background. Our efforts to create interesting EC stores have been highly evaluated and resulted in us winning the "Grand Prix" at the Rakuten Shop of the Year 2020. Profitability improved thanks to the expected further growth of EC store purchases and the expense ratio reduction by digitizing sales promotion methods, etc.

In addition, the Company received a long-term issuer rating of (A-) thanks to the evaluation of its financial position. Considering the lower financing costs in the market, we have revised the plan for fiscal 2022, the final year, to take on the challenge of surpassing the record high sales and profits of fiscal 2020.

Initiatives to Achieve Revised Plan

The Medium-term Management Plan "JT-2023" targets for the final year (FY2022) have been revised. In order to achieve the targets, we will promote "further strengthening of EC stores" and "reinforcing of renovation and home maintenance business," while expanding the delivery, installation, and construction servicing functions of Joshin Service to support both of these initiatives, and enlarging the business area.

As for "further strengthening of EC stores," the new fulfillment center (Kansai Ibaraki Fulfillment Center) will partially start its operation in June 2021. The EC store function will be fully operational from April 2022, thus we will be able to take advantage of the doubling of EC shipping capacity compared to the current level to boost sales.

Also, initiatives will be launched to solve the technical

issues of EC stores (e.g., strengthening Search Engine Optimization, minimizing the number of clicks to purchase, etc.) to secure enough orders to meet the doubled EC shipping capacity.

As for "reinforcing of renovation and home maintenance business," the Company will increase the product lineup and consider building a business operating system that enables smooth coordination among stores, closers, and installation technicians.

In addition to built-in gas stoves, kitchen floors, and bath floors, the virtual renovation store will be expanding its product lineup by enriching the product and service menu, including toilets and washbasin floors. In addition to upgrading our menu, we will build a competitive business structure by offering more customer options, such as subscription and recurring revenue, etc.

Feature On-site thoughts and initiatives in COVID-19 Pandemic



Work on approaches and sales floor creation that meets customer needs

Deputy store manager, Sumiyoshi Store
Tsuyoshi Ueda



Since joining the Company, I have been in charge of serving customers in stores. There was a series of events with in-store sales that I'd never experienced during the pandemic. However, I still put the customer first and tried to keep an appropriate distance to ensure smooth communication with the customer even while wearing a mask. Since some customers prefer to avoid contact with the store staffs, I have promoted self-service while displaying recommendations for top-selling products clearly. At the air conditioner corner, which always takes a long time to serve customers, we asked customers to take a number tag from the ticketing machine and guide them in the order. More than anything else, what all the staff has been trying to do is to smile at customers with our eyes, even if our mouths are hidden by masks. In our shop, we displays positive/negative feedback from our customers in the backyard. We often receive compliments on our web surveys*, saying, "You had a very nice smile," which motivates us all to look on with delight.

COVID-19 has also so much changed the way we work. For example, during the shortened hours of operation, there are no more rotating shifts, and we are able to secure adequate staffing, which has resulted in excellent customer service, improving CS

(Customer Satisfaction). Also, we closed stores on New Year's Day for the first time in 20 years and held an "Early First Sale" from the end of the year. Having enough time to prepare for the sales floor was beneficial. Thanks to the cooperation of the customers visiting our stores in a dispersed manner we managed to avoid the three Cs (closed spaces, crowded places, and close-contact settings), achieving sales as planned. Many employees took a day off on New Year's Day for the first time since joining the Company, as they usually work consecutive days from late December. All employees were refreshed by the day off, thus the morale at the January 2nd morning meeting was amazing! Moreover, meetings that used to be attended by employees who commuted to the head office are now online. This eliminates travel time and allows decisions made in meetings to be reflected instantly on the sales floor. The number of training seminars on product knowledge has also increased, leading to improved skills.



Even if we are no longer required to wear masks in the post-pandemic period, nothing will change about our policy to serve customers with a smile. Of course, our approach to customers and the customer service methods will be passed on to the junior staff. We got some hints from the COVID-19 pandemic. For example, creating a sales floor where customers can select products without touching them, or providing customer service that shows the key points in a short time. We believe some of these ideas will be useful in the new era.

* Web surveys are customer questionnaires using barcodes and URLs printed on receipts.



Improving the quality of service through heartfelt training

In charge of CS Promotion, Sales Promotion Department, Joshin Service
Akihiro Tokoro, Assistant Manager



I am in charge of CS promotion at Joshin Service. The most important point to prevent COVID-19 in delivery, installation, and repair is to wear a mask. Even if a customer says, "Wearing a mask will make you stuffy. You can take off your mask," I never remove my mask, saying, "Please allow me to wear it, because it's a promise." If I'm really having a hard time, I ask the customer's permission and take a deep breath outside. I disinfect my hands first in a place where customers can check for peace of mind. The e-learning program teaches employees how to ask customers to disinfect and when to do so.

Last October, the Company established the CS Promotion Department, and decided to train all 4,200 employees and contractors (subcontractors). Whoever wears the Joshin uniform visiting a customer's home is asked to provide the same quality of

service. As such, we provide the same training to our contractors as we do to our employees. Since the declaration of the state of emergency, we have switched from face-to-face to online training, but the number of trainees



has been limited to provide the same level of careful instruction as in person.

Good communication between Joshin Service and store staff is a source of strength. When problems occur, we believe it is important to make decisions from the perspective of "who can solve the problem quicker" rather than "who is at fault." Water leaks from washing machines are usually handled by Joshin Service, but in one case, store staff who could handle the issue the quickest took care of the problem, leading to customer satisfaction.

More contact between Joshin Service and stores is key to improving customer satisfaction. For this reason, we propose store training for delivery and installation staff and accompanying store staff to air conditioning installation. The service staff will again recognize the importance of delivery and installation support by seeing for themselves the reaction of in-store customers. By having store staff experience installation work (e.g., the structure of an air conditioner piping cover), they are exposed to information that cannot be obtained through in-store sales, leading to good customer service.

In order to achieve the CS we are aiming for, ES (Employee Satisfaction) is first and foremost important. Making employees and contractors happy and fostering talent are all starting points. Some of the contractors are elderly technicians who prefer about two services per day. We offer a variety of ways to work. We will continue to establish a system where customer feedback is reflected in the evaluation of engineers, and create a virtuous cycle of ES and CS in the last mile.



Our strength is fine-grained customer support

Joshin web's Customer Support Team
Naoko Iwamoto



I am in charge of training the Joshin web's Customer Support Team, which directly interacts with customers over email and phone. Our team is managed by diverse human resources, including Smile Partners* of all ages, dispatched employees, and veteran staff with extensive store experience.

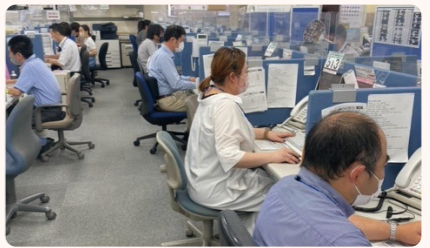
I have my own experience as a Smile Partner dealing with customers, which is very useful to me now that I am an employee. For example, an employee is concerned about the increasing number of questions from customers and the need to respond to their requests accurately on a daily basis. In such cases, I can advise the team from the same perspective on what points to focus on and how to do it.

Due to the impact of COVID-19, we have been receiving many inquiries about whether "staff wears a mask or not" when visiting customers for delivery or installation. We have explained the reply on our website but again make every effort to provide detailed explanations so that our customers can use our services with peace of mind. Also, the number of customers who are not familiar with websites has increased, and we have received many inquiries about ordering and payment methods. At such times,

I explain while looking at the same screen as the customer. The customer's voice when they say, "Wow, it's done," makes us feel happy.

Many of our employees have experience working at sales stores with specialized knowledge about products and sales. As such, Joshin web (with a brick-and-mortar store) has the advantage of being able to give answers to a variety of questions from the customer's angle. And from here, while building a digital and efficient web management system, we aim to provide heartfelt customer service with the sincere power of Joshin staff. We are now operating on shorter hours, but our teamwork has been further enhanced by smooth information sharing. The social distance has taken the staff away from their positions, but I feel closer to their hearts.

* Name of part-time employees at Joshin Denki



Digital shift to improve productivity

Sales Promotion Department, CRM Group
Hitoshi Tsujimura, Assistant Manager



I have been engaged in CRM (Customer Relationship Management) business for the past 20 years, which accumulates customer data and utilizes it for marketing purposes. The pandemic has accelerated the digitization of sales promotion, and information dissemination using the Joshin app has been a centerpiece of this initiative. During the declaration of the state of emergency, no advertisements were placed. Along with the message "Hang in there Japan!", we made sure to provide information about our business hours and introduce products supporting the stay-home lifestyle, and also made sure to check the crowded store status to avoid three Cs.

Fortunately, the total number of devices using the Joshin app during the year increased by about 46% from 2.5 million in May 2020 to 3.65 million in May 2021. The app will provide users with linked information (e.g. birthday celebrations, Joshin card activity). Using the app, we are also planning to provide information on product defects (recall information) and repairs based on past customer data.

In addition, we have digitized our flyer proofreading system. We also digitally shifted card membership applications from paper to

tablet devices. This has greatly reduced the personal information loss risk, and at the same time, has led to labor savings for employees (inputting data, etc.) and improved productivity.

The "Kids Members" service, launched in April of this year, allows customers to register their children's information on the Joshin app, and receive coupons and commemorative gifts for birthdays and other life events. "Kids Members" is a service created with the hope that we will be able to keep in touch with our customers throughout their lives by having them use "Kids Land" from an early age. When one of our stores closed, a child wrote to us, "I love Joshin, so I am very sad to say goodbye." Knowing how much Joshin's "Kids Land" is loved by children, I strongly felt that we need to communicate more with them.

In order to avoid three Cs, we devised various sales promotion methods to counter COVID-19. Certain products with the mark "Telephone order accepted" on the flyer can be delivered to home without visiting the store. The "Early First Sale" is another sales promotion developed while the store was closed on New Year's Day. Eventually, the COVID-19 pandemic gave these new ideas to Joshin! That's exactly how a crisis turned into a golden opportunity. We will continue to promote digitalization to improve convenience while advantaging the good part of analog and valuing the bond with each and every customer.



Message from the Executive Officer in Charge of Finance

Joshin aims to become a corporate group that broad investors value as a "medium- to long-term investment potential."

Director and Executive Officer
In charge of Financial Strategy

Suguru Oshiro



The role of finance in the Medium-term Management Plan "JT-2023"

Under the previous Medium-term Management Plan "JT-2020," Joshin came together to achieve the plan by promoting scrap-and-build of businesses while maintaining a balance between the size and profitability.

The financial base has been stabilized as a result, and the structure improved to ensure that planning (positive financial forecast with a long-term business strategy) is possible.

The financial challenge of our current Medium-term Management Plan "JT-2023" has evolved from "steps toward stability" to "planning for future growth."

There are two points in the current plan. The first is to further improve capital efficiency with the aim of increasing shareholder value. JT-2023 has disclosed numerical targets for ROE, ROA, and ROIC. Special emphasis is placed on ROIC, which is a direct measure of capital efficiency.

The second is the optimal allocation of operating cash flow. I believe the key is to allocate the generated operating cash flow appropriately to investments that will become the foundation for future growth, such as strengthening the value chain, expanding systems in the EC business, and investing in human resources, as well as enhancing shareholder returns. The Company's improved financial position has enabled it to make steady

investments, and it will allocate about 10 billion yen from its annual operating cash flow of about 20 billion yen to the real store business, which is essential for a retailer. In addition, the remaining about 10 billion yen will be allocated to growth strategies for the future, including (1) strengthening of the EC store business, (2) ICT and DX, (3) human resources strategies, (4) revenue structure reform such as service infrastructure, and (5) climate change issues.

Overview of the fiscal year ended March 31, 2021

During the fiscal year ended March 31, 2021, the first year of the current Medium-term Management Plan "JT-2023," the Company faced an unprecedentedly uncertain business environment due to the COVID-19 impact. However, thanks to the consumption effect of the special cash payments provided by the government and the new lifestyle brought on by the pandemic, sales of PCs, TVs as well as white goods enjoyed strong growth, reaching the record-high net sales of 449.1 billion yen. Gross profit margin improved by 0.8% points year-on-year to 25.0% in addition to the increase in gross profit thanks to higher sales. Supported by selling, general and administrative (SG&A) expenses from cost management

Without financial stability, there is no corporate growth. Business strategies are only concrete when accurate and sound finances are in place. We will use the free cash flow generated from sound finances to actively invest in strategies for future growth.

review including ad media, operating income totaled 16.5 billion yen (up 84.3% year-on-year), ordinary income totaled 16.5 billion yen (up 86.0% year-on-year), and net income attributable to owners of the parent totaled 8.8 billion yen (up 63.8% year-on-year), all of which marked record highs.

Various financial indicators set in "JT-2023" disclosed in August 2020 exceeded the final year targets, except for the payout ratio, thus numerical targets were revised upward.

Active investment for growth

The launch of the new fulfillment center, which is part of the service and logistics infrastructure project outlined in "JT-2023," has progressed as planned, with construction completed in May 2021, operations commencing in June, and full-scale operations scheduled for next spring.

We have been investing about 8 to 10 billion yen in scrap-and-build of real stores every fiscal year, and are planning to make various investments to further increase corporate value. Naturally, strategic alliances, including M&A and capital alliances, are also possible. However, Joshin's policy is not to seek only expansion in volume and size, but to focus on projects with the potential to pursue synergies with our strategy in terms of human resources, business expansion, and business models.

Our priorities now are sales, which is essential for the integration of real and EC stores, and the infrastructure of service and logistics. This is the Joshin's unique strategic investment, which has both real and EC stores in its business. The Company plans to open stores mainly in the Kansai region, but also in the Kanto, Tokai, and Hokushinetsu regions, where synergy effects can be expected with the existing store network and the expansion of the EC store business. We are focusing on expanding the scale and replacing the system to improve the environment, such as existing store renewal and commercial facilities with strong customer attraction. In addition to investments in IoT and DX, including marketing and labor-saving measures, which are the foundation for future growth, and in human resources that will support future business, we will also proactively invest in areas contributing to business structure reform.

Appropriate capital policies

In the financial results for the fiscal year ended March 31, 2021, we have raised the dividend per share from 50 to 75 yen, considering the current strong performance. Furthermore, the Company has disclosed its intention to raise the payout ratio to around 30% in the fiscal year ending March 2023, on the assumption that the targets of "JT-2023" will be achieved.

On the other hand, we cancelled treasury stock in March 2021, and the percentage of total number of shares issued before cancellation dropped to 4.2%. Moving forward, we will strive to ensure liquidity in the market while reducing dilution concerns of shareholders.

Broad investor engagement

The Company views the diversification of our shareholders as one of the key priorities. As a retailer, the number of individual shareholders has increased significantly over the past few years as a result of efforts such as holding various seminars and expanding shareholder benefits from the perspective of creating fans. We are also actively responding to institutional investors by holding financial results briefings online, disclosing rich information, and participating in individual meetings with directors. We will keep focusing on engagement activities in line with each investor's demand.

However, we plan to more than double the ratio of foreign investors (about 7% now) over the medium term, in line with the listing criterion required by stock exchanges. Not only will we disclose and provide various materials in English, but also actively communicate our unique value creation story in different situations to help investors understand the future ICT-based home appliance sophistication and the affinity between the business model of electronics retail stores and our support business.

Joshin aims to become a corporate group that broad investors value as a "medium- to long-term investment potential" by balancing aggressive and capital-efficient growth investment and enhanced shareholder returns.

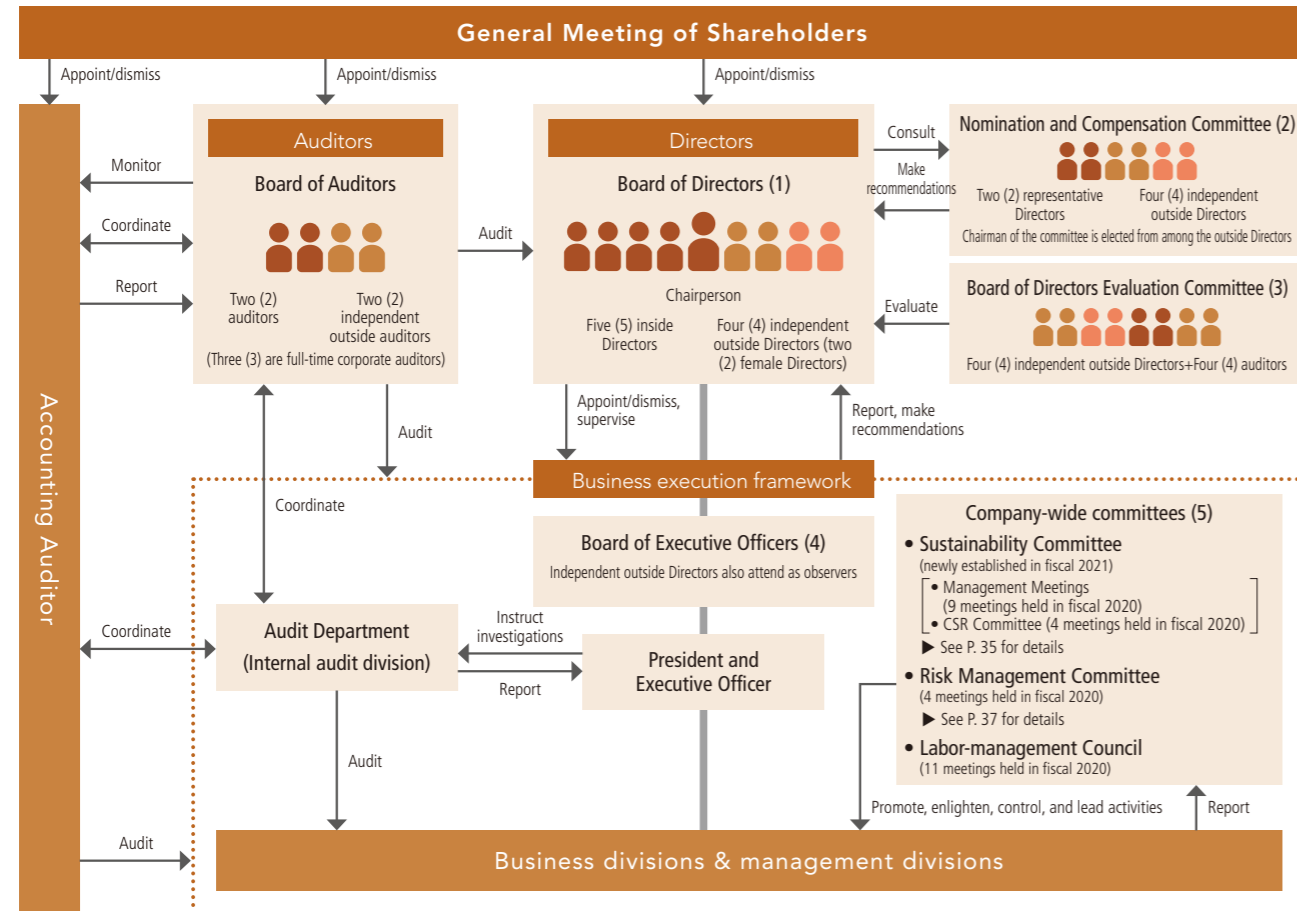
Corporate Governance

Basic Concept of Corporate Governance

The Company examined materiality (major challenges) that it defined this fiscal year from the aspects of risks and opportunities they pose for the sustainability and growth of the Company, and incorporated them in its management strategies and business portfolio. In order

to manage the value creation processes in which the social and economic values that we created using our capital flow in a more beneficial cycle, we strive to improve our corporate governance system on an on-going basis.

Corporate Governance System



- (1) Board of Directors (23 meetings held in fiscal 2020) 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.
- (2) Nomination and Compensation Committee (7 meetings held in fiscal 2020) Deliberates matters such as appointment and dismissal proposals of Directors, appointment of candidates for CEO and succession plans, compensation system and amounts of individual compensation, etc., and make recommendations to the Board of Directors. Deliberations on succession plan were held twice in fiscal 2020.
- (3) Board of Directors Evaluation Committee (5 meetings held in fiscal 2020) Evaluates the effectiveness of the Board of Directors once a year and makes recommendations on how to make continuous improvements to the Board of Directors. In fiscal 2020, it recommended to enhance discussion on medium-to-long-term management strategies incorporating the perspective of ESG.
- (4) Board of Executive Officers (50 meetings held in fiscal 2020) The central body for business execution, consisting of executive Directors and executive officers. Independent outside Directors attend the meetings as observers to help strengthen the supervisory functions of business execution. Contributes also in planning the training for candidates for CEOs and Directors.
- (5) Company-wide committees Consists of executive Directors, executive officers, and full-time corporate auditors, and promotes, enlightens, controls, and leads divisional activities and cross-divisional projects to meet fiscal plans.

Matters Deliberated by the Board of Directors

Key matters that were discussed at the Board of Directors meetings (in fiscal 2020, average two hours of deliberation per meeting)

- Appointment of candidate for the next CEO
- Directors' compensation system (performance-linked compensation)
- Evaluation of the effectiveness of the Board of Directors
- Scope of delegation to Directors and executive officers (delegation of authority to the Board of Executive Officers)
- The new Medium-term Management Plan
- Basic policies of store strategy and brand strategy
- Capital policy
- Policy on cross-shareholdings
- Reorganization of group companies

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.



Evaluation of the effectiveness of the Board of Directors

As an effort to strengthen corporate governance in an aim to achieve sustainable growth and improve medium-to-long-term corporate value, the Board of Directors 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 continuous measures to improve the effectiveness.

(1) Evaluation process



(2) Key assessment items

- (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
- (4) Composition of the Board of Directors and delegation of authority to the Board of Executive Officers

(3) Initiatives for fiscal 2020, evaluation, and future policies

Initiatives for fiscal 2020	While the COVID-19 pandemic infection persisted, we spent many hours on temporary measures, and discussion on medium-to-long-term management strategies remained as an outstanding issue. Meanwhile, our EC business offering a non-contact shopping style grew significantly, and we were able to gain many ideas on perspective business models.
Evaluation results for fiscal 2020	The Board of Directors steadily improved its supervisory function through active discussions with critical findings, proposals, and expression of opinions from both inside and outside Directors. We find that the effectiveness of the Board of Directors is largely ensured. Meanwhile, as a matter to be discussed in further detail, the Board of Directors shared the understanding that they need "active discussion on incorporating the perspective of ESG in its medium-to-long-term management strategies."
Future policies	Enhance discussion on medium-to-long-term management strategies incorporating the perspective of ESG, including climate change issues.

Status of Directors and Auditors

To date, the Company has appointed talents having management experience, lawyers, certified public accountants, and certified public tax accountants as outside Directors and outside Auditors taking into consideration the balance of knowledge and experience of the Board of Directors. In fiscal 2021, the Company newly

appointed outside Directors having expert knowledge on diversity & inclusion as part of the human resources strategy. Going forward, we believe that it is important to strengthen our legal personnel and nurture and secure human resources for digital transformation to respond to the advances in ICT.

Outside officer	Female	Name	Term of office (yrs.)	Attendance at the meetings of the Board of Directors in fiscal 2020	Composition of Committees, attendance at meetings in fiscal 2020 (● Chairperson, ○ Committee member)		Expertise and experience									
					Nomination & Compensation*	Effectiveness Evaluation*	Corporate management	Legal governance	Sales & marketing	Management planning Business strategy	Finance & accounting Capital policy	Finance & accounting Diversity	HR & personnel management	Environment & energy	ICT/DX	
Directors		Ryuhei Kanatani	23	23/23	7/7	★	★	★	★	★	★	★	★			
		Tetsuya Takahashi	4	23/23	(Newly appointed)	★		★					★	★		
		Koichi Yokoyama	16	23/23		★		★					★	★		
		Koji Tanaka	11	22/23		★	★		★			★	★	★	★	
		Suguru Oshiro	2	23/23		★	★		★	★		★	★	★		
	●	Shojiro Nozaki	5	23/23	○ 7/7	○ 5/5	★		★	★	★	★	★	★		
	●	Kinya Naito	5	18/23	● 7/7	○ 5/5	★	★					★	★		
●	Keiko Yamahira	2	19/23	○ 6/7	○ 5/5	★		★	★	★	★	★	★	★		
●	Junko Kawano	—	(Newly appointed)	○ (Newly appointed)	○ (Newly appointed)	★		★	★	★	★	★	★			
Auditors		Nobuhiro Sugihara	6	Meeting of the Board of Directors 23/23 Board of Auditors 13/13			★	★	★							
		Hidetoshi Yamamoto	—	(Newly appointed)		○ (Newly appointed)	★	★	★					★		
	●	Masayasu Hashimoto	5	Meeting of the Board of Directors 23/23 Board of Auditors 13/13		○ 5/5	★	★	★		★					
	●	Yoshio Hayakawa	4	Meeting of the Board of Directors 23/23 Board of Auditors 13/13		○ 5/5		★			★					

* "Nomination & Compensation" is short for "Nomination and Compensation Committee." "Effectiveness Evaluation" is short for "Committee for the Evaluation of the Effectiveness of the Board of Directors."
 * Term of office of Director Mr. Naito includes his term as outside Auditor.
 * Former Director and Chairperson, Mr. Katsuhiko Nakajima attended 23 out of 23 meetings of the Board of Directors held in fiscal 2020.
 * Former Full-time Corporate Auditor, Mr. Yoshinari Matsuura attended 23 out of 23 meetings of the Board of Directors, and 13 out of 13 meetings of the Board of Auditors held in fiscal 2020.

Training for Officers and Nurturing of Potential Successors

The Company provides opportunities for Directors and Auditors to improve their skills by acquiring the necessary knowledge and to remain up to date on the appropriate knowledge, so that they can properly fulfill their expected roles and responsibilities. For Directors, Auditors, and executive officers, training is conducted by external instructors for the purpose of acquiring and remaining up to date on legal and other related knowledge and skills required for the management practices of the Company. Such officer training has been provided four times a year since 2017 and has been expanded to six times a year starting 2021.

Also, as part of the initiative to nurture potential successors, the Company conducts the above-mentioned training for Directors, executive officers, and senior

staff on an on-going basis, and for executive officers, shares a wide range of expertise on business execution at the Board of Executive Officers meetings in which Directors and Auditors assemble. Through these efforts, the Company invests the time and resources to nurture talents who can assume the role of the CEO.

Themes of training conducted in fiscal 2020

* In fiscal 2020, one session was cancelled due to the spread of COVID-19

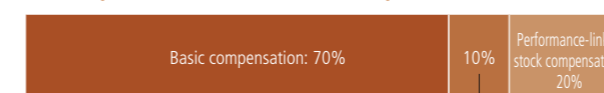
- "Improving corporate value and capital policy—measures to improve capital efficiency and policy on return to shareholders"
- "Practical operation of M&A and duty of Directors to serve as good managers"
- "Key points in determining shareholding structure, approach to SR/IR"

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 deliberated by the Nomination and Compensation Committee whose majority consists of outside Directors.

Composition of Directors compensation



* The graphs above illustrate 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 assessed based on the level of achievement of performance targets of the business execution divisions that each Director oversees.
 * Performance-linked stock compensation is assessed based on the level of achievement of operating income announced in the earnings forecasts for each fiscal year.

Directors compensation by position

Position	Compensation ratio	Compensation ratio of CEO	Compensation ratio
Director and Chairperson	1.7	—	1.7
Director, President and Executive Officer	2.0	0.2	2.2
Director, Vice President and Executive Officer	1.7	—	1.7
Director, Senior Managing Executive Officer	1.4	—	1.4
Director and Managing Executive Officer	1.2	—	1.2
Director and Executive Officer	1.0	—	1.0

Cross-shareholdings

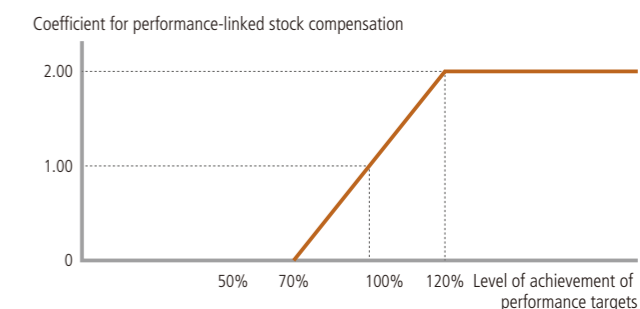
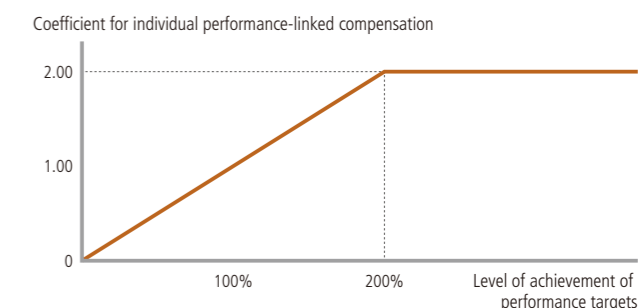
Basic policy on shareholding

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

Calculation of performance-linked compensation



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 consultation with the Board of Directors, deliberates on the allocation of compensation to individual Directors based on the Regulation on Compensation for Directors, and the Board of Directors shall makes the decision based on its 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.

as to maintain smooth 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. The Company held 39 issues in the fiscal year ended March 2014, but has reduced the holding to 31 issues as of the fiscal year ended March 2021.

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.

System to Promote CSR

In order to fulfill its responsibilities to address social issues, the Company had been engaged in activities lead by the CSR Committee since 2004. The CSR Committee was chaired by the Chief Compliance Officer (the Director and executive officer who supervises management planning), and includes the Directors and executive officers overseeing each division, heads of each department, representatives of subsidiaries, and

representatives of labor unions as committee members. Auditors also participated as observers.

The CSR Committee shares important CSR challenges related to the Group's business activities as "CSR Action Plan" across the Group, and conducts reviews from the development of systems to status of implementation for each challenge to make continuous improvements.

Development into a System to Promote Sustainability

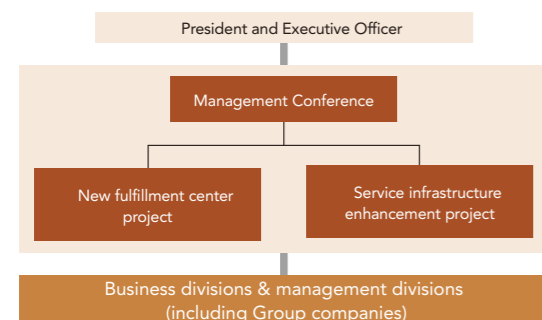
In order to realize its new management philosophy and management vision, the Company identified seven materiality (material issues) that should be addressed first due to their high impact on value creation of the Joshin Group, as well as 14 initiative issues. To put these materiality into practice, the Company consolidated the relevant corporate-wide meetings (Management Conference and CSR Committee) into a Sustainability Committee for deliberation and promotion starting October 2021.

The Sustainability Committee is a corporate-wide meeting consisting of executive Directors, executive officers,

full-time corporate auditors, and heads of divisions (including officers of subsidiary companies). Aiming for value creation of the Joshin Group, it manages the progress of challenges that are set by backcasting from the long-term goals, and promotes, enlightens, controls, and leads divisional activities and cross-divisional projects.

In addition, we will continue to manage the progress of the material issues pertaining to the financial and non-financial foundation that was Formerly conducted by the Management Conference and CSR Committee in the Sustainability Committee.

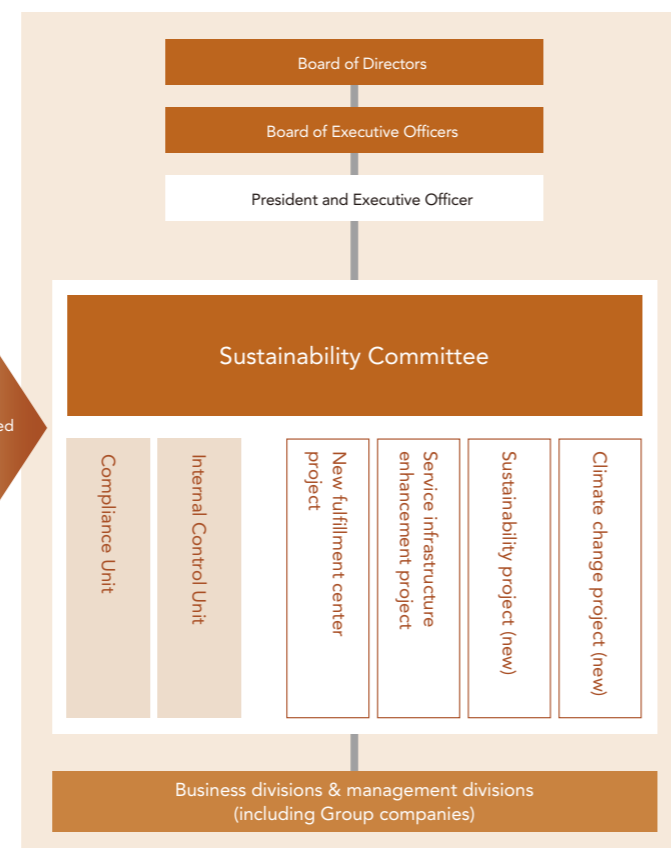
Management Conference Promotion System



CSR Promotion System



Sustainability Promotion System



Compliance Promotion System

The CSR activities of the Company are actions to resolve the CSR issues in the Group's general business activities and the system to promote compliance serves as foundation that supports 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.

Organization for Compliance Promotion



"Joshin Group Code of Conduct" as foundation of promoting CSR and 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 abided by. The Code sets forth the behavior towards various stakeholders, compliance with laws and social norms, fair trade practice, conservation of the environment, appropriate handling of personal information, policy on procurement of products, etc., and guideline on activities in 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 of 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 from the perspective of 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.

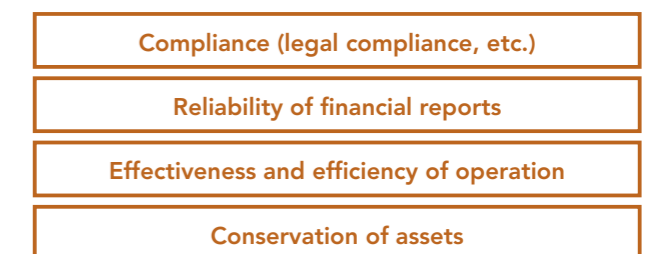
In addition, the following system is in place to ensure the appropriateness of business operation of the corporate group.

- 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.
- The CSR Promotion Office, under the direction of the 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



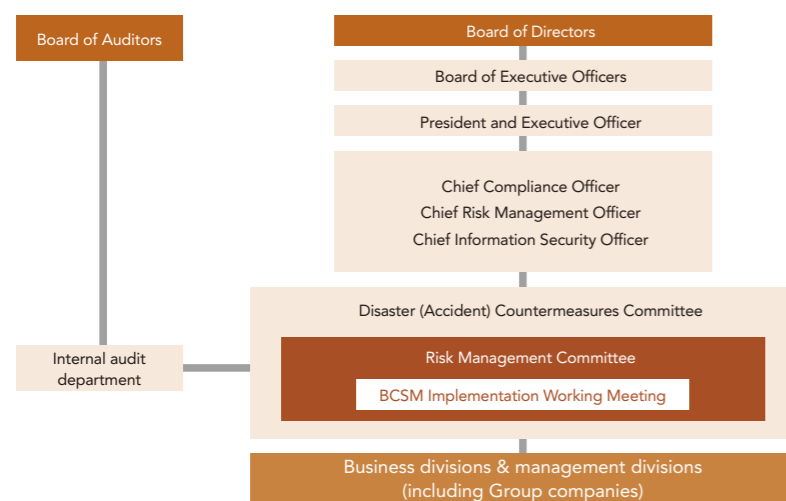
Risk Management System

To manage the various risks that may occur within the Group, the Company formulated the Risk Management Rules in November 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 identifies and assesses risks that may impact the Group, and manages the responses to such 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 (BCP)

Risk Management System



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, in order to increase the effectiveness of these measures, the Company acquired the ISO22301 certification under the International standard on business continuity management system in January 2017, the first among companies in the major retail and online sales industry operating chain stores in Japan. Amidst heightening threats of major natural disasters and cyber risks, the Company will fulfill its social responsibilities to stakeholders through early recovery and continuity of our business activities.



ISO22301 Management System certificate

Management Cycle of the Risk Management Committee



Internal Complaint Program, Whistleblowing System

To prevent and promptly correct illegal and inappropriate acts, and to improve the capability to govern such acts, the Company has a public interest notification system as its 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.

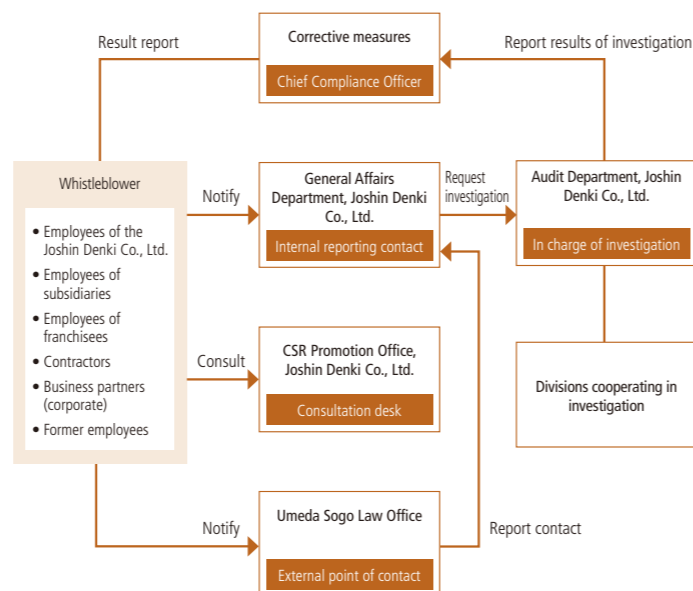
The Company's public interest notification system allows whistleblowers (as shown in the right diagram) to consult and notify when they become aware of any violation of laws and regulations or misconduct against corporate ethics, or any potential violation or misconduct within the Company.

Also, the General Affairs Department, which is the internal point of contact, accepts reports on various harassment incidents in addition to public interest notifications. In fiscal 2020, it received a total of 60 reports on public interest notifications and harassment incidents as 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 as not to be treated unfavorably as a result of reporting and accepting of 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 April 2005, it has built and maintained an operating system that clears the strict compliance criteria, and both its real stores and EC site offer an environment that can be used securely.

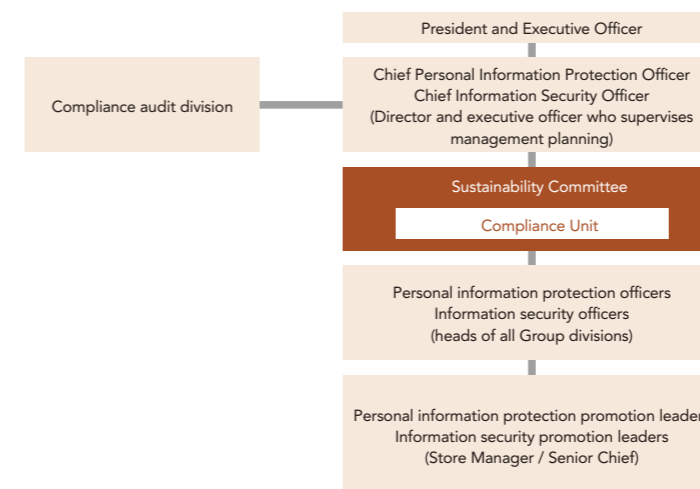
The Company adopts a common, nation-wide membership program since June 1989. We keep track of the diverse purchase trends and potential needs of customers which allows us to provide rapid and appropriate services and responsible after-sales services to our members. By managing the membership information of real stores and Joshin web on the same platform and building a seamless security system, we offer greater security while increasing customer satisfaction through improved convenience. In addition to services for Joshin Card members, the Company has many sales channels

including an online shopping mall and services for corporate customers.

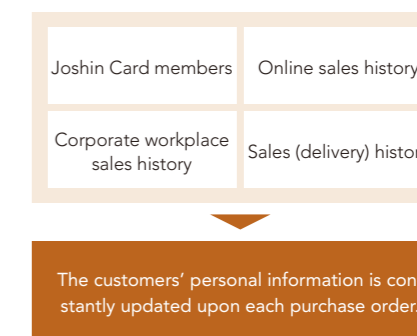
The Company implements a personal information protection management system at all Group companies. Each division operates based on the personal information protection promotion plan formulated by the Sustainability Committee on an annual cycle. The Audit Department always conducts compliance audit of the status of operation, and makes prompt improvements if any of the operations are not in accordance with the plan. Issues identified at the compliance audit, etc. are discussed at the Compliance Unit meeting to determine remedial actions, which are reported to the Sustainability Committee to be reflected in the new plans and actions.



Systems to Promote Data Security and Personal Information Protection



Purchasers History Database System



Rated AAA for Three Consecutive Years in Sustainability Diagnosis

The Company receives a Sustainability Diagnosis conducted by the Japan Research Institute, Limited for the ESG/SDGs assessment loan scheme (*1), and earned AAA rating (*2) for having "implemented outstanding initiatives and information disclosure aimed at realizing

ESG management and achieving the SDGs" for three consecutive years since 2018. In particular, the following items received outstanding assessments in fiscal 2020.



Thorough implementation of environmentally-friendly business flow	<ul style="list-style-type: none"> Environmentally friendly, energy-saving store development Promotion of sales environmentally friendly products Calculation of CO₂ reduction through recycling for reuse products Disclosure of information through Integrated Reports and corporate website
Wholehearted customer service and health and productivity management initiatives for employees	<ul style="list-style-type: none"> Enhance our "wholehearted customer service," which focuses on sales of safe products and after-sales services such as responding to accidents and recalls, by strengthening customer contacts with the use of digital technology Enhance initiatives for health and productivity management, for example, being recognized as a 2020 Certified Health & Productivity Management Outstanding Organization, which recognizes outstanding organizations engaging in strategic health and productivity management efforts for maintaining their employees' health from a management perspective
Initiatives that contribute to the SDGs through core business operations and a substantial risk management system	<ul style="list-style-type: none"> Fulfill our social responsibilities and contribute to achieving SDGs through core business operations, and clearly disclose its position through Integrated Reports and the Medium-term Management Plan Establish a system to carefully identify potential ESG-related risks affecting the Company's business activities, and manage them based on its own criteria

*1 A loan product for which Sumitomo Mitsui Banking Corporation establishes conditions in accordance with the results of assessment conducted by Japan Research Institute, Limited (JRI), in which the company's ESG initiatives and appropriateness of information disclosure, including from the viewpoint of its contribution to achieving the SDGs, are assessed based on the criteria developed by JRI.
*2 Assessment ranking is on a scale of 1 to 7 with AAA being the highest rank.

Message from an Outside Director

Now that there is increasing momentum for innovation, let us hold lively discussions on what our future should look like.

Outside Director

Kinya Naito



My Encounter with Joshin Denki

I am an attorney at law, and after working as vice president of the Osaka Bar Association, I served as a part-time auditor at Osaka University. My former senior colleague was a corporate lawyer for Joshin Denki and introduced me to the Company. I was appointed as a part-time Outside Auditor in 2016 and have been Outside Director since 2017. When I took office as an Outside Director, I felt a duty to give advice from the perspective of an attorney with experience working on solving problems in various real-life situations, taking into account whether what is accepted as common practice at Joshin Denki is also common practice from society's perspective. In other words, I felt I would be expected to give advice on the Company's common practice, its sense of balance, and the level of appropriateness from my experience as an attorney.

Changes made in the Board of Directors

There are three changes I've come to recognize over the past five years. First, the discussions at the Board of Directors and the Board of Executive Officers have become more active. I feel that transitioning to the current system has led to even more openness. First, we outside directors ask various questions and give opinions, which are responded to politely by the President and other directors. As this process has continued, everyone has

gradually begun to speak up voluntarily, which has led to lively discussions. Second, our mentality has definitely shifted to "quality over quantity." We achieved record-high profits during the previous fiscal year, which was not the result of forcibly pursuing sales. At both real stores and e-commerce stores, we are pursuing sales activities with a greater awareness of our profits.

Third, there is more awareness of figures. Our directors and executive officers are casting more keen eyes on financial figures than ever before. When considering store-opening strategies, our Director in charge of Financial Strategy explains the financial impact, and then meeting attendees start to discuss in terms of the figures. Meanwhile, outside directors from financial institutions provide solid support in these scenarios.

The Organic Relationship between the Board of Directors and the Board of Executive Officers

Many of the agenda items of the Board of Directors are discussed in advance by the Board of Executive Officers. For that reason, four years ago, I started attending the Board of Executive Officers as an observer in order to deepen my understanding of agenda items. In addition, outside directors find it difficult to see how each executive officer carries out operations on a daily basis, so starting this fiscal year we have asked executive officers to present on their quarterly results.

I believe this is also an effective approach when considering succession plans. In addition, I have

recommended strengthening the monitoring functions of the Board of Directors. Too much time is spent discussing business execution matters and we tend to run out of time to discuss long-term strategies. It is not ideal if directors focus too much on explaining their own agenda items without spending time for long-term discussions. To that end, I think it is important to delegate some authority to the Board of Executive Officers and narrow down the agenda at the Board of Directors. Thanks to the livelier discussions, monitoring is being carried out properly, but I believe some more monitoring improvements are needed from a longer-term perspective. For example, it's important to consider a capital policy that maintains our independence for the future as companies in other industries are converging around big capital. In addition, from a medium- to long-term perspective, we may consider acquisitions as necessary for our Company's strategy, but we also need to carefully examine in due diligence the risks lurking there.

As for our long-term vision, I feel that we have created a foundation for conceptualizing how we look like in 10 years and also 30 years from now. I personally haven't reached any conclusions about this, but I believe my role is to stimulate discussions. From time to time, I have requested more discussions on innovation. The Company's founder was an innovator, but it seems to me that the Company has adopted a defensive stance for a while. Recently, there has again been increased momentum for innovation, so I sincerely hope that our next management team will hold a great deal of discussion about what kind of company they'd like us to be in the future.

Recent Activity regarding the Nomination and Compensation Committee

I am currently serving as the Chair of the Nomination and Compensation Committee. First, one recent major discussion regarding compensation was the individual performance-linked remuneration of directors, which was introduced in 2019. This was introduced to clarify the responsibilities of individual officers and strengthen their commitment to management. It is necessary for us to continue discussing how to optimize this system as we continue to operate.

For nominations, we have created a skill matrix. Moving forward, we will need to continue to identify the management skills necessary for our managers while also considering succession plans.

Compliance Status

I believe our compliance has been managed quite well as a whole. There have been no incidents in terms of customer information leaks. We currently conduct compliance training twice a year. If rules are unknowingly violated at the individual level, we will need to revise and update the contents of the compliance training as well as their frequency. It may be difficult to see our day-to-day operations at the stores, but in order to prevent incidents, it is necessary to build a solid relationship between the store managers overseeing the stores and the Officer in charge.

Another challenge moving forward is that I am currently the only person who specializes in legal matters. In order to further strengthen our compliance, I would like consideration to be given to establishing a dedicated legal department.

Responsibilities as an Outside Director

While the Company has expectations for me, as I mentioned at the beginning, I believe that what shareholders expect from outside directors is support for increasing the Company's corporate value. To that end, I understand my role as an advocate for shareholders is overseeing the Company's management from an objective perspective. At the same time, I believe helping the CEO decisively make decisions by taking risks is also my role.

Outside directors are expected to monitor boundaries and minimize the possibility that manager's decisions may damage our corporate value. However, I also believe it is necessary for outside directors to support the judgment made by managers. In order to increase sales and profits for our shareholders, outside directors should supervise management objectively while respecting their judgment as much as possible. To that end, it's important to give advice and hedge risks from the perspective of my expertise.

Our strength lies in our impressive customer-first services. But our strengths and weaknesses go hand in hand. This strength may lead to low productivity and high costs. Our challenge moving forward is how to achieve the balance. In addition, our family-like atmosphere, and our corporate culture of uniting together when we come together, but without getting complacent, are also unique. I will continue to fulfill my responsibilities as an Outside Director to ensure that our strengths will lead to an improvement in the corporate value of the Company.

Directors & Auditors



Foundation of Joshin Group's Value Creation

(as of June 22, 2021)

1. Ryuhei Kanatani

Representative Director, President and Executive Officer

March 1979 Joined the Company
 July 1993 Manager of General Affairs Department
 June 1998 Director, Manager of General Affairs Department
 April 2001 Director, Manager of General Planning Department
 October 2001 Director, Manager of President's Office
 March 2002 Director, General Manager of Sales Planning Division
 June 2002 Managing Director, General Manager of Sales Division
 June 2004 Managing Director, General Manager of Management Planning Division and Manager of General Affairs Department
 April 2006 Managing Director, General Manager of Management Planning Division
 October 2006 Senior Managing Director, General Manager of Management Planning Division
 July 2008 Representative Director, Senior Managing Director, General Manager of Management Planning Division
 June 2011 Representative Director, Vice President, General Manager of Management Planning Division
 April 2016 Representative Director, Vice President, General Manager of Business Administration Headquarters
 June 2016 Representative Director, Vice President and Executive Officer, General Manager of Business Administration Headquarters and Manager of Management Planning Department
 June 2018 Representative Director, Vice President and Executive Officer, General Manager of Business Administration Headquarters
 June 2019 Representative Director, President and Executive Officer (to present)

Number of shares of the Company held	45,730 shares
Of which, number of shares to be issued under the stock-based compensation plan	12,530 shares

4. Koji Tanaka

Director and Managing Executive Officer

March 1986 Joined the Company
 April 2006 Manager of General Affairs Department
 June 2010 Director, Manager of General Affairs Department
 April 2016 Director, Assistant General Manager of Business Administration Headquarters
 June 2016 Director and Managing Executive Officer, Assistant General Manager of Accounting Department and Manager of General Affairs Department
 June 2018 Director and Managing Executive Officer, Assistant General Manager of Business Administration Headquarters
 June 2019 Director and Managing Executive Officer, General Manager of Business Administration Headquarters
 April 2021 Director and Managing Executive Officer, in charge of Management Planning & Human Resources Strategy (to present)

Number of shares of the Company held	22,980 shares
Of which, number of shares to be issued under the stock-based compensation plan	8,280 shares

2. Tetsuya Takahashi

Representative Director, Senior Managing Executive Officer

March 1986 Joined the Company
 October 2001 Manager of Hyogo & Hokuetsu Area, Kansai Sales Department
 June 2013 Manager of Tokyo & Tokai Sales Department
 June 2016 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
 October 2016 Executive Officer, General Manager of Sales Division and Manager of Kansai Sales Department
 April 2017 Executive Officer, General Manager of Sales Division
 June 2017 Director and Executive Officer, General Manager of Sales Division
 June 2019 Director and Managing Executive Officer, General Manager of Sales Division
 March 2020 Director and Managing Executive Officer, General Manager of Sales Division and Management of Internet Sales Department
 April 2021 Director and Senior Managing Executive Officer, in charge of Sales Strategy
 June 2021 Representative Director and Senior Managing Executive Officer, in charge of Sales Strategy (to present)

Number of shares of the Company held	11,623 shares
Of which, number of shares to be issued under the stock-based compensation plan	7,123 shares

5. Suguru Oshiro

Director and Executive Officer

April 1986 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)
 April 2005 General Manager of Sales Department II, Nanba Branch, Resona Bank, Limited.
 April 2012 Joined the Company, Manager in charge of New Properties of Store Development Department
 April 2014 Manager of Accounting Department
 June 2018 Executive Officer, Manager of Accounting Department and Manager of Management Planning Department
 June 2019 Director and Executive Officer, Assistant General Manager of Business Administration Headquarters and Manager of Accounting Department and Manager of Management Planning Department
 April 2021 Director and Executive Officer, in charge of Financial Strategy, and Manager of Accounting Department (to present)

Number of shares of the Company held	7,912 shares
Of which, number of shares to be issued under the stock-based compensation plan	3,812 shares

3. Koichi Yokoyama

Director and Managing Executive Officer

March 1985 Joined the Company
 April 2000 Manager of Hyogo & Hokuetsu Area, North Kansai Sales Department
 April 2001 Manager of PiONE Sales Department
 September 2004 Manager of Kansai Sales Department and Manager of Central Area
 June 2005 Director, Manager of Kansai Sales Department
 October 2008 Director, Assistant General Manager of Sales Division and Manager of Kansai Sales Department
 April 2009 Director, General Manager of Sales Division and Manager of Kansai Sales Department
 April 2012 Director, General Manager of Sales Division
 February 2013 Director, Assistant General Manager of Sales Division, responsible for Kansai Sales Department, Tokyo & Tokai Sales Department, Eco Business Promotion Department, CS Promotion Department, and Sales Administration Department
 April 2016 Director, General Manager of Development Division and Manager of Development Department
 June 2016 Director and Managing Executive Officer, General Manager of Development Division and Manager of Development Department
 April 2021 Director and Managing Executive Officer, in charge of Infrastructure Strategy and Manager of Development Department and Manager of Construction Department (to present)

Number of shares of the Company held	28,180 shares
Of which, number of shares to be issued under the stock-based compensation plan	8,280 shares

6. Shojiro Nozaki

Outside Director **Independent**

April 1981 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)
 July 2005 Branch Manager of Kanda Branch, Resona Bank, Limited
 April 2008 Executive Officer in charge of Tokyo Metropolitan Area (Block), Resona Bank, Limited
 June 2010 Full-time Corporate Auditor, Resona Business Service Co., Ltd.
 April 2015 Part-time Board Member, Tokushukai Medical Group (to present)
 June 2015 Part-time Corporate Auditor, Ushio Inc.
 Part-time Corporate Auditor, Resona Research Institute Co., Ltd.
 Part-time Corporate Auditor, Resona Kessai Service Co., Ltd.
 June 2016 Outside Director of the Company (to present)
 October 2016 Outside Auditor, Inaba Seisakusho Co., Ltd.
 October 2019 Outside Director, Inaba Seisakusho Co., Ltd. (to present)

Number of shares of the Company held	2,000 shares
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9. Junko Kawano

Outside Director **Independent**

April 1986 Joined Recruit Co., Ltd.
 October 1991 Deputy Head Editor of "Shukan Jutaku Joho," Japan's housing magazine
 January 1997 Head Editor of "Travail," Japan's first career change magazine for women
 April 2006 Leader of Women's Life & Career Research Team (concurrent position)
 June 2008 Retired from Recruit Co., Ltd.
 July 2008 Joined Sumitomo Corporation
 Lifestyle & Retail Business Division
 October 2008 Leader of Transmedia Team
 April 2012 Leader of Global Education Business Team
 February 2013 Director, Institute of Global Human Capital Strategies Co., Ltd. (concurrent position)
 June 2017 Retired from Sumitomo Corporation
 March 2018 Established Kawano Junko Office (to present)
 Chief Marketing Officer, Life Shift Japan Co., Ltd. (to present)
 September 2019 Board Member, Not-For-Profit Organization Tokyo International Progressive School (to present)
 April 2020 Senior Researcher of Keio Research Institute at SFC (to present)
 June 2021 Outside Director of the Company (to present)

Number of shares of the Company held	—
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7. Kinya Naito

Outside Director **Independent**

April 1986 Admitted to the bar
 March 1999 Established Naito Law Office
 June 2003 Outside Auditor, Ikko Corporation (currently J Trust Co., Ltd.)
 February 2004 Established Mizuho Partners Law Office
 April 2012 Vice President, Osaka Bar Association
 Executive Governor, Kinki Federation of Bar Association
 Part-time Auditor, National University Corporation Osaka University
 April 2014 Outside Auditor of the Company
 June 2016 Outside Director, FALCO HOLDINGS Co., Ltd. (to present)
 April 2017 Outside Director, Naito Law Office (to present)
 June 2017 Outside Director of the Company (to present)
 April 2019 Member of Personnel Inspection Commission, Osaka Prefectural Government (to present)
 January 2020 Chairman, Development Investigation Committee, Osaka City

Number of shares of the Company held	1,200 shares
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10. Nobuhiro Sugihara

Full-time Corporate Auditor

April 1975 Joined the Company
 August 1988 Manager of Home Appliance No. 1 Sales Department of the Company
 April 1996 Deputy Manager, Main Store Business Division
 November 1998 Deputy Manager, Merchandise Department
 October 2001 Manager of Management Planning Department
 November 2014 Advisor to the Company
 June 2015 Full-time Corporate Auditor (to present)

Number of shares of the Company held	5,600 shares
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12. Masayasu Hashimoto

Full-time Outside Auditor **Independent**

April 1982 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)
 July 1999 Branch Manager of Amagasaki Branch, The Asahi Bank, Ltd. (currently Resona Bank, Limited)
 July 2003 Branch Manager of Fukushima Branch, Resona Bank, Limited
 January 2011 Joined Resona Card Co., Ltd.
 June 2013 Executive Officer, Resona Card Co., Ltd.
 June 2016 Outside Auditor of the Company (to present)

Number of shares of the Company held	600 shares
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8. Keiko Yamahira

Outside Director **Independent**

April 1983 Joined Kubota House Co., Ltd. (currently Sanyo Homes Corporation)
 April 2010 Office, SANYO Homes Corporation (currently Sanyo Homes Corporation)
 June 2011 Director, Executive Officer of SANYO Homes Corporation
 June 2012 Director, SANYO Reform Corporation (currently Sanyo Reform Corporation) (concurrent)
 June 2013 Director & Senior Executive Officer, Sanyo Homes Corporation
 Director, SunAdvance, Inc. (concurrent)
 Director, Sanyo Homes Community Corporation (concurrent)
 June 2015 President & Director, Sanyo Homes Corporation
 April 2017 Chairman and Representative Director, Sanyo Homes Community Corporation
 April 2019 Advisor to the Company
 June 2019 Outside Director, Fujitec Co., Ltd. (to present)
 June 2019 Outside Director of the Company (to present)
 June 2021 Outside Director, Takara Leben Co., Ltd. (appointed on June 25, 2021) (to present)

Number of shares of the Company held	200 shares
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11. Hidetoshi Yamamoto

Full-time Corporate Auditor

April 1977 Joined the Company
 April 2002 Area Manager, PiONE Sales Department
 September 2004 Manager of Hamnan and Wakayama Area, Kansai Sales Department
 April 2012 Director, Manager of Kansai Sales Department and Manager of Central Area
 June 2016 Executive Officer, Manager in charge of Hokuetsu Sales and Manager in charge of Hokushin Sales of Local Sales Support Division
 June 2017 Executive Officer in charge of Support Service of Sales Division
 April 2021 Executive Officer in charge of Support Service
 June 2021 Full-time Corporate Auditor (to present)

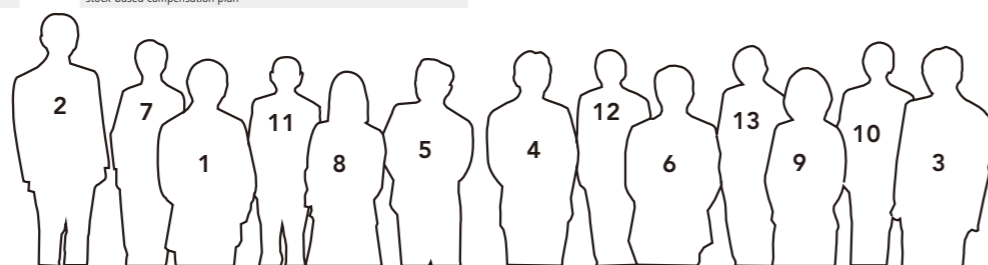
Number of shares of the Company held	6,500 shares
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13. Yoshio Hayakawa

Outside Auditor **Independent**

October 1980 Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC), Osaka Office
 March 1985 Registered as a certified public accountant
 August 2003 Member of Tax System Examination Committee, The Japanese Institute of Certified Public Accountants
 July 2005 Senior Partner, ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)
 April 2007 Part-time Lecturer, School of Accountancy, Graduate School of Kansai University
 June 2011 Retired from ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)
 July 2011 Established Hayakawa Accountant Office (to present)
 December 2011 Registered as a tax accountant
 May 2014 Part-time Auditor, Education Corporation Osaka Seikei Gakuin (to present)
 March 2015 Part-time Auditor, Rokko Butter Co., Ltd. (to present)
 June 2017 Outside Auditor of the Company (to present)

Number of shares of the Company held	—
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Environment



Message from the Officer in Charge of Infrastructure Strategy

We will work aggressively to address environmental issues to achieve a society with net-zero carbon emissions.

Director and Managing Executive Officer in Charge of Infrastructure Strategy

Koichi Yokoyama



The Company has a long history in acting for the environment. In 1998, we established our environmental principles and installed an environmental management system (ISO14001) for the head office building. Since then, we have expanded the scope of our initiatives from the administrative activities at the head office building at that time, to promoting, as head office function, the reduction of environmental impact in our sales activities today.

Also, in 2012 when we started a program to purchase the entire volume of electricity generated with our photovoltaic power generation system, we became the first in the industry to launch an electric power selling business using the photovoltaic system. We were also the first among our industry peers to install electric vehicle charging systems at our stores and to introduce electronic pricing (electronic shelf-tags), always serving as top runner of the industry.

Now, driven by the Paris Climate Accords, the world is switching over from low carbon to net-zero carbon.

With new tides towards achieving carbon neutrality by 2050, SDGs, and ESG management, more and more companies are committing to reducing greenhouse gas emissions over the medium-to-long-term. In pursuing sustainability management with ESG at its core, there is no longer any way for companies to avoid the critical challenges of addressing environment issues, particularly climate change issues.

As action to reduce greenhouse gas emissions, the Company generates and sells renewable energy at 27 business sites as of March 2020. In addition, as of March 2021, nine stores are generating and consuming power off the grid. The Company will install photovoltaic systems at all compatible business sites by 2025 to increase the ratio of in-house energy supply. At the same time, we will revise the power supply configuration at all business sites (excluding tenant stores) where the Company contracts directly with power suppliers as effort to increase

the percentage of power from renewable energy. By the end of 2021, business sites equivalent to approximately 80% of all business sites where the Company contracts directly with power suppliers will switch to CO₂ free power supply. We are aiming to achieve 100% by 2023.

Furthermore, we recently expressed support for recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which is an international initiative to promote corporate disclosure of information on actions toward climate-related issues. The Company positions "developing resource-recycling society" and "addressing climate change issues" as challenges in resolving materiality, and by pursuing sustainability management, it will contribute to the universal challenge of establishing a society with net-zero carbon emissions.

From a medium-to-long-term perspective going forward, we will continue to be a company that takes the most aggressive actions against environmental issues in the industry. At the same time, through such efforts as expanding the offering of environmentally friendly products and making proposals to achieve carbon neutrality at homes, we will work towards gaining the support of our customers, and improving business performance and corporate value.

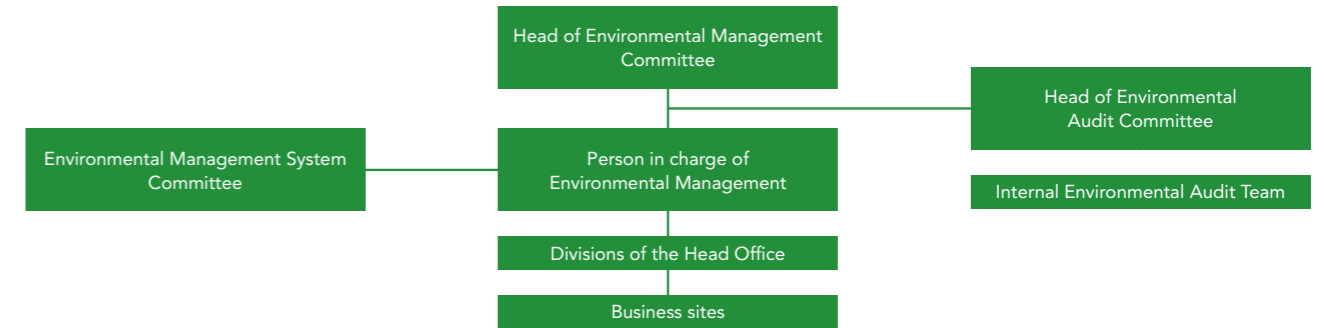
Joshin Denki Co., Ltd. Environmental Principles

Joshin Denki Co., Ltd. recognizes that conservation of the global environment based on the spirit of its Corporate Credo of "Thoughtfulness" is of utmost importance for humans and all living beings on Earth. We aim to carry out our activities as a responsible corporation with the social mission of maintaining and creating an environment in which people of the local community can live in peace, comfort, and good health. (Enacted in 1998)



Environmental Management System: Targets and Achievements

Organization for fiscal 2021 environmental management system (EMS)



Results of environmental targets and plans for fiscal 2021

Environmental conservation items	FY2020		FY2021		Division in charge
	Target	Results	Target		
Promotion of sales environmentally friendly products*1	Aim for a sales composition of 45% (Established based on the Company's environmentally friendly standard)	53.2%	Sales composition of 40%*2		Merchandise Department
Promotion of environmentally friendly store development	For every new store, introduce environmentally friendly materials (equipment): 10 or more items at independent stores, 7 or more items at tenant stores	10+ items at independent stores, 7+ items at tenant stores	12+ items at independent stores, 8+ items at tenant stores		Construction Department
	Aim to collect 8,000kg or more waste batteries	9,708kg	Waste batteries collected: 10,000kg		Sales Administration Department
	Aim to collect 240,000 items or more small appliances/electronics for recycling	295,212 items	Aim to collect 280,000 items small appliances/electronics for recycling		Sales Administration Department
	—	—	Reduce CO ₂ emission through use of renewable energy (7% reduction from FY2019) (at about 22 business sites)		General Affairs Department
—	—	Reduce CO ₂ emission from company vehicles through introduction of EV (9.7% reduction from FY2019)		General Affairs Department	
Environmental conservation items	FY2021 Initiatives				Division in charge
Promotion of sales environmentally friendly products	Expand sales of energy-saving gas-fired water heaters and Smart Life related products				Smart Life Promotion Department
	Promote sales of "energy-saving, environment-friendly" products through production of POP displays				Sales Promotion Department
	Provide quarterly circulation of environmental training materials for stores				General Affairs Department
Promotion of green procurement	Promote green procurement of consumable supplies and equipment				General Affairs Department
Introduction of environmentally friendly wrapping materials	Reduce the use of plastic shopping bags (cut use of plastic)				General Affairs Department
Promotion of environmentally friendly store development	Achieve off-grid power generation & consumption through the adoption of photovoltaic systems at business sites				Construction Department
	Reduce annual use of electricity at business sites				General Affairs Department
	Reduce the amount of paper used at business sites (number of sheets per square meter of sales floor)				General Affairs Department
Promotion of aggressive sales of reuse products	Rollout aggressive purchase of used items				Reuse Business Promotion Center
Promotion of repair services of products sold	Enhance long-term repair warranty system to encourage subscription				Sales Administration Department
Building of environmentally friendly logistics system	Promotion of centralized delivery (operation and maintenance target)				Fulfillment Management Center

*1 Among air conditioners, refrigerators, and TV sets, products that bear energy-saving label with 4-star rating or above.

*2 With the 2020 revision of the unified energy-saving label, standards for annual energy consumption for refrigerators have been revised from FY2020, and as a result, the number of products with 4- or 5-star rating decreased significantly. As such, the target was set at 40%.



Environmental Initiatives

■ Addressing climate change issues

Support for TCFD



On July 16, 2021, the Company expressed support for recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB).

The Company positions “developing resource-recycling society” and “addressing climate change issues” as challenges in resolving materiality, and in order to put sustainability management into practice, the Company considers it an urgent priority to contribute to the establishment of a society with net-zero carbon emissions by supporting the TCFD

recommendations and taking other actions. In addition, in an effort to resolve these issues, we will implement the Scenario Analysis in line with TCFD recommendations in FY2021, and disclose the results in FY2022.

We will continue to work in line with the TCFD recommendations to appropriately assess the climate-related risks and opportunities that impact our business activities, integrate such risks and opportunities in our management strategies on a medium-to-long-term basis, and strive to make appropriate information disclosure.

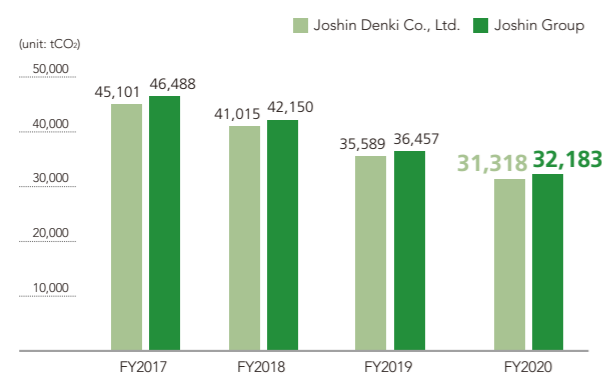
Initiatives towards reducing greenhouse gas emissions

As a medium-to-long-term target, the Company is taking actions in an aim to achieve carbon neutrality in all of the Group's business sites.

In the four years to FY2020, we successfully reduced emissions within our business sites by adopting LED lighting in stores and controlling air conditioning systems.

In order to achieve carbon neutrality as a Group in 2040, we set an interim target to achieve virtually zero emission at certain business sites by 2023, by changing the electricity at all business sites where the Company contracts directly with power suppliers to 100% renewable energy.

Group CO₂ emissions (electricity, gas) provisional results



*Amount of CO₂ emissions from electricity and gas used at business sites.
 *Some of the actual results of the Service Center and TSUTAYA stores in each fiscal year are unknown (to be revised).
 *Not including franchise stores.

Approach towards international initiatives

TCFD and other international initiatives have increasing influence on corporate disclosure and assessment of climate-related information, and the Company also considers it desirable to stay in line with these trends.

In particular, we have responded to the RE100 initiative, which aims to provide 100% of electricity from renewable energy sources, and the SBT (i.e., Science Based Targets initiative), which aims to set targets based on a science-based analysis of the increase in average temperature due to climate change, and to review and disclose these targets. In addition, we are actively considering joining international initiatives such as the CDP Climate Change Program, which is expected to encourage further investment by disclosing the information required of ESG evaluation organizations through responses to questionnaires, as it will help promote environmental innovation and increase the trust of institutional investors. We are actively considering participation in this initiative.

The Company will continue its efforts in introducing renewable energy at all business sites, as well as switching to off-grid generation and consumption by utilizing photovoltaic power generation plus batteries, and increase transparency through timely disclosure and communication of these initiatives. We will continue to address climate change issues, including taking actions to reduce CO₂ emissions, and contribute to achieving a sustainable society.

■ Initiatives for business sites towards achieving carbon neutrality

Use of CO₂-free power supplies

As an electronics retailer, the Company works to reduce power demand at homes through its business of spreading home appliances that have high energy-creating, energy-storing, and energy-saving capabilities, while striving to reduce CO₂ emissions by suppressing the amount of electricity used in its business activities.

As a part of such effort, the Company changed the electricity used at 108 of its business sites to 100% renewable energy (CO₂-free power supply) as of July 2021. Through these initiatives, the Company achieved annual CO₂ reduction of 62.0% compared to fiscal 2013,

and will be achieving the government target “to reduce CO₂ emissions by 46% compared to fiscal 2013 by 2030” in fiscal 2021.

The Company will further strengthen its effort to introduce energy-saving facilities such as the air-conditioning control and LED dimmer systems within the business sites in order to cut the use of electricity. These efforts are in line with the action policy towards achieving carbon neutrality at all business sites of the Company, and we will continue to shift to renewable energy.

Contribution to climate change mitigation with photovoltaic system

▶ Renewable energy generation (off-grid consumption and purchase of entire volume)

As a measure to achieve carbon neutrality and realize a society with net-zero carbon emissions, the Company purchases the entire volume of power generated by the photovoltaic power generation system (feed-in tariff) at 27 business sites including the Aridagawa store starting in 2012. Approximately 7,000Mwh of renewable energy is generated per year.

Starting in 2020, the Company generates and consumes solar power off the grid, and also installed solar rechargeable lithium ion batteries (12Kwh) as part of its business continuity plan in the event of an emergency, which can be utilized as backup power supply in case of a blackout. (9 hours of continuous use at approximately 1,000W consumption)



Aridagawa store (Wakayama Prefecture)



Ibaraki store (Osaka Prefecture)

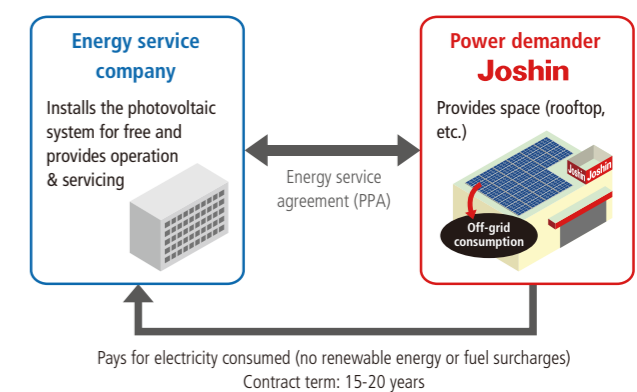
▶ Started operation based on a PPA* (power purchase agreement) model

In 2020, the Company began planning operation under the PPA model, and adopted the system at seven stores in January 2021, including the Wakayama store, where they now generate and consume renewable energy off the grid. (Off-grid consumption of approximately 535Mwh per year)

Currently, we are carrying out a 3-year plan starting in FY2021 to generate and consume power (including PPA model) at 36 existing stores where the photovoltaic system can be installed. (Estimated total of 7,492Mwh per year for 43 stores, including the 7 stores already in use)

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

Structure of the PPA Model



*Under the PPA model, the power demander 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 demander pays for the electricity consumed.

Creating environmentally and customer-friendly stores

Eco-friendly, energy-saving store design

Joshin is striving to improve each of our stores with the aim of reducing global warming and creating a society where people and nature are in harmony. Regarding the environment, as energy-saving initiatives, we are gradually introducing air-conditioning controls, store lighting dimming systems, and LED lighting fixtures at each of our business sites. As for resource conservation and 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 actively working to reduce CO₂ emissions.

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

In addition to installing a photovoltaic system, which is a clean energy source with no CO₂ 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 issues in the development of our stores.

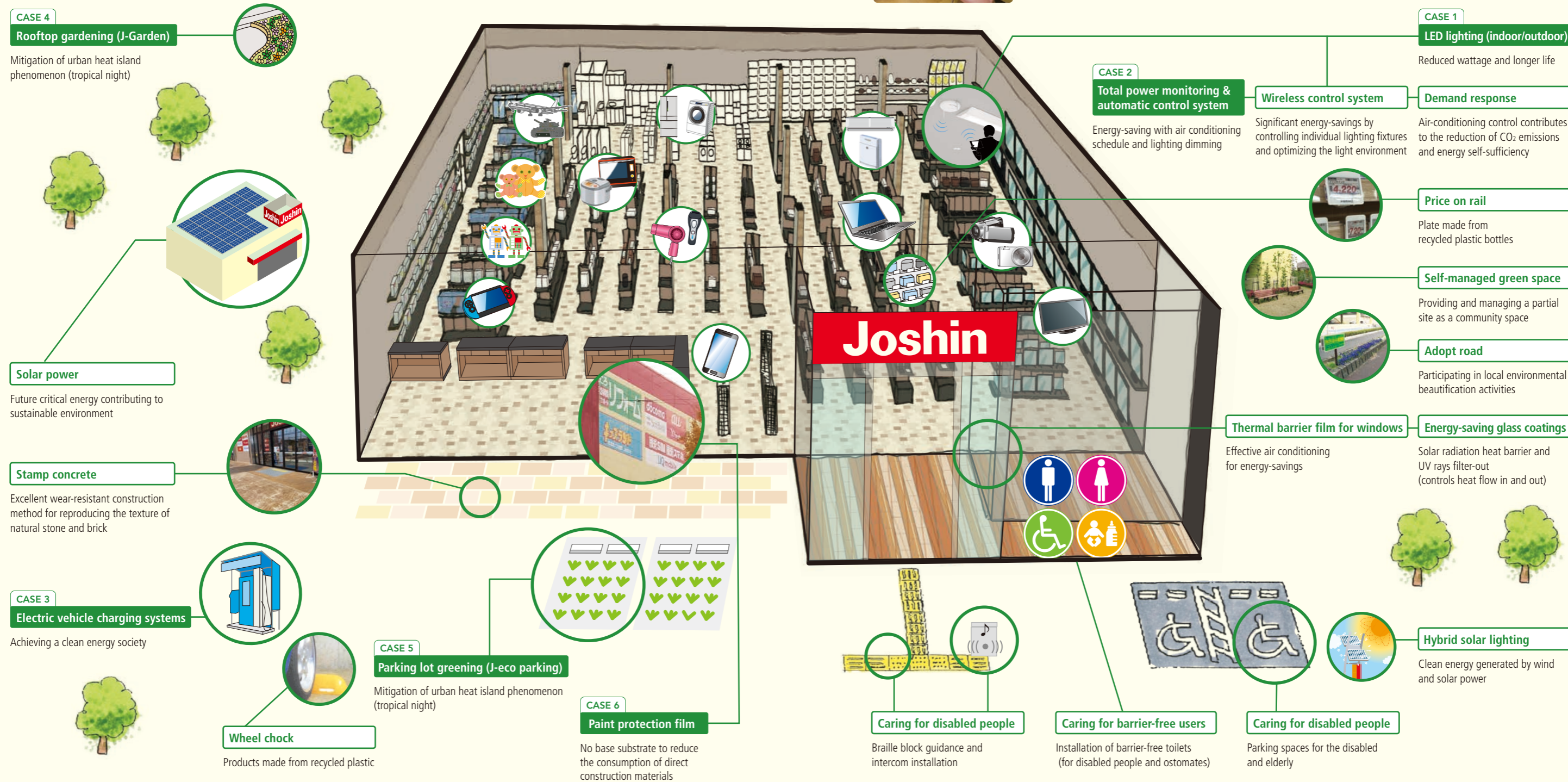
We aim to build stores that are friendly to customers who bring children

Cribs and baby walkers have been arranged in the restrooms so that customers with children can take their time while shopping with security. Some stores also have nursing rooms, providing a safe environment for parents and children to shop.



Equipped with AED (Automated External Defibrillator) for emergencies such as sudden illness

As of May 31, 2021, we have installed AEDs at 73 of business locations (excluding tenant stores), including our head office, Kishiwada Store, Sotokan Kashiwara Store, Nihonbashi Store, and BOOK-OFF Osaka Namba Naka Store, in case of sudden customer illness or disaster.



CASE 1 All store-lighting fixtures are individually controlled (dimmed) by a wireless control system to optimize the light environment and save significant energy simultaneously 144 business sites

- Wireless, no signal line construction required
- Just replace the equipment to install in existing stores
- Intuitive tablet controller for easy operation
- Energy-saving mode during non-peak business hours
- Adjustable brightness setting for each sales floor
- Energy-saving by cutting excess brightness

Peak time
Poor light when it's crowded...
Simple control!

Off peak hours
Bright when it's empty

CASE 2 Continuous energy-saving and stable power supply through demand response initiatives using automated air conditioning (demand control) 9 business sites

• Demand response

Q: What is a virtual power plant (VPP)?
VPP is a system that allows multiple devices to function as if they were a single power plant (virtual) by utilizing Demand Response (DR), an initiative to reduce or increase electricity consumption by remotely controlling multiple devices that use electricity.

- Reduction of CO₂ emissions
- Contributes to stable power supply by reducing or increasing electricity consumption
- Air conditioning electricity energy saving through demand control and air conditioning schedule

CASE 3 Electric vehicle (EV) charging system Introducing EVs in all business sites 24 business sites

- No harmful substances (zero emission) and environmentally friendly
- Mitigation of automobile noise problems
- Reduction of CO₂ emissions
- Contribution to the creation of a carbon-neutral society

CASE 4 Rooftop gardening "J-Garden" contributes to environmental protection Head office building rooftop

J-Garden Tree Planting Method is effective for rooftop gardening to alleviate the urban heat island phenomenon (tropical night).

J-Garden
ジェイガーデン

Vegetation base material for rooftop greening Construction method (greening medium structure) **Patented** Patent No. 4883673

Antimicrobial coniferous bark fibers are mixed into a planting bed to reduce soil unit weight. This reduces the rooftop load (burden) and creates a planting bed with a balancing effect that has good water retentivity and permeability. Also contributes to reducing the appearance of weeds, thus reducing the management cost.

- Insulating effect
- Building protection (deterioration prevention)
- Revitalization of native ecosystems
- Fire and disaster prevention
- Urban anti-flooding measures
- Energy-saving in heating and cooling
- Mitigation of urban heat island phenomenon
- Noise reduction effect
- Air pollution cleaning up
- Comforting effects

CASE 5 Parking lot greening (J-eco Parking), contributing to environmental protection 48 business sites

J-eco Parking Tree Planting Method is effective for parking lot greening to alleviate the urban heat island phenomenon (tropical night).

J-eco Parking
ジェイ-エコパーキング

Vegetation base material for greening parking lots Methods for greening parking lots **Patented** Patent No. 4541337

Interlocking Block with excellent water retentivity reduce the surface temperature by 9°C compared to asphalt due to the evaporation effect of sprinkling water. Tamarayu grass is used (features such as fast turf forming, quick recovery from damage, and resistance to drying). It has a water storage capacity of about 6 m³ for five parking spaces when converted to a water tank. During heavy rains, its high water permeability and water retentivity reduce the inflow of rainwater into drainage outlets and rivers. The irrigation system is buried underground and basically uses rainwater.

- Global environmental friendly model
- Reduction of CO₂ emissions
- Mitigation of urban heat island phenomenon
- Recycling-based social structure
- Urban anti-flooding measures
- Use of recycled resources
- Excellent water permeability & water retentivity paving material utilization (recycled resources such as waste concrete)
- Certain green coverage space
- Landscape store upgrade
- Comforting effects
- Irrigation system using drainage rainwater or air conditioner

Irrigation system image

CASE 6 PVC-free cutting sheets & Paint protection film All business sites (excluding the head office)

PVC-free cutting sheets
PVC-free cutting sheets generate no chlorine gas when incinerated.

- Chlorine free, so an eco-friendly product
- Wide size and paper tube for easy installation
- Favorable color variations matching human color vision

Paint protection film
Directly apply the film to uneven walls without a foundation, thus reducing material consumption.

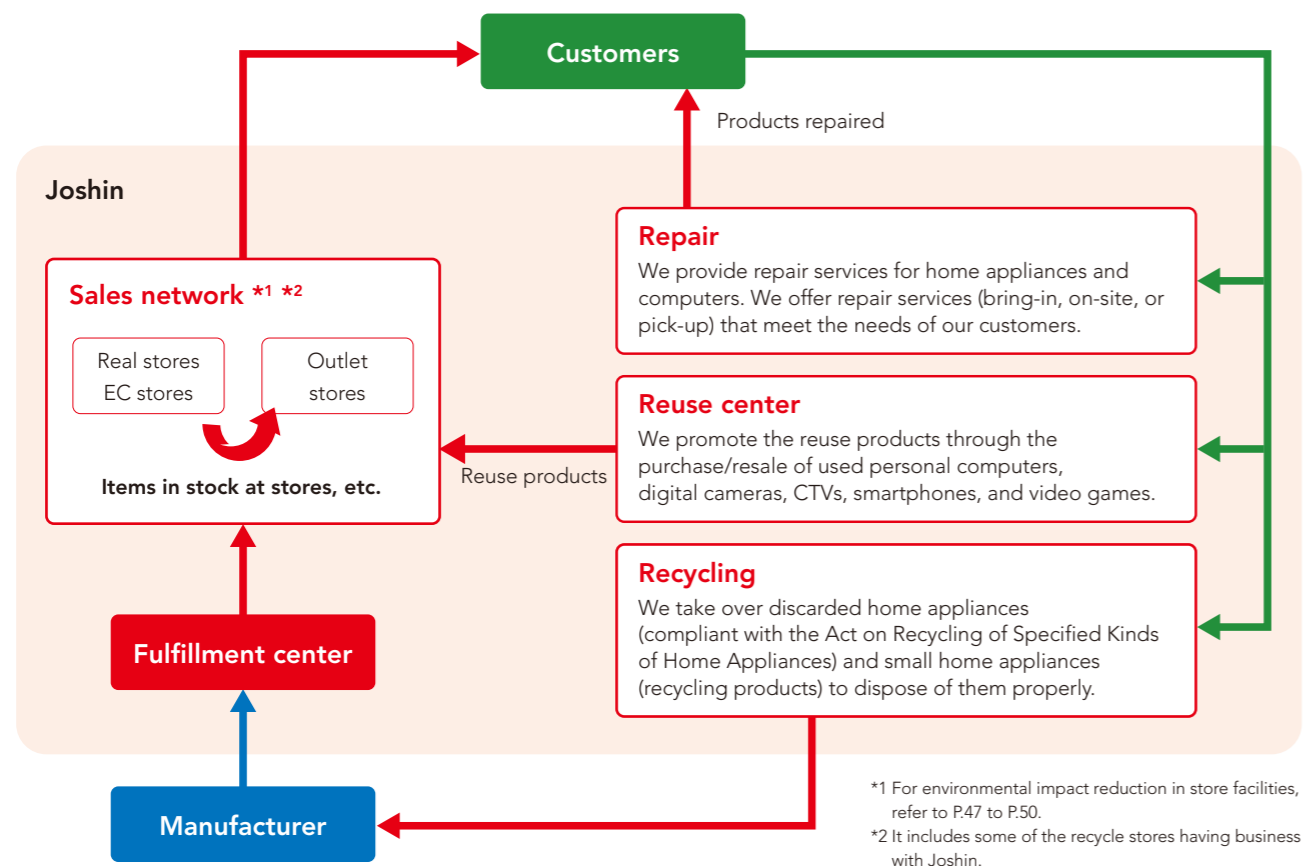
- Film alone reduces waste during removal and disposal
- Longer product life, reducing maintenance frequency
- Compliance with the EU's Chemical Regulation, such as the RoHS Directive and REACH Regulations

Developing Resource-recycling Society



Resource-recycling business flow

Joshin positions the Developing Resource-recycling Society as one of our challenges. As such, we are promoting initiatives such as effective use of limited resources, repair systems, purchase/reuse of used products, and proper recycling of products no longer needed.



*1 For environmental impact reduction in store facilities, refer to P.47 to P.50.
*2 It includes some of the recycle stores having business with Joshin.

CO₂ emissions reduction in sales of environmentally friendly products (FY2020)

Unit: kg-CO₂/year

Environmentally friendly products	FY2010		FY2020		Avg. CO ₂ reduction/item ② - ④	CO ₂ reduction ① - ③	Total items (reference)
	CO ₂ emissions/year ①	Avg. CO ₂ emissions/item ②	CO ₂ emissions/year ③	Avg. CO ₂ emissions/item ④			
Environmentally-friendly air conditioners	84,888,452	769	72,962,098	640.3	128.7	11,926,354	113,941
Environmentally-friendly refrigerators	5,733,540	225	3,592,890	116.9	108.1	2,140,650	30,726
Environmentally-friendly CTVs*	7,093,350	72	3,272,552	29.4	42.8	3,820,798	111,426

The average replacement cycle is defined as ten years for refrigerators, air conditioners and CTVs. We computed the average CO₂ emissions of products with 4 or 5-star energy-saving labels, and estimated the amount of CO₂ reduction due to replacement by using the difference in CO₂ emissions at that time from the "Shinkyu-san (replacement navigation for energy-saving products)."
*CTV: Color TV

Recycling

Home appliance recycling (4 items)

The four home appliances (air conditioners, televisions, refrigerators/freezers, washing machine and clothes dryers) are obligated to be recycled in compliance with the Act on Recycling of Specified Kinds of Home Appliances. These home appliances need to be recycled properly according to the law because they contain not only useful resources, but also CFC gases and harmful lead causing depletion of the ozone layer and global warming. In accordance with the collection obligations of retailers stipulated in the Act on Recycling of Specified Kinds of Home Appliances, we recycle four items of home appliances no longer needed by customers at our stores and service centers. We also respond to requests from local governments for cooperation in picking up used fluorescent tubes and other "non-obligated items" that we are not obligated to recycle under the Act on Recycling of Specified Kinds of Home Appliances. *

*Local governments with which we are cooperating in picking up (as of May 2021) *Non-obligated items*: Urayasu City (Chiba), Kanie Town (Aichi), Kuwana City (Mie), Kyoto City, Joyo City, Yamazaki Town (Kyoto), Arida City, Aridagawa Town, Iwade City, Katsuragi Town, Kudoyama Town, Gobo City, Hidaka Town, Mihama Town, Yuasa Town (Wakayama), Nara City (Nara); Used fluorescent tubes: Nagoya City, Kariya City, Komaki City (Aichi), Hirakata City (Osaka), Kobe City (Hyogo)

Results of recycled product (four items)

	Refrigerators	Washing machines	Air conditioners	CTV*
FY2018	21%	30%	32%	17%
Total 835,524 items				
FY2019	21%	30%	30%	19%
Total 894,642 items				
FY2020	20%	30%	30%	20%
Total 926,520 items				

*CTV: Color TV

Reuse

Reuse promotion of digital home appliances, etc.

We are engaged in the purchase/reuse sale of personal computers, mobile phones, smartphones, digital cameras, video cameras, flat-panel TVs, BD/DVD recorders, video games, etc.

Digital home appliances purchased in fiscal 2020 totaled 61,203 units for the entire Group.

Purchased digital equipment is first sent to our Reuse Business Promotion Center, which is a reuse center. Next, several maintenance staffs check the condition of each unit by team and take responsibility for data deletion, repair, conditioning, cleaning, etc. Finally, after carefully checking the operation, we have a reliable system in place to sell the products in real and EC stores.

Small home appliances/Personal computers

As for small home appliances, in accordance with the Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment, we recycle unused small home appliances at our stores or service centers to ensure proper waste disposal and effective use of resources.

In fiscal 2020, we collected 288,013 small home appliances at our stores and service centers. Additionally, a parcel delivery service has been started in March 2020 (available at Joshin web store).

We participate in the "Common Recycling Scheme of Household PC Industry" of the PC3R Promotion Association, and collect and recycle PCs (including displays) discharged from households. *

*The achievements of collection/recycling in fiscal 2020 have been announced as a total of the recycling results of companies participating in the "Industry Recovery Scheme" on the website of the PC3R Promotion Association.

Recycling of small rechargeable batteries

To promote resource recycling, we are cooperating with the "Small Rechargeable Battery Recycling Power-up Campaign" organized by JBRC (Japan Portable Rechargeable Battery Recycling Center). This is a campaign to promote the collection of small rechargeable batteries, which contain rare metals, at the recycling boxes installed in stores, targeting the approx. 21,000 recycling cooperating stores registered with the JBRC nationwide.

Joshin Group has been awarded the Certificate of Appreciation for Outstanding Contribution for seven consecutive years since 2014. Small rechargeable batteries collected in fiscal 2020 totaled 9,708kg.

Reduce

Introduction of LIMEX material plastic bags



We introduced LIMEX material plastic bags on July 1, 2020. LIMEX is a new material made mainly from limestone, which is expected to be in stable supply, and compared to conventional petroleum-based plastic bags, a drastic reduction of plastic content is possible.

By switching from conventional plastic bags to LIMEX material, we have reduced the plastic consumption of petroleum-based plastics by 60% compared to the fiscal 2019. While taking steps to improve the plastic bag refusal rate (encourage use of eco-bags), we aim to reduce the amount of plastic used in disposable shopping bags (as close to 100% as possible) by 2030, and at the same time, to minimize the use of plastic materials for packaging.

Human Resources



Message from the Officer in Charge of Management Planning & Human Resources Strategy

Creating happiness in a new era through diverse human resources with sustainable management

Director and Managing Executive Officer, in charge of Management Planning & Human Resources Strategy

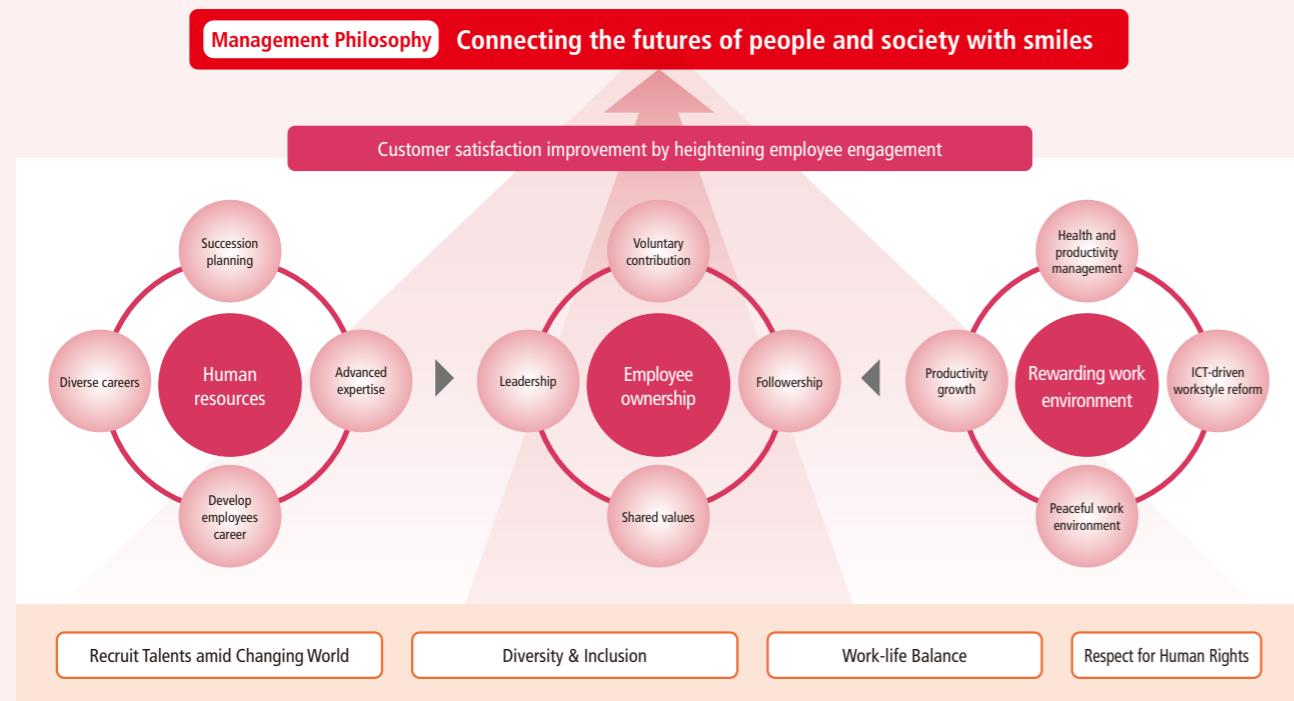
Koji Tanaka

The Joshin Group's main business is the development of living infrastructure through sales, delivery, installation, servicing, and repair of a wide range of products and services, mainly household electrical appliances, but also housing equipment and entertainment.

For those of us who live in the modern age, it is no longer possible to imagine a life without touching or using home appliances, from good morning to good night. Home appliances have the magical power to make "electricity" into various kinds of "happiness." Not to mention safety and security, we are sowing many seeds of "happiness" and creating "new-age happiness" that is environmentally friendly and budget-pleasing. For example, it can be described as healthy, bright, warm, cool, tasty, fast, light, easy, clean, fun, etc. This is our sustainability management, the work of delivering such "abundant happiness" to our consumers and popularizing it widely in society to realize a more affluent and environmentally friendly lifestyle.



The foundation supporting this sustainability management is a human resources strategy. We believe that employee ownership will drive sustainable growth by improving customer satisfaction (creating social value), thus we are working to develop human resources and create an internal environment where diverse talents can play an active role. The following four keywords are the prerequisites for employee engagement: "Recruit Talents amid Changing World," "Diversity & Inclusion," "Work-life Balance," and "Respect for Human Rights."



The Four Pillars of Employee Engagement

■ Securing and developing human resources in response to changing world

The world we live in is ever changing with the diverse values and technological innovation. These complex, intertwining changes will force us to address these challenges at an ever-increasing pace. Diverse human resources are the only means of controlling the risks posed by these changes, seizing new business opportunities, and then achieving sustainable growth.

Human resources cultivation in response to global

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 senses (new proposals) for environmental changes. Joshin values motivated leaders willing to reform the corporate structure, rules, and business model in response to changes in the environment.

■ Diversity & Inclusion

In order to achieve both the social value creation and sustainable growth for the Company, we must be sensitive to the various issues and potential needs of society. Diversity and inclusion, as we see it, is the key to sharpening our sensitivity to information and creating an internal environment where diverse talents contribute to the creation of diverse values.

Japan is now in the midst of a super-aging society, and businesses having no sympathy for the elderly will soon be shunned by society. What is important is to have a perspective on whether our business is really meeting the needs of women in the world. The social standpoint required for business is becoming more and more diverse, such as support for the daily-life needs of child care providers, the concerns of family caregivers, and the self-support for people with disabilities.

We offer a lovely work environment where diverse

employees are able to work equally and happily, hone their career potential, and have a long experience in life. We are striving to create a resilient society by sharing the various feelings experienced in our daily lives as social challenges, and by turning the solutions arising from the free-thinking individual into unlimited business opportunities.

Turnover rate of permanent employees (FY2016-2020)

FY	Beginning (persons)	Retirement (persons)	Turnover
2016	3,623	97	2.7%
2017	3,676	102	2.8%
2018	3,730	123	3.3%
2019	3,810	107	2.8%
2020	3,839	83	2.2%

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

Status of employment with disabilities (Joshin Group)

	With disabilities (persons)	Employment rate
FY2020	176	2.44%

■ Creating safe and secure workplace environments focusing on work-life balance

Since 2002, the Company has introduced a system allowing employees to choose the personnel course matching their career plans, and to select the work location to ensure work-life balance. Once a year, we survey all employees on their course selection preferences, and assign personnel according to the data gathered. In recent years, about a quarter of permanent employees have chosen a course that limits their work location. As a result of controlling the turnover of permanent employees

by implementing the system, career advancement has certainly found a connection with our customers.

Selecting a course of work location in FY2020

		Worldwide	Regional	Local
Share (company-wide)	Male	78.1%	4.9%	17.0%
	Female	51.0%	5.3%	43.7%
	Total	75.2%	4.9%	19.9%

W (worldwide): A course covering nationwide transfer with relocation, without any restriction on the work location.

R (regional): A course in which personnel transfers with relocation are limited to the region selected as the home base.

L (local): A course of personnel transfer without relocation.

■ Respect for human rights

Under the "Joshin Group Code of Conduct," we prohibit all discriminatory acts based on prejudice or preconceived notions about gender, place of birth, race, educational background, beliefs, religion, mental or physical disabilities, etc., and strictly deal with all types of harassment.

Employees are guaranteed to receive fair and honest treatment in all aspects of their employment, promotion, evaluation, and benefits. In 2019, top management declared to eliminate harassment (P.60) and is continuing to enlighten and train our employees.

Of course, there is no change in our policy of

respecting human rights whoever visits Joshin. The store is designed to be barrier-free for the disabled and elderly, and the sales floor is made in consideration of the safety of small children, so that all customers can enjoy a pleasant shopping experience.

Initiatives for Our Employees

Human resource development

Joshin's main business is to propose household infrastructure with home appliances at its core. Therefore, our employees are required to have knowledge not only about home appliances, but also about general residential life, the formation of a recycling-based society, and the conservation of the natural environment. The advanced expertise and wide-ranging experience (careers) of our employees support Joshin's business and are creating a new business foundation. The advancement of employees' knowledge and skills is not only the source of our corporate value but also the business engine for sustainable growth. In order for us to further develop, employee cultivation is essential, and the development of appropriate human resources training is nothing less than an investment in medium- to long-term growth.

Variety of careers

The Company is looking for experienced professionals in various fields such as marketing, e-commerce, ICT/DX, management planning, finance, capital policy, legal governance, real estate management, construction, and investor relations.

We also encourage our employees to acquire various qualifications related to their duty to support their proactive skill development, foster an entrepreneurial corporate culture full of a challenging spirit, and improve the competitiveness of the organization. We positively support the acquisition of qualifications that are useful for operations, such as retail marketing (salesperson), photo master, and health supervisor for stores, electrical worker and installation technician for construction and repair technicians, and real estate notary and architect for infrastructure development.

In addition, we offer online study courses recommended by the Company every year and help course completers to pay for the fee to provide opportunities for self-development, thereby actively supporting each employee in setting goals in areas of interest, and honing their knowledge and abilities. In fiscal 2020, 90 courses were established in management, labor control, sales skills, business communication, figure management, foreign languages, etc., to provide employees with opportunities for voluntary learning.

In response to the spread of COVID-19, we now promote proactive self-learning efforts via an e-learning system rather than group training. We have established

We are currently preparing for the 2022 formulation of the Joshin Group Human Rights Policy. We plan to disseminate Joshin Group Human Rights Policy throughout the supply chain and conduct human rights due diligence in the future.



and are operating an e-learning system leveraging IT technology to create an environment where employees can self-learn a variety of knowledge and skills at any time and place. In order to realize "Always with Joshin," we encourage our employees to be proactive in their learning.

Advanced expertise

In order for us to create social value supporting the two visions of "helping boost the resilience of an aging society" and "achieving household carbon neutrality," which will lead to increased corporate value and sustainable growth, it is essential to upgrade the human resources that underpin the value creation process. We systematically develop human resources while valuing a culture of independent and proactive learning among employees, from diverse careers and advanced expertise covering a wide range of business fields to the career improvement of diverse talents to the grooming of new leaders who will lead the next generation of management.

Products Joshin handles range from home appliances, information and communication devices, housing equipment, music/video software, game consoles/software, models, toys, and watches. In order to offer the most suitable product for the customer's needs from a variety of products from numerous manufacturers, specialized experience and power to persuade are required, including product specifications, examples of safe use, installation and maintenance tips, information on accessories, disposal, and recycling. Therefore, we strive to enhance our ability to make proposals by acquiring such knowledge.

Career enrichment support

For Smile Partner, who are non-permanent employees, we introduced the Training Development Systems (commonly known as "Tore-Iku") and its support system using an e-learning system in 2016 to provide training aimed at improving their skills in the same way as permanent employees. In order to prevent variations in teaching methods and content among supervisors, and to visualize the learning progress and increase the motivation of the learners, we provide an environment where they can efficiently acquire the knowledge necessary for their work by viewing content for videos and photos. There is a function to manage learners' viewing history and check

their learning status. This allows learners to effectively acquire high-level knowledge and better balance the disparity in staff skill levels between stores. Based on the proficiency assessment by "Tore-Iku," Smile Partner will be upgraded from "1-star" to "5-stars." Non-permanent employees are also evaluated fairly, and their treatment is reflected to motivate them.

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Qualification acquisition (Home Appliance Advisor, Smart Master)

The Company encourages employees to acquire the certification of Home Appliance Advisor. This certification is granted to those who are certified as professionals in sales, marketing, and customer service of home appliances, and who have not only product knowledge but also skills in product selection, safe and comfortable use, response to recalls (returns and replacement), disposal, and related legal knowledge, as well as the ability to provide accurate advice to consumers. Our sales staff, who are certified as "Home Appliance Advisor," provide strong support to help customers realize safe, secure, convenient, comfortable and environmentally friendly lifestyles.

We also promote the acquisition of "Home Appliance Engineer" certification. This is a certification given to those who have been certified as professionals in setting up and troubleshooting home appliances. With product knowledge, including specialized technical information, and an understanding of how home appliances function, we provide safety inspections, prompt and appropriate responses to recalls (returns and replacement), and advice on safe and secure use. Mainly delivery, installation, and repair technicians are challenging to acquire certified.

"Smart Master" is a specialist for smart homes and lifestyles. This qualification is designed to support the promotion of "smart houses" that meet consumer needs with cross-sectional knowledge and an understanding of technology and product trends related to the structure, performance, and energy management of homes and

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)		
	Head	Executive 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	Training on CS product knowledge, and sales force enhancement
	Year 5	Female career support (balancing life events)		Harassment prevention, diversity, etc.
	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 mission)		
	Career Promoter (junior employee)	Training for Career Promoter		
	Smile Partner (part timer)	Program for new staff		

Encouraging qualification acquisition (recommended course)
Online study courses

Various OJT, e-learning, and training development systems

Training hours and costs

	FY2020
No. of employees	9,277
Frequency (days)	184
Total hours	42,798
Total no. of trainees	60,356
Cost of training (yen)	31,620,705

*1 Including temporary employees.
*2 E-learning (including "Tore-Iku") is calculated by setting the average viewing time to 5 minutes per content and multiplying by the number of times viewed. However, "Tore-Iku" is not added to the number of times conducted.
*3 Product and support information sharing through the SA system is not included in the above training.

Qualification recommended & No. of qualifications held

Title	Type	Holders
Smart Masters	—	2,049
Home appliance advisor	All sorts	5,956
Home appliance engineer	All sorts	395
Electrical worker	All sorts	298
Installation technician	All sorts	313
Health supervisor	All sorts	165
Photo master	Grade 1 to 3	1,863

housing equipment. The certification is promoted to staff engaged in sales, on-site estimates, and installation of housing equipment. Energy-creating, energy-storing, energy-saving, IoT, HEMS, and ZEH are expected to have a leading role in promoting household carbon neutrality.

We operate the Training House, a training facility for delivery and installation techniques, to improve the skills of our technical employees. The Training House established in the Joshin Technical Training Center was granted a patent in April 2012 for the uniqueness of its house structure for the goods delivery training.



Personnel evaluation system

When appointing employees to positions that play a central role in the execution of business operations, the Company selects candidates with the highest business performance for promotion. Candidates are required to attend schooling 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 up and down based on a fair evaluation of job performance results, and the linked salary fluctuates also up and down. This is indeed an open personnel system with a semi-annual salary system. There are no seniority, educational background, or gender factors in salary treatment. Many employees are promoted from Smile Partner to permanent employees and even to management positions after working as Career Promoter.

Career Promoter system

In order to offer a variety of workstyle, the Company has introduced a new employment pattern (Career Promoter), in addition to permanent employees and Smile Partner who work shorter hours, thus employees have career-building opportunities. Career Promoters have the same benefits as permanent employees, but work fewer hours and days. Smile Partner with a rating of "4 stars" or higher have the opportunity to take on the challenge of career advancement to Career Promoter. There is also a path to becoming a permanent employee through Career Promoter. A total of more than 600 Smile Partner have been promoted to Career Promoters since the pattern was introduced, and a total of more than 400 have been promoted to permanent employees.



This kind of career advancement motivates other Smile Partner, so we plan to promote them on a yearly basis as "new positions available." The system also allows permanent employees to transition to Career Promoters, which helps to retain skilled workers employed by making it possible for them to work flexible hours and days with a work-life balance.

Well-placed employees & ES survey (self-evaluation)

The Company has been promoting the development of a rewarding work environment, while at the same time periodically confirming whether these objectives are being achieved from the perspective of the workers through an annual web-based survey called the "self-evaluation." The "self-evaluation" was introduced in 1966 as a tool for employees to self-report their desired department and future position, and it has become a well-placed practice to encourage employees to exercise their abilities willingly by assigning the appropriate person to the right job. An annual self-evaluation form provides a number of suggestions from employees. Over the past few years, we have received many suggestions on shortening business hours, simplifying the operation of POS systems, and the functionality of Joshin's uniforms. This has led us to rethink the opening hours of 87 stores for the years 2020 and 2021 in total, as well as the information system department to upgrade the POS system in stages. In August 2021, we introduced new uniforms that are easy-to-move and highly breathable material, making it clear at a glance that we are employees of Joshin. Listening to the voices of our employees, we will work to create a comfortable work environment.

Extension in retirement age

A long relationship builds trust with the customer. Some of our customers have been patronized by their parents, children, and grandchildren for three generations, and

it is essential for our sustainable growth to pass on our fans to the next generation.

In fiscal 2020, after much deliberation in cooperation with the labor union, we agreed to raise the retirement age. We have revised the retirement age from 60 to 61 years old in April 2021, and then to 65 years old in April 2025 by raising it by one year every year thereafter. After

Employee ownership

"10 Heartful" activities for genuine customer service that pleases customers

The Company has been implementing the "10 Heartful" activities to ensure that all stores offer heartfelt hospitality to customers. "10 Heartful" is an initiative to implement the key points (10 items) necessary to realize the most important concept in customer service: More than anywhere else, smiles and hospitality abound at JOSHIN! Led by the person in charge of promoting "10 Heartful" at each store, we ensure hospitality from the time customers enter the store to the time they leave. As a part of this effort, the CS Promotion Department goes to each store as instructors to conduct and support a number of "10 Heartful" training programs throughout the year. We also conduct surveys by external organizations to check the "10 Heartful" practice level, resulting in improvements.

Since June 2014, with the aim of fostering a hospitality mindset, the CS Promotion Department has been summarizing examples of hospitality actually practiced in Joshin stores and distributing them to all stores as "Paragon of Hospitality" for employees of each store to read at any time.

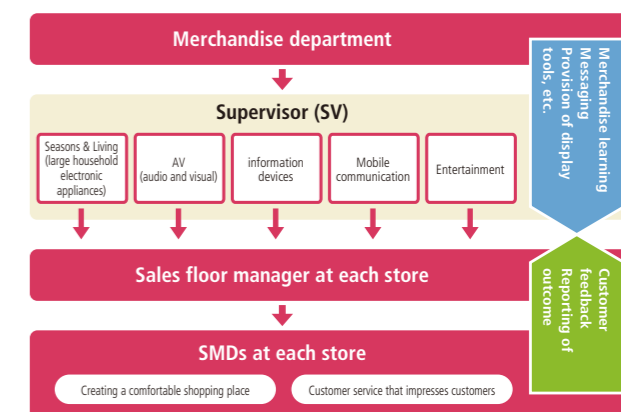


retirement, if the employee wishes, they can continue their careers until the age of 70 as "Smile Partner," or short-time regular employee. Because we are living in a super-aged society, we aim to build a relationship with our employees so that they can build their careers for as long as possible and grow older together with our customers, passing the torch on to the next generation.

continues to evolve the sales floor to provide "inspiring product proposals" to customers.



SMD activity chart



Fostering the next-generation leaders

In order to strengthen the functions of the Board of Directors, such as improving its effectiveness, the Company 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. As part of our Succession Planning, we also conduct executive training four times a year to nurture the next generation of leadership candidates. Training is provided in six subjects: legal, management strategies, finance, labor and human resources, investor relations, and risk management, updating knowledge. Furthermore in 2021, we have appointed a female outside director with professional expertise to strengthen our diversity management. As for future challenges, we recognize that the COVID-19 pandemic has triggered the need to develop human resources with skills in the ICT and DX fields contributing to the transformation of Joshin's business model.

Employee satisfaction (FY2018-2020)

Rating	Work environment*1					Relationship at work*2	Satisfaction level with boss*2	Total: 35 (7 items x 5 points)	Satisfaction*3 (%)
	(1) Vibrant	(2) Neither	(3) No vitality	(4) Awkward	(5) Hard to work				
(1)	Worthwhile	Cooperative	Gentle	Easy to work	Very well	Very satisfied			
(2)	Neither	Neither	Neither	Neither	Well	Generally satisfied			
(3)	No vitality	No motivation	Unfriendly	Hard to work	Not so bad	Not so bad			
(4)					Sometimes complicated	Not very satisfied			
(5)					Complicated	Not satisfied at all			
FY2018	3.72	3.76	4.13	4.12	4.06	3.70	3.90	27.39	78.2
FY2019	3.72	3.78	4.21	4.20	4.13	3.75	3.93	27.72	79.2
FY2020	3.83	3.88	4.25	4.18	4.12	3.75	3.95	27.96	79.9

*1 Work environment: (1) → 5, (2) → 3, (3) → 1

*2 Relationship at work & Satisfaction level for boss: (1) → 5, (2) → 4, (3) → 3, (4) → 2, (5) → 1

*3 Total scores for each ES / (35 points x no. of employees)



Management review and "Praise Education"

At the beginning of each fiscal year, our superiors meet with their subordinates to set individual job goals and directly convey the Company's expectations to each employee. During the fiscal year, the superior interviews their subordinates one-on-one for a management review. The purpose of management review interviews is to follow up on successful cases, review of working procedures to ensure that business goals are achieved. In short, we encourage employees for self-motivated skill development and personal growth by having them take on the challenge of creating measures to accomplish their goals, realizing tangible results.

Not only permanent employees are subject to management review. Smile Partners are rated from "1-Star" to "5-Star" in accordance with the growth of their competence, and are paid according to their rating, so it is important to conduct management reviews three times a year.

The managers who conduct management review interviews are required to take a training course on "Praise Education (Home-Iku)" in advance, and are trained to motivate their subordinates through the "Praise" management.

Information sharing between labor and management through the council

The Company has a labor union with six full-time officers. At the monthly labor-management council, the Company shares detailed information on business challenges, management policies, business plans, business progress and financial results, while the labor union discusses employees' labor environmental problems and management proposals, providing a valuable place for labor and management to exchange opinions. The labor-management council is attended by the Company's inside directors and executive officers, as well as the union's full-time officers and executives from each region. This enables management visions, management policies, and other values to be shared with frontline union members, and the council plays a leading role in establishing a management system in which labor and management are united as well as

Collective agreement coverage

FY	All employees	(of which, unionized workforces)	Coverage ratio
2020	3,834	3,552	92.6%

Ratio of employees participating in employee stock ownership plan

FY	Participation rate	FY	Participation rate
2009	89.94%	2015	92.61%
2010	89.69%	2016	92.41%
2011	90.03%	2017	91.90%
2012	90.62%	2018	91.13%
2013	92.01%	2019	90.13%
2014	92.49%	2020	87.46%

*Participation rate of permanent employees (Joshin Denki only).

driving the business forward.

As a regular agenda, the council reports on trends in employee overtime work, the ratio of annual paid leave, the occurrence of occupational and commuting accidents, the status of employees who have taken leave due to personal injury or illness, and the status of employees who have taken childcare or nursing care leave. Other discussions are also held pertaining to workstyle reforms, such as shortening business hours, labor-saving, and investment.

Diversity council (employee ownership)

The Company has incorporated the voices of our frontline employees as much as possible into our management so far, but there may still be buried voices and ideas. Moving forward, we will convey our "expectations" to each and every employee and promote information sharing and delegation of authority through smoother communication. Therefore, it is necessary for management to develop "employee ownership" that empathizes with the direction and goals of the business, resulting in better financial performance.

The opinions of diverse human resources need to be incorporated into management. For example, complaints felt by employees in their daily work are opportunities to improve the work environment, and inconveniences felt in daily life are consumer needs themselves. As such, it is necessary to take advantage of these potential sources and contribute to them as new business opportunities. Going forward, we will organize the "Diversity Council" to listen to the voices of those in the field. We will gather feedback from women, the elderly, people with disabilities, employees taking care of their families, and staff working short hours to improve the working environment, and link ideas from employees to the creation of sales floors, product procurement, and the development of customer services. We will also contribute to the Succession Planning to develop the next generation of leaders by recruiting talents through an open recruitment system and by working on various projects with highly specialized human resources.



Rewarding workplace

Health and productivity management

The Company has been promoting "health and productivity management" for many years, focusing on preventing employee turnover due to health problems.

Currently, labor and management are working together to reduce total working hours through the activities of the Health Committee, to prevent health problems and improve productivity. We have made ongoing efforts to shorten the business hours of Joshin stores, and have reduced the shopping hours of 27 stores since April 2020 and 60 stores since April 2021. By shortening business hours, the number of employees assigned (per hour) increased, which improved the customer service opportunity, high-value added products that meet customer needs enjoyed strong sales, leading to positive results (improved CS + increased profits). By reforming the way we work in the age of "with COVID-19," Joshin must promote businesses where we make the most of our strengths as a proposal-based business with expertise.

For permanent employees who have reached the age of 35, we recommend that they undergo a complete medical checkup without any cost to them, and also focus on providing specific health guidance in cooperation with Society-Managed Health Insurance to prevent lifestyle-related diseases. We have a system in place for industrial physicians to visit employees, provide online health consultations and interviews, and receive professional guidance and advice that leads to improved employee health management and workplace safety. As a result of being recognized as an excellent example of "health and productivity management" that strategically implements employee health management from a management perspective, the Company was recognized as a 2021 Certified Health & Productivity Management Outstanding Organization (Large Corporation Category) in 2021, following its certification in 2020.

Starting in fiscal 2021, we have set targets for obesity, blood pressure, liver function, lipids, blood sugar, and smoking health indices (wellness quotient), and are now working on improvements and strengthening health guidance for employees.

For permanent employees who are forced to take a long-term leave due to injury or illness, we have established a system that allows them to take a leave and concentrate on medical treatment while receiving compensation for up to 36 months, depending on their length of service. We strongly support our employees in maintaining their careers so that they can focus on their medical treatment with peace of mind when the time comes.



Mental health care & harassment prevention

As part of mental health care, under the "Declaration on the Elimination of Harassment (2019)" by top management, we conduct regular training to prevent sexual harassment, power harassment, and maternity harassment, and have established a harassment reporting desk with seven staff members. In the stress check, group analysis is conducted every year for all offices to monitor the level of stress in each workplace and to make continuous improvements.



Childcare support system

In 1992, the Company introduced a childcare leave and shorter working hours system to support employees taking care of children. Childcare leave is available until the child reaches the age of two, and after returning to work, employees can choose to work shorter hours for childcare until the child graduates from elementary school. We have also started an initiative called the "Nurturing Challenge" to help employees balance childbirth and childcare with career development. In addition to introducing and providing information on various systems to support employees from childbirth to returning to work, and conducting interviews and telephone follow-ups with department managers to ensure a smooth return to work, we have also set up the "Consultation Desk on Work-life Balance." We also provide beneficial support for female employees to continue their careers and play an active role in the Company, including career training. Also, we mandate that male employees take seven consecutive days of paternity leave until the child reaches one year of age to encourage male employees to participate in childcare.

At present, the female employee percentage (including non-permanent), stands at 37%, with 12% of permanent employees and only about 3% of managers. We are committed to stepping up recruitment of female employees, actively promoting female non-permanent employees to permanent positions, and creating role



models for female employees to be appointed to positions of responsibility or management. In order to promote the career development of women, it is necessary to change the mindset of both female and male employees, proudly promote or appoint women, and establish a council to reflect the ideas of female employees in management.

Employees taking childcare leave or shorter working hours system (FY2020)

Gender	Childcare leave	Shorter working hours
	No. of taking	No. of taking
Male	3	1
Female	90	36
Total	93	37

Nursing care support system

The Company has also enhanced measures to support employees taking care of their families. Under the system of nursing care leave and shorter working hours introduced in 1994, nursing care leave can be used for up to one year per person requiring family care, and there is no time limitation for shortened working hours for nursing care. Although the system is designed to help employees continue their careers while fulfilling their family responsibilities, there are some challenges. Nursing care needs are very complex and diverse, so the use of leave or shorter working hours alone is not sufficient support. We are planning to establish a specialized consultation desk to provide more extensive support, including information on public support systems, introductions to nursing care facilities, and mental health care for caregivers.

Employees taking nursing care leave or shorter working hours (FY2020)

Gender	Nursing care leave	Shorter working hours
	No. of taking	No. of taking
Male	8	0
Female	1	0
Total	9	0

ICT-drive & Workstyle reform

Taking the opportunity of the declaration of workstyle reform by the top management, the Company has been undertaking measures to strike a balance between reducing the workload through labor-saving and CS improvement. E-pricing (electronic shelf-tags), introduced ahead of the industry in 2018, has been completed deployed in all stores, contributing to higher customer service opportunities, dynamic sales promotions through price changes, and reduced use of paper resources.

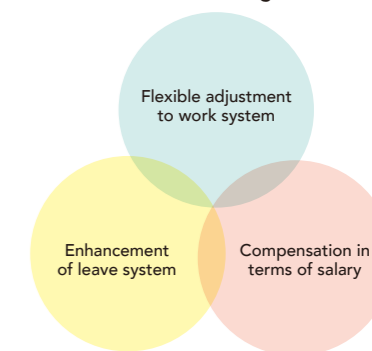
Moreover, a call center was established in 2012, and in 2018, a system was introduced to provide 24-hour service via the Internet using SMS. As a result, we are able to handle a large number of inquiries from customers and provide an environment that allows our sales staff to focus on the customers who shop our store. Now, we are preparing to introduce an automated response service that utilizes AI technology based on the customer response information accumulated through numerous phone calls at the call center.

At real stores, we are working to reduce the leakage risk of customers' personal information by enhancing the wireless communication environment, sharing information in real-time, and eliminating various application forms (paper) through tablet reception. PDA terminals held by sales staff are equipped with a full range of sales support menus, enabling them to seamlessly guide customers from the receipt of their purchase to the delivery date. It is also possible to provide customers with detailed information researched in our proprietary product information database, "Complete Product Guide."

Feature Consideration for Our Employees

— Responding to the COVID-19 pandemic —

Consideration for Employees from Three Angles



As the COVID-19 pandemic has spread, the Company has implemented various measures that take into consideration the business characteristics that our employees interact directly with customers from the general public. Our employees have continued to work diligently as essential workers, providing daily necessities to consumers, despite concerns about the risk of infection. We have been proactively listening to our employees' voices and considering their needs. We believe that it is our top priority to establish a workplace environment in which employees, our important partners, can work with peace of mind.

Consideration for employees

Flexible adjustment to work system

- Reduce store operating hours and promote single-shift work system.
- Infection prevention measures in non-public areas
 - Employee entrance: Installed automatic thermometers
 - Office/break areas: Installed carbon dioxide concentration sensors to promote ventilation. Also installed humidifiers during winter.
 - Break areas: Keep seats spaced apart and installed splash guards.
 - Common areas: Thorough disinfection and non-contact measures.
- Conduct internal meetings and training online.
- Allow employees including those with pre-existing conditions whose medical state could worsen with infection or those with a heavy family burden, such as the responsibility to assist or care for an elderly relative, to drive privately owned cars to work.
- Encourage employees working in roles that do not require in-person interaction to telework or stagger shifts.

Enhancement of leave system

- Measures have been put in place for employees raising children who are in elementary school or younger to be able to take special paid leave on days schools are not open due to spread of infection, so that children will not be left by themselves. Employees raising children who are in junior high or high school to are given priority to take annual paid leave on days junior high or high schools are closed.
- Employees who are pregnant, those who have pre-existing conditions whose medical state could worsen with infection, or those with a heavy family burden, such as the responsibility to assist or care for an elderly relative, are given priority to take annual paid leave.
- Measures have been put in place for all employees to be able to take special paid leave on the day they receive the COVID-19 vaccination. Employees are also permitted to take special paid leave if they are feeling ill due to side effects of the vaccine.
- Employees who need to accompany family members such as children and elderly relatives requiring assistance to receive a vaccination are given priority to take annual paid leave.

Compensation in terms of salary

- Non-permanent employees employed at stores that are forced to close due to the declaration of a state of emergency receive their full salary during the period of closure. Measures have been put in place including to compensate temporary staff with the full amount of dispatch costs, as we maintain good relationships with temporary employment agencies.
- To show appreciation to all employees for their dedication contributions in providing daily necessities to consumers and supporting refraining from going outside (staying home) and teleworking, we paid a sum of 10,000 yen as special thanks, and a message from the President (see below) was provided in June 2020.
- As a result of all employees, as essential workers, continuing to provide daily necessities to consumers, we achieved record high net sales and profit in the fiscal year ended March 31, 2021. To show appreciation for their dedicated work, we paid one month's salary as a special bonus to all employees in May 2021.

President's Message

— The President's message of appreciation for employees' hard work was posted on the Company Intranet after the first state of emergency declaration of 2020 was lifted.—

"Filled with appreciation"
To all employees

There are those who have supported the daily lives of people during this COVID-19 pandemic. These people are not limited to medical professionals such as doctors and nurses, or public transportation workers such as train and bus staff. Many people, like us, including store salespeople who provide daily necessities and service workers who handle deliveries and construction, are working on the frontlines to maintain the daily lives of people, and society is built on their efforts. Society cannot survive without the work of every one of these people.

It was not easy to continue operating during the month and a half after the state of emergency was declared on April 7. Behind the smiles of customers who came to our stores, which maintained the same fun and cheerful atmosphere, there was a fear of an unknown virus and a worry about being infected. However, to ensure no disruption in the supply of our home appliances that are essential to the lives of people in society, we opened our stores as we always did, greeted customers, and continued to provide happiness. This is all thanks to you all exercising

KohDoh. This KohDoh is the spirit of our Corporate Credo of "Thoughtfulness" in action. I am both moved and filled with appreciation. Thank you very much.

Each employee has their own life and precious family. I would like to express my deep appreciation to the families of all employees who sent their family members to their respective workplaces while knowing the risk of contracting COVID-19 because they understand the social mission of Joshin. The state of emergency was lifted nationwide on May 25, but COVID-19 has not been completely eradicated or brought to an end. The battle with COVID-19 will continue. We will continue to maintain vigilance against future second and third waves of the infection. We must fulfill our social mission by providing more customers with home appliances that transform "the power of electricity" into "safe, convenient, and pleasant lifestyles."

We cannot know how or when this pandemic will end and, in this situation, there is a rapid increase in companies going bankrupt or out of business as they are forced to close or shorten hours. Accordingly, it is expected that the number of unemployed will rise progressively. The impact of COVID-19 on the Japanese economy has been

massive. It is easy to imagine the commercial environment worsening.

Our company will continue to give utmost consideration to employees' safety and security and implement as many measures as needed to maintain our company and, in doing so, protect everyone's livelihoods. In order to overcome this crisis, all employees of the Joshin Group need to unite and work together as a team. Please continue to lend us your help in this. I am certain that the Joshin Group has the power to overcome this crisis.

I sincerely wish that the COVID-19 pandemic comes to an end, and an environment in which all employees can work with peace of mind will be set in order as soon as possible. Lastly, we have provided a sum of money as a token of appreciation in recognition of all of our employees' hard work.

Thank you very much.
Let's continue to do our best.

June 18, 2020
Ryuhei Kanatani, President

Society



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 forth in the Basic Management Policy.

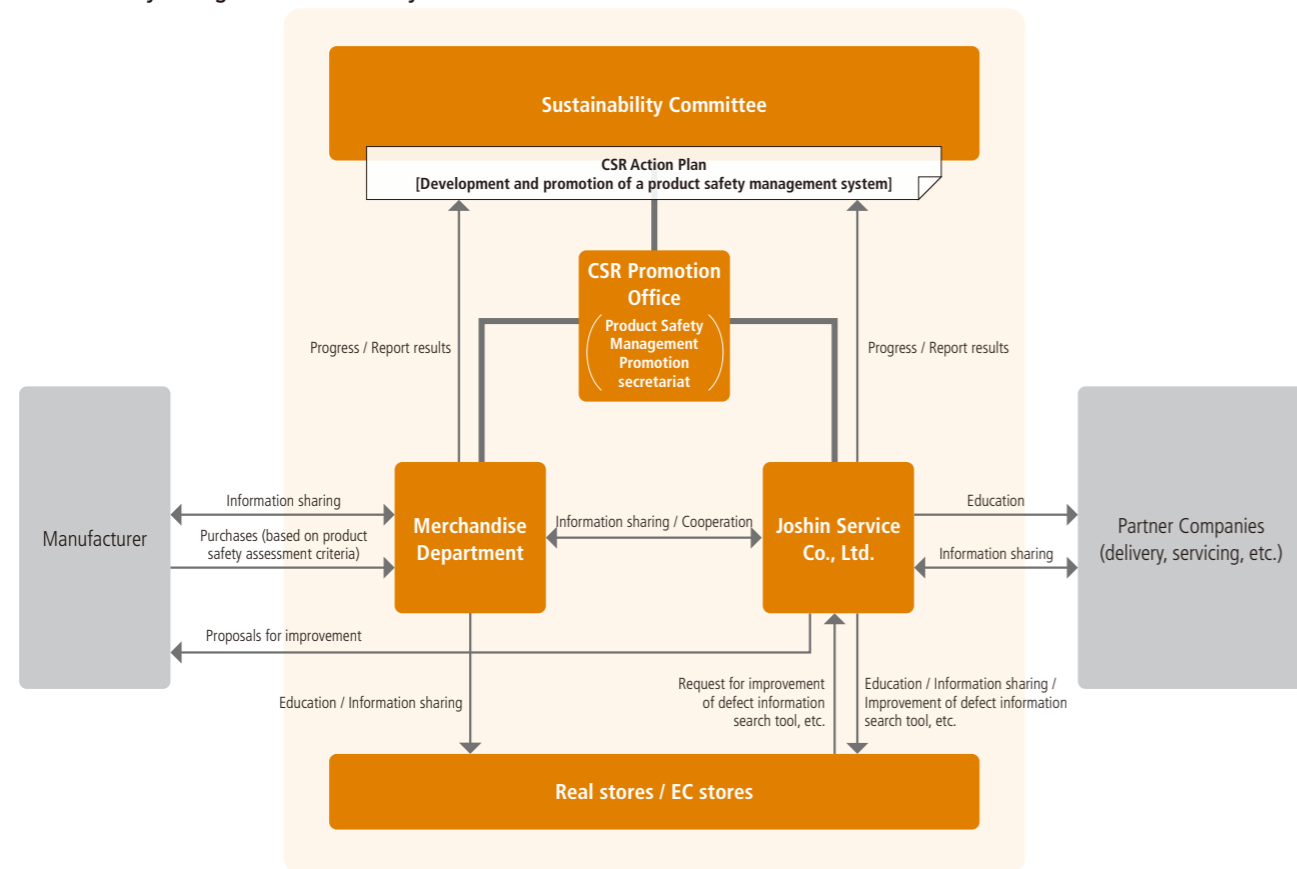
(Enacted in 2007)

Product safety management promotion system

At the Joshin Group, each division in charge of product safety reports to the Sustainability Committee quarterly on the status of activities based on the CSR Action Plan for the development and promotion of a product safety

management system, thereby sharing information. The Sustainability Committee reviews the CSR Action Plan on a regular basis, and has established a system to direct each department to make necessary 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 utmost care so as not to cause harm to the body or damage the health of customers who patronize us. 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” for support products such as installation work and digital support, giving top priority to safety.

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 take actions sincerely in accordance with these 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 its corporate social responsibility through our business activities in the supply chain. We will continue to work on issues to realize our new management philosophy, “Connecting the futures of people and society with smiles.”

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 3,417 (the entire Group, including partner companies). (as of May 31, 2021)

Training for employees (on product safety)

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

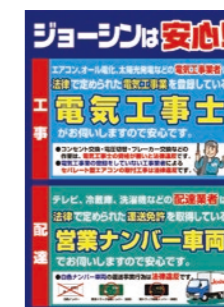
Training for external companies (on product safety)

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



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

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.



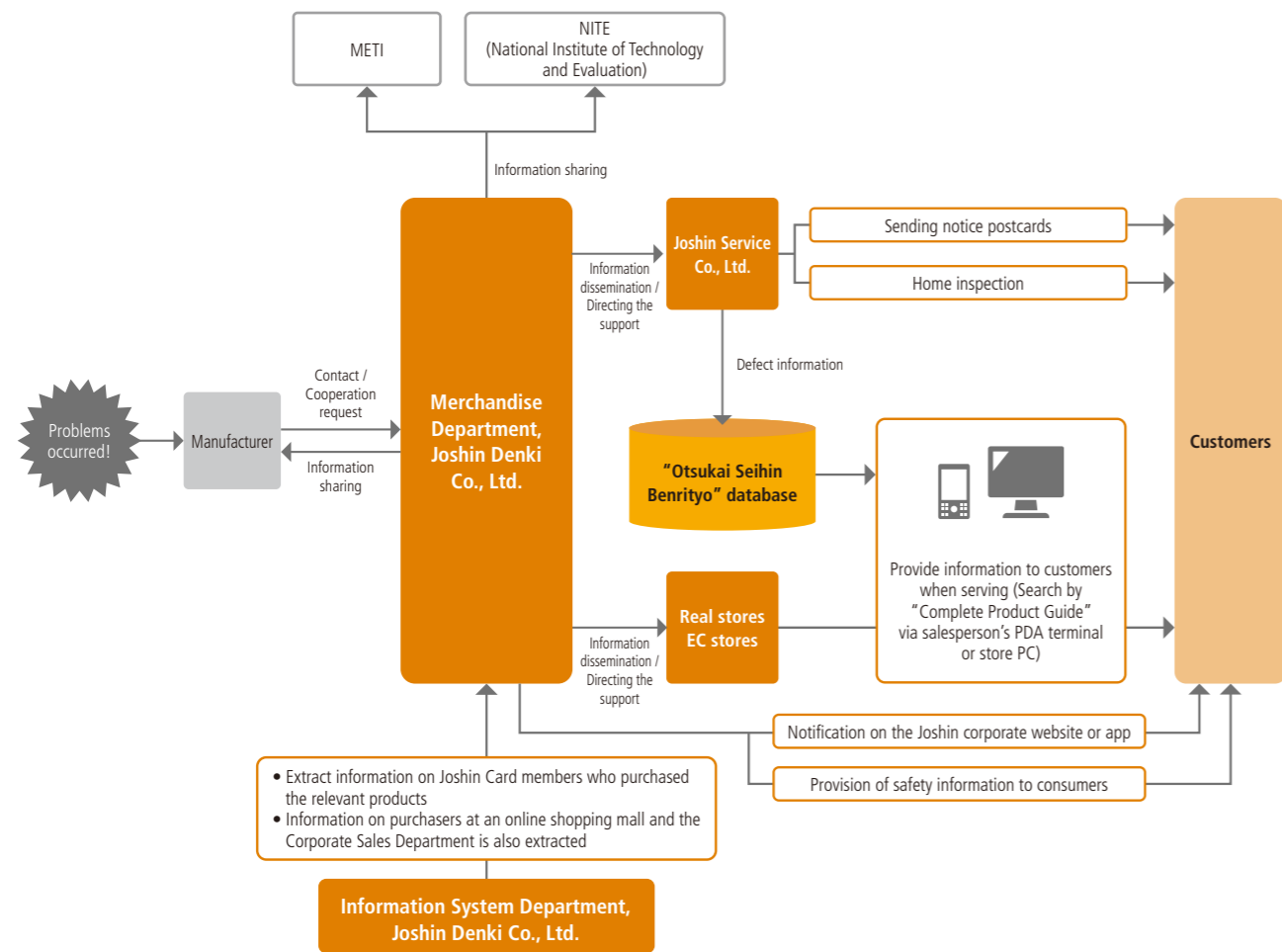
In-store posters and flyers emphasize the need for work to be done by qualified electricians



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 relevant manufacturer and take prompt action in accordance with the following flow. 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 is then followed.



Steps to be taken upon a manufacturer's recall

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

When the manufacturer informs us of a defect, all customers' purchase history will be searched using Joshin Card member information, etc., and then purchasers of defective products will be 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 mailings regarding the relevant defects based on the purchaser data of consumables and accessories.

Data-based defect information & Use the system

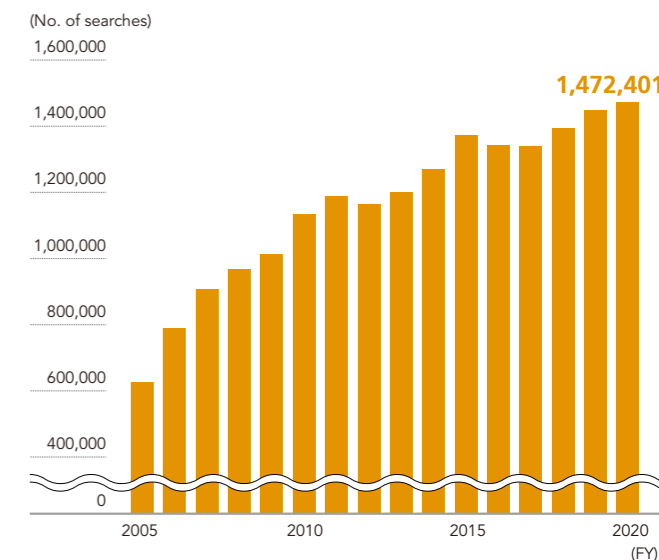
Information on product defects is stored in the "Otsukai Seihin Benrityo" database. The database stores approx. 2.25 million items of product information and related information, and is Joshin's proprietary system that allows employees to easily retrieve information on the product itself, related information 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 "Complete Product Guide"

Number of annual searches of PDA/PC terminals by employees



Foundation of Joshin Group's Value Creation

Educating how to use home appliances safely

Making use of the corporate website, we are actively conducting educational activities 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 its proactive activities aimed at achieving a higher level of product safety while maintaining its 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 of a "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), a total of 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 3 years.

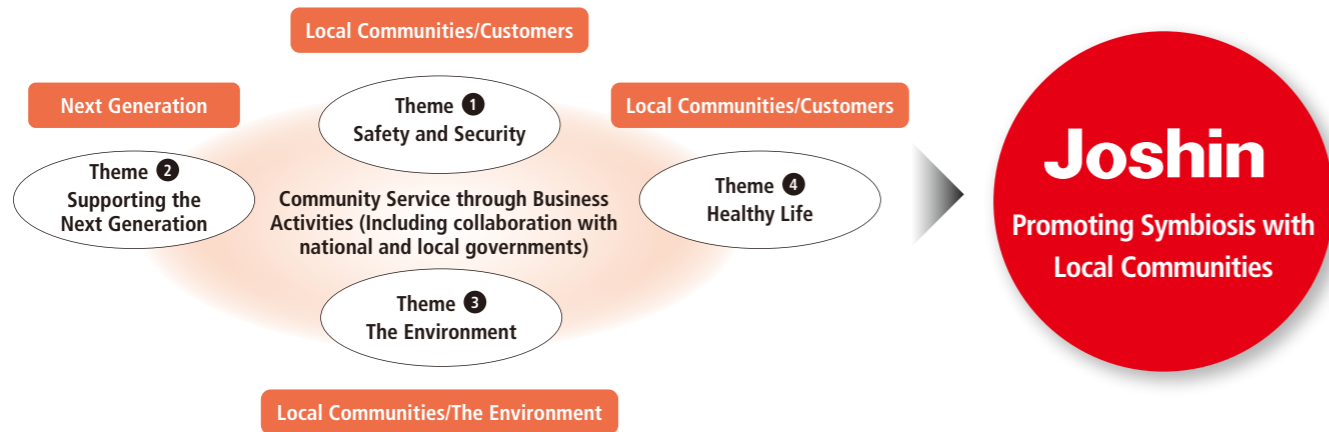


Promoting Symbiosis with Local Communities

The Joshin Group believes that its brand value increases when it successfully develops a good relationship with local communities as part of its business operation, and by offering solutions to issues facing the local communities and promoting their development through its 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 new management philosophy, "Connecting the futures of people and society with smiles," 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.



Theme 1 Safety and Security

Joint activities with the police to prevent damage from scams and frauds

We held an event to raise awareness of scams and frauds in collaboration with the police department at 15 of our stores. At the event, police officers gave presentations on the situation of fraud damages and on the usefulness of phones with an anti-crime feature, and our employees explained the operation of such phones.

We also make other various efforts to raise customers' awareness, including playing educational videos at all of our home appliance stores in Osaka Prefecture. The videos are created by the Osaka Prefectural Police and others to prevent cybercrime as well as scams and frauds.



Poster announcing the scam/fraud prevention event

Theme 3 The Environment

Promotion of energy-saving home appliances

As part of our activities to promote the use of energy-saving home appliances, we participated in the Union of Kansai Governments' campaign "Kansai: Change Home Appliances to Save Energy!" intended to encourage consumers to switch over to energy-saving home appliances, and in the "Campaign for Energy-saving Home Appliances" launched by Shiga Prefecture.

We also put efforts into energy conservation promoted in collaboration with municipalities. Several of our employees are registered as Energy Saving Performance Demonstrators and Promoters with Saitama Prefecture, or with Kyoto Prefecture's Energy-saving Meister System.



In-store poster showing what customers should check when selecting energy-saving home appliances

Theme 2 Supporting the Next Generation

Supporting eSPORTS to help the next generation

eSPORTS is used in education as an educational tool for general human resource training to develop abilities in planning, making judgments, taking action, cooperating with others, managing recovery, communicating, foreign languages, IT, among other skills. The Joshin Group offers its eSPORTS facilities as a venue for students' eSPORTS events, trainings, and presentations, in the hope of helping develop the next generation of human resources.



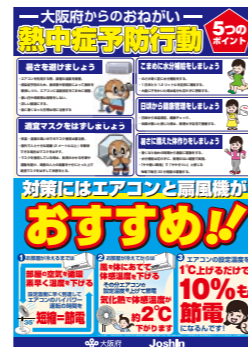
"eSPORTS Arena Kobe Sannomiya" opened on the 9th floor of Joshin Sannomiya 1 Bankan.

Theme 4 Healthy Life

Promotion of healthy life in collaboration with Osaka Prefecture

Joshin was the first among home appliance retail stores to enter into a comprehensive partnership agreement with Osaka Prefecture that covers the seven areas of "children and welfare," "employment promotion," "the environment," "disaster and crime prevention," "health," "regional revitalization," and "the prefectural government's public relations."

In the area of health, we engage in awareness-raising activities to prevent heatstroke in the summer and flu in the winter at all our home appliance stores in Osaka in collaboration with Osaka Prefecture's official mascot.



POP advertising for awareness raising to prevent heatstroke

Stakeholder Engagement

Stakeholder	Main Issues	Primary Means of Communication	Frequency	Impact on Management and Business
Employees	<ul style="list-style-type: none"> Use of diverse human resources Creation of human rights-conscious workplaces Occupational health and safety; prevention of occupational accidents Work-life balance Prevention of mental illness Employees' health enhancement Transparent and fair evaluation Respect for employees' rights Support for capacity building Creation of efficient and productive workplaces 	Safety and Health Committee	Once a month (all business sites)	<p>We accept suggestions and requests from employees and use them to improve our workplaces and business systems.</p> <p>As high as 87.46%* of our employees are members of the Employee Shareholding Association, creating a virtuous cycle in which employees' participation in business management leads to operating revenue.</p> <p>* Calculated by dividing Joshin Denki's non-consolidated membership by the number of employees at the end of a fiscal year</p>
		Workplace visits, health counseling, and interviews by occupational health physicians	Any time	
		Employee stress check	Once a year	
		Various training programs (e.g., support for career and life planning)	Several times each year	
		Labor-management Council meeting	8 times a year	
		Harassment counseling services	Any time	
		Work and parenting counseling services	Any time	
		Improvement suggestion system	Any time	
		Self-reporting system	Once a year	
		Employee Shareholding Association meeting	Twice a year (calls for requests to change the number of contribution accounts) Applications for membership accepted each month	
Publication of internal newsletters	4 times a year			
Customers	<ul style="list-style-type: none"> Offering of products and services designed to enrich customers' lives Maintenance and enhancement of a system to ensure product safety and security Full protection of personal data 	Online survey (at the point of sale, on delivery/visits for installation)	At each purchase; on each visit to a customer for delivery/installation	<p>We collect feedback from customers and share the information across the company. The collected information is incorporated as our invaluable management resource into various management measures and used for in-house training.</p>
		Call center	9:00 AM - 7:00 PM (Social media available 24 hours)	
		Contact page on the Joshin corporate website	Any time	
		Routine sales operations	As necessary	
Partner Companies	<ul style="list-style-type: none"> Sharing of Joshin's enterprise spirit centered on the Corporate Credo "Thoughtfulness" Creation of fair and strong partnerships Creation of a highly competitive franchise system and its improvements Maintenance and enhancement of a system to ensure the safety and security of products and services we deliver to customers 	General meetings and conferences held regularly with partner companies	Once a year (held for resolution in writing in FY2020)	<p>Sharing our enterprise spirit based on the Corporate Credo "Thoughtfulness," we have created a framework to offer safe and secure products for customers through our proper and carefully designed service.</p>
		Training on customer satisfaction (CS), new product technologies, and laws and regulations for partner companies	A few dozen times each year	
Franchises	<ul style="list-style-type: none"> Fairness ensured in transactions Attention to legal compliance, human rights, and the environment through the supply chain 	Regular visits to give guidance	As necessary	<p>Information sharing meetings with manufacturers</p>
Business Partners		Information sharing meetings with manufacturers	A few dozen times a year	
Shareholders/Investors	<ul style="list-style-type: none"> Maintenance and enhancement of corporate value Proper return of profits Appropriate accounting and timely information disclosure 	General Meeting of Shareholders	Once a year	<p>They help ensure transparent management and strengthen our governance. We also actively disclose information on our website's IR page.</p>
		Financial results briefings (large IR meetings)	Twice a year (held online in FY2020)	
		Individual IR	Provided online as necessary in FY2020	
Public Bodies/Trade Associations	<ul style="list-style-type: none"> Collaboration with administrative bodies to foster a product safety-oriented culture Cooperation with municipalities to develop safe and secure communities Partnerships with public bodies to create shared value 	Participation in information sharing meetings (communities), working groups, and research groups with government agencies	As necessary	<p>We stay aware of various issues facing society and collaborate with public bodies and local communities in order to create value that benefits both society and Joshin.</p>
		Activities based on comprehensive partnership agreements with municipalities or other partnership agreements signed to find solutions to regional issues	As necessary	
		Crime prevention events held jointly with prefectural police	A few dozen times a year	
		Activities through The Japanese Major Consumer Electronics Appliance Distributor Association	As necessary	
		Dispatch of instructors for lectures or trainings	As necessary	
Local Communities	<ul style="list-style-type: none"> Prevention of further damage during a disaster and aid for those affected Support for the coming generation of youth Solutions to regional issues by leveraging our main business 	Visits to various welfare facilities and opinion exchanges	As necessary	
		Joint evacuation drills with local residents	A few times a year	
		Host or sponsor various sports/eSPORTS events	As necessary	
		Host or sponsor various sports/eSPORTS events	As necessary	

Major Financial/Non-financial Data for 11 Years

unit: millions






	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
Financial												
Profit/loss status												
Net sales	435,237	410,174	365,958	401,798	372,385	375,782	374,387	391,726	403,832	415,643	449,121	
Operating income	12,011	12,239	5,421	7,391	6,656	7,838	7,982	9,680	10,987	8,979	16,550	
Ordinary income	11,978	12,111	5,323	7,237	6,628	7,802	8,050	9,662	11,003	8,900	16,555	
Net income attributable to owners of the parent	6,152	6,245	3,461	3,037	3,366	4,356	5,190	5,579	6,354	5,418	8,873	
Capital investment amount	9,078	7,650	7,967	12,316	5,654	4,931	11,767	7,283	9,888	8,120	8,488	
Status of cash flows												
Net cash from operating activities	7,806	589	(2,884)	9,815	5,367	751	16,581	15,223	4,533	13,022	25,836	
Net cash from investing activities	(6,398)	(6,942)	(7,253)	(5,625)	(5,903)	(3,595)	(10,412)	(6,230)	(10,427)	(6,316)	(6,118)	
Free cash flow	1,407	(6,353)	(10,138)	4,190	(535)	(2,844)	6,169	8,992	(5,893)	6,706	19,718	
Net cash from financing activities	(4,393)	5,561	10,045	(2,534)	(1,494)	2,167	(6,131)	(8,134)	5,900	(7,762)	(14,433)	
Financial status												
Total assets	152,704	156,326	171,022	182,411	175,005	180,905	185,971	188,550	207,351	197,308	210,321	
Net assets	49,583	55,415	58,535	61,949	66,807	70,773	75,859	80,892	86,091	89,147	99,303	
Interest-bearing liabilities	38,004	44,388	56,056	54,487	53,872	56,002	51,423	44,877	52,717	47,144	35,119	
Equity ratio	32.5%	35.4%	34.2%	34.0%	38.2%	39.1%	40.8%	42.9%	41.5%	45.2%	47.2%	
Net D/E ratio (times) *1	0.66	0.72	0.88	0.78	0.74	0.74	0.63	0.50	0.56	0.49	0.27	
Per share information (after reverse stock split considerations)												
Net income per share (EPS)	¥ 247.84	¥ 250.14	¥ 139.24	¥ 121.56	¥ 133.64	¥ 166.26	¥ 196.56	¥ 210.62	¥ 239.1	¥ 202.84	¥ 331.62	
Dividend per share	¥ 30.0	¥ 32.0	¥ 32.0	¥ 32.0	¥ 32.0	¥ 32.0	¥ 32.0	¥ 42.0	¥ 50.0	¥ 50.0	¥ 75.0	
Business indicators												
ROE (Return on Equity)	13.1%	11.9%	6.1%	5.0%	5.2%	6.3%	7.1%	7.1%	7.6%	6.2%	9.4%	
ROA (Return on Assets)	8.1%	7.8%	3.3%	4.1%	3.7%	4.4%	4.4%	5.2%	5.6%	4.4%	8.1%	
ROIC*2	8.9%	8.0%	3.1%	4.1%	3.6%	4.0%	4.1%	5.0%	5.1%	4.3%	8.0%	
Financial indicators												
Operating income ratio	2.8%	3.0%	1.5%	1.8%	1.8%	2.1%	2.1%	2.5%	2.7%	2.2%	3.7%	
Ordinary income ratio	2.8%	3.0%	1.5%	1.8%	1.8%	2.1%	2.2%	2.5%	2.7%	2.1%	3.7%	
Net income ratio attributable to owners of the parent	1.4%	1.5%	0.9%	0.8%	0.9%	1.2%	1.4%	1.4%	1.6%	1.3%	2.0%	
Payout ratio	12.1%	12.8%	23.0%	26.3%	23.9%	19.2%	16.3%	19.9%	20.9%	24.6%	22.6%	
Non-financial												
E	CO ₂ emissions (scope 2) (t-CO ₂)	38,181	34,617	52,930	46,847	50,418	49,373	48,173	46,488	42,150	36,457	32,183
	Changes in plastic shopping bags (volume of plastics in shopping bags) (t)	230	202	224	230	194	204	208	219	219	203	80
S	Sales area (m ²)	392,781	424,288	442,576	477,449	489,579	501,918	502,974	512,812	514,237	518,958	505,210
	Number of employees (including part-time employees) (persons)	7,338	7,663	7,341	7,879	7,652	7,845	7,825	8,446	9,169	9,483	9,277
	Number of new graduate employees (persons)	186	198	212	48	51	59	63	55	77	91	98
	Number of elder employees (employees 65 years old or older, including part-time) (persons)	20	24	26	30	27	29	39	60	80	84	93
	Percentage of employees with disabilities (%)	2.01	2.17	2.10	1.93	2.10	2.08	2.07	2.32	2.55	2.54	2.44
	Turnover rate of permanent employees (%)	2.4	2.8	3.8	2.9	2.9	2.6	2.7	2.8	3.3	2.8	2.2
	Ratio of employees participating in employee stock ownership plan (Joshin Denki only) (%)	89.69	90.03	90.62	92.01	92.49	92.61	92.41	91.90	91.13	90.13	87.46
	G	Cases of violations of law and regulations, monetary amount	0	0	0	0	0	0	0	0	0	0
Whistleblower cases (number of cases)		8	21	23	26	28	26	28	29	41	46	60

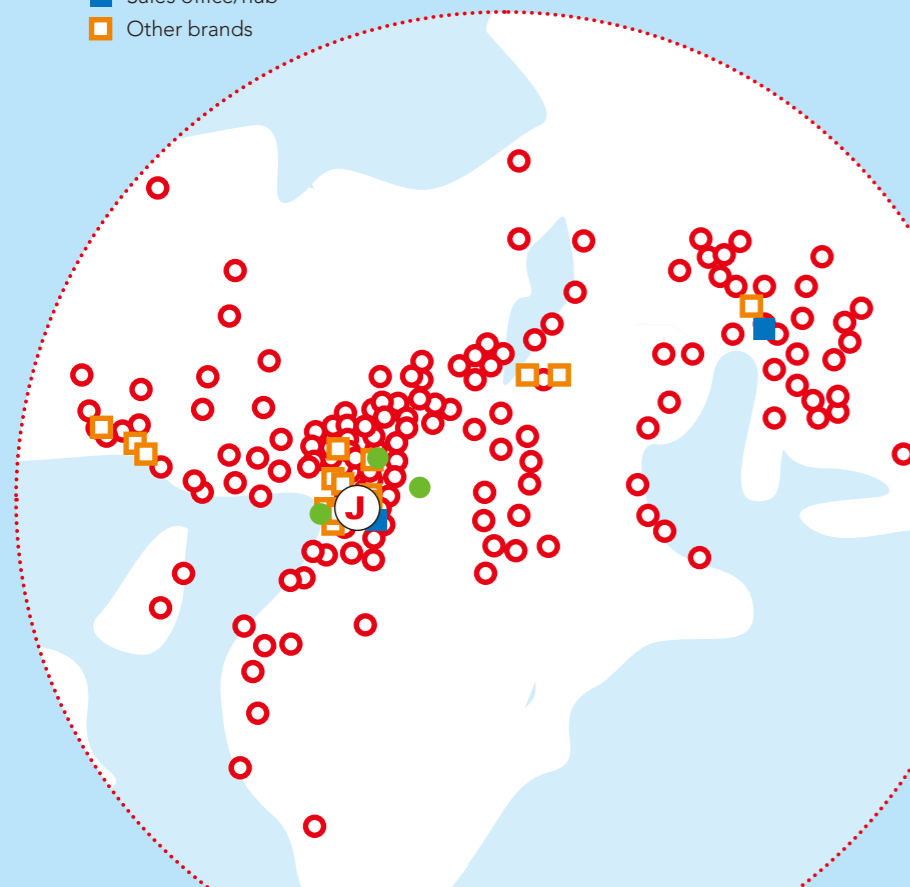
*1 Net D/E ratio: (interest-bearing liabilities – deposits) ÷ (equity capital)

*2 ROIC: (operating income x 0.65) ÷ (Interest-bearing liabilities + equity capital)
Effective tax rate of 35% is used for calculations

Group Locations

As of the end of March 2021, Joshin Group 220 stores in the Kansai, Shikoku, Tokai, Kanto, and Hokushinetu regions. Moving forward, The Group will quickly expand the operations of our new fulfillment center and open new stores while developing our service infrastructure.

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



Tokai region: 34 stores
Total store area: 74,463m²

Aichi Prefecture	18 stores	37,458m ²
Gifu Prefecture	6 stores	13,241m ²
Mie Prefecture	9 stores	21,780m ²
Shizuoka Prefecture	1 store	1,984m ²



Komaki store

Hokushinetu region: 23 stores
Total store area: 58,248m²

Toyama Prefecture	8 stores	22,465m ²
Ishikawa Prefecture	3 stores	7,476m ²
Fukui Prefecture	2 stores	5,156m ²
Niigata Prefecture	9 stores	20,667m ²
Nagano Prefecture	1 store	2,482m ²



Toyama main store

Kanto region: 17 stores
Total store area: 35,369m²

Tokyo Prefecture	4 stores	7,711m ²
Kanagawa Prefecture	2 stores	5,263m ²
Saitama Prefecture	7 stores	14,568m ²
Chiba Prefecture	4 stores	7,824m ²



Matsudo store

Kansai region: 144 stores
Total store area: 336,916m²

Osaka Prefecture	60 stores	138,111m ²
Kyoto Prefecture	12 stores	31,411m ²
Hyogo Prefecture	39 stores	89,278m ²
Shiga Prefecture	13 stores	27,702m ²
Nara Prefecture	12 stores	32,073m ²
Wakayama Prefecture	8 stores	18,338m ²



Kishiwada store

Shikoku region: 2 stores
Total store area: 213m²

Tokushima Prefecture	2 stores	213m ²
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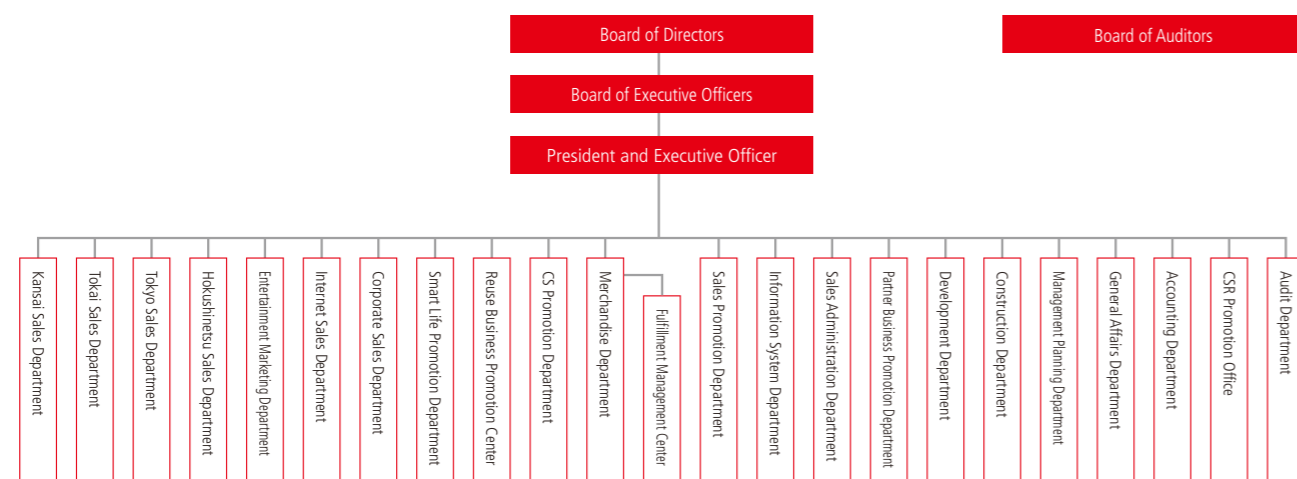
ASAKA Naruto store

Company Information

Corporate Profile (current as of March 31, 2021)

Company Name	Joshin Denki Co., Ltd.	Subsidiaries and Affiliates	Hyogo Kyoto Joshin 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. and 2 other companies
Head Office	6-5, Nipponbashi-nishi 1-chome, Naniwa-ku, Osaka City, 556-8550, Japan Phone +81-6-6631-1221	Franchises	Toyota Co-op Mikawa CLE Co., Ltd. Asaka Denki Co., Ltd. Resona Bank, Limited MUFU Bank, Ltd. Sumitomo Mitsui Banking Corporation Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Nagoya, Ltd. and other
Founded	May 11, 1948	Banks	https://www.joshin.co.jp/ https://shop.joshin.co.jp/ https://joshinweb.jp/
Established	February 2, 1950	Corporate Website	
Net Sales	¥449.121 billion (consolidated) ¥443.696 billion (non-consolidated)	Joshin Store Information	
Capital Stock	¥15.121 billion	Joshin web	
Stock Listing	First Section, Tokyo Stock Exchange		
Number of Employees	9,277 Males: 5,825 Females: 3,452 (Including temporary employees)		
Group's Businesses	Sale of home appliances, information communication equipment, entertainment products, housing equipment, and their related products, and incidental businesses. Delivery, installation work, and maintenance. Product supply to subsidiaries and franchises. Long-term repair warranty operations.		
Number of Stores	220 (205 directly managed stores, 10 affiliates, 5 franchises)		
Service Infrastructure	28 sites		

Organization Chart (current as of April 1, 2021)



Editorial Policy

During this fiscal year, Joshin Denki changed its management philosophy to "Connecting the futures of people and society with smiles," and identified its management vision and materiality (priority issues) by taking a backcasting approach from a medium- to long term perspective. While we referred to the International Integrated Reporting Framework provided by the International Integrated Reporting Council (IIRC) 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 basically the same as the information included in this integrated report. We plan to keep updating the page with the latest data and information about new initiatives. Please visit our website for these updates.

Applicable to Period Joshin Denki Co., Ltd. and its subsidiaries From April 1, 2020 to March 31, 2021 (some information is from the period starting April 2021)

Issued October 2021

Reporting frequency Once a year

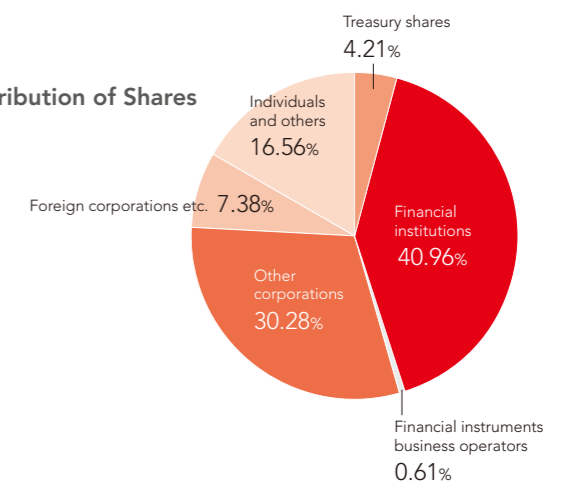
<Note on forecasts>
The financial results forecasts are based on information currently available to us and on certain assumptions that we deem reasonable. Actual results may differ from the forecasts due to such factors as various risks and uncertainties.

Stock Information (current as of March 31, 2021)

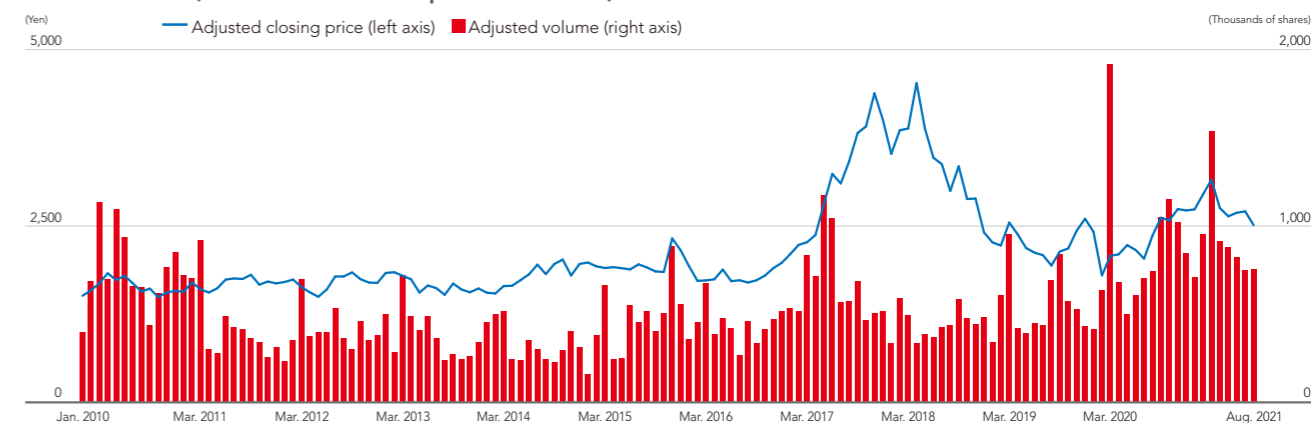
Current Shares

Total number of authorized shares	99,000,000
Total number of outstanding shares	28,000,000
Number of shareholders	32,531 (including 4,806 shareholders holding unit shares)

Distribution of Shares



Share Prices (after reverse stock splits considered)



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

Current Major Shareholders

Shareholder	Number of Shares Held	Shareholding Ratio (%)
Joshin Denki Employee Shareholding Association	1,734,832	6.46
The Master Trust Bank of Japan, Ltd. (trust account)	1,531,000	5.70
The Dai-ichi Life Insurance Company, Limited	1,350,000	5.03
Resona Bank, Limited	1,251,010	4.66
Custody Bank of Japan, Ltd. (trust account)	755,570	2.81
Sumitomo Mitsui Trust Bank, Limited	600,000	2.23
Mitsubishi UFJ Trust and Banking Corporation	571,603	2.13
Sharp Corporation	542,500	2.02
Sompo Japan Insurance Inc.	506,500	1.88
Daikin Industries, Ltd.	447,792	1.66

*1,178,099 treasury shares were subtracted to calculate the shareholding ratios.

Editor's Note



To present a broader picture of the Joshin Group's management strategies and business activities to all stakeholders including our shareholders and investors, it is vital to provide systematic descriptions of non-financial information that covers our business profiles, management strategies, initiatives for the community and the environment, human resources, and corporate governance, in addition to financial information such as business results and various indicators. Hence, we have included new content in our integrated report starting from this fiscal year. We hope you find the report useful in understanding our vision for the future, along with the business strategies to make this vision a reality.

Joshin