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Joshin

Joshin Denki Co., Ltd.

Integrated Report 2025

Fiscal Year Ended March 31, 2025

Key Points of This Report

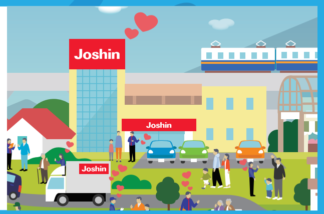
Following the General Meeting of Shareholders in June 2025, Joshin transitioned to being a company with an Audit and Supervisory Committee structure. On April 1, 2026, it will officially change its name to "Joshin Corporation." Under its new president, Joshin formulated its new medium-term management plan, the JT-2028 Management Plan, ahead of schedule. It is planned to launch in FY2026, and under it, Joshin will strive for the next stage of development under its new company name.

POINT 1

P. 5 New President Appointed: Message from Management

Alongside Joshin's transition to being a company with an Audit and Supervisory Committee, former Vice President Takahashi was appointed the new company President in June 2025. With the change in the company name, the new president has proclaimed a focus on the Shuhari martial arts approach to achieving the Company's management philosophy, with a strong commitment to the home appliances business. Far and wide, the new president communicates his passion to build new value and a new business model for a home appliance retailer (as a local electronics store that is also a mass retailer) based on this Shuhari philosophy.

POINT 2



P. 23 New Medium-Term Management Plan: "JT-2028 Management Plan"

The new medium-term management plan, "JT-2028 Management Plan," was announced ahead of schedule in November 2025 and will begin implementation in FY2026. Announcing it around six months prior to its official start, we have established a structure for implementing some priority strategies early in FY2025. In addition, we will provide a detailed explanation of our business strategies aimed at further bolstering profitability while working to establish a sound financial foundation.

POINT 3

P. 42 New Governance Structure: Transition to being a company with an Audit and Supervisory Committee

The transition from being a company with a Board of Auditors to a company with an Audit and Supervisory Committee is a major change in organizational structure that aims to further accelerate the speed of decision-making through a drastic transfer of authority to business executives and to improve the effectiveness of the Board of Directors. We will describe the changes with respect to initiatives aimed at further bolstering corporate governance structures.

Editorial Policy

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

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

Scope
Applies to Joshin Denki Co., Ltd. and 12 consolidated subsidiaries
From April 1, 2024 to March 31, 2025
(Some information is from the period starting April 2025)
Issued December 2025
Reporting frequency: Yearly

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

Integrated Report Framework

Financial information | Nonfinancial information

Dialogue
- General Meeting of Shareholders
- Financial results briefings

Reports
- Integrated Report
- Financial results
- Corporate Governance Report
- Presentation materials
- Securities Report

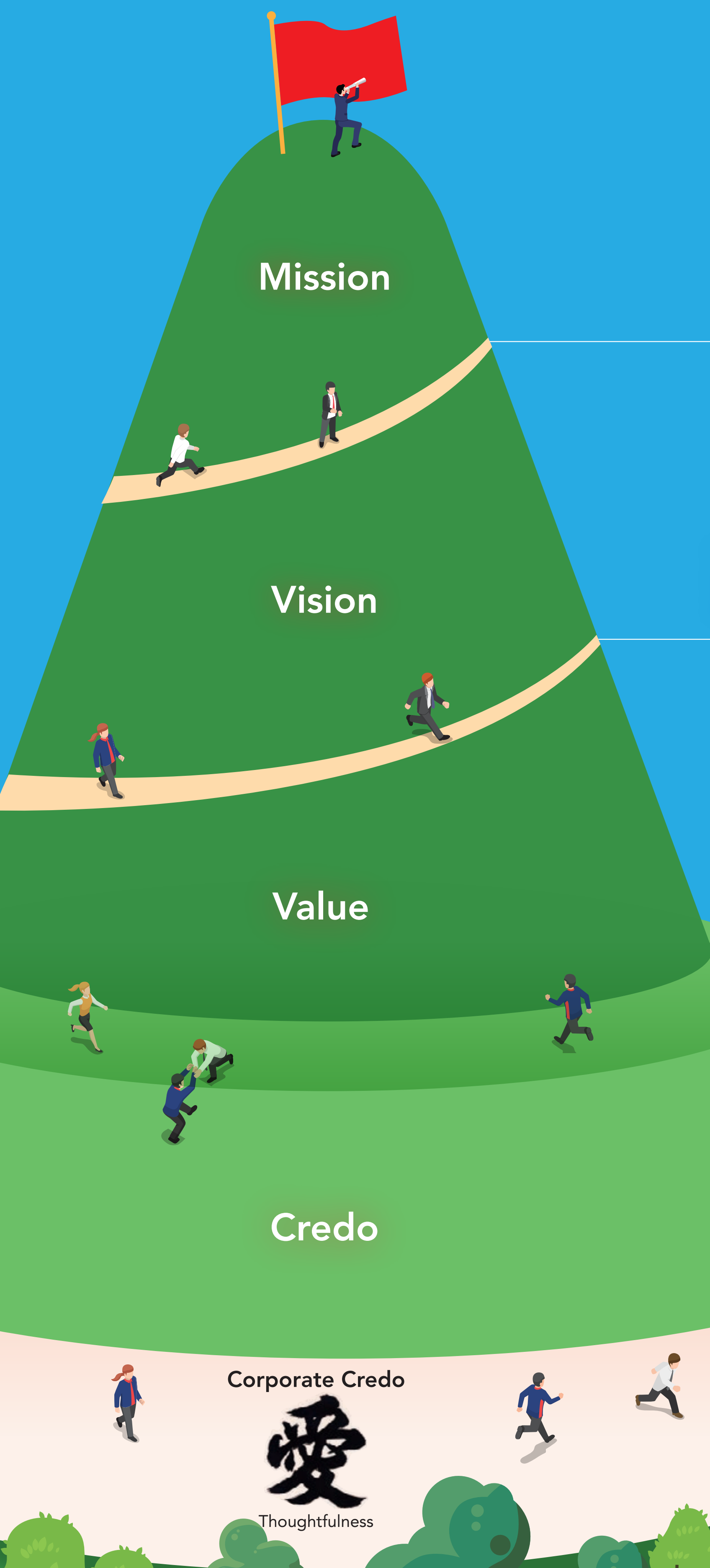
Website
- IR website
- Sustainability website

https://www.joshin.co.jp/en/ir.html

https://www.joshin.co.jp/en/csr.html

CONTENTS

Management Philosophy Structure



Management Philosophy

Connecting people and society to the future with a smile

Management Vision

Becoming a hub for the infrastructure of life through the power of home appliances and ICT (Information and communication technology)

Creating two types of social value
Helping to strengthen the resilience of an aging society
Achieving household carbon neutrality

Fan Base

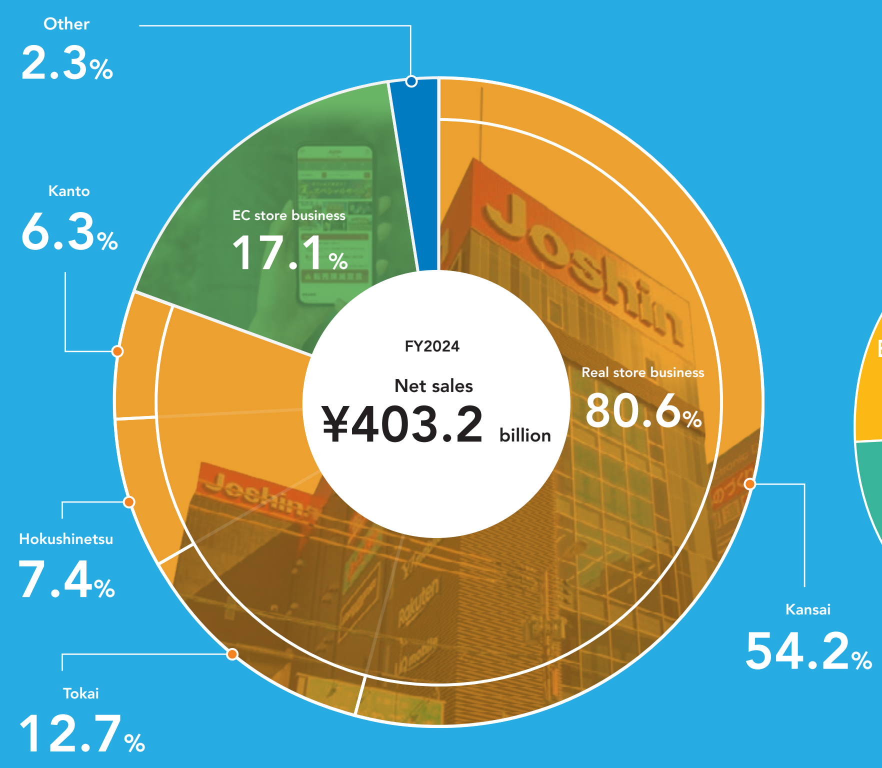
The core of all Joshin business activities, providing wholehearted customer service that has shaped unchanging values passed down for the over 75 years since our founding

Joshin Group Declaration on Actions

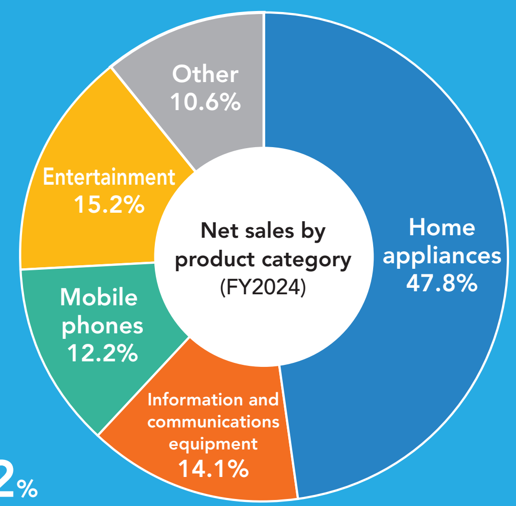
Joshin Group Code of Conduct

At a Glance (As of March 2025)

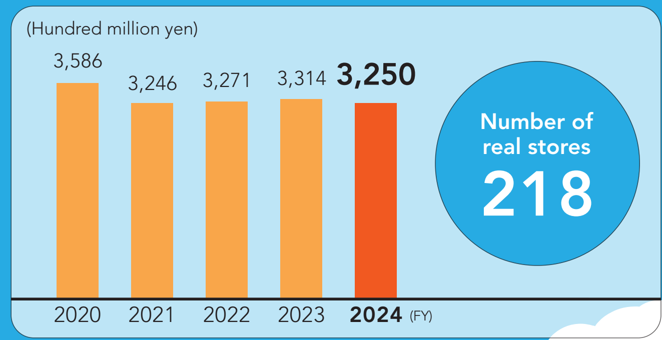
Net Sales by Business Segment



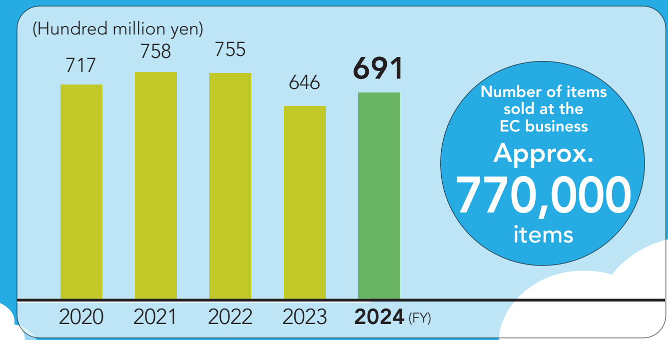
New Sales by Product Category



Net Sales of Real Store Business



Net Sales by EC Store Business



Introduction | Value Creation Story | JT-2028 Management Plan | Sustainability | Data

Message from Management

高橋徹也

Tetsuya Takahashi
Representative Director,
President and Chief Executive Officer

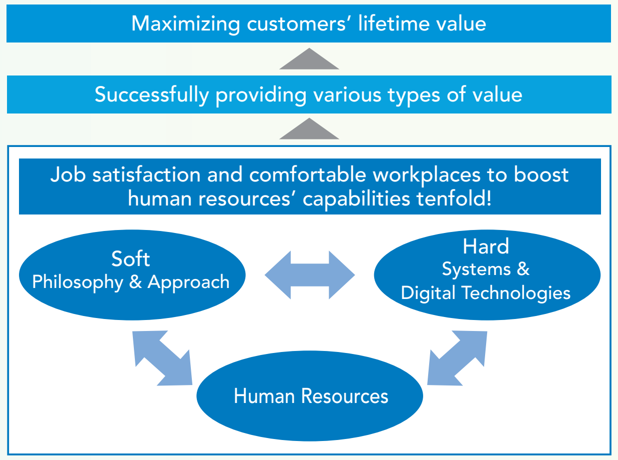
Building on a foundation of soft (philosophy, approach) and hard (digital technology) elements, Joshin will maximize the potential of our proudest asset, our human resources, to push our leading home appliances business even further forward and maximize our customers' lifetime value.

My Mission Is to Maximize Customers' Lifetime Value

In order to achieve Joshin's management philosophy of "Connecting people and society to the future with a smile," my mission is to make sure our customers become our fans and to maximize their lifetime value. To meet these targets, it is most important that we build unshakeable relationships of trust with our customers. Underlying that trust is Joshin's "people": all of our officers and employees.

To maximize customers' lifetime value, we need to further enhance the capabilities of our human resources, including each and every officer and employee. By continuing to improve the capabilities of our human resources, getting more in tune with our customers, and providing value that exceeds their expectations, we will deepen our relationship of trust with our customers and create a better future.

"Connecting people and society to the future with a smile" - Conceptual Image



The Future of Joshin's Business

In the past, the market was growing, and it was clear how to make our business succeed. The key to success was expanding the number and size of our stores, and aiming to sell products as cheaply as possible. Today, however, the market is undergoing rapid change, and if we do not accurately identify our customers' needs, our products will not sell. Successful approaches are becoming more complex amidst diversifying customer needs, and it is difficult to follow the traditional top-down approach. That is why it is increasingly important to draw out the true capabilities of the frontline personnel and foster innovation.

The front lines offer many insights into how to succeed, but there are limits to how much the front lines can accomplish alone. I believe that our most important mission in the management team is to pick up feedback from the front lines and turn that into concrete action, ensuring it takes root in the front lines.

Building on a foundation of soft (philosophy, approach) and hard (digital technology) elements, Joshin will achieve comfortable work environments and job satisfaction to maximize the potential of our most important asset, our human resources, while aiming to secure strong sales.

In order to fully utilize feedback from the front lines, it is essential that upper management take the initiative to reform old ideas and ways of thinking. We will bring together all Group employees and create new, future-oriented value with the aim of achieving sustained growth.

Passion for the Home Appliances Business

I first joined Joshin because I love customer service. However, I do remember feeling uncomfortable, wondering if I could really sell these products that cost hundreds of thousands of yen. The more I worked at stores doing that kind of work, the more passionate I became for the job. That is because my efforts to listen earnestly to customer feedback and respond to requests led to more customers requesting me personally and gave me a wide range of connections. I valued the relationships I built through conversations with customers, and this led to a stream of new relationships. As I gained more connections like this, I built relationships of trust that led customers to introduce me to yet more customers. My desire to build this sort of environment is still where my roots lie today.

I have always said, "Our true goal should be to maximize customers' lifetime value." I hope to continue sharing this philosophy throughout the Company and beyond. We aim to maximize customers' lifetime value by building relationships of trust with them and thereby increasing the number of customers who will buy Joshin's

products again and again. Homes will always have durable consumer goods like washing machines and refrigerators. Joshin strives to provide our customers with opportunities to discover good household appliances that will help them attain more convenience and comfort. We also aim to be a company that sticks by and supports our appliances for their entire useful life.

Aiming to Build a New Home Appliance Retailer Model with the Change in Name to "Joshin Corporation"

Joshin aims to transition into a flexible organizational structure that moves beyond "appliances" to include the creation of two social values, "helping to strengthen the resilience of an aging society" and "achieving household carbon neutrality," as drivers of sustained growth and corporate value for the Group. As we flexibly adapt to a rapidly changing business environment, we decided to shift to a management structure that transforms these changes into strengths that drive growth. To that end, on April 1, 2026, we will change our name to the Joshin Corporation to be more aligned with the sort of company we seek to be and the future we aspire to achieve. We all understand that the current home appliance retailer business model will not work for the market of the future.

If I were to express Joshin's path in terms of the Shuhari martial arts approach, the "Shu" (Protect) is our founding philosophy, the "Ha" (Detach) is our leading home appliances business, and the "Ri" (Separate) is challenging ourselves to new fields that build on the home appliances business. "Shu" (Protect) is our core that should never be changed, while "Ha" (Detach) represents corporate transformation and "Ri" (Separate) represents corporate innovation. We must achieve innovation through these processes and then create new value.

What must never be changed are the universal values we have developed since our founding. In other words, we must maintain our good relationships with our customers. On the other hand, something we absolutely must change is the home appliance retailer business model, creating something new by combining the value we have always delivered with the digital technologies that will be essential in the future. Through this, we will contribute to society by creating a new business model for the future.

To build a unique Joshin business model, we need to reexamine our current systems, recognizing that we have a mature business and considering how it can transform moving forward. My view on our basic strategy is to preserve the core of our business while embracing change to create a new form of home appliances business.

For example, when a customer purchases a new refrigerator or air conditioner, that begins a relationship starting from installation that often lasts over a decade. By standing alongside customers throughout those years and nurturing a deep sense of trust, we aim to continue to be useful as a company to both customers and local communities. This philosophy also aligns with our "JT-2028 Management Plan" (hereinafter "New Medium-Term Plan"; see p. 23). Treating the home appliances business seriously and cherishing it enables us to accurately identify both customer needs and the broader needs of society. This, in turn, opens up prospects for new lines of business.

The business model we aspire to achieve is a local electronics store that is also a mass retailer, but taken to a mass retailer scale. This means we should be a trusted, essential presence rooted in the community, supporting customers' everyday lives. Carrying on and advancing that approach is the core mission of the new Joshin.

If we were to compare home appliances to a "tree," they would be like a strong trunk rooted firmly in the ground, enriching the lives of people in the community. Business shoots out from that trunk like branches containing infinite possibilities. We are not merely a company that sells products. By listening closely to each and every customer and providing attentive, personalized service, we continue to stay deeply in touch with the daily lives of the communities we serve. That approach represents both the mission of a neighborhood electronics store and the conceptual ideal that Joshin strives to achieve.

To continue being an indispensable presence in local communities moving forward, Joshin will continue to grow and expand new branches and leaves around the trunk of our home appliances business. We aspire to be a warm and trusted neighborhood electronics store that is capable of meeting any need at any time. Guided by this philosophy, we are taking our next step forward.

I hold a steadfast belief that "a retailer that cannot win in the home appliances market cannot succeed in any other market." Challenging ourselves to push the home appliances business forward will serve as a bridge to new business opportunities. By fully harnessing the capabilities of our employees and deepening our relationships with customers, turning them from "fans" into "core fans," we aim to achieve sustainable growth. The driving force behind this is our employees, and I believe it is essential to achieve a balance that includes a comfortable work environment and job satisfaction. By building on a foundation of soft (philosophy, approach) and hard (digital technology) elements, Joshin is creating an environment that enables every employee to perform at their very best.

Furthermore, I believe it is the mission of upper management to establish a framework that enables proactive sales styles. However, resources like employees and stores are finite. We aim to resolve this by using online tools to improve operations and develop new services. Specifically, we will create a system that enables the expertise of individual employees to be shared online and utilized across multiple stores. We also intend to enable customers to use their smartphones to obtain price quotes and diagnostics for home appliances, helping to resolve many issues and deliver even better service.

Now that we have launched under a new management structure, I want to send a powerful message: "we will compete not through size or scale, but through speed and quality." We will steadily implement our action plan to make that vision a reality.

Overcoming Headwinds to Reach Rising Tides in the Home Appliances Business

The main reason that we are having difficulty achieving our current medium-term management plan "JT-2025 Management Plan" is that the home appliances business is undergoing a structural contraction. While we were unable to halt the downturn in company performance, our growth businesses of mobile communications and home renovation have seen steady growth. As for the entertainment segment, although it remains subject to the inherent volatility of a hit product-driven market, it still holds strong potential for dramatic growth if new products are launched. Our entertainment products enjoy strong customer support, and many of those customers also contribute to the sales of home appliances. In this way, the entertainment segment has continued to deliver stable growth as one of our core businesses and plays a vital role in supporting overall performance.

However, we deeply regret that we failed to properly identify the gradual stagnation of the home appliances business as a critical issue and did not take appropriate countermeasures in response. Specifically, our focus on large appliances, which have a long replacement cycle of about 8 to 10 years, led to a decline in overall store visit frequency, a drop in our number of active members[1], and an imbalanced rise in average spending per member. The cause of this problem is clear, so by strengthening product categories with higher purchase frequency and revising our category strategy, we can reverse the decline in active members and return to a growth trajectory. Moving forward, we will seek to stabilize the home appliances business through the use and enhancement of our CDP[2], while building a company structure that allows us to add contributions from growth businesses.

1. Active members: Customers who have purchased products or services from Joshin at least once in the past year
2. CDP (Customer Data Platform): A platform for utilizing data on individual customers

Reviving and Transforming Home Appliances in the New Medium-Term Plan

As described above, the core of our New Medium-Term Plan is to revive and push forward the home appliances business. Our basic strategy is to revamp the home appliances segment while expanding our mobile communications and home renovation businesses. The strongest pillar of Joshin remains our home appliances business, and our greatest asset is our human resources. Building upon our most loyal customer base, the Kansai region, we aim to revive and transform the home appliances business and then expand that success to the Tokai, Kanto, and Hokushinetsu regions. We aim to leverage our two unwavering strengths—our leading business and our talented workforce—to connect them directly to our growth strategy. Although the home appliances business is often viewed negatively within the Japanese retail market due to it being a mature industry, it remains an enormous and essential market nonetheless. With the increasing normalization of severe summer heat in recent years, air conditioners have effectively become life-sustaining infrastructure, and the role of home appliances is entering a new phase of transformation. While our company ranks seventh in the industry, we believe that Joshin's community-based dominant strategy leaves ample room for further business growth and expansion. It is crucial that we harness the universal value cultivated during good times of the past, such as the emotional value of maintaining trusted relationships with customers, while combining that with digital technologies to generate new functional value. The synergy of these two elements will enable us to establish a strong business model. Moreover, to become a company that customers genuinely want to "cheer for," we ourselves must first become passionate fans of our customers. We must solve their problems, and build mechanisms across our entire organization to deliver those solutions, thereby creating a new kind of home appliance business model unlike any seen before.

From a financial perspective, we have designated ROE, PER, and PBR improvements as key performance metrics that we will work to improve to strengthen our financial soundness. With a base of over ¥100 billion in net assets, we will ensure growth in operating income, which is the source of net income, and thereby improve ROE. At the same time, we will improve our investor relations efforts to communicate our value more effectively. Our current "fan-based" business model has been built up over more than 75 years of Joshin history as a believer in wholehearted customer service, and it provides a distinct competitive advantage to Joshin over our peers. We will continue to strive to clearly communicate this message to our stakeholders to ensure they understand it more fully.

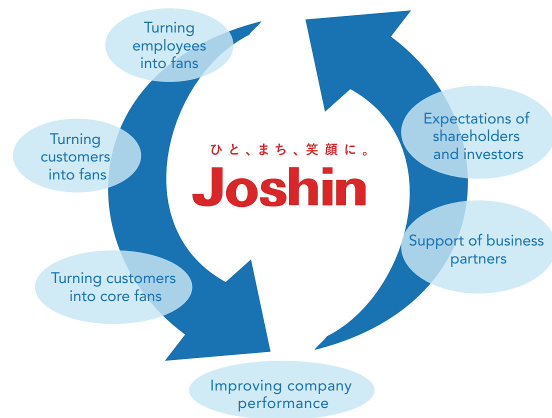
The New Medium-Term Plan was announced on November 4, 2025, coinciding with the release of our Q2 financial results. Announcing it six months prior to its official start, we have already begun implementing several priority strategies ahead of schedule. In this rapidly changing market, speed is at the core of competitive strength. We believe it is vital to accurately assess conditions, define our direction quickly, and move into action immediately. One factor that made this agile planning possible was our transition in June 2025 from a company with a Board of Auditors to a company with an Audit and Supervisory Committee. This change in governance structure was designed to enable faster executive decision-making and more effective oversight, and we are already seeing some benefits. Discussions at the Board of Executive Officers have become more dynamic, decision-making speed has increased, and through the Board of Directors' oversight, management transparency has been enhanced as well. There are also more opportunities now to discuss medium- to long-term strategy, giving us a strong feeling of control over the direction of future business development.

Aiming to Gain More Fans and Core Fans to Maximize Stakeholders' Lifetime Value

Moving forward, what I want to focus on most is turning all of our stakeholders into fans, and then into core fans. This includes our employees, shareholders, investors, customers, and business partners. Among these, however, I believe that the highest priority must be given to our employees.

Employees are the most important asset of any company. When that belief is clearly conveyed and understood, each employee becomes a source of strength that cheers on the Company. That enthusiasm naturally extends to our customers, leading to the growth of our fan base and ultimately to core fans as well. A company that is not loved by its employees will not be loved by its customers. A company that is not loved by its customers will not be supported by its business partners. And a company without such support cannot hope to meet the expectations of its shareholders and investors. Once this positive cycle begins, our fan community will naturally expand on its own and gain energy. The source of that energy will be the improvement of employee compensation through better company performance, as well as the creation of shareholder value through stock prices, dividends, and shareholder benefits. Achieving growth as one team requires sustainable business expansion. Fostering employee ownership improves engagement, and by reflecting that in our company performance, we will guide the entire company onto a growth trajectory. Joshin will celebrate our 80th anniversary in FY2028, the final fiscal year of the New Medium-Term Plan. We will achieve our targets by steadily executing the policies outlined in this plan, and then move on to new challenges in the next stage. We will embrace change and challenge ourselves without fear to fulfill our responsibilities to the future, and we will dedicate ourselves wholeheartedly to creating new value. To all our stakeholders, we sincerely ask that you look forward to the future of Joshin.

The Fan Creation Cycle Begins with Employees



The Goal of the New Joshin Group: A Local Electronics Store That Is Also a Mass Retailer

While valuing the trust we have built and our community-oriented mindset, we aspire to create new value through the fusion of “mass retail” with the “local electronics store.”

Centering on our diverse touchpoints including physical stores, e-commerce sites, and service infrastructure, we aim to be more closely connected to life in local communities, addressing the needs of each and every customer at every stage of their lives.

By building up this community-based “Joshin economic zone,” we strive to grow into a lifestyle support company.

POINT 1 Carrying On and Evolving Wholehearted Customer Service

Since our founding, Joshin has cherished our Corporate Credo of “Thoughtfulness,” (always acting in consideration of others’ perspectives) and incorporated wholehearted customer service into all of our customer interactions. In every service we provide, from customer service and delivery to construction, installation, and repairs, each and every Joshin employee strives to embody kindness and attentiveness to ensure that customers can truly feel that human warmth.

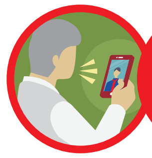
This core company DNA will remain unchanged, passed on from one generation to the next as the human touch that no technology can replace, while being enhanced through modern technologies and services suited to the times.

POINT 2 Becoming a Lifestyle Hub Attentive to Community Feedback

Rather than pursuing nationwide expansion, Joshin has focused on deeply rooting ourselves in the Kansai region, specifically to develop stores closely intertwined with the daily lives of local residents.

Our mission is to pick up on the problems and needs of each community and provide tailored responses that serve their diverse lifestyles and daily living needs, which differ from town to town.

Going forward, we aim to be trusted as an infrastructure of life by all generations, from children to seniors, not only through our real stores but also through points of contact such as e-commerce sites and mobile apps.



POINT 3 Evolving Services that Utilize Digital Technologies

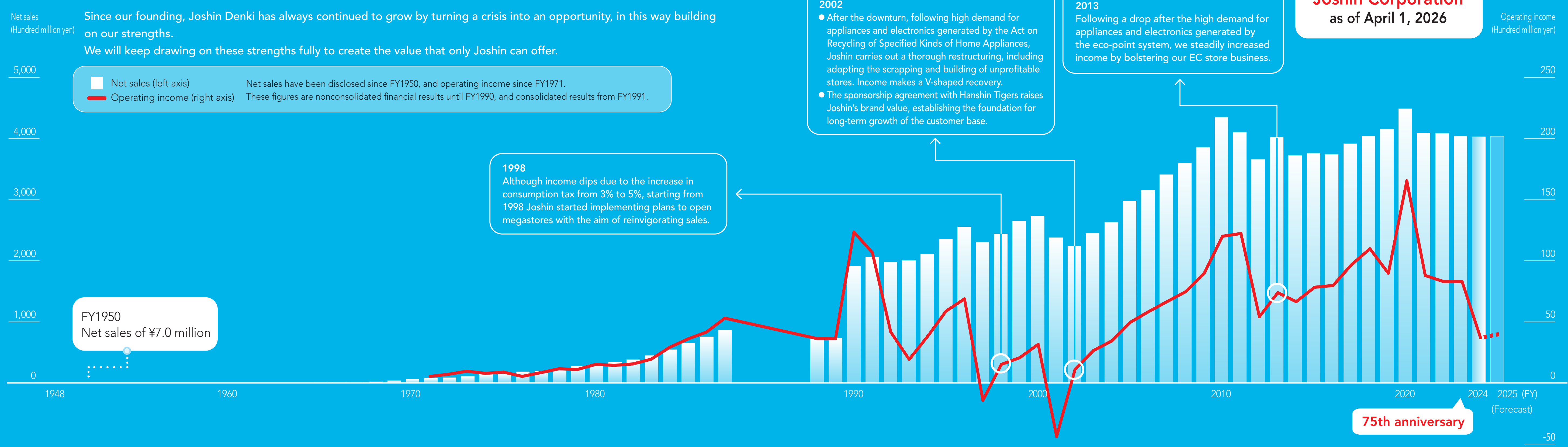
Joshin strives to provide new forms of value beyond conventional home appliance sales. These include utilizing AI and digital technologies to provide remote construction cost estimates and repair diagnostics, same-day repair services, custom renovation projects for changing lifestyles, smartphone maintenance, and monitoring and security services.

Combining the convenience of a large retailer with the approachability of a local electronics store, Joshin continues to develop products and services for every stage of life, adapting to changing lifestyles while always remaining closely in touch with their daily realities. Together with our communities, we will build this future.

History of Value Creation

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

Company name to be changed to **Joshin Corporation** as of April 1, 2026



1948 – 1960s

Joshin starts up as a home appliance parts store in Nipponbashi, Osaka. In 1954, we switched our business to become a home electronics and appliance store. This established the basis for our community-based company approach.

1970s – 1980s

Expanded our network primarily in the Kansai region, went public in 1972, and by 1976 achieved the top air conditioner sales in Japan. Enhanced our market recognition and level of trust as a major home appliance retailer by opening both large-scale and specialty stores.

1990s

However, strong price competition, the economic downturn following the burst of the asset bubble, and other shifts in the consumer and retail landscape led to a period of stagnation. While being forced to adapt to these environmental changes, we sought to diversify our lines of business and expand stores to strengthen operations.

2000s

Established new sales methods such as launching an EC site and introducing a points program. Developed a foundation for future growth into the next generation while pursuing continuous trial and error.

2010s to Present

Expanded new lifestyle-related solutions, including home renovations and mobile communication services. Initiatives such as "Wholehearted Renovation" and virtual stores promoted the transformation from a "home appliance retailer" to a "hub for the infrastructure of life."

Business Developments

1948 – 1960s

1948 Founded as "Joshin Denki Shokai"
1954 Switched its business from a home appliance parts store to a home electronics and appliance store format
1956 Established a service department Industry first
1965 Introduced service cars equipped with a radiotelephone


Osaka's Nipponbashi at the time of Joshin's founding


Service dept. members at its founding

1970s – 1980s

1974 Began interest-free credit payment service (Rakuraku Credit)
1974 Began TV shopping service Industry first
1981 Established large stores specializing in personal computers Industry first
1988 Newly established KIDS LAND, Joshin's strongest sub-brand Industry first
1989 Joshin Members Card issued and customer management started at POS


Large PC store at the time


Super Kids Land Main Store (present day)

1990s

1990 Reorganized Joshin Service Co., Ltd. by merging with Joshin Logistics Co., Ltd.
1997 Started a five-year repair warranty service, "5 Long Run" (the current long-term repair warranty service)
1998 Started a three-year repair warranty service, "3 Long Run," for business users (the current three-year repair warranty service for corporations)

2000s

2000 Launched the online store "Joshin web"
2002 Became a sponsor featured on the Hanshin Tigers' helmets

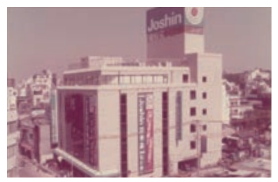
Sponsor advertisement on Hanshin Tigers helmets

2010s to Present

2012 Started the full-scale operation of the "Home Maintenance Service" business
2014 Commenced a full-scale operation of the "Wholehearted Renovation" business
2018 Introduced electronic shelf labels (electronic pricing) at all home appliance stores Industry first
2021 Completed construction of the new Kansai Ibaraki Logistics Center
2022 Opened Nipponbashi store, the flagship store in Nipponbashi, Osaka, the Company's founding location
2023 Launched the Joshin Smile Program
2025 Approved a name change at the General Meeting of Shareholders held in June. (Effective April 2026, the company name will be changed to Joshin Corporation)


Electronic shelf labels


Kansai Ibaraki Logistics Center


Old store opening (Nipponbashi store)

New store opening (Nipponbashi store)

The Joshin Group, employing a virtuous cycle for capital investment based on long-term management strategies, is committed to increasing corporate value while creating the social value that supports two social goals: helping to strengthen the resilience of an aging society and achieving household carbon neutrality.

Management Philosophy Connecting people and society to the future with a smile

Management Vision Becoming a hub for the infrastructure of life through the power of home appliances and ICT (Information and communication technology)

Risk/Opportunity Analysis

Material Issues

- Proposing enriched lives that anticipate lifestyle changes
- Providing safe and secure products and services
- Contributing to the creation of a better society that is in harmony with the global environment
- Diversity & Inclusion
- Building a responsible value chain
- Promoting synergies with local communities
- Enhancing corporate governance

External Surroundings

- Demographic change
- Advances in ICT
- Climate change
- Lifestyle changes
- Diversification of values
- Global supply chain disruptions

Input

Finance and Capital

- Net assets ¥104.6 billion
- JCR long-term issuer rating A-

Fixed Capital

- Number of real stores 218
- Number of items sold through the EC business Approx. 770,000 items
- Logistics center (Kansai) Approx. 102,186 m^2
- Service infrastructure 32 bases (Kansai, Tokai, Kanto, and Hokushinetsu area)

Social and Related Capital

- Total number of Joshin Card memberships Approx. 26.14 million people
- Number of members using the online app each year Approx. 4.66 million
- Number of active members each year Approx. 4.78 million people

Human Capital

- Number of employees[1] 8,455
- Turnover rate 2.4%
- Certified Home Appliance Advisors[2] 6,894
- Smart Masters[2] 2,590

Intellectual Capital

- Product database Approx. 2.59 million
- Brands such as Joshin, J&P, and KIDS LAND

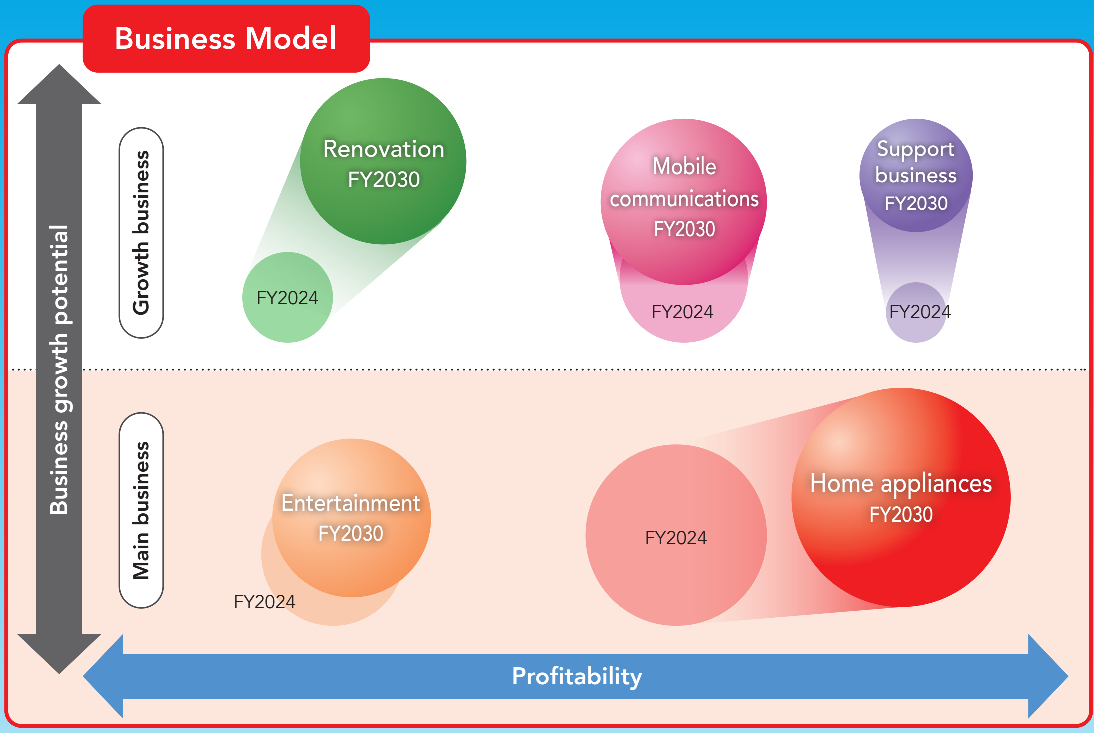
Natural Capital

- Solar power output (including the power generated under the FIT system) Approx. 19,452 MWh
- Total number of appliances/electronics collected for recycling 14 million (FY2008–FY2024)

Ideal Form in 2030 A company that supports growth of local communities and contributes to the future of people and environment

Medium-Term Management Plan JT-2028 Management Plan

Business Model



The Company provides value to customers in five categories: home appliances, our original and main business; entertainment products, including models, toys, video games, video, and music software, each of which have high market shares and contribute to improving the value of our brand thanks to strong support from hobbyists; followed by housing renovations, including the energy business (anticipated to be the third pillar of future growth); then mobile communications, where demand is continuing to grow; and the support business segment that includes digital support, air conditioner cleaning and house cleaning, home maintenance, reuse, and rentals.

Outcomes

Employees
Realization of workplaces where diverse human resources work with enthusiasm

Customers
Enjoyable and comfortable lives 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

ROE
Target: 8.0%
Actual result: 3.3%

Dividends per share
Actual result: ¥100

Payout ratio
Target: 40.0% or higher
Actual result: 76.3%

FY2024 actual results

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

Social Value Creation

Helping to strengthen the resilience of an aging society

Achieving household carbon neutrality

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

Joshin Group's Material Issues

Our management philosophy is connecting people and society to the future with a smile and our management vision is becoming an infrastructure hub for a better life through the power of home appliances and ICT. To realize the goals of our philosophy and vision, we chose seven material issues (major challenges) that we should address first, due to their high impact on corporate value creation of the Joshin Group, as well as 14 issues to help resolve through our initiatives.

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

Sustainability Committee

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

Revision of Material Issues

The material issues were announced in 2021, and we revised some material issues and initiatives in 2023. The revisions reflect the latest results and circumstances, reassessing key issues and corresponding countermeasures accordingly.

Material Issue Identification Process

STEP 1 Identify candidate issue groups	STEP 2 Narrow down and evaluate candidate issue groups	STEP 3 Create material issues map	STEP 4 Secure approval by the Board of Directors
With emphasis on the perspective of ESG investors, the Company focused on disclosure standards, such as SASB, and sector materiality that major ESG evaluation institutions view as important. We then selected candidate issues based on the SDGs, population trends, regional characteristics, industry trends, and other information.	Evaluated candidate issues based on two axes: impact on medium- to long-term corporate value and impact on stakeholders. The stakeholders' axis was assessed (questionnaire conducted) by outside directors and outside experts. Impact on corporate value was evaluated by all directors and auditors.	Created a scatterplot using the evaluation axes as the horizontal and vertical axes. In addition to issues with high levels on both axes, the Company reacknowledges candidate issues as material issues based on comments from outside experts; for example, those issues that have a high impact on corporate value even if their impact on stakeholders is not high.	After gaining approval at the Board of Executive Officers, material issues were determined after being deliberated on and gaining final approval by the Board of Directors. From this point on, we will review material issues as a whole quickly and effectively, and after deliberations at the Board of Directors, we will make a final decision on how to act.

Material Issue		Challenges	Reason for Selection	Main Action Plans	Main Goals	Main Results	Issues and Countermeasures
ES (Impact)	1. Proposing enriched lives that anticipate lifestyle changes ▶ See p. 25-28, p. 36-40, and p. 88	Providing goods and services that support a diversifying super-aging society	To create social value of helping to strengthen the resilience of an aging society based on our management philosophy of "Connecting people and society to the future with a smile"	• Construct a business strategy based on the fan base concept, and succeed in providing original Joshin value • Revise our service personnel system (onsite repairs) for six prefectures in the Kansai region, and combine it with our online service • Implement remote (online) diagnoses and remote support from customer homes • Provide bidirectional services with customers and provide real-time information through our app	• Improving profitability in the EC store business [FY2030] • Ratio of renovation, mobile communication, and support business in net sales: Approx. 20% [FY2030]	• Profits in the EC store business: Although net sales grew from last year, margins on sales shrank • Ratio of renovation, mobile communication, and support business in net sales: Approx. 16%	• Expand the EC store business, focusing on the growth of the Company's own website • Broaden the lineup of services offered in the renovation, mobile communication, and support business
		Achieving household carbon neutrality	To create social value of achieving household carbon neutrality based on our management philosophy of "Connecting people and society to the future with a smile"	• Strengthen sales of environmentally friendly products • Promote the remodeling of housing environments for advanced features and improvements using heat insulation of doorways and windows • Promote the spread of V2H, EV charging equipment, and household storage batteries as well as strengthen sales of solar power generation equipment and high-efficiency water heaters	• Target quantity ratio for environmentally friendly products (energy-saving products): 40% (FY2024 reference) [FY2030] • Target annual EV-related units sold (EV charging equipment: 2,000 sets, V2H units: 400, household storage batteries: 110) [FY2030]	• Quantity ratio for environmentally friendly products (energy-saving products): 25.3% (Target quantity ratio: 30%) * Subject products: Refrigerators, air conditioners, washing machines, and warm water washing toilet seats • Discussions with other companies on establishing renewable energy–related businesses	• Maintain excellent energy-saving performance, strengthening initiatives for high value-added products while also taking into account added comfort and ease of use
	2. Offering safe and secure products and services ▶ See p. 72-75 and p. 58	Improving data security	To protect information assets and gain customer trust	• Take action against cyberattacks based on the zero trust perspective • Provide membership services that use various types of data securely and safely	• Retain PrivacyMark certification [FY2030] [FY2050] • Provide a service for convenient, safe member benefits through a biometric recognition system [FY2030] • By introducing the latest technologies, create a safety and security brand by maintaining high security literacy among employees [FY2050]	• Introduce a filtering service to block harmful websites • Begin using the SAKULaLa biometric authentication service in April 2025. This enables customers to authenticate their identity and earn or use reward points simply by scanning their finger vein.	• Safely use and share the data we handle • Make data visible and conduct evaluations
		Ensuring product quality and safety	To construct a product safety system linked through the Group based on the Voluntary Action Guidelines for Product Safety of Joshin Group	• Improve data consistency between the purchaser database, product and parts data, and fault information • Provide support information for purchased products via the corporate website, the app, and other means • Consider reviewing the processes for product safety evaluations and for responding when a defect occurs in order to ensure quality and safety based on the purchasing policy and guidelines	• Continue actions for safety and security as a Gold Product Safety Company [FY2030] • Contribute to establishing a product safety culture throughout society, and form a virtuous cycle leading to improved corporate branding and corporate value [FY2050] • Strengthen the links between the purchaser database, product and parts data, and fault information, then quickly give guidance and make announcements [FY2030]	• Received Gold Product Safety Company certification multiple times (First time in history this certification was awarded a 2nd time) • Conducted lectures at product safety events held by the Ministry of Economy, Trade and Industry and local governments, and conducted visiting lectures on product safety at elementary schools • Conducted educational activities using posters and digital signage in collaboration with the Ministry of Economy, Trade and Industry during Product Safety Inspection Campaign Month	• Construct a mechanism for providing more dependable support to customers, including more rapid action regarding product defect information
E (Environment)	3. Contributing to the creation of a better society that is in harmony with the global environment ▶ See p. 77-88	Developing a resource-recycling society	To carry out initiatives for realizing of a circular economy and reducing the amount of plastic used	• Rebuild the recycling system taking into account reuse and resale	• Recycling rate for the four target product classes of home appliances: 65% [FY2030]	• Began collecting model runners and reselling them as new models (from April 2025) • Reuse results: 47,479 • Recycling rate for the four target product classes of home appliances: 63.8%	
				• Initiatives for reusing collected used paper and cardboard through alliances	• Establish the business model of a circular economy through an alliance [FY2030]		• Establish the business model of a circular economy focused on alliances and other external collaborations
				• Reduce the use of plastics by no longer offering disposable shopping bags and taking other related actions	• Plastic usage in shopping bags: 90% reduction (compared to FY2019) [FY2025] • Stop using shopping bags made with plastic materials [FY2030] • Promote recycling and reuse of consumable products used inside the Company, e.g., used paper and cardboard	• Reduction of plastic usage in shopping bags by 87.1% (compared to FY2019)	
		Addressing climate change issues	To realize renewable energy in the Company business sites, including ensuring a stable supply of renewable energy by improving the percentage of off-grid power consumption, and reduce GHG emissions throughout the supply chain	• Increase the percentage of off-grid power consumption through the introduction of solar power generation, storage batteries, and off-site PPA	• Off-grid power consumption at business sites where the Company contracts directly with power suppliers: Achieve 25% [FY2030]; Achieve 50% [FY2050]	• Off-grid power consumption at business sites where the Company contracts directly with power suppliers: 27.2% (FY2024)	
				• Negotiations for raising the percentage of renewable energy sources at business sites that are rented out (leased)	• Renewable energy ratio at all business sites including those that are rented out (leased): 80% [FY2030]; 100% [FY2040]		
				• Manage Scope 3 greenhouse gas (GHG) emissions across the supply chain, set reduction targets, and take action	• GHG emissions for Scopes 1 and 2, compared to FY2021: 42% reduction [FY2030]; Compared to FY2021: Achieve 100% reduction [FY2040] • GHG emissions for Scope 3 (Categories 1 and 11), compared to FY2021: 25% reduction [FY2030]; Compared to FY2021: 100% reduction in GHG emissions across all categories [FY2050]	• Scopes 1 and 2, compared to FY2021: 35.4% reduction • Scope 3 (Categories 1 and 11): 17.9% reduction compared to FY2021	• Initiatives for continual Scope 3 reductions based on a reduction plan that is unaffected by business performance
				• Strengthen activities aimed at education of stakeholders utilizing questionnaires and educational tools			
				• Appropriately evaluate risks and degrees of impact related to biodiversity, and formulate TNFD and LEAP approach analysis	• Complete analysis of dependence and impacts on nature consistent with the LEAP approach of the TNFD [2025] • Carry out biodiversity preservation activities at Group business sites [2040]	• Support TNFD Recommendations and disclose initial analysis results for "dependence and impact on nature" and "risks and opportunities."	• Alongside quantitative TNFD disclosures, explore opportunities to create nature-positive lines of business
				• Engage in active disclosure of information to obtain international initiative recognition related to climate change and improve evaluations from ESG rating agencies	• Maintain an "A" score in the CDP climate change program, and further improve evaluations from rating agencies related to climate change [FY2050]	• Achieved a CDP Climate Change Program "A" rating for two consecutive years and selected for the first time as a CDP Supplier Engagement Leader in the Supplier Engagement Assessment • "AAA" rating under the MSCI ESG Ratings • Continuously selected as component stocks for both the "FTSE Blossom Japan Index" (three consecutive years) and "FTSE Blossom Japan Sector Relative Index" (four consecutive years)	

	Material Issue	Challenges	Reason for Selection	Main Action Plans	Main Goals	Main Results	Issues and Countermeasures
S (Society)	4. Diversity & Inclusion ▶ See p. 67-68	Securing human resources	To secure the human resources that are the source of our organizational strength, and connect growth in human resources to continual corporate growth	• Strengthen recruiting of new graduates and mid-career hires and promote part-time employees to full time	• Keep hiring 150 new graduates every year [FY2030]	• Number of new graduates and mid-career hires: 190	• Remedying the age structure for permanent employees
				• Strengthen direct recruiting	• Annual turnover rate of permanent employees: 2.5% or less [FY2030]; 2.0% or less [FY2050]	• Turnover rate: 2.4%	• Moving employees appropriately to growth businesses
				• Secure core human resources to support head office functions	• Consider new systems to secure core human resources [FY2028]		• Transforming our business model
				• Increase the percentage of women and actively promote women to managerial and executive positions	• Permanent female employees: 30% [FY2030]; 50% [FY2050]	• Introduce shorter working hours and leave systems for employees undergoing infertility treatment	• Support for the active participation of women and balance between work and private life
				• Promote D&I for knowledge and experience (ensure diversity, develop new partner companies)		• Introduce systems supporting fewer work days and reduced hours for veteran employees • Percentage of mid-career hires among all employees: 39.2%	• Realizing an internal environment where diverse employees play a more active role
				• Employ more people with disabilities		• Percentage of employees with disabilities: 2.8%	
				• Establish work environments that enable employees to have successful lifelong careers (extend retirement age)	• Extend retirement age to 65 years [FY2025], no mandatory retirement [FY2040]	• Extended retirement age to 64 years	• Creation of job satisfaction for veteran employees
		Human resource development	To create new customer satisfaction and improve corporate value by training specialized human resources	• Develop specialized human resources for core businesses	• Proportion of holders of Home Appliance Advisor certification, etc.: 85% [FY2030]	• Percentage of certified Home Appliance Advisors and engineers among permanent employees: 85.5%	• Growth of Joshin fans and core fans
				• Foster a willingness to make voluntary contributions by using engagement surveys	• Overall engagement score 80 [FY2030]	• Conducted engagement training for mid-level/assistant managers	• Promotion of engagement understanding by the promotion team
				• Reskilling	• Have all employees complete DX training [Continuing initiative] • Have all employees complete generative AI training [FY2026]	• Cumulative total of participants in DX training: 4,097 (training rate: 97.1%) (FY2022–FY2024)	• Develop new businesses and services utilizing ICT
				• Practice talent management			• Personnel assignments making best use of individual abilities and characteristics
				• Plan leadership training for female employees	• Percentage of female junior managers: 20% [FY2030]; 50% [FY2050]	• Hold a career forum for female employees who voluntarily expressed interest in participating • Establish four new internal company communities focused on success of women in the workplace, nursing care, mid-career hires, and veteran personnel • Add new subsidy system for childcare expenses on holidays	• Start a networking and mentoring system for women
				• Conduct training for senior management positions			• Training of senior management
				• Train onsite home appliance repair technicians	• Onsite home appliance repair technicians: 120 trained [FY2030]		
				• Support the training of human resources at partner companies			• Enhancing business infrastructure (purchasing, logistics, delivery, installation, and construction)
		Health and productivity management	To maximize individual and organizational performance by carrying out health and productivity management	• Conduct initiatives including education and public health nurse interviews to improve health literacy	• Achieve the average health index score (for obesity, blood pressure, liver function, fats, blood sugar, and smoking) of +2% across Japan [FY2030], +5% across Japan [FY2050]	• Recognized as a Certified Health & Productivity Management Outstanding Organization (Large Corporation Category) for six consecutive years	• Preserve and improve mental and physical health
				• Ensure appropriate business hours to reduce total working hours and working late at night	• Presenteeism: 94.0% [FY2030] * Measurement by WLQ-J	• Monthly average overtime work hours: 12.7 hours (down 0.9 hours from the previous fiscal year)	• Reducing total working hours
				• Take advantage of ICT and robotics technology as alternatives to employees	• Introduce full self-service registers in all stores [FY2027]		• Improving operational efficiency by utilizing ICT
				• Implement flexible working styles	• Rate of male employees taking childcare leave or time off for the purpose of childcare: 100% [FY2030]	• Rate of male employees taking childcare leave or time off for the purpose of childcare: 98.5% • Extension of mandatory Ikumen (men rearing their children) leave days	• Achieve work-life balance that accommodates a wide range of working styles
	5. Building a responsible value chain ▶ See p. 65 and 72	Respect for human rights	To carry out business management that respects the fundamental human rights of all stakeholders in line with our Corporate Credo of "Thoughtfulness" and international human rights standards	• Implement risk assessments for the value chain	• Establish opportunities for human rights awareness for every supplier [FY2025]	• Introduced a video on the Joshin Group Human Rights Policy to delivery service partners	• Conduct continued education and training related to respect for human rights
				• Conduct the supply chain procurement questionnaire • Conduct the human rights initiatives questionnaire at stakeholder companies	• Promote respect for human rights among employees by raising awareness [FY2025]	• Implemented human rights initiatives questionnaires and survey feedback for delivery service partners (responses from 58 of 88 companies)	• Conduct an investigation of human rights remedies at supplier manufacturing sites (areas in conflict) in the value chain
				• Communicate the Joshin Group Human Rights Policy to stakeholders	• Pursue initiatives to ensure respect for human rights across the value chain [FY2050]		• Conduct the questionnaire for suppliers in the value chain (cooperating companies and others in shipping, installation, construction, and recycling)
				• Establish relief mechanisms		• Conduct human rights trainings twice a year	• Formulate and implement measures for human rights risk mitigation and prevention
				• Hold stakeholder meetings (dialogues)			
				• Disclose information related to respect-for-human-rights initiatives			
		Sustainable purchasing activities	To appropriately share management and operating conditions in the four key areas and Ten Principles of the UN Global Compact, which are the foundation for the policies decided by the Company	• Share purchasing guidelines with suppliers	• Enact corrective measures for companies that failed to respond to the supply chain procurement questionnaire [FY2028]	• The questionnaire was sent to suppliers together with a video introducing the ESG initiatives of the Group	• Continue to conduct for new suppliers in and after FY2024
				• Conduct engagement related to sustainable purchasing	• Build a sound, strong supply chain by adhering to policies for Group purchasing, human rights, and preventing corruption [FY2050]	• Of 298 target companies, 210 responded to the questionnaire (response rate: 70.4%), yielding a sustainable procurement rate of: 78.8% • Received the highest CDP Supplier Engagement Assessment Rating in FY2024	
	6. Promoting synergies with local communities ▶ See p. 76	Exploring in depth the businesses that support the growth of local communities	To strengthen relationships with local communities through communication with stakeholders	• Participate in social contribution activities centered on our real stores and other business locations	• Improve the strength of our brand and our corporate value in local communities through social contributions [FY2030]	• Participated in decarbonization events conducted with Osaka Prefecture and Sakai City	• Continue to participate in events and exploration learning for large numbers of local governments, schools, and others in FY2025
				• For Joshin's community service activities that are connected with our main business, engage in projects that are intended to build stronger relationships with local customers based on these pillars: safety and security, a healthy life, supporting the development of the next generation, and the environment	• Take part in community service activities in collaboration with businesses working with local governments [FY2050] • Create shared value by offering solutions to social issues [FY2050]	• Donated 693 air purifier machines to elementary and junior high schools in Izumisano City, Osaka Prefecture, to support educational and child-rearing environments • As one part of "exploration learning," conducted discussions at multiple junior high schools and high schools	
G (Governance)	7. Enhancing corporate governance ▶ See p. 42-46 and p. 51-57	Ensuring compliance, risk management, and maintaining Company morale	To achieve harmony with society and carry out fair business activities that contribute to society through organizational operations that include the spirit of respect for laws and business continuity	• Conduct compliance training in the value chain • Expand the risk assessment system in the value chain	• Construct a business continuity management system in the value chain [FY2030] • Introduce a fixed-term system (renewal system) for assigning staff to management positions [FY2030] • Conduct compliance training at Group subsidiaries and cooperating companies [Continuing initiative]	• Strengthened the functions of the Risk Management Committee to reinforce the corporate governance framework • Revised the structure so that the Representative Director, President and Executive Officer now serves as Chair of the committee • Reorganized the Risk Management Committee's special units into five areas under the supervision of an executive officer: compliance, internal controls, personal information protection, information security, and BCP	• Promote skills training for executive officers overseeing the Risk Management Committee's special units • Enhance the structure of the Legal and Risk Management Divisions in anticipation of future expansion of business fields • Encourage awareness and cooperation in compliance management among contractors
		Corporate/Group governance	Because an advanced corporate governance system is required that will connect the creation of social value to continual growth, improved corporate value, and achievement of our management philosophy for Joshin	• Brush up medium- and long-term management strategies and promote more efficient management with a focus on capital costs • Study the optimal governance system for achieving the medium- to long-term management strategies and realizing efficient management • Expand training for officials based on the succession plan for directors and executive officers • Provide a well-developed executive compensation system that could be an incentive for creating sustainable growth and higher corporate value	• Operating income ratio: 1.0%, ROE: 8.0%, ROA: 5.0%, ROIC: 5.0% [FY2025] • Operating income: Over 10 billion yen, ROE: Over 7.0% [FY2028] • Study the further transfer of authority to the Board of Executive Officers, and optimal institutional design [FY2025] • Conduct training for required skills based on the skills matrix for executive officers [Continuing initiative] • Stock compensation: 50%, disclose individual compensation [by FY2030]	• Transition to a company with an Audit and Supervisory Committee following approval at the General Meeting of Shareholders in June 2025 • Bolstered the Board of Directors' audit and supervisory functions, improving fairness, transparency, and efficiency in management while enabling more rapid decision-making and execution • Independent outside director ratio: 75.0% (six outside directors / eight total directors) • Female director ratio: 50.0% (four female directors / eight total directors) • Independent outside director ratio on the Audit and Supervisory Committee: 100% (three outside directors / three total directors) • Training based on the skills matrix: 48 total sessions (twice per director) • Cross-shareholdings: As of the end of the fiscal year ended March 31, 2025, stock was held in 23 companies, representing 5.52% of net assets	• Deepen growth strategies and improve capital profitability indicators and PBR • Reorganize board succession plans following the transition to a company with an Audit and Supervisory Committee • Strengthen the functions and effectiveness evaluations of the Nomination and Compensation Committee • Increase the proportion of performance-linked compensation (stock compensation) • Bolster communication between the Board of Directors and the Board of Executive Officers • Enhance the Board of Directors' monitoring functions and ability to respond flexibly and quickly • Improve dialogue with shareholders and investors

A Look Back at the JT-2025 Management Plan

The "JT-2025 Management Plan," launched in FY2023 ("the Medium-Term Plan"), was positioned as a "second step" towards the Company's long-term vision for 2030, with strengthening profitability the highest priority issue.

However, all of the management indicators in the plan are expected to fall short of their targets. That said, individual business strategies and sustainability initiatives developed under this plan will continue to be advanced and carried over into the next medium-term management plan.

JT-2025 Management Plan Theme To be a concierge to customers, drawing close to their daily lives

By staying close in touch with each and every customer's every lifestyle and offering products and services that resolve the challenges they face, Joshin aims to deliver value creation that exceeds customer expectations, thereby building customer lifetime value and establishing a sustainable business model that generates stable earnings

Numerical Targets and Achievement Forecasts

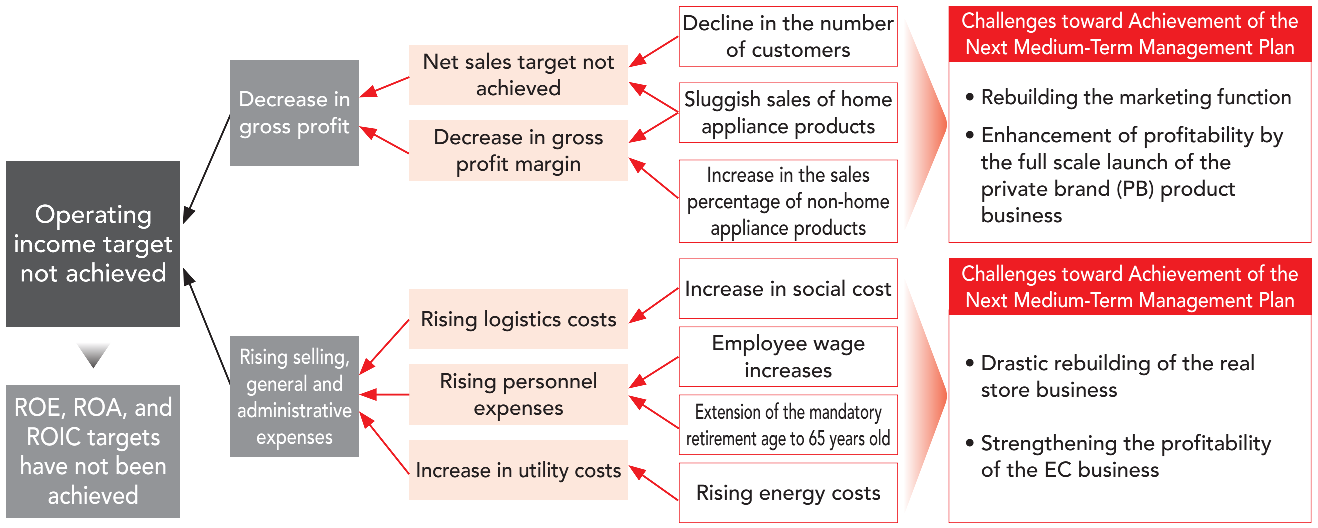
	FY2023 Result	FY2024 Result	FY2025 Initial Forecast	JT-2025 Management Plan FY2025 Plan	Achievement Forecast
Net sales (Hundred million yen)	4,036	4,032	4,040	4,200	-160
Operating income ratio	2.1%	0.9%	1.0%	2.6%	-1.6%
Operating income (Hundred million yen)	83	36	40	110	-70
ROE	4.8%	3.3%	-	8.0% or more	-
ROIC	3.4%	1.5%	-	5.0% or more	-

Reasons for Shortfalls

In the Medium-Term Plan, it is predicted that Joshin will have difficulty hitting operating income targets due to a failure to achieve a gross profit greater than the rise in selling, general and administrative expenses.

Net sales targets are predicted likely to be missed due to poor sales in the core home appliances segment, with an increase in non-home appliance sales as a proportion of net sales being mainly responsible for weak gross profit margin growth.

The rise in selling, general and administrative expenses is partly affected by the rise in delivery costs stemming from Joshin's focus on expanding the EC store business. The purpose of this was to make up for the struggling real store business, which has suffered due to low home appliance sales and increasing personnel expenses.



Recognition of the External Environment

Joshin is a multi-vendor company with domestic businesses in Japan. We examined the current state of the global business environment, home appliances business, and other businesses, and forecasted the course of the business environment in the future. Based on this, the JT-2028 Management Plan ("New Medium-Term Plan") strives to minimize forecasted risk and to transform such risks into business opportunities.

Global environment

- Acceleration of negotiations on reciprocal tariffs under the second Trump administration and expansion of concerns over the trade dispute. Agreement on 15% by Japan and the U.S. (including automobiles)
- Expansion and further prolonged conflicts across the world (Ukraine, the Middle East, etc.)
- Nationalism gaining power globally and acceleration of division between regions

Environment in Japan

- Japan has a minority government since the ruling party was unable to secure a majority of seats in both the House of Representatives and the House of Councilors.
- Inbound travel became more popular partly due to Expo 2025 Osaka, Kansai, Japan.
- Extreme hot weather in summer has become the norm, leading to an increase in demand for air conditioners even in Hokkaido.
- The price of rice remains high and continues to rise.
- Acceleration of the falling birthrate and concerns over population decline, even in urban areas except for Tokyo.

Business environment

- Increase in the share of overseas manufacturers in the home appliance market
- Electronics manufacturers accelerate business model transformation (expanding designated price system products, strengthening direct sales through company websites).
- Acceleration of entry in the home appliance market by companies from different business categories with private brand products
- Increase in demand for popular hobby merchandise products supported by inbound tourists
- Demand for home renovations is strengthening due to the sharp rise in the prices of newly built houses and interest rate hikes
- Higher demand for used smartphones due to the skyrocketing prices of new smartphones

Expected management environment

- Deterioration of the growth of Japanese companies, as well as increase of concerns over the worsening business performance of Japanese companies, and slowdown in the momentum of wage hikes
- Upward trend of energy prices in energy import dependent Japan
- Price hikes of some import goods and increase in the risk of a shortage of goods
- Demand increases for the reuse business in response to the rising prices of new products

- National decision making will stall, making it difficult to implement flexible policy decisions and initiatives.
- Inbound consumer trends will shift from goods to experiences.
- Air conditioners will not just be home appliances anymore, but a lifeline infrastructure to protect lives.
- Decline of disposable income since incomes will not rise faster than price hikes.
- EC value is reevaluated as a lifeline infrastructure, transitioning into the era of OMO (online merges offline) from O2O (online to offline).

- End of the rebate dependent business model
- Further division in prices between high value added products by domestic brands and affordable private brand products, etc.
- The demand for popular hobby merchandise among inbound tourists will remain strong.
- Partly due to government subsidies for energy efficiency, the demand for home renovation is expected to expand, leading to fiercer competition among renovation business operators.

Risk management

Inclusion in the priority strategy in the JT-2028 Management Plan to minimize the impact of risk on management and convert risk into opportunities for growth

Aiming to become a 100 year company and shifting to a sustainable management structure with an eye on the future and beyond ▶ Rebuilding of the business foundation

JT-2025 Management Plan

The Plan not achieved

To be a concierge to customers, drawing close to their daily lives

By staying close in touch with each and every customer's every lifestyle and offering products and services that resolve the challenges they face, Joshin aims to deliver value creation that exceeds customer expectations, thereby building customer lifetime value and establishing a sustainable business model that generates stable earnings

JT-2028 Management Plan

Transformation to a lifestyle support company

Rebuilding of the business foundation to realize sustainable growth and enhancement of corporate value as the new Joshin Group

Further attempt to strengthen profitability

Joshin economic zone

Expansion of business domains

Revival of our core business

Home appliance	Becoming a close partner of customers in the entire process from purchase, assistance, maintenance, and replacement.
Entertainment	Pursuit of expertise

Development of a growth business

Renovation	Expansion of business domains
Mobile communication	Establishment of a multi-career support system

Pursuit of business development

Support business	Enhancement of a support service menu

Taking on the challenge of entering new domains

- Full-scale entry in the PB product business
- Remote diagnosis
- Tailored renovation
- Smartphone maintenance
- Reuse business
- Security and monitoring system service
- Same-day servicing and delivery

Use of online and AI technologies

Real stores

EC

Service infrastructure: Delivery / Installation / Construction work

Wholehearted Concierge

Customer

More diversified lifestyle

Business foundation: Marketing | Procurement and logistics | Human capital | Delivery, installation, and construction work | ICT

FY2028 Plan

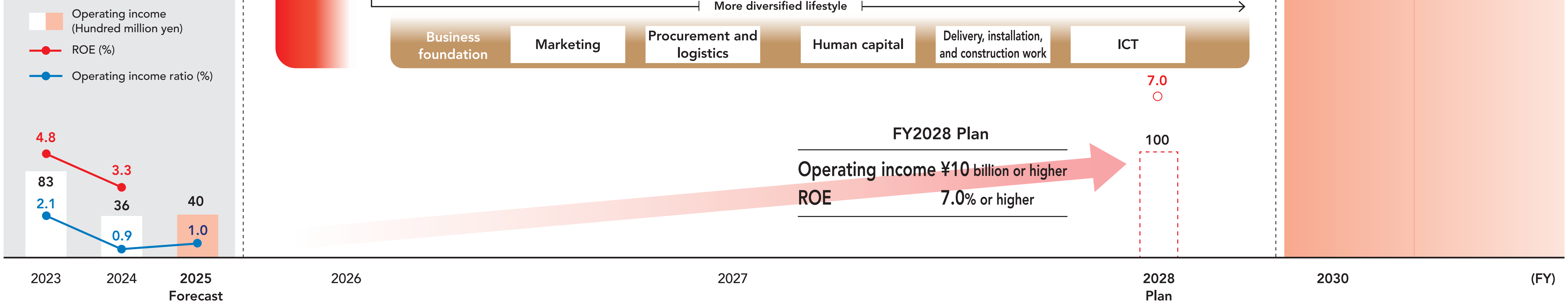
Operating income	¥10 billion or higher
ROE	7.0% or higher

2030 | 2048

100th anniversary

Ideal Form in 2030

A company that supports the growth of local communities and contributes to the future of people and the environment



Dominant Strategy

Joshin's dominant strategy is positioned as a differentiation strategy that focuses on areas where our strengths can be leveraged (like market area, products, and services) in addition to concentrating our management resources such as logistics and service infrastructure.

In the real store business, we will establish a strong brand position in the Kansai area that accounts for over half of our net sales, and that will drive growth in the dominant strategy's target areas as a whole.

In the EC store business, we aim to boost the proportion of sales generated from Joshin-run EC sites to roughly 50% and expand home appliances as a proportion of net sales to achieve high-margin sales growth.

Real store

Establishment of a solid brand position in the Kansai area to drive growth of the entire dominant strategy area

EC

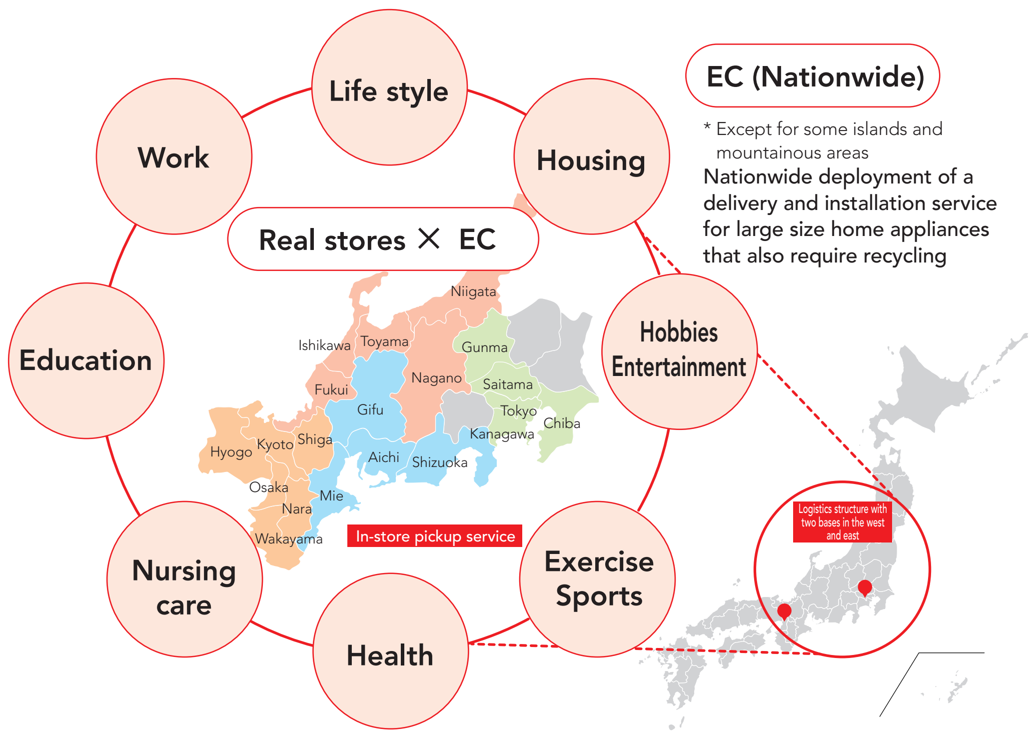
Achievement of a 50% sales ratio on our website
Increase in the sales percentage of home appliances

Solving customer issues and being helpful

- Deployment of a home appliance centered solution business at real stores and in EC
- Solving issues faced by customers through products and services with an understanding of the lifestyle of individual customers
- Offering excitement, affluence, comfort, and ease of mind that exceed customer expectations
- Establishment of a community based, sustainable, and profitable business model with the creation of customers' lifetime values

To be a store that customers feel close to, so Joshin is the first store they visit and feel happy with afterward

Chain expansion of a local electronics store



Priority Strategy 1 Strengthening profitability of the real store business

The most important theme in the New Medium-Term Plan is strengthening profitability of the real store business.

In order to boost stores' profit-generating capacity, it is essential to have frontlines staff drive various types of sales floor creation in a way closely suited to customer needs, taking into account store type and the business environment for each store location. In addition to the traditional five categories, part of Joshin's strategy will be attracting outside companies to participate, as well as collaborations, partnerships, and M&A to expand our businesses by challenging ourselves to enter new business segments.

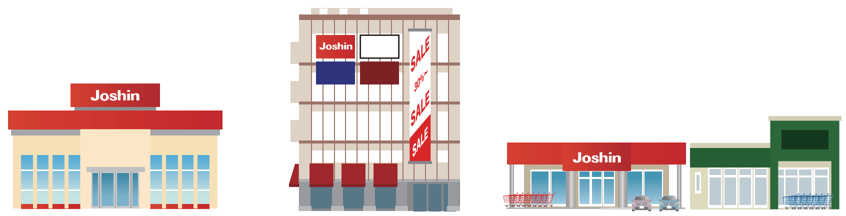
Moreover, we will actively promote cross-industry collaborations as we aim to rebuild stores' value in a way that draws on each store's unique qualities.

We will take an active approach to scrap-and-build, while also closing down and withdrawing from unprofitable stores in a planned manner in an attempt to grow the number of profitable stores.

Goal by FY2028

Strong promotion of reestablishing the value of stores by strengthening the capability to generate profits with eye on also collaborating with other business domains

Real store types



Freestanding stores | Stores in malls | Combination stores

Environment surrounding store opening areas

- Market trend
- Regional characteristics
- Competitive environment

Marketing by store type such as freestanding stores, stores in malls, and combination stores

×

Environment surrounding stores such as market trends, regional characteristics, and competitive environment

Creation of nonuniform, diverse sales floors tailored to customer needs under the leadership of sales floors
⇒ **Stores thoroughly highlighting Joshin's uniqueness**

5 categories
- Home appliances
- Renovation
- Mobile communication
- Entertainment
- Support business

\+
New domain menu

Attraction of, collaboration and tie ups with, and M&As of outside companies

- Redefinition of the roles of real stores = Store deployment as a base to solve customer issues
- Offering different products according to the store type = Discontinuation of offering the same products at all stores
- Systematic store renovation for strengthening competitiveness and implementation of strengthening measures
- Proactive scrap and build
- Strategic closure of unprofitable stores and focusing resources on highly profitable stores
- Diversification of store formats

Expanding the number of stores that can generate a profit

Priority Strategy 2 Full-scale entry in the PB product business

In the past, Joshin has developed some of its own proprietary home appliance models with a focus on PCs, but in the New Medium-Term Plan, Joshin aims to fully enter the private brand (PB) product market in earnest.

In the future, Joshin will introduce PB products throughout the whole home appliance sector, aiming to have PB products account for 10% of consolidated net sales by FY2028 (the final fiscal year of the New Medium-Term Plan). Joshin also aims to improve its profit-generating capabilities by increasing PB product gross margins by 5% from FY2024 levels.

A new dedicated PB division was established in October 2025 and outside specialists hired as Joshin established in-house PB infrastructure. At the same time, we have set up partnerships with OEM partners to which to outsource manufacturing, and we will strongly promote PB product development moving forward.

Goal by FY2028

Through the new development of PB products (500 SKUs* or more), supported by customers and aiming for PB products to account for 10% of sales, strengthening the capability to generate a profit, and optimizing the merchandise turnover rate simultaneously.

* SKU is an abbreviation for stock keeping unit. Generally, SKU is a minimum management unit for order placement, order receiving, and inventory management.

FY2024

Launch of original models in computers and other home appliance products

Percentage of sales: 3% or so in consolidated sales overall

Original model

JT-2028 Management Plan (until FY2028)

Expanding the target from small to medium sized home appliance products. In the future, the launch of PB products in home appliances overall, starting with air conditioners

FY2028 Plan
- Percentage in consolidated sales: 10%
- PB product gross margin ratio: 5% improvement compared to FY2024
- PB product development target: New development of SKU 500 or more items

Toward full scale entry in the PB product business
- New establishment of a dedicated division
- Mid-career employment of expert talent from the outside
- Establishment of product development and quality control systems within the Company
- Promotion of collaboration with OEM partners

Sales increase of the home appliance business by expanding the PB product business

Priority Strategy 3 Rebuilding the marketing function

Through the dominant strategy, Joshin aims to rebuild our marketing functions and thereby deepen customer engagement in the areas targeted by the dominant strategy, generating customer lifetime value. This initiative is positioned as a critically important strategy in the New Medium-Term Plan.

By combining diverse human resources with proprietary Joshin assets like big data accumulated over many years, the Joshin Smile Program launched in 2024, and our Hanshin Tigers official sponsorship, we will rebuild our unique marketing functions rooted in our philosophy of being a concierge who really cares about customers ("Wholehearted Concierge").

Goal by FY2028

Creation of customers' lifetime values by leveraging the high credibility of the Joshin brand and promoting digital marketing

Realization of optimal customer balance by strengthening the approach to female and younger generation users, which is a challenge for the Joshin Group

Priority Strategy

Fan Base

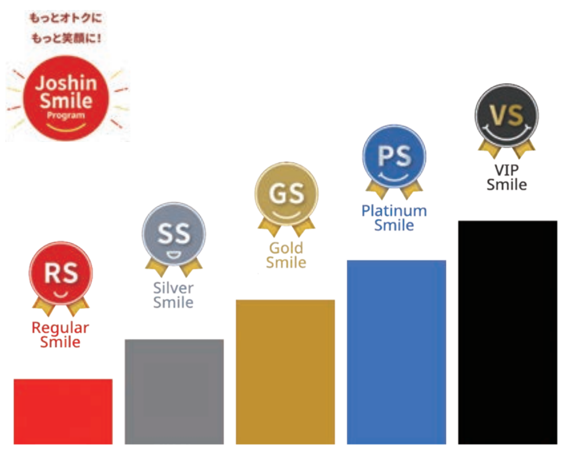
- Profiling of Joshin fans and deepening 1 to 1 marketing by utilizing the Company's big data and outside network
- Steady execution of the OMO strategy[1] by using the Joshin Smile Program[2] and stimulating the mutual use of real stores and Joshin Web Shop
- Encouraging visits to real stores and Joshin Web Shop with original programs leveraging the advantages as an official Hanshin Tigers sponsor
- Establishment of a workplace environment where diverse members are able to bring out their best, and utilization of diverse perspectives as a strength of the Company
- Promotion of corporate branding internally and externally to increase recognition of the new Joshin Group

1. OMO strategy: OMO means Online Merges with Offline. The OMO strategy is a marketing strategy to improve the quality of the customer experience through the merger of online and offline
2. Joshin Smile Program: A loyalty program where members can enjoy benefits according to their purchase history at each Joshin Group store and Joshin Web shop. The members are ranked based on their purchase history during the past two years (24 months).

Wholehearted Concierge

Creation of customers' lifetime values by deepening customer engagement in the dominant strategy deployment area

FY2028 plan (compared to FY2024)
Number of active members[3]: 1% increase in the annual rate



3. Active Members: Members purchasing a product or service at least once a year

Message from the Executive Officer in Charge of Financial Strategy

Improving capital efficiency is essential to achieving sustainable company growth. We aim to build corporate value by maximizing profitability through balance sheet management.

Suguru Oshiro
Managing Executive Officer in Charge of Financial Strategy

Recognition of the External Environment

Against the backdrop of a turbulent international climate, the economic environment of Japan has entered an era of extreme uncertainty with inflation caused by soaring global raw materials costs and rising energy costs, as well as major changes to U.S. trade policy.

Joshin is part of the home appliances retail market, where the overall business climate has been subdued outside of replacement purchase-related demand, as there is currently a higher tendency to cut back on spending as a result of sluggish real wage growth due to inflation. In this second year of the JT-2025 Management Plan (hereinafter "the Medium-Term Plan"), Joshin's performance fell well short of targets partly because of this tough economic environment.

However, our efforts since the last fiscal year to achieve more efficient asset management through increased stocktaking and other practices have enabled us to curb excessive bloat in asset holdings, while key indicators for our financial base show clear improvements, indicating that Joshin's financial stability remains intact.

In particular, Joshin implemented several cash flow measures that resulted in increased operating cash flow and major improvements to free cash flow, ultimately enabling us to reduce our interest-bearing liabilities, which had been slowly growing.

Consolidated financial indicators (excerpt)

(Million yen)

	FY2022	(1) FY2023	(2) FY2024	(2) – (1)
Total assets	223,218	232,775	231,503	-1,272
Net assets	100,698	104,613	104,665	52
Equity ratio	45.1%	44.9%	45.2%	0.3 points
(Reference) Inventory assets	76,229	78,369	70,298	-8,071
Operating cash flow	7,119	2,278	16,374	14,096
Investment cash flow	-9,070	-4,806	-1,815	2,991
Free cash flow	-1,951	-2,527	14,558	17,085
Financial cash flow	2,360	3,649	-10,741	-14,390
Net interest-bearing liabilities*	43,194	49,212	38,317	-10,895
Net D/E ratio (times)	0.43	0.47	0.37	-0.10 points

* Net interest-bearing liabilities: interest-bearing liabilities – deposits

Financial Policy

Our basic financial policy is to support sustainable corporate management through a solid financial base and efficient capital management. The three key points of our financial policy are as follows. The Medium-Term Plan uses ROE, ROA, and ROIC as its core management indicators.

1 **Maintenance of a solid financial base**

2 **Optimal allocation of operating cash flows**

3 **Promotion of efficient management that is conscious of capital cost and stock price**

❶ Maintenance of a solid financial base

The Group views financial stability, an area in which we have previously been inferior to our competitors, as the foundation for corporate growth. In the previous medium-term management plan, we focused on building up capital with an aim to achieve an equity ratio of over 45%. Since FY2019, we have generally maintained this equity ratio level while also keeping the D/E ratio under 0.5.

Moving forward, we will continue to maintain a stable financial base that will serve as the key to our corporate growth.

Capital Efficiency Indices

	FY2024 results	FY2025 plan	FY2030 ideal form
ROE	3.3%	8.0% or more	Aim for 10.0% or more
ROA	1.5%	5.0% or more	Aim for 7.0% or more
ROIC*	1.5%	5.0% or more	Aim for 7.0% or more

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

Reference: Recent capital cost (based on our standards)

Capital asset pricing model (CAPM)	8.24%
Weighted average cost of capital (WACC)	4.00%

❷ Optimal allocation of operating cash flows

In the Medium-Term Plan, while still primarily focusing on growth investment for the future, we plan to allocate cash flows generated by businesses to shareholder returns and reduction of interest-bearing liabilities in a balanced manner, and work to optimize capital efficiency.

❸ Promotion of efficient management that is conscious of capital cost and stock price

In order to achieve management that is conscious of the cost of capital and the stock price, Joshin will craft a story for the path ahead and apply that rationale to our various management initiatives. Furthermore, we will pursue deeper engagement with our shareholders and investors, and strive to manage our business such that we can push PBR over 1 (as of the end of September 2025, it is roughly 0.6) and ensure that we are favorably evaluated under the upcoming TOPIX reforms.

Balance Sheet Management

In our primary business of retail, our stores, equipment, deposits, and other investment assets have tended to weigh down our balance sheet (including cross-shareholdings, which are part of our business relationships).

Efficiently managing these assets to maximize earnings is one of the most important elements of our financial strategy.

We have worked to improve per-asset profitability by bolstering our standards for investment decisions, actively selling off assets judged to have low retained value while reinvesting in business growth and growth strategies, and cutting down on growing interest obligations by reducing our interest-bearing liabilities.

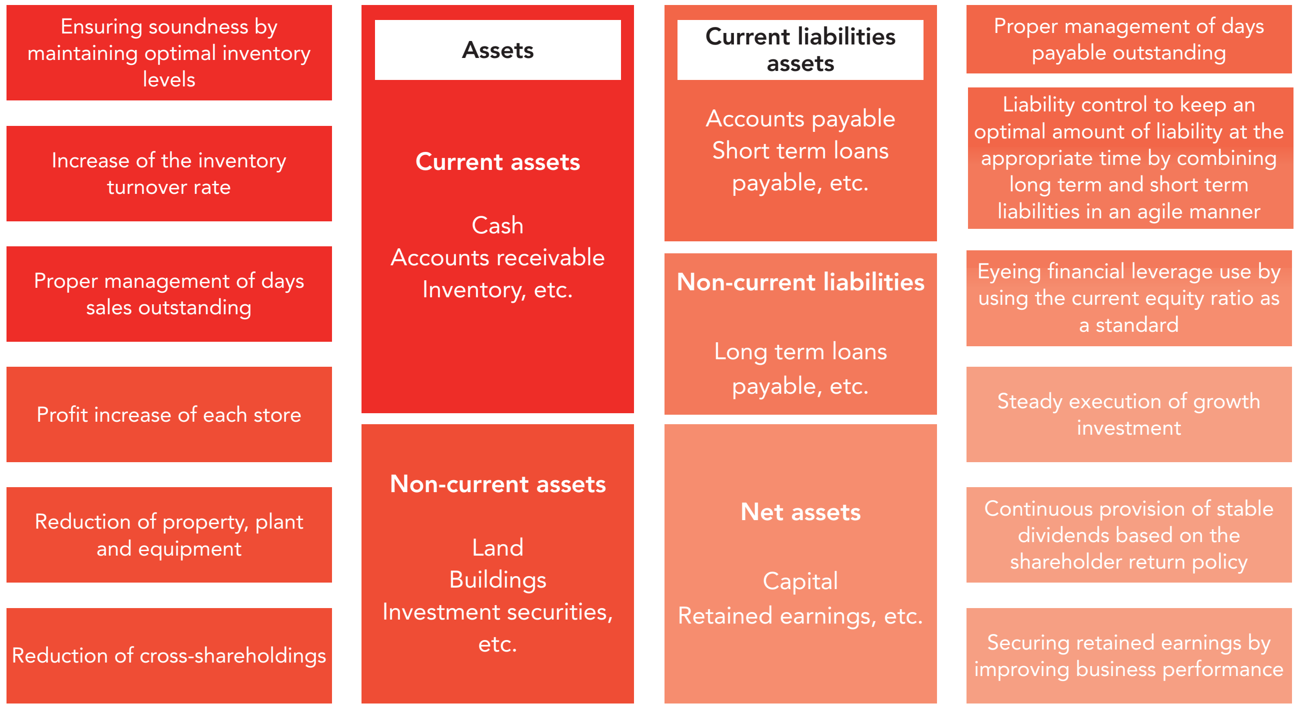
We are striving to achieve both more efficient asset management and improved financial soundness.

Vision for FY2028

Maintaining an optimal balance contributing to the realization of management with an awareness of capital cost and the stock price as well as an eye on revisions to Lease Accounting Standards

Promotion of improving the Cash Conversion Cycle (CCC)* and the ratio of gross margin to inventory to contribute to an improvement of the FCF creation capability

* CCC = Days sales outstanding + Days inventory outstanding - Days payable outstanding/Ratio of gross margin to inventory (%) = Gross profit margin (%) × Merchandise turnover rate (times)



Cash Allocations

Capital allocation in the Medium-Term Plan is based on the goal of generating operating cash flow of approximately ¥40 to ¥45 billion over a three-year period. Operating cash flow in FY2024 was ¥16.4 billion (totaling ¥18.7 billion for the first two fiscal years of the medium-term management plan), which was still short of targets, but we will maintain the current direction for future growth investment through appropriate financial leveraging and other means.

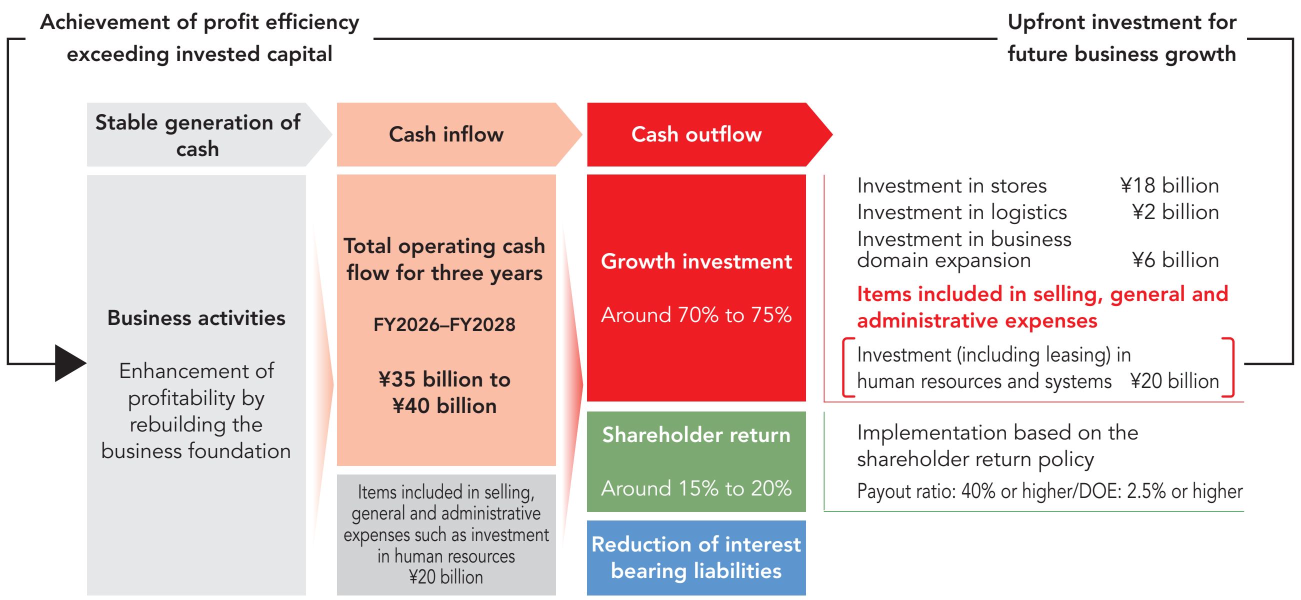
Specifically, at least 40% of this investment is assumed to be devoted to the shareholder payout ratio, with roughly 20% for operating cash flow and 70–80% centered on growth strategy investment into existing businesses, M&As, and improvements to service infrastructure.

The remainder will be used for reducing interest-bearing liabilities in order to maintain a stable financial base, as well as to improve ROE to enhance shareholder returns.

In terms of growth investment, we will continue to actively pursue human capital—an operating expense in terms of operating cash flow—in addition to actively pursuing system and DX-related intangible assets.

Vision for FY2028

Realization of aggressive investment in future growth businesses and shareholder returns based on cash flow from operating activities



Shareholder Returns

Joshin's shareholder returns policy remains unchanged: to maintain consistent dividends while carefully considering business results and the balance between dividends and internal reserves. In addition, we maintained the payout ratio of 40% or more, paying out ¥100 per share in FY2024 (payout ratio of 76.3%) (dividend was ¥90 per share in FY2023).

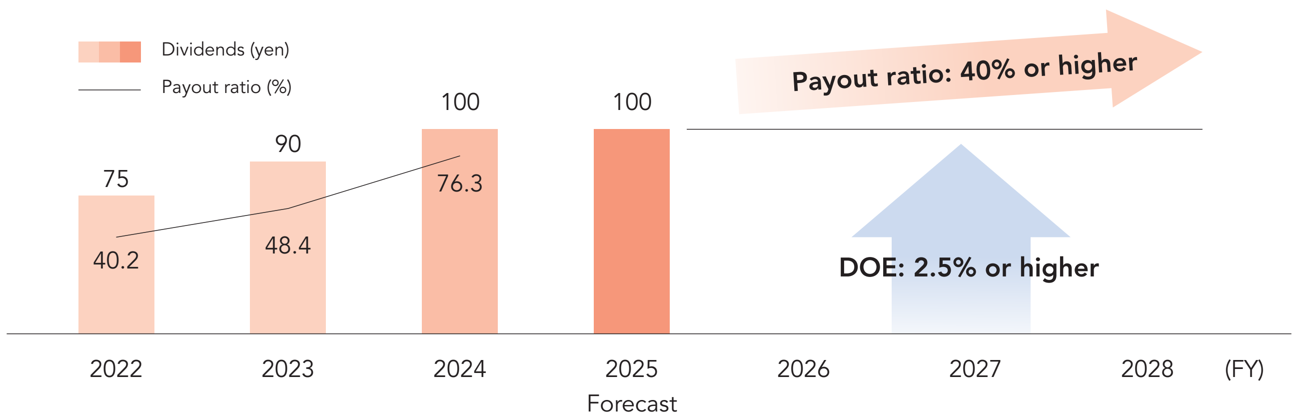
We also adopted a policy this fiscal year of paying out interim dividends (policy released September 16, 2025).

We will continue to consider shareholder returns a critical priority in the future, and in the JT-2028 Management Plan, we adopted new metrics including a payout ratio of 40% or more and a DOE (dividend on equity ratio) of 2.5% or more. With the adoption of the DOE, our basic policy will be to issue stable returns unaffected by performance fluctuations, although we do aim to increase dividends as business performance improves.

(FY2024 share buybacks = 249 thousand shares ÷ 0.89% of outstanding shares)

Vision for FY2028

Stable returns by using DOE without being affected by business performance in principle. Aiming to increase dividends by enhancing business performance.

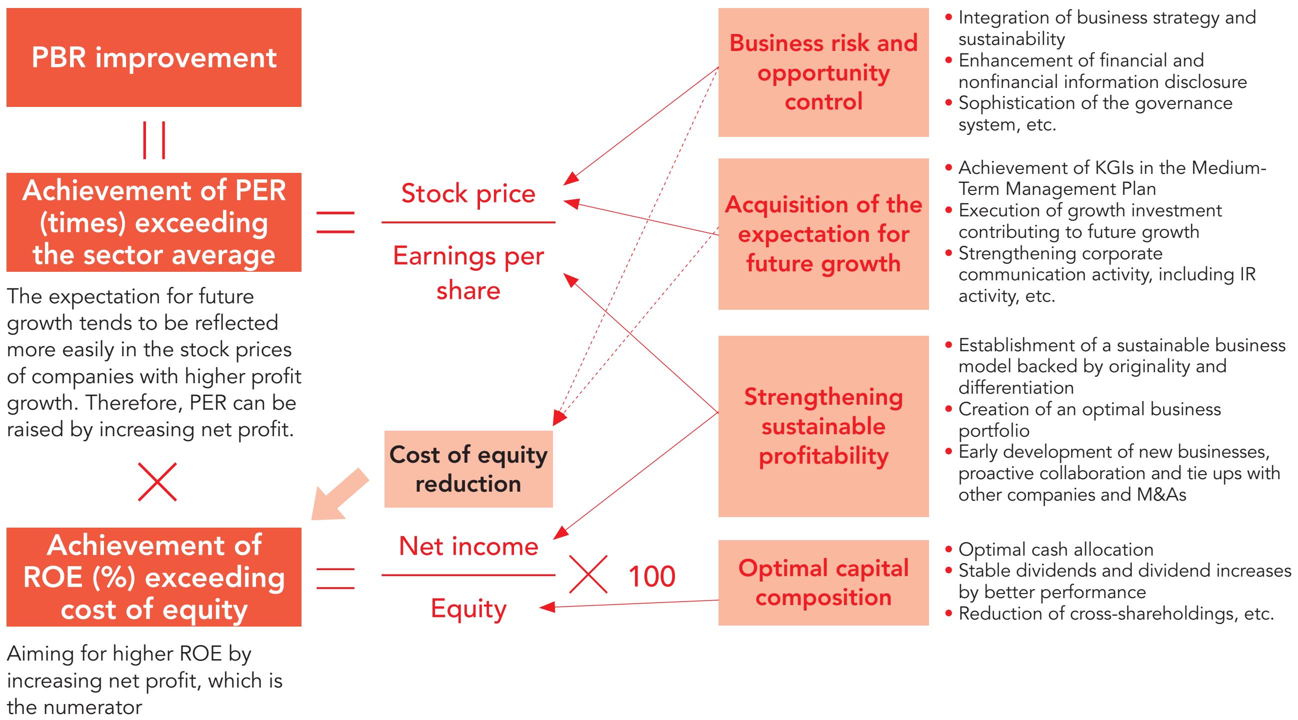


Realization of management with an awareness of capital cost and the stock price

❶ Basic Approach
We seek to optimize our net assets, the core of capital allocations, through annual reviews, accounting discussions, and scrap-and-build strategies when appropriate. This strengthening of profitability in asset-based business activities will help grow EPS (earnings per share), and achieving this consistently will build expectations for future growth, raise PER (price-earnings ratio), and boost PBR (price book-value ratio).

Vision for FY2028

Improvement of PBR by restrengthening profitability realized by rebuilding the business foundation and steady execution of the optimal capital policy



❷ Optimum Capital Structure Initiatives

▶ Share buybacks
Joshin currently has relatively few outstanding shares (28 million shares), so setting up a bracket for share buybacks is unrealistic.

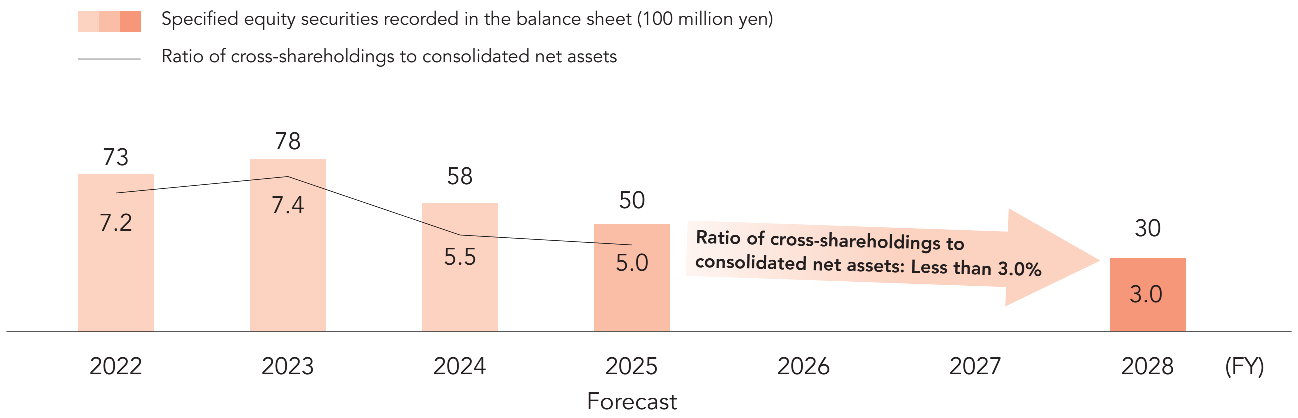
However, in the recent moves to reduce cross-shareholding positions, there have been batches of shares sold off all at once in some cases, and in trying to strike a good balance with shareholder interests, we have also considered acquiring shares when expeditious to do so (250,000 share buybacks in FY2024).

▶ Dividends
As stated, we will continue to consider and work to optimize the payout ratio as one means of securing shareholder returns. Due to the number of outstanding shares, it is possible to be flexible with respect to dividends and there will be little impact on cash flow.

▶ Cross-shareholdings
As stated in the Corporate Governance Report, we will be disposing of sellable shares as appropriate, with mutual consent with counterparties after repeated discussions that examine the purpose of holding such shares. In FY2024, Joshin recorded approximately ¥3 billion in gains from stock transactions including cross-shareholding and net investments, and this has played a role in improving final earnings. We will continue to engage in these activities from a capital efficiency perspective. (As a rule, Joshin will not acquire new cross-shareholdings.) (Moving forward, we will seek to reduce cross-shareholdings to less than 3.0% of net assets by FY2028.)

Vision for FY2028 Cross-shareholdings

Aiming for a further increase in capital efficiency by continuous reduction of the ratio of cross-shareholdings to net assets to less than 3.0%.



▶ Building an optimized business portfolio
Joshin is actively pursuing sustainable corporate management by building an optimized business portfolio and making strategic growth investments. However, we believe that investment decisions must be based on the premise of sustaining company-wide management metrics such as ROA and ROIC. Moving forward, we will continue to work with the Chief Officer for Sales Strategy to make active investments with a focus on efficient management.

In FY2025, we began moving to more effectively utilize the real stores that account for the majority of Joshin's physical assets.

Specifically, we will strive to work through financial institutions and securities firms to collaborate with retailers beyond the home appliances sector to set up store-in-a-store vendors on Joshin sales floors to make better use of store space, generating synergies that will bring in more customers and help boost business for both parties.

Engagement with Shareholders and Investors

The diversification of shareholders will be one of our most important themes moving forward. In IR activities as well, we seek to acquire a diverse body of "fan" shareholders regardless of the investors' personal attributes or whether they are domestic or international. As a result of our steady work, the number of unit shareholders continued to increase as of the end of March 2025, growing by 4,252 people from the previous fiscal year (increase of over 20%, totaling 22,795 shareholders as of the end of March). Most of this increase was from individual shareholders, so it is expected to contribute to our efforts to build fans for our stores and e-commerce business (being as we are in the retail industry).

However, the ratio of overseas investors is currently only 7.64% (as of the end of March 2025), and we aim to more than double that ratio (to roughly 15%) over the medium term in order to improve our price-to-book ratio and improve liquidity as called for by the Tokyo Stock Exchange. In addition to disclosing materials simultaneously in English and providing information in a timely manner, generally all internal directors participate in individual investor relations meetings with institutional investors and others, whether online or face-to-face. After the transition to a company with an Audit and Supervisory Committee, all executive officers will also participate in such meetings. Through consistently candid, active engagement, we can benefit from a variety of new findings to inform future management decisions. Additionally, we actively set up opportunities to meet with securities analysts who cover the retail sector (to which we belong) and engage in discussions that will deepen those analysts' understanding of Joshin's unique qualities and differentiation strategy. We then utilize that in implementing management strategy that is mindful of capital costs and share price.

Also in FY2026, in preparation for the TOPIX reorganization beginning in earnest, we will be unwinding cross-shareholdings and having shareholders who previously held our shares on a fixed basis release those shares to the market instead, ensuring better liquidity as stock prices rise.

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

Engagement with Individual Investors

● Broadening the Scope of Our Fans (Consumers) as a Company in the Retail Industry

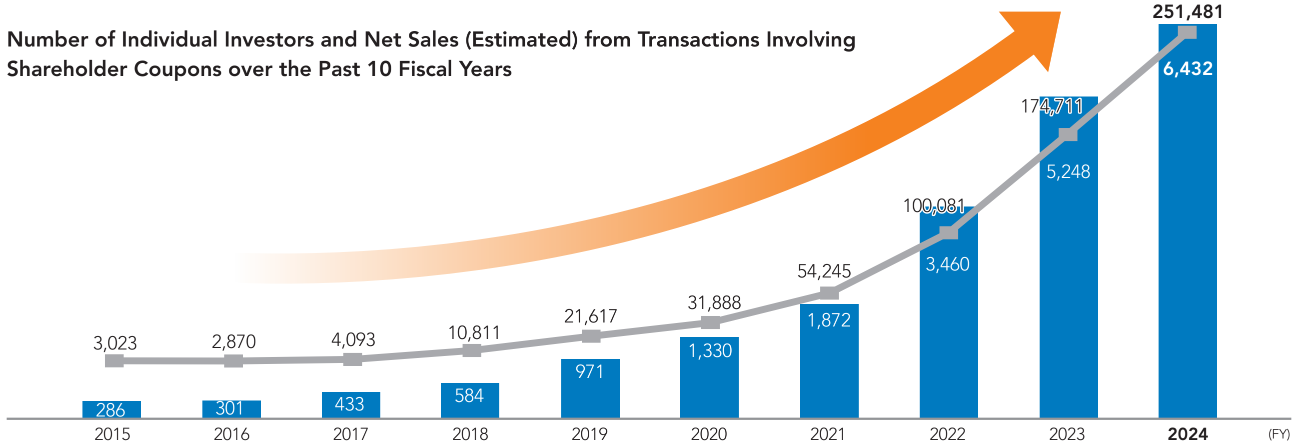
As a company listed on the TSE's Prime Market, one of the pillars of our capital policy is to work with personal investors from the perspectives of increasing the number of outstanding shares and the number of shareholders who are fans of us as a retailer.

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

We currently provide complimentary discount coupons to our shareholders.

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

Number of Individual Investors and Net Sales (Estimated) from Transactions Involving Shareholder Coupons over the Past 10 Fiscal Years



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

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

● Shareholder Benefits

Shareholder Coupons (¥200 Coupons)

100 or more shares	11 coupons (equivalent to ¥2,200) (March), 50 coupons (equivalent to ¥10,000) (September)
500 or more shares	60 coupons (equivalent to ¥12,000) (March), 50 coupons (equivalent to ¥10,000) (September)
2,500 or more shares	120 coupons (equivalent to ¥24,000) (March), 50 coupons (equivalent to ¥10,000) (September)
5,000 or more shares	180 coupons (equivalent to ¥36,000) (March), 50 coupons (equivalent to ¥10,000) (September)

Notes: 1. For purchases of at least ¥2,000, one coupon can be used for every ¥2,000.
2. Can also be used at the Joshin web shop.
3. The shareholder coupons distributed to shareholders at the end of September are valid until March 31 of the following year.
4. Additional discount coupons were issued (below) to shareholders who continuously held shares for two years or more as of March 31 (the same shareholder number was listed consecutively three or more times in the March 31 register of shareholders).
- 30 coupons (equivalent to ¥6,000) – (500 or more shares)
- 60 coupons (equivalent to ¥12,000) - (2,500 or more shares)
- 90 coupons (equivalent to ¥18,000) - (5,000 or more shares)

Briefings for Individual Investors

Starting in 2017, we have used meeting rooms in branches of securities companies and similar locations to hold quarterly briefings for investors. We conduct online briefings provided by SBI Securities Co., Ltd. for fiscal year-end reporting. In the briefing held on May 16, 2025, we had 115 participants (based on live streaming) from a wide range of ages, mainly people in their 20s to 60s and older. We received many questions, ranging from questions on the financial statements to the status of our investment initiatives. Through these briefings, we are providing a better understanding of our Company and gathering feedback to be reflected in our management. We will continue to use these briefings to increase engagement and cultivate even more "fan" shareholders.

Executive Officer's Message

Kensuke Motoi
Executive Officer in Charge of Merchandise Policy and Logistics

Aiming to Improve Profitability by Strengthening PB and High Purchase Frequency Products, and Streamlining Logistics

In the JT-2025 Management Plan, there are still issues in regard to bolstering our profitability (i.e. ability to earn). As the Officer in Charge of Merchandise Policy, I am tackling these issues seriously, and we will continue to focus on improving profitability in the JT-2028 Management Plan. To that end, we first need to place the priority on our chief breadwinner, home appliances retail, with the aim of securing strong support from customers in our business region. I am committed to the following key points as our Home Appliances Priority Strategy.

1. Bolstering development and sales of private brand (PB) products (Improving gross margins)
We will establish a new Product Development Office to boost the proportion of proprietary products to 10% of sales.
2. Bolstering product categories with high purchase frequency
In order to bolster product categories with a high purchase frequency, we need to develop a deep understanding of customer buying motivation and product needs, while expanding our range of approaches to attract more customers to the register. These initiatives will be our launching point for a revamping of the home appliances business.
3. Improving our ratio of gross profit to inventory investment through effective utilization of two logistics centers in the east and west (Improving inventory turnover)
We will set up an Outlet Center within the Kansai Ibaraki Logistics Center to use outlet stores and Joshin's EC site to reduce slow-moving inventory stuck at warehouses and stores, speeding up the introduction of new products.

Although the business environment is becoming increasingly tough for home appliances, we will join forces with our frontline sales personnel to aim to achieve the targets posted in the JT-2028 Management Plan.

Create New Value and Coordinate Three Lines of Business—Entertainment, Mobile Communications, and Support Business—to Achieve a Stronger Future

In the JT-2025 Management Plan, we have steadily produced results in the Entertainment, Mobile Communications, and Support Business fields.

The JT-2028 Management Plan aims to create new value that enriches customers' lives on the road to FY2028, thereby promoting further growth.

Mobile Communications, which we position as a growth business, is focused on smartphone sales. We offer customers an environment in which they can comfortably make use of the latest technology, through extensive support and proposal of optimized plans.

In Support Business, which we position as a pioneer business in development, we will utilize IoT technology to bolster our provision of services that underlie safety and security, with "monitoring and protection" and "crime prevention" as keywords. We will help customers achieve a better lifestyle by solving the issues they face.

In Entertainment, which we position as a core business, we will be drawing on our expertise and experience with specialty boutiques to bring joy to a wide range of age groups, from children to adults, through games and toys.

By coordinating across these three divisions and fusing technology with services, we aim to achieve a future in which we enrich and add more color to customers' lives while serving their diversifying needs.

Koji Abe
Executive Officer in Charge of Solution Business

Executive Officer's Message

Katsutoshi Takagi
Executive Officer in Charge of Smart Life

Toward a Renovation Business That Improves QOL and Carbon Neutrality by Pushing the Housing Environment Forward

In the JT-2025 Management Plan, the renovation business performed well overall. The renovation segment is linked to our social value of "Helping to strengthen the resilience of an aging society," one of the two social values defined in our management vision, and we are currently in the process of increasing the number of our employees certified as "welfare housing environment coordinators" as we develop and train our human resources.

The other social value is "Achieving household carbon neutrality," and in this area, sales of high-efficiency water heaters grew significantly, supported by government subsidy programs. However, aperture insulation products and energy-related equipment, which contribute to improving heating and cooling efficiency, were affected by external social factors such as the limited impact of subsidies and the slowdown in EV adoption. These have therefore become key issues to address going forward.

Under the JT-2028 Management Plan, Joshin will focus on strengthening our business remodeling water-related areas in houses, a field closely aligned with our core home appliances business, while expanding our offerings to include interior renovation and nursing care support. We aim to contribute to improving our customers' quality of life (QOL) by enhancing the performance of their existing homes. Furthermore, on the road to achieving the government's goal of carbon neutrality by 2050, we will promote the adoption of aperture insulation products that are expected to improve households' contribution to these goals, as well as solar power generation systems, stationary storage batteries, and V2H (Vehicle to Home) systems, all of which are expected to win back the spotlight through recent technological innovations.

By providing a one-stop service for everything from home appliances to renovations and supporting improvement of the housing environment, we will evolve our renovation business into one that adapts to our customers throughout their entire lives.

Nobuhiro Eriguchi
Executive Officer in Charge of Store Business (Kansai, Hokushinetsu)

Resolving Problems Facing Customers Using Store Management Reforms and AI to Enhance Corporate Value

In the JT-2025 Management Plan, Joshin aimed to grow earnings by improving operational efficiency through the introduction of ICT. However, specific issues in store operations remained unresolved, and we were unable to achieve sufficient earnings growth.

To improve this moving forward, Joshin will encourage store staff to acquire professional certifications through internal incentive programs to enhance their knowledge base. In addition, we intend to improve earnings by introducing new systems to resolve problems in store operations.

Under the JT-2028 Management Plan, Joshin will strengthen our marketing and management strategies in phases, based on classification by store type such as tenant stores, stand-alone stores, and hybrid stores.

Furthermore, we will be leveraging our core strengths as a home appliance retailer: namely, our customer drawing power, customer service quality, after-sales service systems, and credibility. We aim to identify and draw out untapped customer needs and capture demand in the home-renovation sector, one of our growth businesses, thereby contributing to "helping to strengthen the resilience of an aging society." Joshin will also bolster our work in mobile communications, a growth segment expected to gain further value as a device market due to advances in AI technology, including integrated solution offerings.

Through these priority initiatives, Joshin will continue to grow as a company capable of solving customers' problems and strive to enhance corporate value.

Building Trusted Delivery and Repair Systems through ICT Utilization and Stronger Technical Capabilities

Joshin Service is pursuing greater growth through a transition from a traditional cost-centered model to a benefit-centered model capable of creating added value. To that end, we have set forth three priority strategies to establish industry-leading delivery, construction, and repair systems with top-level customer satisfaction (CS) and technical expertise.

1. Saving on labor through ICT and DX utilization in delivery and construction operations
   We will migrate complex operations to an integrated cloud-based system and promote paperless operations to improve overall efficiency.
2. Building a fast and meticulous repair system through enhanced technical capabilities
   In air conditioner, washing machine, and refrigerator repairs, we will work to improve response speed and aim for same-day work completion. To achieve this, we will actively invest in our human resources and strengthen their technical capabilities.
3. Improved employee retention through better engagement
   We will present employees with clear career paths and provide various reskilling opportunities. In addition, we will introduce a mentorship program designed to offer customized support, boost employee motivation, and ensure long-term employee retention and stability.

While steadily implementing these priority strategies, we will also actively reinforce governance based on compliance with laws and regulations, thereby earning us the strong trust of our customers in terms of safety and environmental responsibility and achieving sustainable business operations.

Kazuya Hatashima
Executive Officer in Charge of Support Services

Achieving Both Customer Satisfaction and Profitability through Store Strategies Combining Regional Characteristics + ICT

Under the JT-2025 Management Plan, Joshin was unable to achieve our earnings targets, and improving profitability remains a key challenge.

To address this in the JT-2028 Management Plan, we will aim to expand our market share in the Tokai area by further accelerating our dominant strategy. In the Kanto area, we will implement a store strategy focused on convenience, drawing on synergies with the EC business. By implementing distinctive store strategies tailored to each region's unique characteristics, Joshin aims to improve customer satisfaction and increase repeat customers.

Furthermore, by strengthening collaboration with the EC business, Joshin will increase customer points of contact and enhance initiatives that combine both online and offline components. To further improve profitability, we will reassess store formats to better match regional characteristics and customer needs, actively promoting store relocations, reorganizations, and consolidations.

In addition, by enhancing customer service skills, hospitality, and proposal capabilities, Joshin will increase the value of our physical stores. We will also leverage ICT technologies, including generative AI (for customer service support and recommendations based on customer needs), to provide value tailored to each and every customer.

Through these initiatives, Joshin pledges to remain a company trusted by all our stakeholders.

Hiroyuki Soeda
Executive Officer in Charge of Store Business (Tokai, Tokyo)

Executive Officer's Message

Tatsuo Sakai
Executive Officer in Charge of Sales Management and Fan Base Strategy

Using a Fan Base Strategy to Improve Customer Satisfaction and Resolving Social Issues

In Joshin's "Fan Base" individual strategy, we have seen major success through continued hosting of fan meetings and customer service roleplaying contests. These initiatives have deepened relationships with customers and contributed to improved customer service skills at the store level.

To effectively solve customers' problems, it is essential to not only address explicit issues but also to understand untapped needs and concerns. In particular, unspoken forms of dissatisfaction can represent new sources of profit if identified while also helping to address broader social issues. By holding fan meetings, Joshin can draw out issues that even customers themselves may not have recognized yet.

The key drivers in resolving such issues are the company's human resources. To enhance employees' customer service capabilities, it is necessary to approach this systematically by breaking it down into more precise categories, including sales-floor and register interactions, customer service etiquette, sales techniques, and product knowledge.

Even some areas without direct customer interaction are indispensable to improving overall customer satisfaction, such as making products easier to find, easier to purchase, and ensuring appropriate pricing.

Through a cross-departmental collaborative framework, Joshin aims to enhance the overall shopping experience for customers, whether involving direct interaction or not, by steadily implementing these improvements.

Achieving a Richer Society and Maximizing the Customer Experience through Customer Satisfaction, DX, and Coordination Between EC and Real Stores

The EC business continues to post steady results by prioritizing solving customer problems, founded on a strategy of carefully curated product selection and safe, reliable website operation, product delivery, and installation services. Our highly trusted website operations have proven particularly successful, driving growth in purchases of high-value products and home appliances that require installation. Furthermore, in-house operation skills gained through our DX training have enhanced both operational quality and speed.

Toward the JT-2028 Management Plan, Joshin is migrating all data management systems to the cloud as part of our digital infrastructure reinforcement, with a full transition targeted for FY2025. This initiative is also expected to be highly effective from a BCMS* perspective. In addition, Joshin will focus on improving site search accuracy and strengthening synergies between EC and real stores. Leveraging the growing use of the in-store pickup service for online purchases, Joshin will work to expand product categories and drive customer traffic to stores.

Joshin will seek to maximize the value of the customer experience through three key pillars: Enhancing customer satisfaction, strengthening digital infrastructure and DX talent development, and deepening integration between EC and real stores. Moreover, as part of efforts to bolster resilience in an aging society, Joshin will provide support for customers unfamiliar with online shopping while addressing a wide range of lifestyle needs, such as daily living, hobbies, health, and peace of mind, to help achieve a more fulfilling and inclusive society.

* BCMS: Business continuity management system

Hajime Arauchi
Executive Officer in Charge of EC Store Business

Kazuhiko Hashimoto
Executive Officer in Charge of CRM and MA

Bolstering Individualized Service in the Joshin Smile Program to Maximize Customer Value

The Joshin Smile Program, introduced in February 2024, has undergone a one-year test run. To further enhance user convenience, we reset the calculation period and improved other aspects of the system. These improvements have enabled us to put together better systems than ever before to address the demands of our fans who continue to support Joshin.

In the present day, the retail industry is undergoing a shift from mass-market sales promotion to individually targeted approaches. At Joshin, we are utilizing marketing automation and other digital technologies to achieve more effective, personalized engagement with our customers.

For new customer acquisition, we are using our alliances and external networks to profile potential target customers and proactively launch sales promotion initiatives aimed at those who have not yet used our services. Furthermore, our stores come in a variety of formats, including mall-based, mixed-use, and stand-alone stores, each of which has distinct customer characteristics. While we have traditionally focused on unified, company-wide sales promotion, going forward we will develop store-specific marketing strategies tailored to the unique traits of each location, with the goal of generating customer lifetime value.

Reducing Environmental Impact While Improving Customer Convenience: Generating New Customer Experiences through Digital Technology

Under the JT-2025 Management Plan, Joshin focused on improving customer satisfaction, reforming employee work styles, and establishing a robust data infrastructure to support swift managerial decision-making. The introduction of electronic receipts through the Joshin App has contributed to both reducing our environmental impact and improving customer convenience, resulting in a reduction of 42,200 rolls of paper receipts (approximately 14 tons) per year.

Additionally, biometric member authentication using finger vein recognition was introduced at two stores. Moving forward, the company aims to link this system with our shared point programs and credit card information to provide a stress-free shopping experience.

Through the Joshin Smile Program, we have also built data infrastructure supporting our fan base strategy, deepening relationships with customers. However, issues remain with the rollout of digital services leveraging remote technologies.

Looking ahead to FY2028, Joshin plans to use the Joshin App as a core platform, incorporating remote technologies and generative AI to develop new services that resolve issues of distance and time. Specifically, Joshin will enable customers to consult online regarding home appliance replacements, malfunctions, and home renovation cost estimates, thereby further enhancing the customer experience. Through these initiatives, Joshin aims to achieve both better customer satisfaction and employee work style reforms, realizing sustainable growth for the organization.

Tatsuhiro Kihara
Executive Officer in Charge of ICT/DX

Approach to Sustainability

Joshin Group's Sustainable Management Initiatives

Based on our Corporate Credo, Declaration on Actions, and other policies, the Joshin Group aims to build relationships of trust with our stakeholders to actively tackle problem-solving on the road to achieving sustainable management.

Through these initiatives, we have identified seven material issues (major challenges) by which we aim to achieve a "sustainable society" and "sustainable growth for the Company and society as a whole."

We also employ a capital investment cycle using management strategies based on a long-term perspective, being committed to increasing corporate value while creating the social value that supports two social goals: helping to strengthen the resilience of an aging society and achieving household carbon neutrality.

Chief Sustainability Indicators and Targets for 2030–2050

Indicator	Target	
	2030	2050
Engagement overall score	80	80
Percentage of female managers	5%	-
Percentage of female junior managers	20%	50%
Wage difference between men and women (permanent employees)	78%	-
Employee turnover rate (permanent employees total)	2.5% or less	2% or less
Percentage of employees with disabilities	3%	-
Rate of male employees taking childcare leave	100%	100%
Health index score	Nat'l avg. +2%	Nat'l avg. +5%

* See p. 60 for more information on these indicators and historical data

Indicator	Target	
	2030	2050
Scope 1 + 2 emissions	42% reduction	0% (2040)
Scope 3 (Cat. 1, 11) emissions	25% reduction	0
Renewable energy usage rate, all business sites	80%	100% (2040)
Renewable energy off-grid power consumption rate	30%	50%
Introduction of storage batteries as a BCP measure	40 business sites	-
Collection rate for the 4 types of home appliance recycling products	65%	-
Plastic shopping bags	Usage abolished	-
Sustainable procurement rate	80%	90%
Emissions avoided through environmentally friendly products	17,000 t-CO_2	-

FY2024 Sustainability-Related Discussions and Reports

Sustainability-related meeting bodies	Members	No. of sessions	Summary of ESG-related discussion/report content
Board of Directors	Directors and executive officers Outside directors, outside auditors Full-time corporate auditors	18	• Reports on progress on material issues • FY2024 report on sustainability-related issues with respect to key division-specific actions • Reports on the direction of HR strategy systems-building • Governance survey reports
Board of Executive Officers	Executive directors Executive officers Full-time corporate auditors	49	• Report on selection for another consecutive year as a component stock in the ESG-related "FTSE Blossom Japan Index" and "FTSE Blossom Japan Sector Relative Index" • Reports on "Kurumin" certification as a company supporting parenthood and "Eruboshi" certification as a company promoting success of women in the workplace • "ZEB" certification for Joshin Nara store • Report on being chosen to the CDP A List for the 2nd consecutive year
Sustainability Committee	Executive directors Executive officers Full-time corporate auditors Other management executives	12	• Approach to the integrated report's various ESG pages • Partial revisions to key challenges in material issue initiatives • Signed on to the Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations and made disclosures consistent with the TNFD Framework • Reports on supply chain questionnaires • Joshin signed a Comprehensive Cooperation Agreement with Izumisano City • Product Safety Awards (PS Awards), organized by Japan's Ministry of Economy, Trade and Industry (METI) Followed up by "Gold Product Safety Company" certification • Reconsideration of the roadmap for reducing GHG emissions • Initiatives to improve employee engagement
Risk Management Committee	Executive directors, executive officers Labor union leaders Other management executives	4	• Formulation of business continuity management system plans for every fiscal year • Formulation of a CSR Action Plan and quarterly progress management (incl. ESG) • Selected risk management items (incl. ESG) based on risk identification and assessment each fiscal year • Confirmation of status of measures taken at work sites earthquake-proofed under old standards and hazard map information

Governance

In order to achieve sustainable growth and enhance corporate value based on relationships with employees, customers, business partners, local communities, shareholders, and capital markets, Joshin will build the optimal corporate governance structure that can provide both great leadership from top management and a good partnership between executive and supervisory functions. Furthermore, through business portfolio management, proper allocation of capital and management resources, and other strategic actions as well as disclosing the results thereof, we will be accountable to the expectations that stakeholders have for us.

Basic Concept

Under our management philosophy of "Connecting people and society to the future with a smile" and our management vision of "Becoming an infrastructure hub for a better life through the power of home appliances and ICT," Joshin is developing a system of management that contributes to building a sustainable society through the creation of two social values: helping to strengthen the resilience of an aging society and achieving carbon neutrality in households.

Joshin examined the changes in our business environment from the viewpoint of their risks and opportunities, while incorporating them into our management strategies and business portfolio. We intend to continue improving our corporate governance system to better manage the value creation processes that we have built up, using our capital flow in a beneficial cycle to create more social and economic value.

History of Enhancing Corporate Governance

To improve the effectiveness of the Board of Directors, Joshin has worked to improve our corporate governance framework by ensuring diversity through increased independent outside directors and female directors; introducing the executive officer system; establishing a Nomination and Compensation Committee and Board of Directors Evaluation Committee made up of a majority of outside directors; and implementing a performance-linked stock-based compensation system.

In order to enhance these initiatives, Joshin transitioned from being a company with a Board of Auditors to a company with an Audit and Supervisory Committee with the approval of the 77th Annual General Meeting of Shareholders held in June 2025. This aimed to further accelerate decision-making by largely transferring the Board of Directors' authority over business execution decisions to the business executive side of the Company, while also improving the effectiveness of the Board of Directors through focused discussion at the Board of Directors of medium- to long-term management strategy, capital policy, and other items that contribute to improving corporate value. Additionally, the Audit and Supervisory Committee, comprised exclusively of independent outside directors, will be responsible for auditing and supervising the legality and appropriateness of business execution, with the aim of further bolstering Joshin's corporate governance systems and achieving more transparent management.

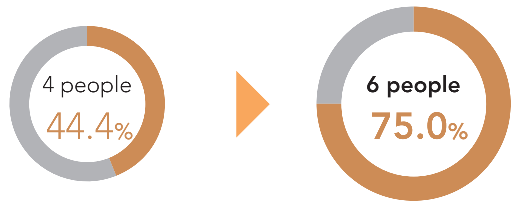
(FY)

	2021	2022	2023	2024	2025
Ensuring diversity of the Board of Directors					
Skills matrix	• Developed the skills matrix	• Revised the skills matrix	• Revised the skills matrix and utilization policy	• Disclosed the reason for skill set selection	• Partially revise the skills matrix
Succession plan	2020 • Formulated the succession plan				
Appointment of outside directors	• Increased to four (4) members (gradual increase from FY2014)				• Increased to six (6) members (75.0% composition)
Appointment of female directors	• Increased to two (2) members (gradual increase from FY2019)				• Increased to four (4) members (50.0% composition)
Improving effectiveness of the Board of Directors					
Organizational structure					• Transitioned to a company with an Audit and Supervisory Committee*
Nomination and Compensation Committee	2018 • Established the Nomination and Compensation Committee				
Performance-linked stock compensation plan	2017 • Introduced performance-linked Board benefit trust scheme		• Revised performance-linked stock compensation plan (Added capital efficiency indices and ESG indicators to criteria used to calculate compensation)		
Individual performance-linked compensation	2019 • Introduced individual performance-linked compensation (for assessment criteria focused on monitoring functions)				
Training for officers	• Held six (6) times a year	• Began practical training for management skills			
Evaluation of effectiveness of the Board of Directors	2016 • Established the Board of Directors Evaluation Committee / Held once a year				
Executive officer system	2016 • Introduced the executive officer system	• Transitioned to a delegation-type executive officer system	• Introduced performance-linked stock compensation plan		
Management strategies / Management plan			• Disclosed capital cost	• Updated capital cost to most recent value	

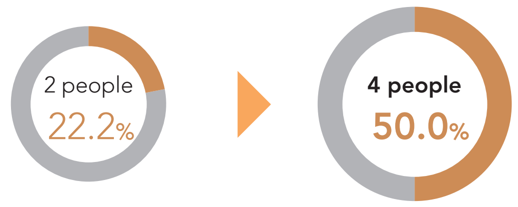
* Consisting of six (6) outside directors out of eight (8) total directors (75.0%) and three (3) directors who are members of the Audit and Supervisory Committee (100.0% comprised of independent outside directors)

Corporate Governance Promotion System

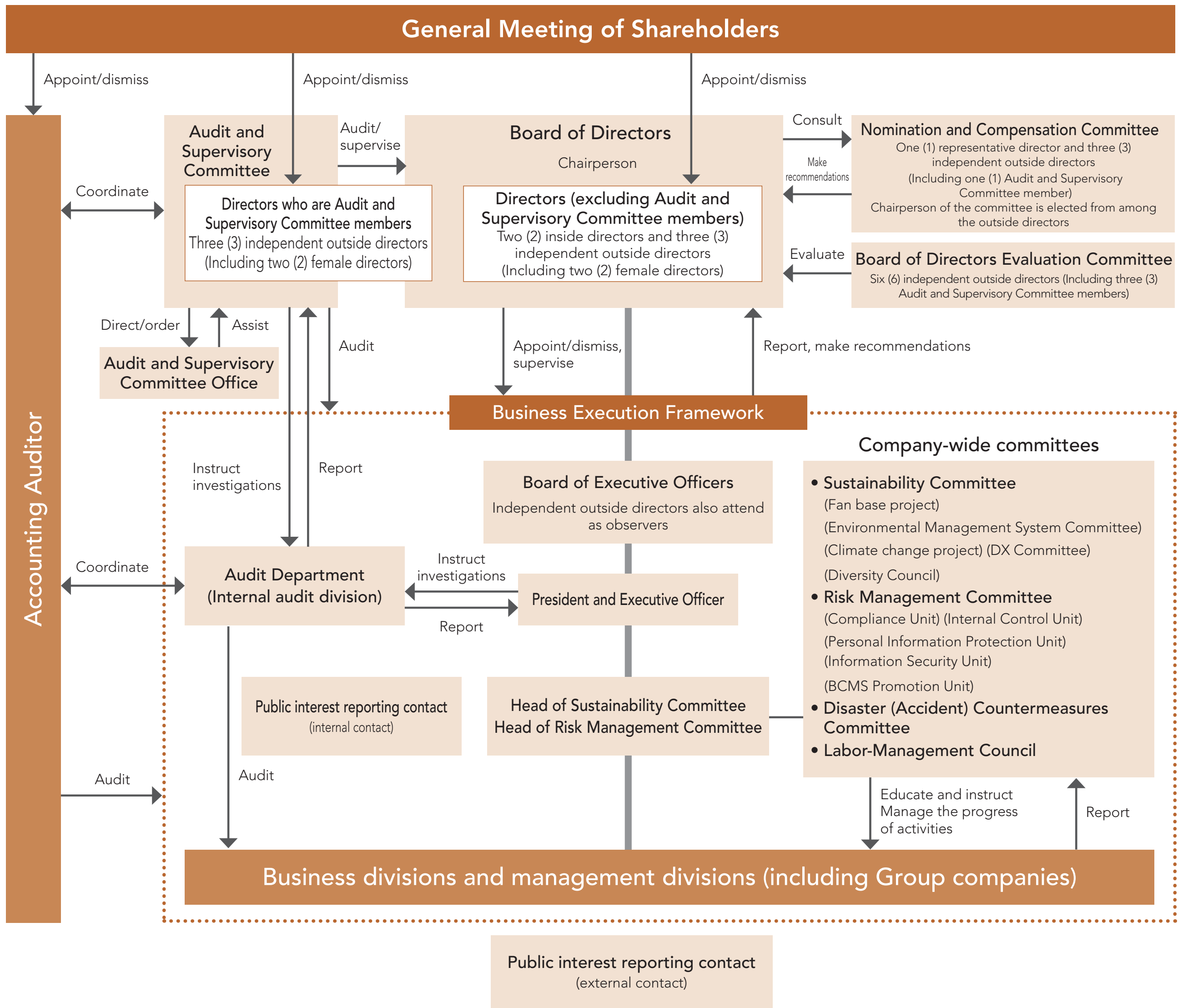
Percentage of outside directors



Percentage of female outside directors



Corporate Governance System



Board of Directors

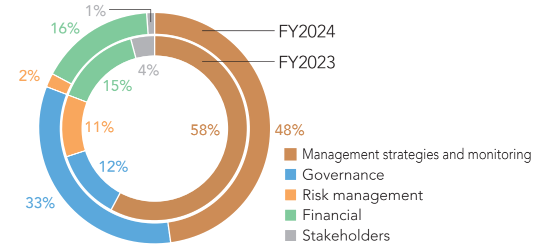
Roles and purpose of the meetings

As the highest decision-making management body (meeting at least once per month as a general rule), the Board of Directors makes decisions on important management issues, such as the medium- to long-term management policies and business strategies, that help create social value and corporate value. Additionally, as per the Board of Directors Regulations, the Board supervises directors and executive officers selected by the Board of Directors in the performance of their job duties.

Structure of meetings

Of the eight directors, six are independent outside directors (75.0%) and four are female directors (50.0%). There are three directors who are Audit and Supervisory Committee members, three of them being independent outside directors (100.0%), and two being women (66.7%). (See p. 54 for more on skill diversity.)

Allocation of Discussion Time



Major discussion details in FY2024

- Policies towards achieving management that is conscious of cost of capital and stock price
- Progress of medium- to long-term management strategies and medium-term management plan
- Direction of capital policy
- Share price and IR activity direction
- Effectiveness of the Board of Directors
- Changing the company name to Joshin Corporation
- Transitioned to a company with an Audit and Supervisory Committee
  - Post-transition Board of Directors and Audit and Supervisory Committee structures (number of members, composition, skills, etc.)
  - Post-transition roles of directors
  - Items to be discussed in the post-transition Board of Directors
  - Alongside changes to the organizational structure, revisions to Articles of Incorporation, Board of Directors Regulations, and other important rules and regulations pertaining to management delegation
- Formulated the FY2025 (78th) Management Plan
- Implemented the stock incentive system for employees

Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of three directors who are Audit and Supervisory Committee members. All of them are independent outside directors. In general, they meet once per month. The outside directors who are Audit and Supervisory Committee members share information and exchange opinions on the directors' performance of their duties, in addition to timely monitoring of management status by reviewing important approval documents and other materials. They also monitor the decision-making process by exchanging information with the Audit Department (internal audit division) and Accounting Auditors, and audit the directors' execution of their duties. The outside directors who are Audit and Supervisory Committee members elected a Certified Public Accountant with deep accounting knowledge and experience as well as an attorney with deep legal knowledge and experience in order to bolster the auditing and supervisory functions of the Audit and Supervisory Committee.

Nomination and Compensation Committee

Joshin established the Nomination and Compensation Committee as an advisory body to the Board of Directors, in order to strengthen corporate governance by ensuring the independence, objectivity, and transparency of the Board of Directors. To ensure independence, this committee is comprised of three independent outside directors and the Chairman and Representative Director. Outside directors comprise three-fourths of the committee in addition to occupying the Head of Committee position. This committee discusses HR issues including the appointment and dismissal of the representative director and other directors as well as CEO successor planning. It also discusses director (excluding Audit and Supervisory Committee members) remuneration system design and individual compensation amounts. These discussions produce recommendations that are then submitted to the Board of Directors for a decision.

Introduction
Value Creation Story
JT-2028 Management Plan
Sustainability
Data

Board of Directors Evaluation Committee

The Board of Directors Evaluation Committee consists of six independent outside directors, and was established as an advisory body to the Board of Directors to analyze and evaluate the effectiveness of the Board of Directors and continuously improve its effectiveness. This advisory body is part of overall initiatives to strengthen corporate governance, while aiming to achieve sustainable growth and increase medium- to long-term corporate value. By evaluating the effectiveness of the Board of Directors, the independent outside directors provide appropriate advice to the Board of Directors from a variety of angles and perspectives.

Board of Executive Officers

The Board of Executive Officers (which generally meets every other week) is the central body for business execution, consisting of executive directors and executive officers. It is established to formulate the management strategies of the Board of Directors, improve the supervisory functions, and speed up the decision-making process for business execution. In June 2025, during the change in organizational structure wherein the Company transitioned into a company with an Audit and Supervisory Committee, we also largely transferred the Board of Directors' authority over business execution decisions to the Board of Executive Officers with the aim of further accelerating the speed of decision-making. Independent outside directors participate as observers in order to contribute to the evaluation and training of candidates for CEO and director positions.

Sustainability Committee

Chaired by the Director, President and Executive Officer, the Sustainability Committee is comprised of executive directors, executive officers, directors who are full-time members of the Audit and Supervisory Committee, and heads of departments. This committee works to achieve our management philosophy and our management vision by managing the seven material issues and 14 action items, together with the progress of important division-spanning internal projects that support this work. The Committee centrally manages financial and nonfinancial information for our business strategies, our ESG initiatives, and similar items. With respect to social and environmental problems among other sustainability-related issues, we have set up an integrated framework for monitoring business and non-business activities (financial and non-financial information) under the recognition that our handling of certain key management issues will not only mitigate risk but also present earning opportunities. These issues include our handling of population changes such as population decline and a super-aged society, climate change, lifestyle changes due to diversification of values and ICT advancements, and social changes related to diversity and inclusion.

Risk Management Committee

Chaired by the Director, President and Executive Officer, the Risk Management Committee is comprised of executive directors, executive officers, directors who are full-time members of the Audit and Supervisory Committee, heads of departments (including officers at subsidiary companies), and labor union representatives. The committee analyzes and manages hazard risks, business risks, financial risks, and management risks that threaten the Company's efforts to maintain and continue business management, and supports stable management. Special units established within the Risk Management Committee include the Compliance Unit that controls compliance overall; the Internal Control Unit, Personal Information Protection Unit, and Information Security Unit that are all focused on internal controls; the BCMS Promotion Unit that maintains and operates the Business Continuity Management System (BCMS) to ensure effective business continuity in an emergency; and other committees established for individual business areas as needed. The Risk Management Committee acts through those units to manage risk for the larger business group.

Labor-Management Council

The Labor-Management Council is the highest council meeting held monthly and jointly by labor and management that is attended by executive officers of the Company and officers of the central operation office of the labor union representing the employees. The council serves the role of a cooperative organization that aims to continuously improve the labor conditions and labor environment of the employees and promote workstyle reforms and reforms for job satisfaction. Discussions at the council cover topics including general labor conditions of employees, D&I, safety and health system, overtime working hours and intervals between working hours, annual paid leave and paternity leave-taking percentages, rate of taking childcare leave and nursing care leave and shorter working hours for childcare and nursing care, physical checkup and complete medical checkup consultation rates, stress check analysis results, occurrence of harassment, and workplace safety and health, and it also provides a venue for sharing views of the management environment and feedback from labor union members at each workplace.

Message from the Chair of the Board of Directors

We aim to further enhance corporate value through future-oriented governance reforms.

Ryuhei Kanatani
Chairman and Representative Director

In the ten years since we published our Corporate Governance Code, Joshin has continuously worked to bolster our governance structure. Regretfully, these structural enhancement efforts have not always been adequately successful; because we have not fully lived up to the expectations of all of our stakeholders, a resolution was passed at the June 2025 General Meeting of Shareholders to transition to a company with an Audit and Supervisory Committee.

<Recognition of Issues in the Governance Structure>

Aiming to achieve sustained growth and enhanced corporate value over the medium to long term, Joshin has implemented a variety of initiatives including ensuring diversity on the Board of Directors, carrying out nomination and compensation system reforms based on the recommendations of outside directors, and bolstering the supervisory functions of the Board of Directors. (See "History of Enhancing Corporate Governance" on p. 42)

However, the previous medium-term management plan (JT-2023 Management Plan) failed to meet targets, and in FY2024, the Company has also been forced to drastically cut performance estimates in the current medium-term management plan (JT-2025 Management Plan) due to sluggish results in the home appliances category, a major driver at the Company. It is clear that the Company's growth strategy, needed to enhance corporate value, is not being fulfilled. Based on this state of affairs, it is my view as the Chair of the Board of Directors that the Company's governance structure is facing the following issues.

- The Board of Directors makes decisions on most matters related to business execution, which slows down the decision-making process.
- Although there is diversity on the Board of Directors, the outside directors' viewpoints are not being fully utilized in discussions on growth strategy.
- Insufficient coordination between the Board of Directors and the business-executing departments results in a bias towards short-term business execution in Board of Directors deliberations and an inability to focus discussion on medium- to long-term growth strategy.

The FY2024 evaluation of Board of Directors effectiveness (see "Evaluation of the Effectiveness of the Board of Directors" on p. 51) also stated that strengthening Board of Directors functions is an urgent priority issue.

<Policies and Initiatives for Resolving Issues>

The Board of Directors established the following policies to tackle these issues.

- Largely delegating decision-making authority over business execution to speed up decision-making and bolster supervisory functions
- The Board of Directors will prioritize key items that contribute to improving corporate value, e.g. medium- to long-term management strategy and capital strategy.

To achieve this policy, Joshin will transition from being a company with a Board of Auditors to a company with an Audit and Supervisory Committee, and the Board of Directors will focus on the following two initiatives.

1. Deeper medium- to long-term growth strategy with promotion of capital-cost-conscious efficient management (ongoing initiative)
2. Enhance the Board of Directors' monitoring functions and ability to respond flexibly and quickly (new initiative)

Along with the transition to being a company with an Audit and Supervisory Committee, the Board of Directors is now made up of 75.0% outside directors and 50.0% female directors, which represents major changes to Board composition. However, it will not be possible to improve the effectiveness of the Board of Directors through formal changes alone.

The issue is less that the previous Board of Directors did not function properly and more that this major delegation of authority by the Board of Directors has created a clear separation between the business execution and supervisory functions. On this present Board, my duty as the Chair is to administer the Board in accordance with those essential functions with the aim of making Joshin a company trusted by all stakeholders and vital to society.

Moving forward, the business-executing departments will bolster their policy-making and implementation capabilities, while the Board of Directors strengthens our monitoring functions and engages in intensive discussions on medium- to long-term growth strategy that fully draws on the expertise of outside directors. To achieve this, the Board of Directors formulated an annual agenda for meeting topics and is systematically and steadily pushing forward with implementation.

Moving forward, I am unwavering in my commitment as the Chair of the Board of Directors to have the Board engage in intensive discussions about key issues that contribute to sustained improvement of corporate value, thereby further enhancing the Board's effectiveness on an ongoing basis.

Issues Facing Joshin and Recommendations for Improving Corporate Value

Background to the Change

Basing the Board of Directors' agenda on themes relevant to management strategy and management fundamentals

Naito: In 2025, Joshin changed our organizational structure and transitioned into a company with an Audit and Supervisory Committee. The Corporate Governance Code requires thorough discussion of medium- to long-term management strategy and basic company matters by the Board of Directors. Even when the Company had a Board of Auditors, there was still discussion pertaining to the formulation of medium-term management plans, but discussion of management strategy was lacking due to time constraints. I believe the current Chair (who was company president at the time) was the person with the greatest sense of urgency with respect to this matter. Now that the organizational structure has been changed, most of the authority over business execution decisions has been transferred to the Board of Executive Officers, so the Board of Directors is freed up to focus on discussions about management strategy and similar issues.

Yamahira: Although we have been working to transfer authority to the execution departments since the Board of Auditors era, we felt we had to change the Board of Directors' agenda for aspects related to board approval standards and especially management strategy and management fundamentals. After COVID-19 pandemic-related government cash payments in FY2020 gave a major boost to our performance, we experienced an ongoing decline that presented an opportunity for discussions of management strategy fundamentals and creative measures to bolster monitoring functions. I believe it is important for us to evolve from managing to monitoring, and to conduct deeper discussions that include capital policy, growth strategy, and HR strategy.

Takahashi: My biggest feeling was that the Company needs to change. That means we need to further leverage outside director expertise to draw out new insights while thinking about medium- to long-term strategy. It was precisely then that the current Chair came to me with the idea of speeding up decision-making by separating execution and supervisory functions. After much discussion between the two of us, we decided to change the organizational structure. I strongly believe that we must take this opportunity to achieve quicker decision-making and build management that is not afraid of change.

Issues After the Change

Board of Directors specializing in monitoring functions, with all executive officers strongly identifying as managers

Naito: Joshin's Board of Directors is not strictly management- or monitoring-focused, but instead a hybrid of the two. In the evaluation of performance for the purpose of individual performance-linked compensation for directors and auditors, we attempted to measure both management and monitoring contributions respectively. The monitoring-related measurements were the most difficult. Considering all of that, we decided to shift entirely to a monitoring focus for the Board. So for me, the primary purpose of changing our organizational structure is to make the Board more specialized in monitoring functions.

Yamahira: Based on the last few years, I also think that we need to enhance our monitoring functions. The important roles of the Board of Directors are to thoroughly confirm whether the policies approved by the Board are being properly executed by the business-executing side and to steadily fulfill the promises made to the market. It is crucial that we cycle between these two roles more powerfully in the future.

Takahashi: In addition to strengthening the monitoring functions of the Board of Directors, all executive officers need to adopt a stronger "manager" mentality when performing their duties. Each and every executive officer needs to have the mindset to lead management by making their own judgments, making course corrections, and discovering new insights. This change in mindset will be the true key to transforming Joshin as a company.

Improving Corporate Value

Raising profits in our core home appliances business and achieving management that serves customer needs

Takahashi: The sense of urgency that I feel is one shared by the industry as a whole. Domestic, retail, and home appliance markets are all undergoing tough times. However, if we can raise profits and demonstrate strength even in those circumstances, then we can take on new challenges as well. I first want to establish clear results in the home appliances business, then lead the Company out from that business into adjacent sectors and new directions.

Yamahira: With population decline and other issues, the social environment is undergoing extremely rapid changes that require changes to the home appliance retailer business model. Joshin's businesses can be divided into five categories. We believe it is essential to achieving sustainable company development for our future that we bolster the profitability of our core home appliances business and invest those funds in growth sectors.

Takahashi: Every customer has their own distinct needs, so I want us to be pursuing management that is capable of addressing all of those diverse needs. However, it is essential that we search out those needs by listening closely to opinions from the front lines, and ensuring collaboration between the Board of Executive Officers that acts to make those requests a reality and the Board of Directors that provides supervision. We also need the Board of Directors to be a solid, reliable presence that makes sound decisions. I believe we need to go back to our roots, engage the PDCA cycle, and achieve a type of management that can address diverse and ever-changing customer needs.

Naito: The core of the Company is, of course, home appliance sales. Joshin's natural state of being is to be re-investing our profits from that business back into new lines of business.

Medium- To Long-Term Goals

Creating new lines of business centered on home appliances to create businesses useful for society

Naito: I believe that Joshin's future will be determined by how effectively we expand new lines of business centered on home appliances and related areas. I believe that the new company president's vision is one of broadening our business domains, anchored in home appliances, to better serve consumers and society. Joshin is an exceptionally sincere and earnest company. Our sincerity is evident not only in our approach to environmental and human rights issues but also in the way we conduct business itself. The sense of trust and reassurance this provides to our investors is extremely important to the Company, and I believe we should highlight that more actively in our communications.

Yamahira: I also recognize that our real profit base is the home appliances business, and that securing profitability in this area will be the foundation for future growth. To respond to the many changes in the business environment ahead, bold management strategies and transformation of the business model will be essential. I believe we can achieve even greater profit growth by further developing our traditional sales approach and adding new value. The foundation of any growth strategy lies in the Company's internal management resources: namely people, goods, capital, and information. Our company possesses a broad customer base and solid technological capabilities, and by leveraging these strengths, we can develop and advance concrete growth strategies. What I look forward to most is the new president's leadership and decisiveness. I expect that through bold new initiatives that transcend our conventional frameworks, he will open up a new stage of growth for the Company.

Takahashi: As stated earlier, in today's industrial landscape, the terms "domestic," "retail," and "home appliances" tend to carry a negative connotation, as they are often associated with the notion that products no longer sell due to Japan's declining birthrate, aging population, and the resulting changes in consumer behavior. However, I believe there are still many opportunities to be found in these areas. For example, in an aging society, there is a growing need for "monitoring and protection" services, and we aim to develop lines of businesses that can fulfill this role using home appliances. Likewise, in the area of crime prevention, by leveraging IoT technologies, we can reliably deliver value that directly addresses customers' real needs and concerns. Looking ahead, 2028 will mark the end of the next medium-term management plan. As we move toward that goal, we must both strengthen and stabilize the Company's foundation while also exploring new business domains in earnest. We will proactively pursue market share in areas that are an extension of our current businesses, while also working to create new businesses that contribute to society. The key principles we aspire to uphold are speed, quality, and price. We are currently developing a sales support system that utilizes online technology to improve customer convenience and enhance productivity on the sales front lines. With a sense of speed in everything we do, we intend to tackle the challenges ahead with determination while maintaining quality and placing importance on price competitiveness.

Tetsuya Takahashi
Representative Director, President and CEO

Kinya Naito
Outside Director, Audit and Supervisory Committee member
Chairperson, Board of Directors Evaluation Committee

Keiko Yamahira
Outside Director
Chairperson, Nomination and Compensation Committee

Messages from Outside Directors

Junko Kawano
Outside Director

We want to support, in HR and elsewhere, the pursuit of challenging new initiatives that "create social value"

"Helping to strengthen the resilience of an aging society" and "Achieving household carbon neutrality." These are the two types of social value that Joshin wants to create. To enhance our corporate value over the medium to long term, it is essential that we continue to generate not only financial but also social value in a consistent and meaningful way. The home appliance industry has arrived at a crossroads, and I believe that this is the time for new initiatives grounded in this perspective.

In April 2026, the Company will change its name to Joshin, reflecting our intention to pursue flexible business development without being restricted to the traditional "electric appliances" sector. Drawing on our long-cultivated ability to stay close to customer needs and leveraging our three contact points of stores, e-commerce, and delivery, we hope to develop new services that embody this spirit.

Moreover, the active participation of diverse talent will be indispensable in developing these new business initiatives. Having long been involved in both new business line development and the promotion of women's success in the workplace, I intend to use that experience to provide appropriate oversight and guidance to support the Company's continued growth and advancement.

Seiji Nishikawa
Outside Director

Accelerating management through DX promotion

I intend to take this opportunity presented by the change in organizational structure to closely monitor the progress toward achieving our key management KPIs, verifying them on an ongoing basis. In cases where targets are not met, I will ensure that the causes, countermeasures, and outlooks are effectively examined so that the Company's PDCA cycle functions properly and continuously. Through this, I aim to contribute to both the achievement of the Company's publicly announced budget targets and to the acceleration of the decision-making process.

To make this possible, management information must be monitored accurately and nearly in real time. To make such a system permanent, it will be necessary to transform our internal operational processes so that data generated along each workflow is entered into the system immediately and processed instantly. This transformation represents a true management and operational reform, and is essentially a company-wide DX initiative that cannot be realized without strong leadership from top management. It will also be crucial to pursue optimization of the overall system architecture, ensuring that digital systems do not fall into the trap of local optimization, while simultaneously achieving cost reductions and shorter development cycles. I intend to follow up on these DX and ICT initiatives, providing guidance and advice as necessary.

Ultimately, what will be most important for Joshin moving forward is that every officer and employee thinks deeply and acts proactively, so that together we can grow Joshin into an even stronger organization.

Monitoring to improve profitability and governance initiatives

In Joshin's evaluation of the effectiveness of the Board of Directors, bolstering the Board's monitoring functions emerged as a key issue. With my appointment as a director serving as an Audit and Supervisory Committee member, I intend to go beyond the traditional check-and-balance role and provide advice from a management perspective, contributing to the enhancement of our corporate value.

As a certified public accountant, I have experience auditing store-based businesses as well as managing corporate operations as a director at an e-commerce company. I have also been involved in the transition of a company with a Board of Auditors into a company with an Audit and Supervisory Committee. Drawing on these experiences, I will contribute to improving profitability through recommendations based on monitoring profitability by category, channel, and store, while fulfilling my supervisory responsibilities over management as an Audit and Supervisory Committee member. In doing so, I aim to help further enhance the effectiveness of the Board of Directors. In addition, as a member of the Nomination and Compensation Committee, I will actively engage in key matters such as developing and operating management staff evaluation and compensation systems to support sustainable growth, as well as formulating a robust succession plan.

Kazumi Yoshikawa
Outside Director, Audit and Supervisory Committee member

The changing retail environment and medium- to long-term value creation

As a certified public accountant, I served at an auditing firm for approximately 20 years, during which time I was also part of the firm's head division specializing in retail industry audits. I directly engaged with the management challenges faced by multi-store retail businesses. It was through this experience that I came to understand both the difficulty of coordinating between the head office and the front lines, and the importance of responding accurately to shifting consumer needs. Today, the retail industry is undergoing a major transformation, including diversifying lifestyles and rising e-commerce utilization. I believe that responding flexibly and swiftly to such external environmental changes will be key to achieving sustainable growth. As an outside director, I place importance on maintaining a constructive dialogue with the executive side of management, grounded in mutual trust while preserving an appropriate level of tension. I intend to draw on my expertise in financial accounting to contribute to the enhancement of corporate value. In particular, from a medium- to long-term perspective, I hope to fulfill my role as an Audit and Supervisory Committee member by promoting governance that emphasizes sustainability and remains unconstrained by conventional thinking within the Company.

Kazuko Otsuki
Outside Director, Audit and Supervisory Committee member

Evaluation of the Effectiveness of the Board of Directors

To strengthen corporate governance, the Board's[1] own Board of Directors Evaluation Committee, comprised of outside directors, takes the lead in analyzing and evaluating the effectiveness of the Board of Directors each fiscal year, and Joshin takes continual action to improve effectiveness based on that.

1. In FY2024, before the transition to being a company with an Audit and Supervisory Committee, it was comprised of outside directors and outside auditors

(1) Evaluation process

Anonymous, voluntary questionnaires to each director and auditor → Interviews with executive directors by outside officers → Compiling results by the Board of Directors Evaluation Committee and submitting reports to the Board → Identifying challenges and determining measures for improvement and enhancement at the Board of Directors meetings

(2) FY2024 issues

"Brushing up medium- to long-term management strategies and promoting more efficient management with a focus on capital costs"

(3) Initiatives tackling FY2024 issues

Response 1: Advice from outside directors	Response 2: Measures taken by the business-executing departments (Coordination between executive directors and executive officers)
• Structural reforms to the core home appliance retailer business • Building a business portfolio aligned with the two types of social value[2] that contribute to the enhancement of corporate values • Restructuring of the CEO succession plan and other HR succession plans	• Reforming merchandising by fully utilizing logistics functions • Expansion of the operational framework for growth businesses[3] • Reassessment of the human resource portfolio across the five business categories[4] • Promoting improvements to capital efficiency

2. "Helping to strengthen the resilience of an aging society" and "Achieving household carbon neutrality"
3. "Mobile communications," "Renovation," "Support business"
4. "Home appliances," "Entertainment," "Mobile communications," "Renovation," "Support business"

(4) Results of FY2024 initiatives

Result 1: Brushing up medium- to long-term management strategies

- The mobile communications business, a growth business, drove performance
- The renovation business steadily expanded
- The support business moved beyond its stable performance phase, showing potential for further growth
- The e-commerce business began to recover and expand again following profit structure reforms

Result 2: Promoting more efficient management with a focus on capital costs

- Verified the validity of capital efficiency index plans by recalculating the Company's capital costs
- Strengthened business execution systems, achieving a turnaround to higher revenues from the fourth quarter onward; improvements in inventory efficiency contributed to healthier finances and enhanced capital efficiency
- Reduced cross-shareholdings, resulting in a decrease of retained cross-held shares to 5.52% of net assets across 23 companies as of the end of March 2025

(5) Results of the evaluation of the effectiveness of the Board of Directors

The Board of Directors discussed and reviewed the matter based on the report from the Board of Directors Evaluation Committee. It was determined that the effectiveness of the Board of Directors is generally being upheld, as both executive directors and outside directors, drawing on their medium- to long-term perspectives and diverse expertise, actively and constructively engaged in deliberations and opinion exchange, including the proactive identification of issues by outside directors, that collectively led to the results described above.
On the other hand, due to a downturn in the core home appliance category, performance fell significantly short of targets, and discussions were held on growth strategies aimed at enhancing corporate value as outlined in the JT-2025 Management Plan (medium-term management plan). It was also constructively noted that, with the transition to a company with an Audit and Supervisory Committee, the Board of Directors should delegate greater authority to the business-executing departments, strengthen the monitoring framework, and focus discussions on medium- to long-term growth strategies.

(6) FY2025 initiatives to improve the effectiveness of the Board of Directors

1. Deeper medium- to long-term growth strategy with promotion of capital-cost-conscious efficient management (ongoing initiative)
2. Enhance the Board of Directors' monitoring functions and ability to respond flexibly and quickly (new initiative)

Using the Skills Matrix to Improve the Effectiveness of the Board of Directors

Based on the belief that the diversity of directors has an impact on the Board of Directors' effectiveness and has a major impact on sustainable growth and the ability to increase the Company's corporate value over the medium- to long term, we compiled a list of the skills required of the Board of Directors as a whole into the skills matrix (see p. 54). These skills are necessary to achieve the goals of our management strategies and for the effectiveness of the matrix for appointing director candidates. In appointing directors, including Audit and Supervisory Committee members, candidates are selected based on these criteria and formally approved at the General Meeting of Shareholders. The skills matrix is also utilized in the succession plan as a benchmark for developing key personnel, including future CEO candidates. Continuous training is provided for directors, executive officers, and other senior management. For executive officers, the goal is to help them acquire a broad range of skills by having them lead cross-company committees, which are the core of the Company's business execution framework. Through this process, they are evaluated and developed as future candidates for director positions.

Director Skill Sets

Management skills						
Corporate management	Finance, accounting, and capital policy	Legal affairs and governance	Management planning and business strategies	HR, personnel management, and diversity	ICT/DX	Environment and energy

Skills related to business specialization			
Home appliance retail business	Housing environment business	Marketing	Logistics

Reasons for skill set selection:
https://www.joshin.co.jp/en/csr/governance/corporate/skills.html

Purposes of the Skills Matrix

1. Identification of the necessary skills for the Board of Directors in light of the management strategy
2. Understanding the gap between the ideal composition of the Board of Directors and the current situation
3. Appointment of human resources with skills that the directors lack
4. Enhanced director training for new skills
5. Use in succession plans for directors
6. Use in succession plans for executive officers and other executives

Training for Officers

In FY2024, "improving officer skills based on the skills matrix" was positioned as a theme of the greatest importance. Training through outside courses was carried out focused on obtaining up-to-date knowledge and building up management skills that are lacking in individual directors, auditors, and executive officers among the "management skills" listed in the skills matrix (see p. 52).

As one part of the succession plans, the system was made so that directors and executive officers serve as chief officers related to sustainability and risk management, and practical training is also carried out for acquisition and improvement of management skills through actual work.

* Transitioned to a company with an Audit and Supervisory Committee in June 2025

Management skills selected for the skill set	Number of training courses on related subjects
Corporate management	6
Finance, accounting, and capital policy	8
Legal affairs and governance	11
Management planning and business strategies	10
HR, personnel management, and diversity	5
ICT/DX	6
Environment and energy	0
Total	46

* Two courses were conducted for each director, auditor, and executive officer.

Directors and Auditors

Ryuhei Kanatani

Chairman and Representative Director

March 1979	Joined the Company
July 1993	Manager of General Affairs Department
June 1998	Director, Manager of General Affairs Department
March 2002	Director, General Manager of Sales Planning Division
June 2002	Managing Director, General Manager of Sales Division
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
June 2016	Representative Director, Vice President and Executive Officer, General Manager of Business Administration Headquarters and Manager of Management Planning Department
June 2019	Representative Director, President and Executive Officer
June 2025	Chairman and Representative Director (to present)

Tetsuya Takahashi

Representative Director, President and CEO

March 1986	Joined the Company
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
October 2016	Executive Officer, General Manager of Sales Division and Manager of Kansai Sales Department
June 2017	Director and Executive Officer, General Manager of Sales Division
June 2019	Director and Managing Executive Officer, General Manager of Sales Division
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
April 2023	Representative Director, Vice President and Executive Officer, in charge of Sales Strategy
June 2025	Representative Director, President and CEO (to present)

Kazumi Yoshikawa

Outside Director
Audit and Supervisory Committee member
Independent

December 1995	Joined Chuo Audit Corporation
May 1999	Registered as a certified public accountant
April 2002	Registered as a tax accountant
August 2007	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
December 2019	Established Yoshikawa Kazumi Certified Public Accountant Office (to present)
September 2020	Director, SAKA NO TOCHU Co., Ltd.
June 2022	Outside Auditor, VALTES CO., LTD. (currently VALTES HOLDINGS CO., LTD.)
September 2022	Outside Auditor, Ubie, Inc. (to present)
June 2023	Outside Auditor (Audit and Supervisory Committee member), VALTES CO., LTD. (currently VALTES HOLDINGS CO., LTD.) (to present)
June 2023	Outside Auditor of the Company
June 2025	Outside Director (Audit and Supervisory Committee member) of the Company (to present)

Kazuko Otsuki

Outside Director
Audit and Supervisory Committee member
Independent

October 1996	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
May 2000	Registered as a certified public accountant
December 2015	Left Deloitte Touche Tohmatsu LLC
January 2016	Joined Imaoka Certified Public Accountant and Certified Public Tax Accountant Office (to present)
September 2021	Auditor, Osaka Research Institute of Industrial Science and Technology
March 2023	Outside Director, Sakata INX Corporation (to present)
June 2023	Outside Director, Ishihara Chemical Co., Ltd. (Audit and Supervisory Committee member) (to present)
June 2024	Outside Auditor of the Company
June 2025	Outside Director (Audit and Supervisory Committee member) of the Company (to present)

Keiko Yamahira

Outside Director
Independent

April 1983	Joined Kubota House Co., Ltd. (currently Sanyo Homes Corporation)
April 2010	Executive Officer, Sanyo Homes Corporation
June 2011	Director and Managing Executive Officer
June 2012	Director, Sanyo Reform Corporation
June 2013	Director & Senior Managing Executive Officer, Sanyo Homes Corporation; Director, SunAdvance, Inc.; Director, Sanyo Homes Community Corporation
June 2015	President & Director, Sanyo Homes Corporation
April 2017	Chairman and Representative Director, Sanyo Homes Community Corporation
June 2019	Outside Director, Fujitec Co., Ltd.; Outside Director of the Company (to present)
June 2021	Outside Director, Takara Leben Co., Ltd. (currently MIRARTH HOLDINGS, Inc.)
June 2022	Outside Director, Shinagawa Refractories Co., Ltd. (currently SHINAGAWA REFRA CO., Ltd.) (to present)
June 2024	Outside Director, Maruichi Steel Tube Ltd. (to present)

Junko Kawano

Outside Director
Independent

April 1986	Joined Recruit Co., Ltd
January 1997	Chief Editor of Travail
July 2008	Joined Sumitomo Corporation
February 2013	Director, Institute of Global Human Capital Strategies Co., Ltd.
March 2018	Established Kawano Junko Office (to present); Executive Officer and Chief Marketing Officer, Life Shift Japan Co., Ltd.
September 2019	Director, Tokyo International Progressive School (to present)
April 2020	Senior Researcher, Keio Research Institute at SFC (to present)
June 2021	Outside Director of the Company (to present)
December 2021	Director and Chief Marketing Officer, Life Shift Japan Co., Ltd. (to present)
April 2022	Outside Director, DyDo Group Holdings, Inc. (to present)

Seiji Nishikawa

Outside Director
Independent

April 1980	Joined Nippon Telegraph and Telephone Public Corporation (currently NTT)
April 2000	Chief Engineer, Information Systems Department, NTT DoCoMo, Inc.
October 2001	Executive Chief Engineer, Information Systems Department
June 2003	Department Manager, Information Systems Department
June 2006	Department Manager, Information Systems Department and Executive Officer
June 2012	Department Manager, Information Systems Department and Managing Executive Officer (CIO)
June 2013	President and Representative Director, DOCOMO Systems, Inc. (currently NTT DOCOMO SOLUTIONS, Inc.)
March 2021	Member of Mizuho Bank's independent System Failure Special Investigative Committee
June 2022	Outside Director of the Company (to present)

Kinya Naito

Outside Director
Audit and Supervisory Committee member
Independent

April 1986	Admitted to the bar
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 Associations
April 2014	Part-Time Auditor, National University Corporation Osaka University
June 2016	Outside Auditor of the Company; Outside Director, FALCO HOLDINGS Co., Ltd.
April 2017	Established Naito Law Office (to present)
June 2017	Outside Director of the Company
April 2019	Member, Osaka Prefecture Personnel Inspection Commission
January 2020	Chairman, Development Investigation Committee, Osaka City
June 2025	Outside Director (Audit and Supervisory Committee member) of the Company (to present)

	Term of office	Number of Company shares held	Committee membership		Attendance at meetings of the Board of Directors and Board of Auditors		Areas of experience/skills											
							Management skills							Skills related to business specialization				
			Nomination and Compensation Committee	Board of Directors Evaluation Committee	During FY2023	During FY2024	Corporate management	Finance, accounting, and capital policy	Legal affairs and governance	Management planning and business strategies	HR, personnel management, and diversity	ICT/DX	Environment and energy	Home appliance retail business	Housing environment business	Marketing	Logistics
Ryuhei Kanatani	27 years	66,900 shares (29,300*)	○		18/18	18/18	○	○	○	○	○		○	○		○	
Tetsuya Takahashi	8 years	28,901 shares (19,501*)			18/18	18/18	○			○		○	○	○	○	○	○
Keiko Yamahira	6 years	800 shares	○ (Chairman)	○	18/18	18/18	○	○		○	○		○		○	○	
Junko Kawano	4 years	-	○	○	18/18	18/18	○			○	○					○	
Seiji Nishikawa	3 years	700 shares		○	17/18	18/18	○			○	○	○					
Kinya Naito	8 years	4,000 shares		○ (Chairman)	18/18	18/18	○		○		○						
Kazumi Yoshikawa	2 years	201 shares	○	○	Board of Directors 14/14 Board of Auditors 10/10	Board of Directors 18/18 Board of Auditors 14/14	○	○	○		○						
Kazuko Otsuki	1 year	-		○	Board of Directors - Board of Auditors -	Board of Directors 14/14 Board of Auditors 11/11	○	○	○		○						

* Of which, the number of shares to be issued under the stock-based compensation plan

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 system provides incentives to manage the Company from the perspective of shareholders. With the start of the medium-term management plan (JT-2025 Management Plan), management responsibilities have been further clarified, and the compensation system was revised to aim for improved corporate value over the medium to long term.

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.

▶ 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, and stock compensation is set within the range of 50,000 points per year (1 point = 1 share). The Nomination and Compensation Committee, in which independent outside directors account for the majority of members with one of them serving as chairman, consults with the Board of Directors and deliberates on the allocation of compensation to individual directors based on the Regulation on Compensation for Directors, and the Board of Directors then makes the decision based on their report.

▶ Composition of directors compensation

<Configuration and purpose of the compensation system for directors>

1) Clarify management responsibilities by setting the component ratio of performance-linked compensation to 50%.
2) Provide incentives for management aimed at improving corporate value from the perspective of the shareholders, with the component ratio of stock compensation set to 30%.
3) Promote sustainability management from a medium- to long-term perspective, with the component ratio of compensation based on ESG indicators set to 20%.

Fixed compensation (50%)	Variable compensation (50%)				
Fixed compensation (50%)	Individual performance-linked compensation (10%)	Financial indicator-linked compensation (20%)		Sustainability indicator-linked compensation (20%)	
		Operating income results-linked compensation (10%)	ROE-linked compensation (10%)	Environmental management indicator-linked compensation (10%)	Employee engagement indicator-linked compensation (10%)
Monetary compensation (70%) Short term			Stock compensation (30%) Long term		

* The table above assumes that the level of achievement of performance targets is 100%. The composition of directors' compensation is common to all executive directors.

▶ Directors compensation by position

Compensation for directors is based on "Directors and Executive Officers" compensation, and the standard monthly compensation is set at no more than 300% of the maximum monthly salary as set forth in the employee salary system. For individual allocations, a compensation multiplier is set according to the position.

▶ Calculation of performance-linked compensation

Monetary compensation paid as short-term incentive compensation (20%)

➊ Individual performance-linked compensation (10%)

Each fiscal year, the Nomination and Compensation Committee evaluates the results from execution of duties by each director from the perspectives of monitoring and managing, and decides the individual performance-linked compensation by multiplication using the performance-based coefficient, which is based on a comprehensive evaluation. The amount paid will vary between 50% and 150%, with 100% indicating achievement of the targets.

➋ Financial indicator-linked monetary compensation (10%)

To encourage labor and management to work together to improve business performance, this type of compensation is based on the achievement of operating income, the same as year-end bonuses for employees. The amount paid will vary between 0% and 150%, with 100% indicating achievement of the targets. For details on position-specific base compensation amounts and performance-based coefficient, please see the Securities Report.

Stock compensation paid as long-term incentive compensation (30%)

Directors are awarded points for each position once a year, calculated by multiplying the base points for each position by the performance-based coefficient based on the performance of the immediately preceding fiscal year (one ordinary share of the Company per one point), and each director receives ordinary shares of the Company (some are converted to cash) upon their retirement. Stock-based compensation varies between 0% and 150%, with 100% indicating achievement of the targets, based on the achievement rate against targets for financial and sustainability indicators.

➊ Financial indicator-linked stock compensation (10%)

To reflect in the compensation the degree of improvement in capital profitability, shares are issued as compensation based on the degree of achievement of ROE targets in the medium-term management plan.

➋ Stock compensation based on environmental management indicator (10%)

The Company has introduced this incentive to encourage directors to address the environmental issues caused by climate change within the management strategies from the perspectives of risk and opportunity, as well as to link the creation of the positive impact of our operations on society with the Company's sustainable growth. These incentives are awarded as shares for compensation based on an environmental management indicator (the CDP climate change score).

➌ Stock compensation based on employee engagement indicator (10%)

The creation of an internal environment where diverse human resources can play an energetic, active role as well as investments in human resource development that improve employee engagement should improve customer satisfaction, or CS (by creating new social value). In order to link this to the Company's sustainable growth, the Company continually measures engagement to monitor the progress as an engagement score and reflects this in directors' compensation.

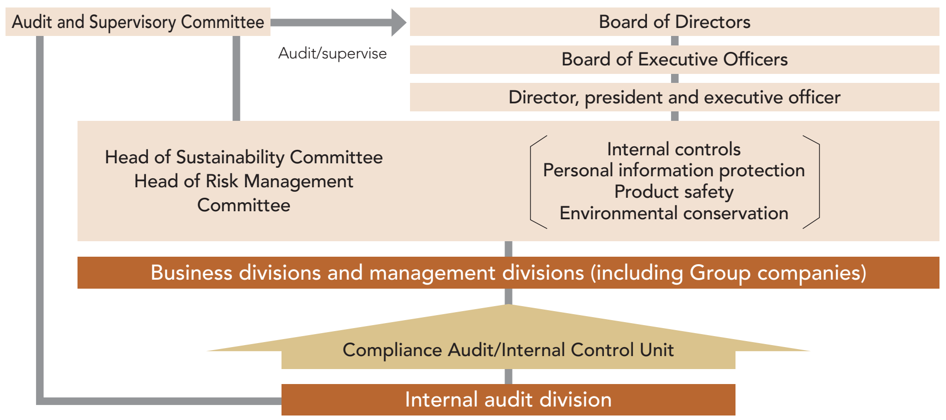
Compliance Systems

Compliance Promotion System

Joshin has established a Sustainability Committee and a Risk Management Committee, both chaired by the Director, President and Executive Officer. These two committees work in coordination to oversee overall compliance while promoting the Company's growth strategy. To further strengthen this structure, the Company transitioned into being a company with an Audit and Supervisory Committee in June 2025. By substantially delegating authority over business execution decisions, this structure speeds up management while allowing the Board of Directors to focus on discussions from a medium- to long-term perspective, such as management policies and growth strategies. The Audit and Supervisory Committee, which serves as the core of the compliance framework, is comprised entirely of independent outside directors. Working closely with the Internal Audit Division, the committee monitors from an independent, third-party standpoint whether the Company's compliance promotion framework is functioning appropriately. The Internal Audit Division reports directly to the company president, but the instructions and orders of the Audit and Supervisory Committee take precedence.

We have formulated the Joshin Group Code of Conduct as the foundation for promoting compliance. This code shows the course of action that all employees working for the Group should take, as well as the assessment criteria and the guidelines for action that must be followed. This Code of Conduct, along with the Joshin Group Anti-Corruption Policy, sets out the behavior required of various stakeholders, as well as compliance with laws and social norms, fair trade practices, conservation of the environment, handling personal information, policy on purchasing products, etc., and guidelines for activities within the supply chain. The Code of Conduct is used as a basic tool for training of employees by category including company orientation and schooling for promotion.

Compliance Promotion System



Operation of the Public Interest Notification System

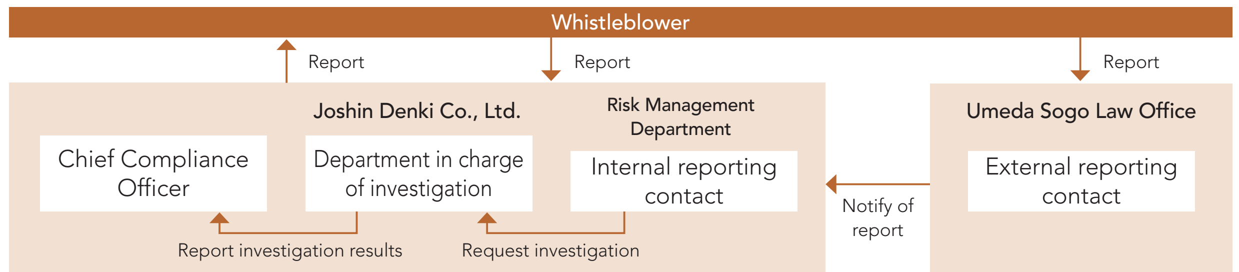
To prevent and promptly correct illegal and misguided acts, and to improve the capability to govern these acts, the Company uses a public interest notification system as our whistleblowing program. This system is made available not only to the employees of the Group, but also to the employees of franchisees,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

It guarantees the protection of whistleblowers, including measures to prevent disadvantage to whistleblowers resulting from their reporting, and accepting of anonymous reports.

In order to prevent information that could identify the whistleblower from leaking, and to thoroughly communicate confidentiality obligations not only to employees involved with whistleblowing, but to all Group employees, these requirements have been applied to the Group Code of Conduct and regulations and procedures have been established.

[Whistleblower cases (number of cases) (FY2024)]
97 (20 harassment cases, 1 legal violation, and 76 others)

Joshin Group Public Interest Notification System



Risk Management

Risk Management System

To comprehensively assess, evaluate, and manage the various risks surrounding the Group, the Company has established the Risk Management Committee and created a Group-wide risk management (ERM) system. Once a year, this Committee identifies and assesses risks that may interfere with achievement of the targets in the JT-2025 Management Plan (medium-term management plan) and other risks that could impact the Group, and confirms the status of our response to high-priority risks.

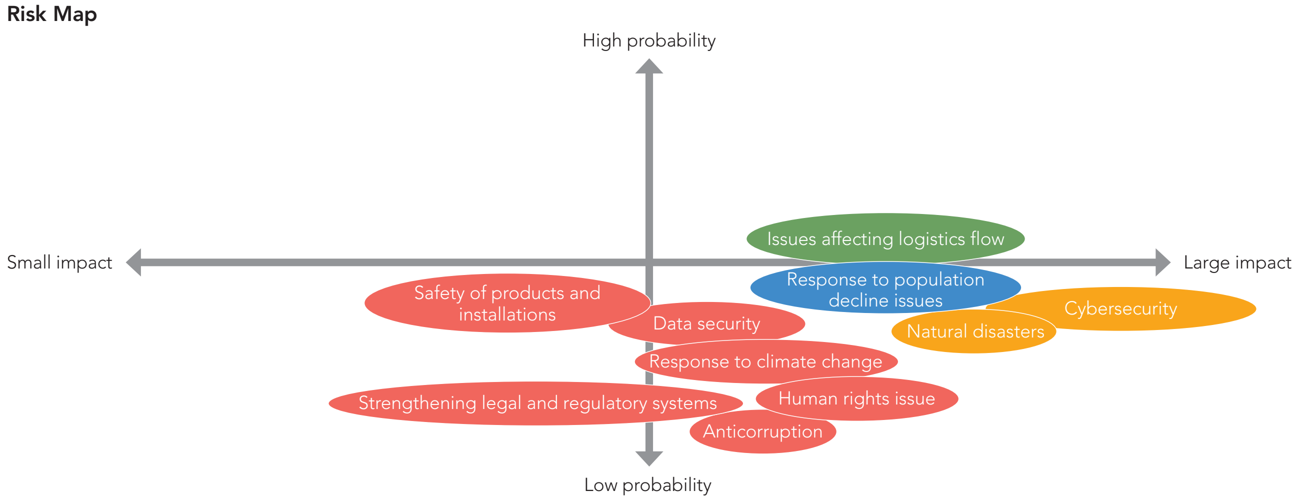
Also, in the event of a material incident, the Disaster (Accident) Countermeasures Committee, chaired by the president and executive officer, is convened to facilitate initial measures and minimize the impacts on the management of the Group. Amid growing threats of major natural disasters, such as large earthquakes and heavy rain, as well as the risks of a cyberattack, the Company will fulfill all social responsibilities to stakeholders by ensuring early recovery and continuity of our business activities.

For recognized risks, a risk map is created with the risk degree of impact and probability of occurrence as the axes.

Monitoring is being strengthened for risk status and countermeasures in order to avoid or mitigate the risks.

Risk Management System

Risk Map



Critical Risk Issues and Status of Our Response

Classification	Risk issues (content)	Countermeasure
Hazard risks	Response to natural disasters, diseases, and fires in important facilities	• Formulation of basic business continuity plan (BCP) policy and informing all employees throughout the Group • Acquisition of ISO 22301 certification under the international standard for business continuity management • Review of business continuity plans (BCPs) and disaster countermeasure manuals, as necessary • Continuing drills and training based on BCPs and the disaster countermeasure manuals
	Increased importance of cybersecurity	• Prevention of network attacks and intrusion using firewalls and other means • Constant EDR/MDR monitoring of all business terminals and servers, including those in remote work environments • Ongoing targeted email attack training for all Group employees • Ongoing maintenance of website safety based on results of website vulnerability evaluations
Operational risks	Issues affecting logistics flow	• Promotion of automation and labor-saving using IT systems • Rapid response to workstyle reform-related laws in coordination with contractors and the supply chain
Business risks	Response to population decline issues	• Promotion of streamlining, automation, and labor savings for store operations by using ICT

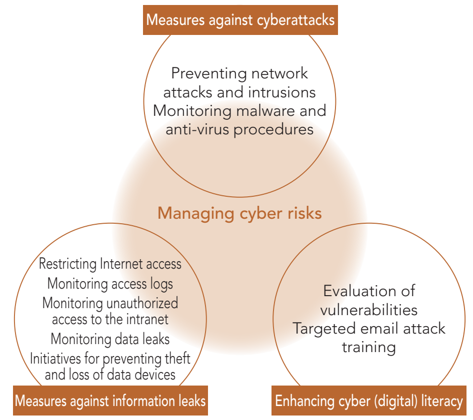
Data security

Cyber Risk Management Promotion System

In order to protect POS data, net shopping purchase information, and other valuable customer information, we have enacted a variety of measures for information security.

In addition to defense systems, such as firewalls, as countermeasures against cyberattacks, the Company operates a system that constantly monitors all business terminals and servers through EDR/MDR, in order to eliminate threats by immediately detecting the intrusion of malware and other unauthorized programs, then isolating the infected systems. External public servers are monitored 24 hours a day, 365 days a year by specialized security companies. Each year we also receive vulnerability diagnosis and immediately enact countermeasures to any vulnerabilities.

Preventing Cyberattacks



Promotion of Personal Information Protection

The personal information of customers and information used within the Company is managed using an information system based on high security standards. For personal information protection, since the Company became the first major retailer to acquire Privacy Mark certification in 2005, we have built and maintained an operating system that meets the strict compliance criteria, and both our real stores and EC store offer an environment that can be used securely.

Personal information protection policy
https://www.joshin.co.jp/en/privacy.html

Data Security and Personal Information Protection System

Initiatives for Strengthening Security

As initiatives for strengthening security in sales operations, we are carrying out a paperless transition in store operations such as accepting member card applications and issuing receipts. In addition to simplifying our operations, this has reduced accidents involving information leakage or loss. In our office operations, we are strengthening security measures for sending and receiving email. We are also enacting security measures for business terminals, such as introducing data-free PCs that do not record data to the local disk and disabling connections to external devices.

Education and Training

The Group conducts training for information management and training for preventing personal information accidents once each year. (Textbook learning and test of understanding)

In order to prevent accidents and raise the level of knowledge related to external threats, we conduct response training for targeted email attacks several times each year.

Society

Our group provides value to society starting with the smiles of our employees, and we will pass on a prosperous future to the next generation. We bring out the potential of our human resources through investment in human capital, creating a virtuous cycle in which we pursue initiatives to improve job satisfaction and create more comfortable workplaces while individual fulfillment is used to drive the Company's growth. With all of our initiatives built on a foundation of respect for human rights and health and productivity management, our business activities strengthen connections within the supply chain to contribute to resolving social issues while co-creating with the community.

Basic Approach to Human Resources Strategy

Looking forward to 2050, the Group has established the management philosophy of "Connecting people and society to the future with a smile." As part of our efforts to put this into practice, we have set an interim goal of being "A company that supports growth of local communities and contributes to the future of people and environment" by 2030. We are developing a system of management that contributes to building a sustainable society through the creation of two social values: helping to strengthen the resilience of an aging society and achieving carbon neutrality in households.

The Group's human resources strategy is based on the universal value of "respect for human rights" as well as "health and productivity management" that aims to draw out the full potential of our human resources. Based on that, the Group is now engaged in securing and training a diverse range of human resources with D&I as the pillar of our strategy. We believe our human resources strategy—which connects securing talent capable of meeting diverse customer needs, developing talent to support new growth businesses, and enhancing employee engagement to new customer satisfaction, thereby creating new business and enhancing corporate value—is integral to our management strategy aimed at contributing to a sustainable society.

General Human Resources Strategy Concept

In order to draw on diverse perspectives to empower the Company, we will create a work environment where all employees can perform at their best, achieving the Company's management philosophy by creating an upward spiral that increases ease of work, leading to job satisfaction, then to employee ownership, and finally to improved employee engagement.

Human Capital KPIs for Realization of Our Management Philosophy

We will set KPIs for areas in need of improvement to bridge the gap from the present to our goals, working to achieve a rewarding work environment where diverse employees play a more active role.

[Areas far from goals]

- Percentage of female managers (section manager or higher) / Percentage of female junior managers (deputy section manager or higher)
  Female appointments are a key area in need of improvement, but we do have a growing number of female chiefs who could serve in management positions. Changes to organizational structure have resulted in female directors accounting for 50% of the Board.
- Wage difference between men and women (permanent employees)
  The primary causes of the wage gap are that more than 40% of female employees choose to restrict their workplace location, which involves reduced salary, in addition to the smaller number of female managers.

Category	KPIs	FY2023 results	FY2024 results	Gap Negative gaps are indicated by "-"	FY2030 target
Securing human resources Human resource development	Number of new graduates and mid-career hires	237	190	40	150 annually
	Turnover rate (female permanent employees)	5.2%	3.7%	-1.2%	2.5% or less
	Turnover rate (male permanent employees)	2.6%	2.2%	0.3%	2.5% or less
	Turnover rate (permanent employees total)	2.9%	2.4%	0.1%	2.5% or less
	Number of Home Appliance Advisor certification holders (total number of people)	6,676	6,894	-	-
	Number of Smart Master certification holders	2,436	2,590	-	-
Diversity & Inclusion	Percentage of female directors	22.2%	50.0%[1]	20.0%	30.0%
	Percentage of female managers (section manager or higher)	1.8%	2.0%	-3.0%	5.0%
	Percentage of female junior managers (deputy section manager or higher)	4.3%	4.5%	-15.5%	20.0%
	Number of female chiefs	40	55	-	-
	Percentage of female permanent employees	14.1%	15.3%	-14.7%	30.0%
	Percentage of female employees	36.7%	36.7%	-13.3%	50.0%
	Percentage of female new employees	56.4%	54.8%	4.8%	50.0%
	Wage difference between men and women (permanent employees)	72.1%	74.7%	-3.3%	78.0%
	Percentage of employees with disabilities	2.7%	2.8%	-0.2%	3.0%
	Number of employees 65 years old and over	126	151	-	-
	Rate of male employees taking childcare leave or leave for the purpose of child care[2]	96.3%	98.5%	-1.5%	100.0%
Health and productivity management	Health index score[3]	-4.2%	-3.9%	-5.9%	+2.0% average score across Japan
	Presenteeism[4]	93.0%	92.9%	-1.1%	94.0%
	Medical checkup participation rate	98.3%	97.9%	-2.1%	100.0%
	Stress check participation rate[5]	98.9%	99.0%	-1.0%	100.0%
	Overtime work hours (monthly average)	13.6 hours	12.7 hours	-	-
	Paid leave usage rate (all employees)	60.9%	62.4%	-7.6%	70.0%

Ideal form

1. The percentage of female directors is valid as of June 24, 2025
2. Rate of male employees taking childcare leave or leave for the purpose of childcare: Rate of taking childcare leave or leave for the purpose of childcare based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members
3. Health index score: An original index compared with national data based on the number of those who have medical checkup results for weight, blood pressure, liver function, fats, and blood sugar within the average range and of nonsmokers (target: 40 years old and above)
4. Presenteeism: Where employees are at work but their work efficiency is declining due to health problems (measured by WLQ-J). Performance in the best condition is calculated as 100%.
5. Stress check participation rate: All business sites are targeted, including those with less than 50 people

Connecting Management Strategy and Human Resources Strategy

The Joshin Group positions diversity and inclusion as a pillar of its human resources strategy, and uses individual capabilities to drive its organization's performance and enhance corporate value. The financial and non-financial capital acquired from that will be re-invested to create a virtuous cycle that generates new value.

Reinforcing Joshin's Financial and Nonfinancial Capital through the Promotion of Diversity and Inclusion (D&I)

Financial/Nonfinancial capital

Diversity & Inclusion

Materiality Initiatives	Action	Expected Result
Securing human resources	• Strengthening direct recruiting	• Remedying the age structure for permanent employees • Moving employees appropriately to growth businesses
	• Securing core human resources through job-style employment	• Transforming our business model
	• Increasing the percentage of women • Actively promoting women to managerial and executive positions	• Employing diverse perspectives in management strategies
	• Promoting the D&I of knowledge and experience • Employing more people with disabilities	• Realizing an internal environment where diverse employees play a more active role
	• Extended retirement age • Support for the success of veteran employees	• Utilizing the knowledge of veteran employees • Passing on knowhow to future generations
Human resource development	• Developing specialized human resources for core businesses	• Growth of Joshin fans and core fans • Creating customer lifetime value
	• Fostering a willingness to make voluntary contributions by using engagement surveys • Practicing talent management • Implementing reskilling, such as DX education	• Improving employee engagement • Promoting internal transfers by fostering a challenging spirit • Developing new businesses and services utilizing ICT
	• Planning leadership training for female employees	• Developing marketing activities and services from diverse perspectives
	• Implementing executive and officer training • Training executive officers as candidates for directors	• Nurturing next-generation leaders
	• Supporting the training of employees at partner companies	• Enhancing business infrastructure (purchasing, logistics, delivery, installation, and construction)
Health and productivity management	• Mandatory completion of medical check-ups (for employees 35 years old and older) • Improving health literacy through public health nurse interviews (for all ages) • Implementing stress checks at all business sites and conducting line care training based on group analysis	• Mental and physical health: Achieving +2% average health index score across Japan Improving job performance
	• Ensuring appropriate working hours • Taking advantage of ICT	• Reducing total working hours • Improving operational efficiency
	• Childcare and nursing care support • Expanded and improved personnel and benefit systems • Expanding the leave system • Providing support for infertility treatment	• Work-life balance
	• Providing support for diseases specific to women	• Success of women in the workplace

Improve corporate value

Strengthen customer satisfaction

Value creation

* Upper: Value creation. Lower: KPI, figures in ( ) are changes from the previous fiscal year.

Value creation	KPI
Enhancement of employee engagement	Overall engagement score 63 (-1 Pt)
Improve revenue from existing business	Gross profit margin 25.3% (-0.7 Pt)
Improved employee ownership	Percentage of employees participating in employee stock ownership plan (non-consolidated) 83.4% (-2.0 Pt)
Increase the development of new services and new service revenue	% of net sales of Sales Division intangible products* 1.8% (+0.2 Pt)
Wellbeing	Work engagement 2.4 (±0)
Improved productivity	Annual gross profit per full-time employee ¥23.7 million (-¥1 million)

* Intangible products: Digital data, information, and services provided as products. Developing a new menu that exceeds the bounds of traditional product sales in the form of a support business.

New Actions in FY2024

- Career formation in the mobile support business field and creation of a training system
- Support for the success of veteran employees (implementation of systems for career support and reduced work hours/days)
- Support started for balancing work with infertility treatments

Dynamic Personnel Plan - Type of Employees Sought: Innovative Human Resources That Provide "Two Types of Social Value"

This is a dynamic personnel plan aimed at bridging the gap between the present and 2030 goals. We link this plan to management strategy and make adjustments based on social changes and plan progress in order to secure and cultivate the type of personnel that we need.

Image representing changes in personnel

Note: Personnel counts and sales figures are for conceptual purposes only.
Proportions of sales will not sum to 100% due there being other sales not accounted for here.

Type of personnel	Current role and future expanded personnel requirements	HR measures that bridge the gap
Concierge Personnel - Real stores, EC Change in personnel: 2,500 Change in sales volume Proportion of sales: FY2023 63%, FY2024 62% Proportion of sales (planned): FY2030 60%	**Roles** • Proposing attractive products and services to customers • Building relationships of trust with customers • Generating new customer satisfaction **Personnel requirements to be expanded through 2030** • Highly specialized retail sales staff (stores) • Diverse retail sales staff (stores) to handle customer needs • Systems engineers, web marketers, analysts (EC)	**Common to all types of personnel sought** • Clearer personnel requirements • Securing diverse human resources • Human resource development in line with the business plan • Establishing multiple paths for career development • Improving management to boost productivity
Entertainment Personnel KIDS LAND, DISC-PIER, MEGA WATCH Change in personnel: 400 Change in sales volume Proportion of sales: FY2023 17%, FY2024 15% Proportion of sales (planned): FY2030 15%	**Roles** • Providing highly specialized customer service • Creating sales floors that continuously win customer support • Further expanding market share **Personnel requirements to be expanded through 2030** • Personnel with experience in effective sales floor design and production	**Common to all types of personnel sought** • Clearer personnel requirements • Securing diverse human resources • Human resource development in line with the business plan • Establishing multiple paths for career development • Training of specialized human resources • Optimizing personnel assignments
Growth Business Personnel Mobile communications, support businesses, renovation Change in personnel: 500 Change in sales volume Proportion of sales: FY2023 14%, FY2024 16% Proportion of sales (planned): FY2030 20%	**Roles** • Lifestyle proposals rooted in smartphones as a core hub • Expanding services closely customized to customer lifestyles • Proposing solutions that achieve a comfortable, smart living environment **Personnel requirements to be expanded through 2030** • Personnel with contract sales experience (mobile) • Personnel with reuse business experience (support business) • Welfare housing environment coordinators (renovation) • Architects (renovation)	**Common to all types of personnel sought** • Clearer personnel requirements • Securing diverse human resources • Human resource development in line with the business plan • Establishing multiple paths for career development • Increasing personnel • Training high-performance personnel
Service Infrastructure Personnel - Delivery, construction, repairs Change in personnel: 500 Change in sales volume Proportion of sales: FY2023 4%, FY2024 5% Proportion of sales (planned): FY2030 4%	**Roles** • Providing services based on trust and technical capabilities • Delivery, construction, and repairs for large products subject to recycling • Understanding untapped needs through customer home visits • Same-day support for home appliances that are an essential part of daily life **Personnel requirements to be expanded through 2030** • Qualified electricians and other personnel with repairs-related credentials • Licensed construction management engineer	**Common to all types of personnel sought** • Clearer personnel requirements • Securing diverse human resources • Human resource development in line with the business plan • Establishing multiple paths for career development • Training of dispatch repair staff • Measures to address aging staff • Reskilling
Planning & Operational Personnel Planning and operational departments 300	**Roles** • Creating future value through vision-building • Improving earning power • Improving capital efficiency • Optimizing and streamlining information technology and logistics infrastructure **Personnel requirements to be expanded through 2030** • Strategists (management, marketing, financial, HR) • Systems engineers and data science personnel	**Common to all types of personnel sought** • Clearer personnel requirements • Securing diverse human resources • Human resource development in line with the business plan • Establishing multiple paths for career development • Securing and training highly specialized personnel • Improving productivity • Addressing changes in work styles

Internal Environmental Improvement Policy

The Group believes that the active participation of diverse human resources is the source of our organizational strength to seize new business values, and to achieve sustainable growth. To improve the Group's corporate value by contributing to society as an infrastructure hub for a better life, it is necessary to create new value by understanding the issues and needs of society. For that reason, the Group will create an internal environment where everyone is given a fair opportunity and can thrive in good mental and physical health while achieving job satisfaction.

We will then turn the ideas coming from the freethinking of diverse employees into new businesses as well as make sustainability management a reality.

Human Capital Investment

As before, we have focused more on investment in people who produce future value. Going beyond just hiring, training, and salary increases, investment that will boost job satisfaction and comfort at work as well as investment in the implementation of systems to improve productivity and reduce effort are also defined as human capital investments.

As one form of human capital investment, we introduced a performance-linked stock incentive system for employees in FY2024. The purpose of this is to enhance employees' awareness of their active involvement in improving the medium- to long-term value of the Company.

At present, we are making upfront investments to maximize the potential of our human resources and create value for the future. Going forward, we will continue investment to generate future returns.

Note: Figures in ( ) are changes from the previous fiscal year.

FY2024 Human Capital Investment ¥5,984 million (¥1,691 million)

Recruiting and education ....¥778 million (¥13 million)
- Cost of hiring new graduates and mid-career workers
- Recruitment expenses
- Education and training expenses

Wage increases and a revised HR system .... ¥2,298 million (¥626 million)
- Wage increases (including part-time employees)
- Amount of investment in the performance-linked stock incentive system
- Risk-responsive lump sums for retirement annuities
- Increased personnel costs due to the extended retirement age
- Talent management system introduction and operating costs

Investments leading to job satisfaction and ease of work ....¥90 million (-¥24 million)
- Investment in new work styles
- Ikumen (men rearing their children) leave
- Nursing care support
- Expenses for conducting engagement surveys

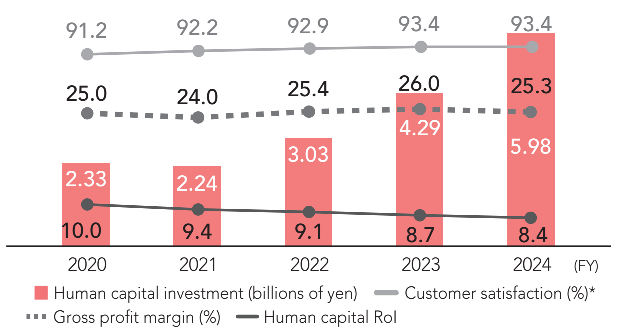
Investments in systems that improve productivity ....¥2,818 million (¥1,076 million)
- Expenses for self checkout systems, digital POP, and electronic pricing
- Electronic receipt systems and order card issue systems
- Expenses for introduction of generative AI, etc.

Although it is impossible at present to clearly predict returns of human capital investment, there is some correlation apparent between human capital investment and gross profit margin.

- Human capital investment
  FY2023: ¥4.29 billion > FY2024: ¥5.98 billion
  Reason for increase: Salary increases, IT systems investment, etc.

- Human capital RoI (ISO 30414 productivity indicator)
  Formula =
  [Sales - {Sales, general, and administrative expenses - (Wages and allowances + Bonuses + Legally required and other welfare expenses)}] ÷ (Wages and allowances + Bonuses + Legally required and other welfare expenses) - 1

Human Capital Investment and Related Data



* Customer satisfaction (%) = very satisfied + satisfied in our online questionnaire

Employee Engagement Improvement Initiatives Using Engagement Surveys

Use of engagement surveys to visualize employee psychological status and to work to improve employee engagement.

Engagement surveys

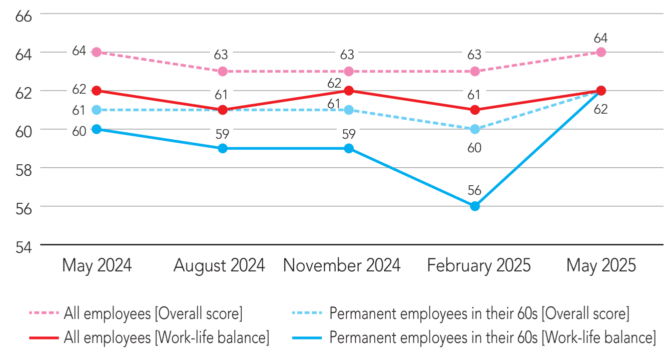
We introduced an engagement survey in April 2023 as a management support tool for every department to check on the progress of initiatives that create a comfortable, rewarding work environment.

Issue-based awareness

A key issue was to improve the engagement of permanent employees in their 60s. In April 2025, we introduced reduced work hours and work days for senior employees as a type of flexible work style, which improved our work-life balance score. Additionally, we began conducting career consultations to clarify job roles for personnel over 60 years old, which improved our "job satisfaction" score by 1 point and "empathy with the mission and the vision" by 2 points.

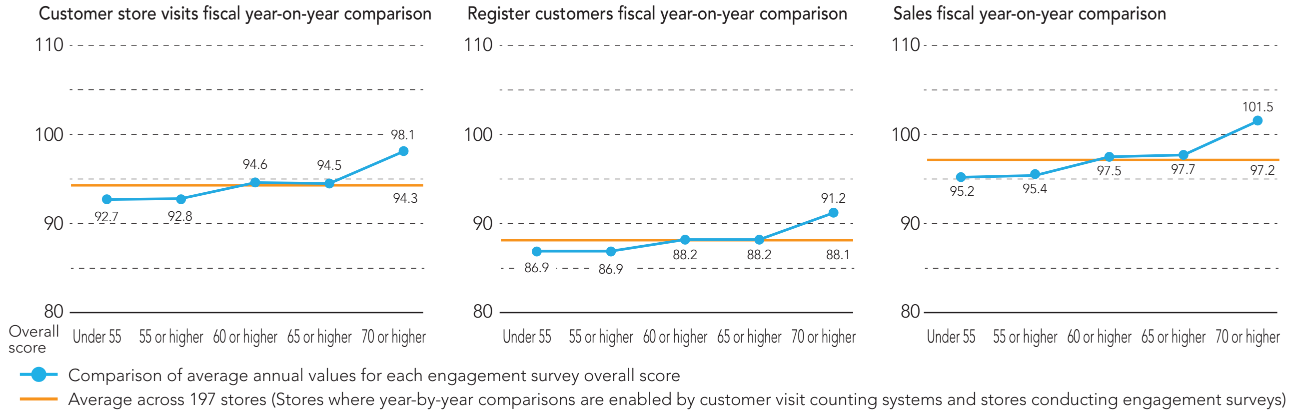
Overall engagement score is correlated with the number of customers visiting stores, number of customers at the register, and sales data. Engagement is a key to organizational performance.

Work-life Balance: Comparing Permanent Employees in Their 60s vs. All Employees



* Retail standard average score: 66
* Survey covered around 8,000 employees (including part-time employees) from all Group companies engaged in the home appliance sales and support business
* Survey tool: Wevox by Atrae, Inc.
* The overall score is reflected in the stock compensation of executive directors and executive officers as a long-term incentive.

Correlation between Overall Engagement Score and Sales Data



* Fiscal year-on-year data: FY2024 order results (different to consolidated operating results) for stores (201) where year-by-year comparisons are enabled by customer visit counting systems
* Overall engagement score: Data from February 2025

Initiatives of the engagement survey use promotion team

One store from each area is selected as a promotion team that is taking proactive steps to improve engagement. One leader on each promotion team participates in promotion leader meetings where opinions on how to improve engagement are exchanged. Beginning with promotion leaders, we will spread understanding of engagement throughout the whole company.

Respect for Human Rights

Approach to Human Rights

Since our foundation, the Group has cherished the Corporate Credo of "Thoughtfulness," "to always act in consideration of the other's perspective."

This credo connects directly with respect for human rights that value an individual's perspective. And moving forward, with our foundational spirit of respecting human rights and to contribute to resolving social issues through our business activities, we signed the United Nations Global Compact in July 2022 and announced the Joshin Group Human Rights Policy in December 2022.

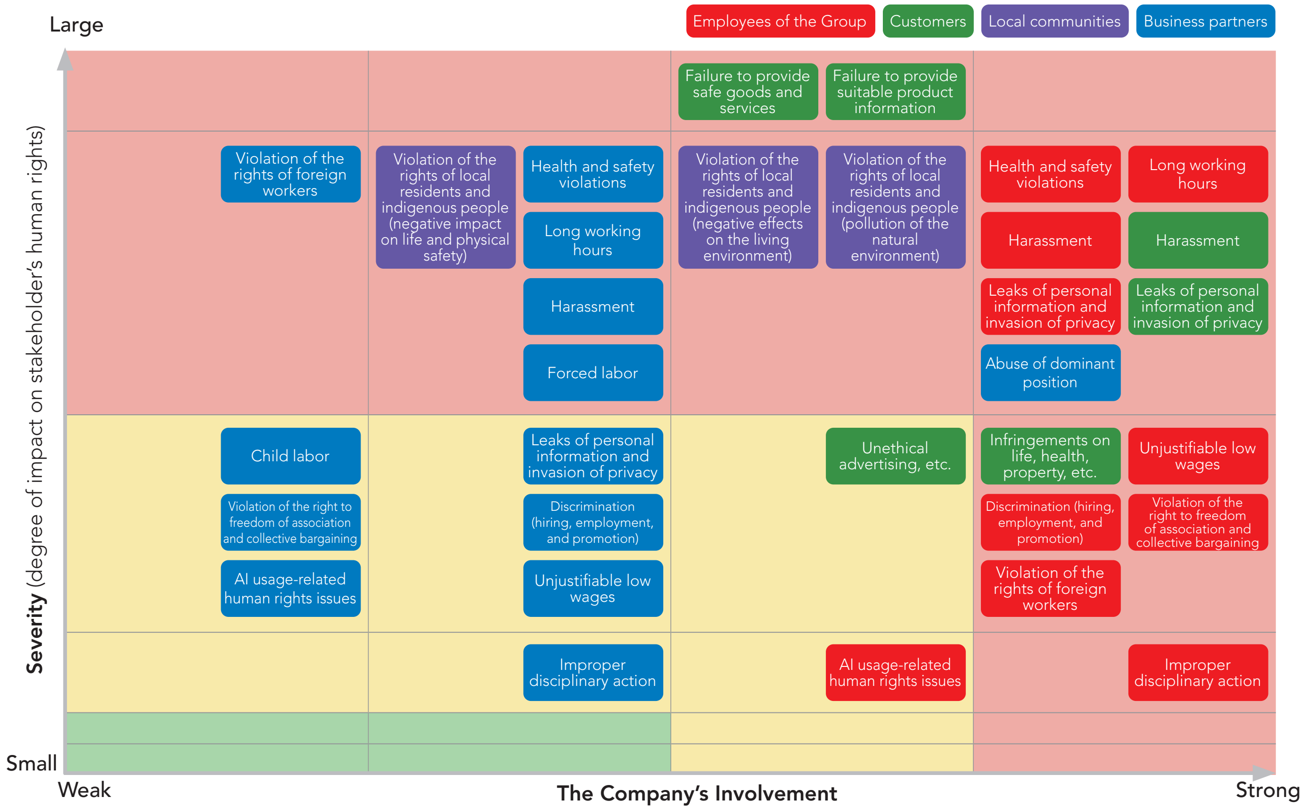
Please see our website for more information on the Joshin Group Human Rights Policy.
https://www.joshin.co.jp/en/csr/social/strategy/human_rights_policy.html

Implementation of Human Rights Due Diligence

Identifying and Assessing Human Rights Risks

We identified potential human rights risks associated with the Group's business activities and evaluated them from the standpoints of severity and our involvement, using that to create a human rights risk map. Based on these results, we will consider specific actions to reduce human rights risks that have been indicated as highly significant, and prioritize ways to address them.

Human Rights Risk Map (Risk Assessment Results) Unlike a typical risk matrix, there are also areas of high priority at each end of the axis.



Refer to United Nations Guiding Principles on Business and Human Rights, The Arc of Human Rights Priorities of the Danish Institute for Human Rights, the Stakeholder Engagement Program of the Caux Round Table, etc.

Main Initiatives to Date

November 2023	Formulated the Joshin Group Human Rights Awareness Promotion System and began operating the Human-Rights Remedy System
January 2024	Began the supply chain procurement questionnaire
November 2024	Began the questionnaire on initiatives to respect human rights at cooperating delivery partners (58 of 88 companies responded)
April 2025	Added a "human rights clause" to the master transaction agreement

For details about the Human Rights Awareness Promotion System and Human-Rights Remedy System, please see our website.
https://www.joshin.co.jp/en/csr/social/strategy/promotion_structure.html

Future Actions

- Regular implementation of training and confirmation tests on respect for human rights targeted at the full Group
- Regular implementation of questionnaires for stakeholder companies and feedback regarding survey results

Information Disclosure

- Number of reported human rights cases related to the value chain
FY2023: 2. FY2024: 0.

Health and Productivity Management

The Group that promotes "fan" development by deepening connections with customers, works on the health and productivity management that underlies HR strategy. We will maximize potential of each and every employee by promoting mental and physical health.

The Health and Productivity Management Promotion Office, led by a Chief Wellness Officer (CWO) who is top management, works to resolve the health challenges of the Group in cooperation with internal and external organizations.

https://www.joshin.co.jp/en/csr/social/hr/health.html

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Certified for six consecutive years

Main Initiatives

- Mandatory complete medical checkups for permanent employees who have reached the age of 35 (at no cost to them)
- Conduct Good Condition Interviews with public health nurses, aiming to improve health literacy
- Have national registered dietitians implement the "MealSelect Program," aiming to prevent lifestyle-related diseases

Future Initiatives

- Lifestyle improvements: Training programs to improve sleep habits
- Self-care and line management care training for health issues specific to women

Key Item Promote Company-Wide Smoking Cessation Programs

Believing that upper management should tackle employee smoking issues, Joshin established the following mandatory rules on April 1, 2025.

(1) No smoking during work hours
* Excluding break time
* Including business travel and out-of-company work

(2) No smoking 45 minutes before work and before returning from a break or from out-of-company travel
* Includes 45 minutes before visiting a customer's home or client location

After smoking, harmful substances continue to be emitted from the smoker's breath, hair, and clothing. This is called third-hand smoke and is a kind of passive smoking. This 45-minute no-smoking period derives from research that indicates harmful substances are emitted from smokers' breath for 45 minutes after smoking.

By promoting a company-wide no-smoking program, we will reduce various losses that contribute to management issues.

❶ Loss of employees
- Risk of death (smoking is a leading cause)
- Risk to the health of those around the smoker (secondhand, thirdhand)

❷ Productivity loss
- Hindered concentration
- Lost opportunities due to the smoker being away from their desk

❸ Customer loss
- Decrease the purchase intention and customer satisfaction due to the cigarette odor

Health and Safety

We are actively working to create a safe and secure work environment to address long working hours, labor accidents, workplace harassment, and improve productivity by implementing ICT on the front lines of sales.

Due to efforts to reduce working hours, annual total business hours have been reduced and the gross profit margin has been increasing.* We will continue to promote labor savings by implementing ICT and we will increase contact points with customers to improve customer satisfaction.

* Store divisions - Graph of total business hours and gross profit margin
https://www.joshin.co.jp/en/csr/social/hr/health_safety.html

Main Initiatives

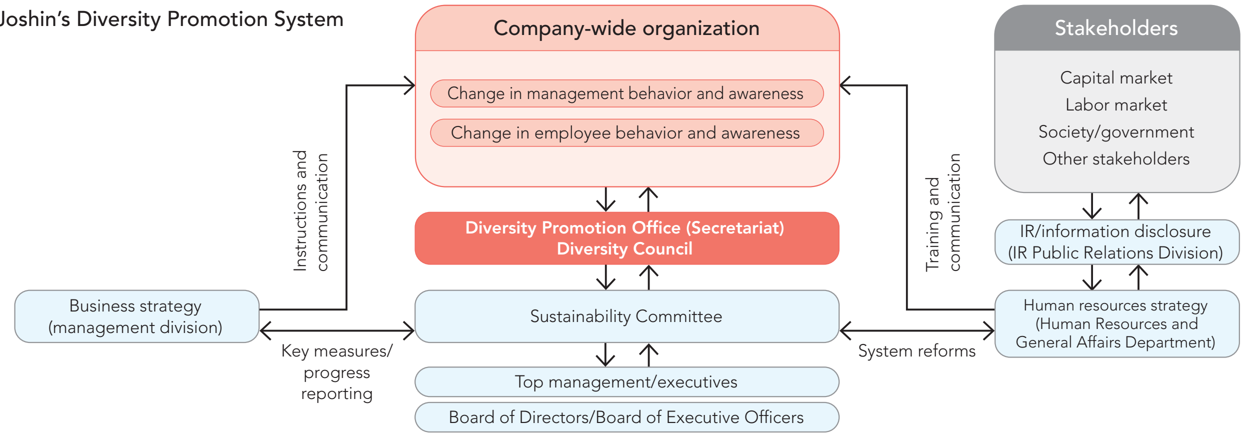
- Promoting "No Overtime Day" every day
- Promoting the system of intervals between working hours
- Internally sharing information on and enacting thorough countermeasures to disasters
- Implementing risk assessments
- Subsidizing infectious disease immunizations
- Establishing an internal harassment consultation desk (from 2003)
- Safety management when working at heights or when transporting heavy items
- Measures to prevent waist and back injury
- Introduction of cut-proof gloves
- Asbestos removal and dust control
- Sharing information about accidents and implementing countermeasures with logistics contractors

Diversity & Inclusion

Diversity and Inclusion (D&I) helps to realize job satisfaction and ease of work, and to create a foundation that opens up business prospects from diverse perspectives. We believe that the promotion of D&I is necessary to connect with society through services that bring smiles to the faces of our stakeholders and to pass on a prosperous future to the next generation. We announced the Joshin Group D&I Policy in March 2023, viewing our goal through D&I promotion as the success of all employees and sustainable growth as a company.

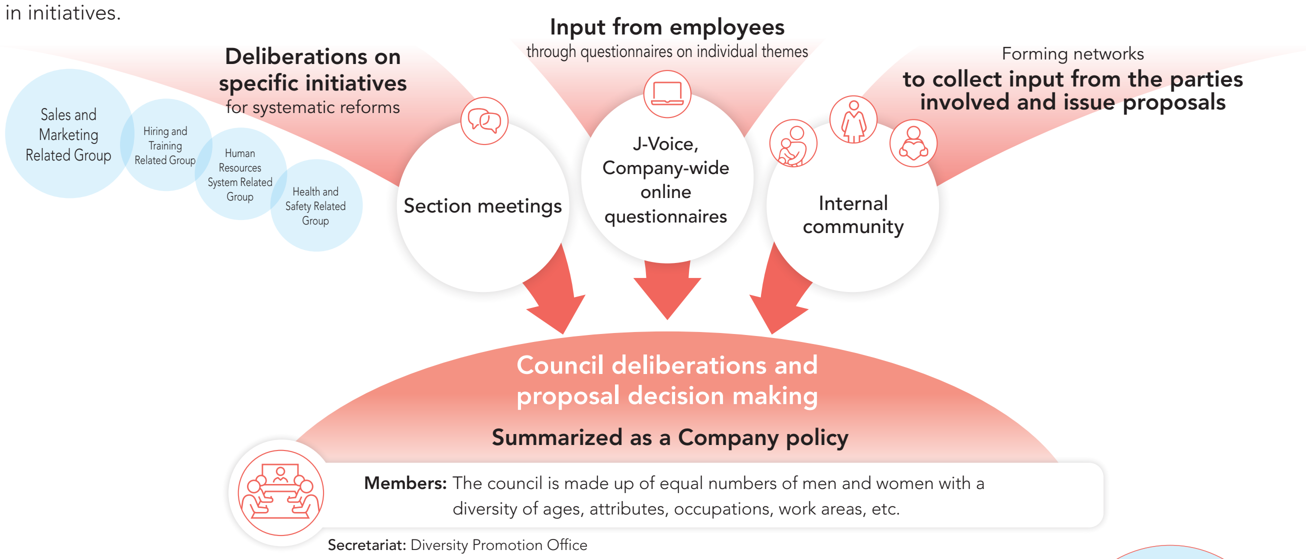
https://www.joshin.co.jp/en/csr/policy/list/di.html

Joshin's Diversity Promotion System



Employee Participation in Management through the Diversity Council

The Diversity Council allows employees to directly communicate their opinions to management and have their opinions quickly reflected in initiatives.



Results of Main Activities in FY2024

The council holds discussions aimed at achieving job satisfaction and improved work environments using monthly one-hour online meetings and group chats.

1. Implementation of Family Days at Head Office
2. Expanded the internal community
   Added success of women in the workplace, nursing care, mid-career hires, and veteran personnel communities
3. Built support system for infertility treatments
4. Established systems that contribute to veteran employee job satisfaction

Council Activities

Sachi Awano
NC Agency Operations Group
Section Manager

Throughout the year of work, I looked forward to seeing my feedback reach the Company and be reflected in policy, which I found satisfying. I think gathering personnel with a diverse array of expertise and experience to engage in frank, open discussion helped bring the Company's key issues into focus, creating a vigorous venue for discussion that encourages member growth and stimulates teams.

Joshin Group D&I Promotion Roadmap

● Result | Plan Future plan | Continuing Continuing initiative

2021 | 2022 - 2024 | 2025 | 2026 | 2030 | FY2050

Established a new Diversity Promotion Office (November)

Announcement of the Joshin Group D&I Policy (March 2023)

2030 major KPIs

Creating work environments that enable diverse human resources to enjoy successful careers and job satisfaction

Cultivating a corporate culture

- ● Establishing the Diversity Council
- ● Creating a D&I top message poster
- ● Introduction of engagement surveys
- Plan Cultivating a culture of challenging oneself
- Continuing Initiatives to improve employee engagement
- Continuing Implementation of Family Days
- Plan Networking groups held that encourage mutual understanding
- Continuing Implementation of initiatives to eliminate unconscious bias
- Continuing Initiatives to reduce total working hours

Overall engagement score: 63 (Feb. 2025) ▶ 80 (2030)

Promoting success of women in the workplace

- ● Start to support maiden names for employees who want to use them
- ● Review of position appointment standards based on workplace location selection
- ● Adding new subsidy system for childcare expenses
- Plan Change of awareness among superiors
- Plan Promoting elimination of difference in continuous years of employment between male and female employees
- Continuing Development of female leaders through a career forum
- Plan Initiatives targeting health issues specific to women
- Plan Implementation of networking events to empower women
- Plan Support and interviews with women before taking maternity leave

Percentage of female junior managers: 4.5% (FY2024) ▶ 20% (2030)

Note: Including deputy section managers in junior management positions

Support for the active participation of diverse employees

- ● Making the shorter working hours system for childcare and nursing care more flexible
- ● New system providing shorter working hours and fewer work days for senior employees
- ● Building a support system for infertility treatments
- Plan Development of working styles that reduce restrictions on time and location
- Plan Expanding the leave system for nursing care and childcare
- Continuing Promoting activities for the internal community
- Plan Considering target management and career paths for diverse human resources
- Continuing Promoting understanding of the LGBTQ community
- Continuing Employment support for people with disabilities

Percentage of employees with disabilities: 2.8% (FY2024) ▶ 3.0% (2030)

Diverse Perspective Empowering the Company

Diverse values, experience, and perspectives are necessary to grow the Company
(Securing human resources, improving company performance, creating future value)

For that purpose...

We are creating a workplace environment where diverse members can succeed

The Company grows by incorporating and utilizing a diversity of perspectives. To that end, we are creating a workplace environment where diverse members can succeed.

Initiatives for Elimination of Gender Bias

- Review of position appointment standards based on workplace location selection
- Holding a career forum that inspires and encourages female leaders
  - Creating a network of employees who voluntarily expressed interest in participating
  - Advice from female outside directors participating as observers
- Gender-agnostic childcare support and encouraging men to take paternity leave
- Extension of mandatory Ikumen (men rearing their children) leave to 28 days

Creation of job satisfaction for veteran employees

- Career interviews that aim to clarify people's roles
- New system providing shorter working hours and fewer work days for senior employees

Employment support for people with disabilities

- Promoting initiatives aimed at hiring disabled people at all stores
- Conducting trial training during hiring to support employment that matches individual characteristics

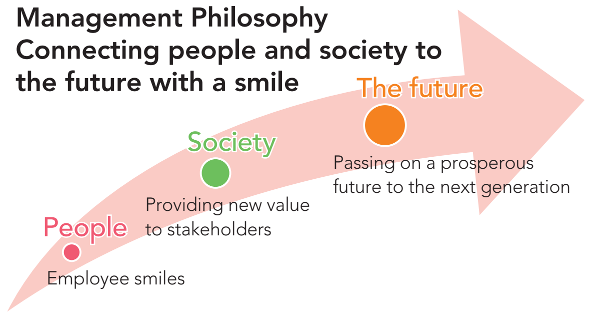
Promoting understanding of the LGBTQ community

- Carrying out video-based training and sharing information about allies in order to deepen understanding of diverse sexuality

Securing Human Resources

Basic Concept

The smiling faces of our employees are the driving force behind continual growth of the Group. Only when employees can participate actively with smiles on their faces can we provide services that bring smiles to our customers and all other stakeholders. For this purpose, we are working to create an environment where all employees can work with peace of mind, and to secure a diverse pool of human resources.



Hiring of recent graduates

Through ongoing hiring, we are achieving a balanced age configuration among personnel.

Employee retention initiatives

- Eliminating the gender gap in the turnover rate
  Turnover rate of female employees: 5.2% in FY2023 to 3.7% in FY2024
  Reason for improvement: We believe that infrastructural changes providing career support, job satisfaction, and more comfortable work environments all contributed to the lower turnover rates.

Securing human resources equipped with expertise

We are working at acquiring human resources in strategic fields, increasing our percentage of mid-career hires and mid-career hires in management positions.*

* FY2024 Percentage of mid-career hires: 39.2%.
Percentage of mid-career hires in management positions: 29.1%

- Strengthening direct recruiting

We are already using direct recruiting for hiring women. Moving forward, we plan to use it in the following specialized fields.

Renovation | Mobile communications | Support services
Marketing/promotions | ICT/DX | Logistics
Delivery, installation, and construction

Human Resource Development

Human Resource Development Policy

The Group believes that human resource development is an investment that will result in sustainable growth. To develop employees who are sensitive to changes in the environment and motivated to transform the Company's structure and business model, we encourage employee participation in management by creating opportunities for everyone to express their opinion, and their opinions are reflected in our policies. Then every employee feels a bond with the Joshin brand and voluntarily demonstrates their abilities, resulting in the desire to actively contribute to the creation of new value. We create new levels of customer satisfaction and intend to improve our corporate value by offering services provided by employees with deep knowledge and experience.

Education supporting specialization for core business segments

- Proportion of Home Appliance Advisor certification holders: 85.5% (permanent employees)
- Proportion of Smart Master certification holders: 58.2% (permanent employees)

Certifications and Number of Holders

Title	Type	Holders (including persons holding multiple certifications)
Home appliance advisor	All sorts	6,894
Home appliance engineer	All sorts	403
Smart Masters	-	2,590
Qualified electrician	All sorts	324
Installation technician	All sorts	291
Health supervisor	All sorts	236
Photo master	1st-3rd grade	1,835

* Number of certifications held by officers, permanent employees, junior employees, temporary employees, and part-time employees of the Joshin Group

Training Hours and Cost

Item	Result
Frequency	296
Total hours	61,454[1]
Total no. of trainees	79,234[2]
Cost of training (yen)	70,075,000

1. E-learning is calculated by setting the average viewing time to 5 minutes per content and multiplying that by the number of times viewed
2. Figures for temporary employees are also included in the total number of trainees

Develop autonomous human resources

- Conduct management reviews
- Well-placed employees (self-reporting)

Nurture next-generation leaders

- Conduct executive training
  [FY2024 Training]
  - Themes: Thinking skills, marketing, finance and accounting
  - Affected personnel: 49
  - Training participation rate: 85.7%

Initiatives to promote DX

- DX training targeting all personnel was launched in FY2022, with a total of 4,097 participants through FY2024

Examples of Human Resource Development in Growth Businesses

"Taking on the challenge of training high-performance personnel"

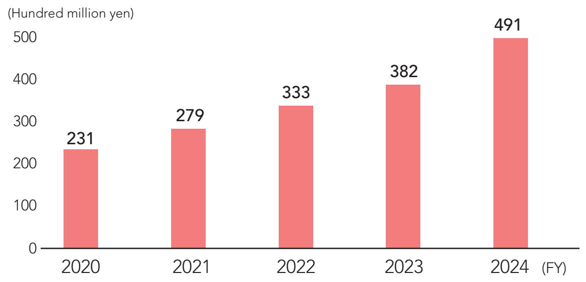
Aiming to expand the mobile communications business and the support business, we launched a project in the Sustainability Committee in 2022 through which we developed a support services menu and formulated a roadmap through 2030.

We redefined the human resource development plan focused on cultivating an ideal sort of leader, and by producing personnel who are highly objective- and role-conscious, we continue to engage in taking on positive, future-oriented challenges.

Since performance is solid in both businesses, we are considering incorporating these initiatives into our company-wide human resource development program as we take a new form of approach to personnel development.

Mobile Communications Business

Mobile Communications sales trends



Support Business

- Stores offering home appliance rentals
  Primarily the Kansai region with plans to expand to all stores in the future
- Number of used smartphones purchased
  16,680 (Compared to last fiscal year: 132.9%)
- Stores carrying reused smartphones
  Expanded to 52 stores
- Expanded the home maintenance service menu
  Ex.) Air conditioner cleaning, compared to last fiscal year: 110%

Human Resource Development Focused on an Ideal Image of a Leader

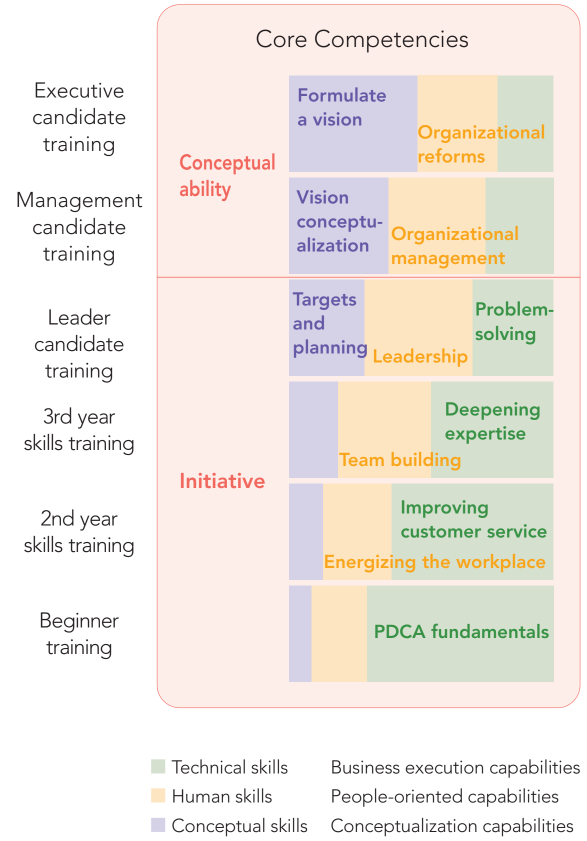
In this highly volatile market environment, we provide training rooted in an ideal image of a leader that can create value from nothing and point the way forward for the organization.

In our training plan based around core competencies (foundational human skills), we focus on a self-driven approach up through leadership candidate training that turns "1 into 10, then 10 into 100." For management and executives, we aim to develop the conceptual ability to generate "something from nothing." Additionally, in order to ensure that employees work to grow businesses in the same general direction, we post job descriptions that clearly define responsibilities and roles by grade and position.

While cultivating leaders with management perspectives rooted in core competencies, we also aim to boost the general level of each personnel tier, striving to develop human resources who can achieve high performance in growth businesses.

Mobile communications / Support business - Human capital RoI
FY2024: 14.8 * Overall human capital RoI: 8.4 - See p. 63

Training plans focused on core competencies



Promote Management by Smoothly Sharing Information between Labor and Management

The labor union represents the workers and works to improve working conditions and economic positions. It also develops a relationship of trust with the Company that is the foundation for improving employee engagement. The Company and the labor union regularly hold labor-management council meetings. From the Company's side, detailed information is shared about the changing management environment, management policies, business plans and their progress, financial results, and other items. From the labor union, issues are raised related to the work environment of employees and suggestions are made to management, making this a valuable forum for information sharing between labor and management. Labor-management council meetings are attended by the Company's executive officers, as well as the union's full-time officers and executives from each region. This facilitates the sharing of management's visions and policies, and other details, with frontline union members. The council, as well as driving the business forward, plays a leading role in establishing a management system in which labor and management are united. (Collective agreement coverage: 93.0%)

Executive Officer's Message

At the Joshin Group, we regard people as the source of our corporate value. That is why we refer to people as "human resources." We believe that the success of our human resources is what drives sustainable growth, and we are working to establish a foundation where all employees can thrive.

Kiminori Nishio
Executive Officer in Charge of Human Resources and General Affairs

Securing human resources

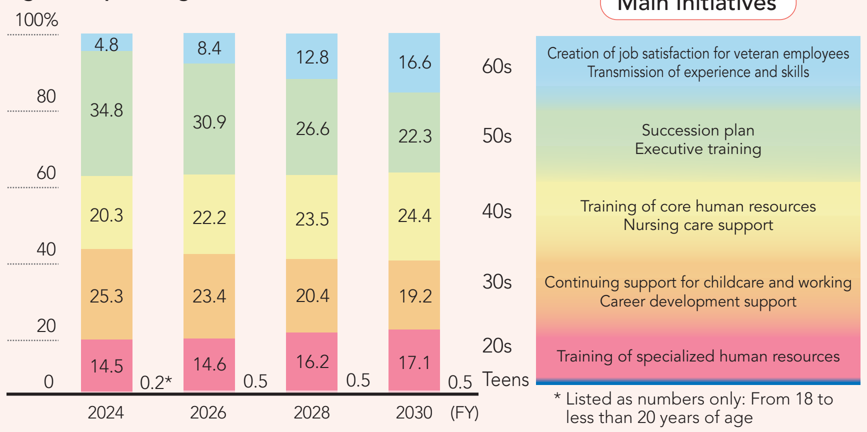
Through new hiring and extending the retirement age, we aim to maintain the total number of permanent employees who will support the future of our businesses while keeping a balanced age structure. At the same time, we are strengthening mid-career recruitment of experienced professionals with specialized knowledge and skills. We are also enhancing our personnel systems and career support to improve employee retention to foster workplaces where employees can have peace of mind. This fiscal year, we began career interviews for employees reaching mandatory retirement age for managerial positions to help clarify their roles and we introduced "reduced work hours and work days for senior employees" to foster job satisfaction among veteran staff. Going forward, we will secure and develop talent based on a dynamic workforce plan aligned with our management strategy.

Human resource development

The Joshin Group's strength lies in its ability to propose lifestyle-enhancing solutions that meet customer needs. To develop professional expertise, we encourage employees to obtain recommended certifications. We also provide DX training for all employees to cultivate a business transformation mindset and offer a systematic program to nurture advanced expertise among those working in our growth businesses such as mobile communications and home renovation. Furthermore, we introduced a performance-linked stock incentive system to encourage each and every employee to participate in management and strive to create economic value from the same perspective as the Company. This helps to enhance employees' sense of belonging and desire to participate in management, fostering a medium- to long-term perspective and boosting corporate value.

Moving forward, we will continue to create an environment where diverse human resources can succeed and provide support to maximize each individual's potential. By enhancing employee engagement and growth, we aim to generate new customer satisfaction and increase corporate value, thereby realizing our management philosophy of "Connecting people and society to the future with a smile."

Projected Changes in Employee Structure by Age Group through FY2030



* Listed as numbers only: From 18 to less than 20 years of age

Building a Responsible Value Chain

Promotion of Safe and Secure Procurement Based on the Joshin Group Procurement Policy and Procurement Guidelines

Responding to social demand for environmental protection and human rights is no longer just a Group responsibility but that of the entire supply chain.

The Joshin Group identified "building a responsible value chain" as a material issue in 2019, then we created our Procurement Policy and Procurement Guidelines in 2021.

In 2024, based on the results of a procurement questionnaire conducted the previous year, we partially revised the Procurement Guidelines to further promote initiatives with suppliers concerning environmental protection and respect for human rights. In addition, we amended our master agreements with suppliers to explicitly require compliance with the Procurement Policy and Procurement Guidelines as a contractual condition and we newly established a clause on respect for human rights.

Please see our website for details of the Procurement Policy and Procurement Guidelines.
https://www.joshin.co.jp/en/csr/policy/list/procurement.html

Promoting Supply Chain Management

We conduct a procurement questionnaire as an assessment of whether or not our suppliers are engaged in the Ten Principles of the UN Global Compact that is the foundation of our Human Rights Policy, Procurement Policy, Anticorruption Policy, Environmental Policy, and other policies, including protection of human rights, elimination of unfair labor, and addressing environmental problems.

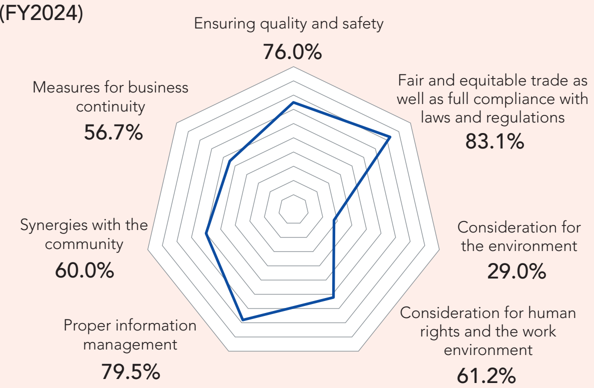
In conducting the survey, we require all participants to watch a video explaining our Group's ESG initiatives as well as the purpose of our Procurement Policy and Procurement Guidelines, and we also exchange opinions through the questionnaire system. In addition, the Group holds briefings and individual explanatory sessions for relevant departments including the Merchandise Department, which handles procurement. Through this series of training sessions, we deepen our understanding of sustainable procurement within the Company.

In terms of KPIs, we have set a target to raise the sustainable procurement rate (defined as procurement from suppliers responding to the questionnaire divided by total company procurement) to 80% by 2030. The result in FY2024 was 78.7%.

The results of the questionnaire showed that many suppliers have constructed internal systems for implementing sustainable initiatives and enacted measures for "ensuring safety and quality," "fair and equitable trade as well as full compliance with laws and regulations," and "proper information management." On the other hand, a significant number of suppliers are still facing challenges in calculating GHG emissions and setting reduction targets. We are engaging in dialogue with suppliers to support them in addressing these issues collaboratively.

In addition, in FY2024 we also conducted an assessment of downstream supply chain partners (delivery service partners) (See p. 65 "Respect for Human Rights" for more information). By expanding the scope of assessments beyond upstream suppliers to include downstream partners as well, we aim to reduce risk across the entire supply chain and contribute to resolving broader social issues.

Supply chain procurement questionnaire response results (FY2024)



Note: For all questions, the ratio of the highest response is indicated as a percentage, and the average value for each question item is shown.

Target companies	298 companies (selected from highest procurement sources and companies with highest consumables procurement value)
Responding companies	210 companies (response rate 70.4%)
Sustainable procurement rate	78.7% (Procurement from suppliers responding to the questionnaire / Total Company procurement)*

Note: The 249 companies included as top procurement sources were selected for FY2024 (2nd round) based on companies that did not respond in FY2023 (1st round). Figures are calculated based on the total number of responding companies across both years.

In the CDP Supplier Engagement Assessment (an assessment that evaluates companies based on their efforts to actively collaborate with suppliers in addressing climate change issues, with reference to their responses to the CDP Climate Change Questionnaire), the Joshin Group was given the highest rating of Supplier Engagement Leader for the first time in 2024.

Supplier Engagement Leader CDP 2024

Providing Safe and Secure Products and Services

Approach to Product Safety and Voluntary Action Guidelines

Since the Joshin Group 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.

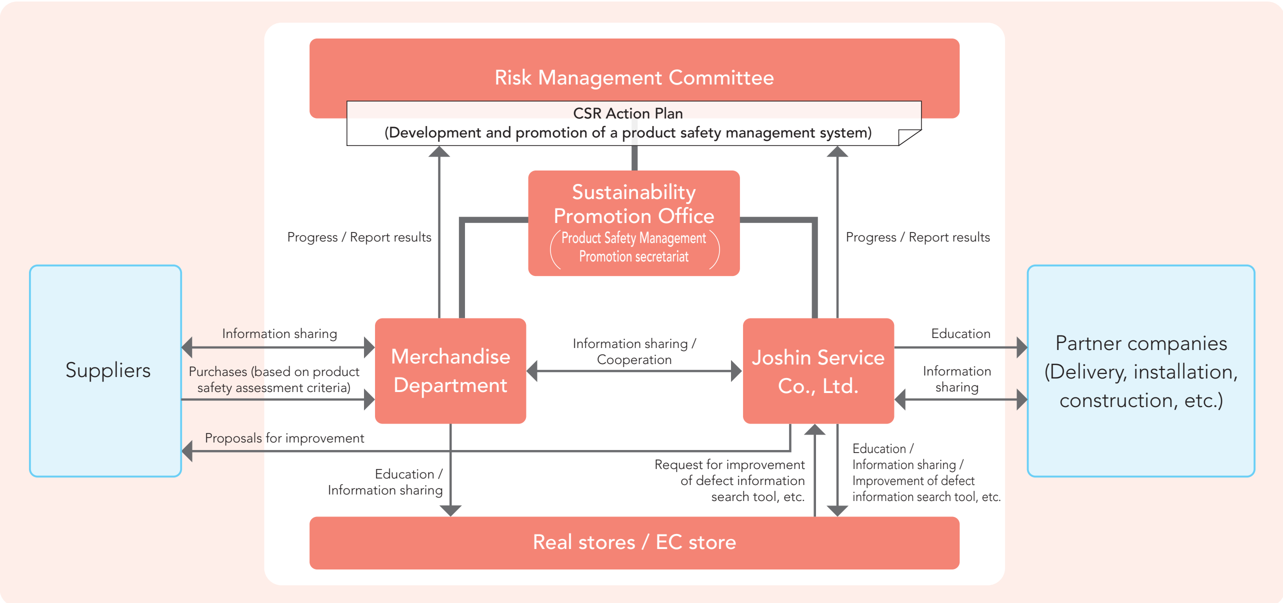
We formulated the "Voluntary Action Guidelines for Product Safety of Joshin Group" in 2007 to further embody this idea, and have developed a product safety promotion system in cooperation with the Group, so that our customers can always select and use the products we sell with peace of mind.

Please see our website for the "Voluntary Action Guidelines for Product Safety of Joshin Group."
https://www.joshin.co.jp/en/product_secure.html

Product Safety Management Promotion System

At our Group, every division in charge of product safety reports to the Risk Management Committee every quarter on the state of activities based on the CSR Action Plan for the development and promotion of the product safety management system, in this way sharing information. The Risk Management Committee regularly reviews the CSR Action Plan, and has established a system to direct departments to make required improvements.

Diagram of the product safety management promotion system



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. Also, employees of Joshin Service Co., Ltd. serve as instructors to delivery, installation, and construction partner companies on subjects including CS education, safety education, delivery and construction training, home appliance repair training, facility-related training, and technical qualification courses.

Further, at the Joshin Training House* inside our Technical Training Center, we conduct training for delivery, installation, and construction suitable for various house structures to prevent product accidents due to installation defects.

In FY2024, we worked to further enhance service quality by developing product-specific delivery and installation manuals and updating air conditioner installation work specifications.

* Obtained a patent in 2012 for a training house structure for goods delivery operations

Result of training for employees (including training on product safety)

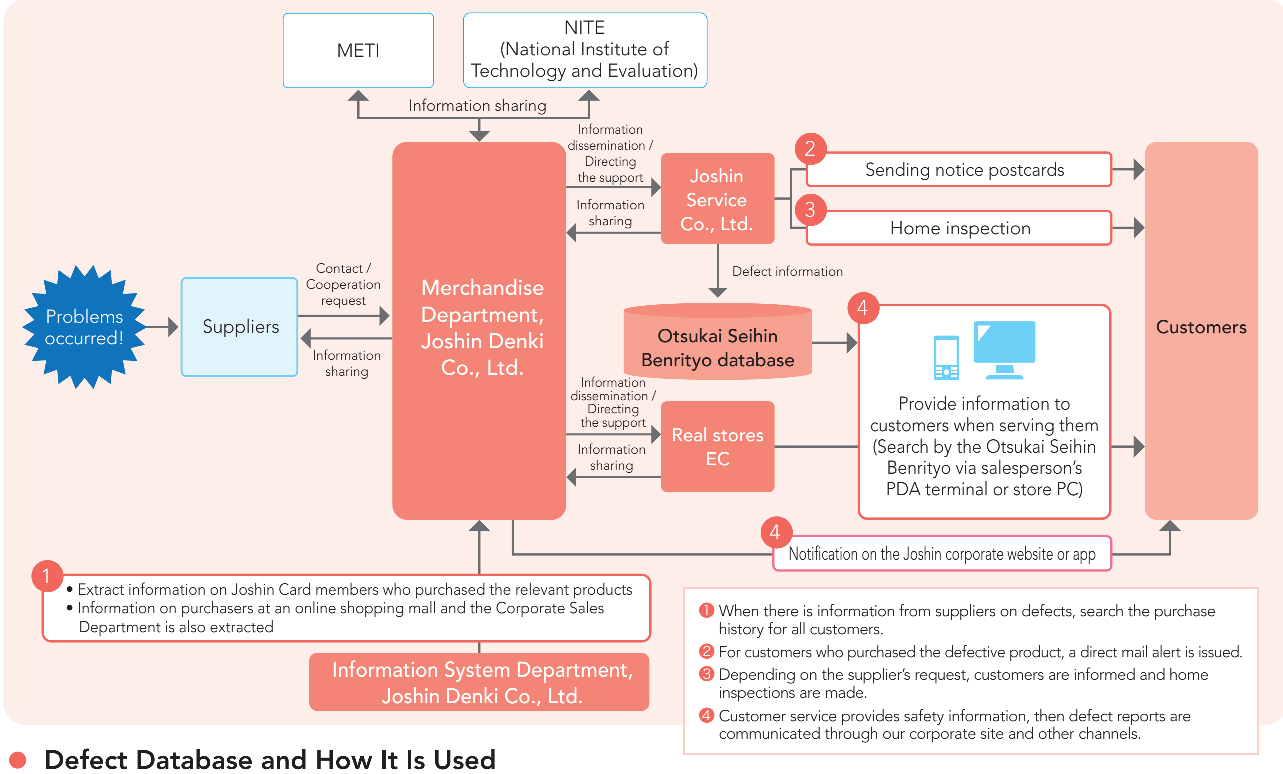
Targets of the training	Frequency
Management candidates	At least 10 times a year
Service technology	At least 100 times a year
Solar power & home renovation	At least 10 times a year
Product installation demonstration (store staff)	A few times a year
New employee	Once a year

Result of training for external companies (including training on product safety)

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

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 supplier and take prompt action following the workflow shown below. All information on products handled is managed and controlled by the Merchandise Department, and whenever a problem occurs, the department issues instructions to each business site with a summary of countermeasures, which are then followed.

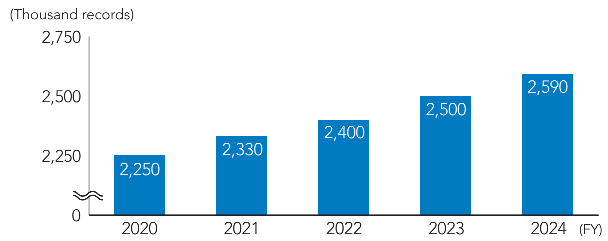


Defect Database and How It Is Used

Information on defects is stored in the *Otsukai Seihin Benrityo* database. The database stores approx. 2.59 million items (as of March 31, 2025) of product information and related information, and is Joshin's proprietary system that allows employees to easily retrieve related information such as consumables and accessories, and even defect information from their PDA terminals and store PCs.

Using this system, we provide customers with information on product defects even when they inquire about consumables and accessories.

Quantity of product information registered in the Otsukai Seihin Benrityo database

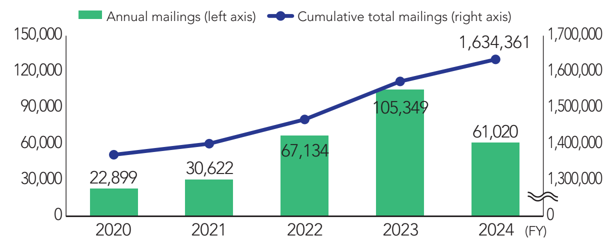


Note: Number at the end of each fiscal year

Direct Mailing for Product Recalls

When we receive a recall report from a supplier, we request an in-person meeting whenever possible for a detailed explanation regarding the degree of risk, urgency, and response measures. Depending on the nature of the defect, we also discuss whether Joshin should handle the response directly. Based on these discussions, we hold several meetings regarding the direct mailing to be sent to customers (approximately 20 times per year). In the event of a product recall, we also send direct mailings to customers who have purchased related accessories or consumables, thereby increasing opportunities for customers to see the defect information and aiming to reduce recall-caused damage as much as possible.

Recall (serious manufacturer-related incident) direct mailings



Suggestions for Product Improvements Using Data on Repairs

The Group currently receives about 400,000 repair requests annually through stores, service centers, and call centers.

The information received during repair requests and the technical information obtained during repairs are compiled into a database to analyze the failure characteristics of each product.

The analysis results are shared with suppliers during about 60 information exchange meetings throughout the year, at which we propose product improvements and make requests.

We also collect feedback from delivery and installation workers and propose ideas to suppliers to prevent accidents during delivery and installation.

In this way, the Group, from the standpoint of being close to customers, contributes to improving the safety of home appliances and other products.

Information flow on product characteristics based on repair history

Repair request receiving database (Repair history management by customer) | Repair technical information database (Defect trend management by product)

↓

By comparing the above databases, analyze the failure characteristics of each product

↓

Provide the supplier with information on product characteristics and suggest improvements or make requests

↓

This information is used by suppliers for product development and improvements

External Evaluations (Product Safety Awards)

The Product Safety Awards commend advanced product safety initiatives by companies, aiming to establish product safety as an essential value in business operations and consumers' lives, and to ensure the safety of products throughout society. Joshin was certified as the first Gold Medal Winning Company* in the Product Safety Awards in FY2014.

In the "follow-up reviews" conducted every five years after certification, Joshin's continued and expanded efforts since the initial certification, and our proactive initiatives to achieve an even higher level of product safety since, were highly praised. As a result, after the 2019 follow-up review, we achieved our second consecutive certification renewal in 2024. Joshin is the first to receive two consecutive renewals under this system.

* A company is certified if it has won the highest rating in the Product Safety Awards, the Minister of Economy, Trade and Industry Award (Gold Award) three times or more.

Engagement with Government Agencies and Local Communities

The Product Safety Community is a forum for discussing advanced product safety initiatives and cultivating a culture of product safety through collaboration among Product Safety Awards-winning companies, and with experts, such as judging committee members, the Ministry of Economy, Trade and Industry, and the National Institute of Technology and Evaluation (NITE). The goal is to deepen public understanding of product safety as well as to create and expand a product safety market in which consumers preferentially select products and services that consider product safety.

Joshin plays a central role as a core company in the Product Safety Community, actively distributing information to consumers. We also cooperated in creating product safety inspection videos on the website of the Ministry of Economy, Trade and Industry.

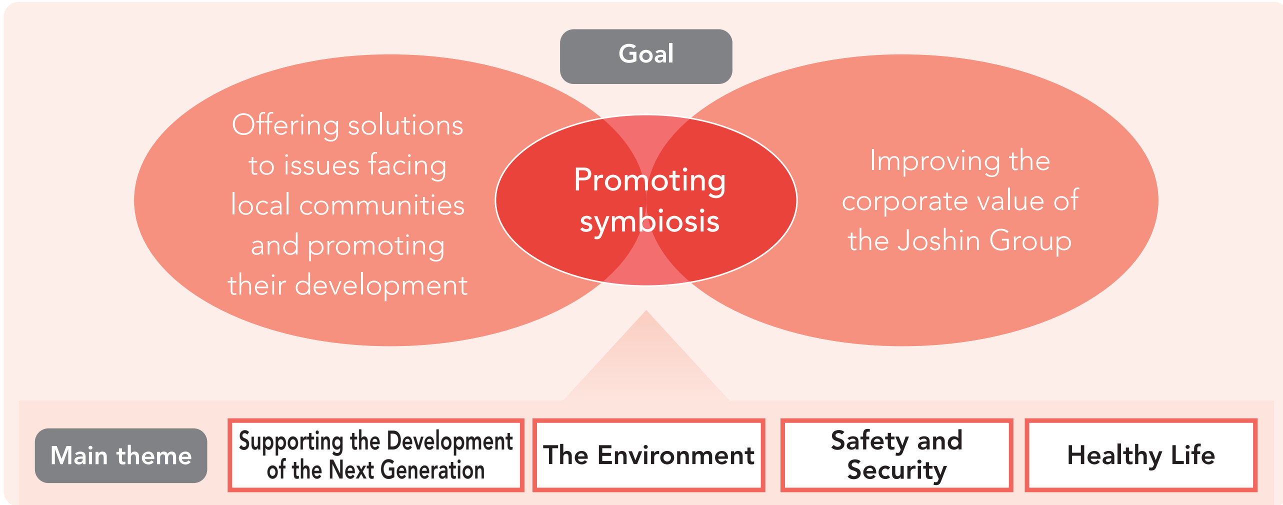
In FY2024, through industry–academia collaboration with high schools, we set the theme of exploring what can be done from the perspective of a retailer to prevent product accidents caused by misuse or aging deterioration, and held discussions on activities such as on-site inspections and public awareness initiatives.

The Company has also concluded a Comprehensive Cooperation Agreement with the government of Osaka Prefecture, and conducts visiting after-school children's classes on the subject of product safety at elementary schools administered by the Osaka government.

For more information on "Confirmation of safety in purchasing goods," please see our website.
https://www.joshin.co.jp/en/csr/social/safety.html

Promoting Synergies with Local Communities

The Joshin Group believes that our brand value increases when we successfully develop a good relationship with local communities as part of our business operations, and by offering solutions to issues facing local communities while promoting their development through our business activities. These efforts toward symbioses with local communities create business benefits and value. By putting these benefits and value into the cycle of capital, we will contribute to the development of these communities and improve our corporate value.



Collaboration with Izumisano City, Osaka: Aiming to Contribute to the Future and Community Revitalization

Since FY2023, the Joshin Group has supported Izumisano City's E-Sports MICE Content Verification Project and has been engaged in initiatives to promote e-sports. On February 14, 2025, we signed a comprehensive partnership agreement covering six areas, including promotion of e-sports, child and welfare initiatives, and environmental initiatives, aimed at addressing social issues through public–private collaboration. As part of this effort, we donated 693 air purifiers to all elementary and junior high schools as well as nursery schools in the city. We are contributing to the creation of a sustainable society by supporting the growth of local residents and children who represent the future.

This highly public-spirited initiative was recognized with the Medal with Dark Blue Ribbon, awarded on March 26, 2025.

Upper: Comprehensive partnership agreement ceremony (at Izumisano Municipal Chounan Elementary School)

Lower: Scene from the Medal with Dark Blue Ribbon commendation ceremony (at Izumisano City Hall)

Supporting the Development of the Next Generation at the Joshin Group

The Joshin Group conducts outreach classes at elementary and junior high schools including career talks, career education, and product safety lectures, and also welcomes student groups on school trips by utilizing our stores for project-based learning. In FY2024, we also held a quiz event on global warming and energy conservation at the SDGs Children's Festa in a shopping mall.

Through these educational and community activities, we aim to support learning for the next generation and contribute to the development of local communities.

Career talk at a junior high school (Sakai City, Osaka: "Company Learning Support Program")

Please see our website for details on these activities.
https://www.joshin.co.jp/en/csr/social/contribution/next_generation.html

The Environment

The Joshin Group's environmental initiatives are key to the achievement of one of our seven material issues: "contributing to the creation of an enriching society that is in harmony with the global environment." We believe that progressively tackling these issues will improve how we are viewed by society at large.

Joshin Group's Environmental Initiatives

Building on deepening global environmental issues and Joshin's own management policies, the Joshin Group has established a Basic Environmental Policy, Environmental Action Guidelines, and Green Smile Challenge 2050 to clarify the society we aim to achieve in the long term. In addition, in order to realize a "decarbonized" society, the Joshin Group has created a decarbonization transition plan based on TCFD standards to help prevent global average temperatures from rising more than 1.5°C.

Joshin Group Environmental Principles

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

Joshin Group Basic Environmental Policy (excerpt)

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

Environmental management system	Stakeholders engagement	Appropriate disclosure of environmental information

Joshin Group Environmental Action Guidelines / Joshin Green Smile Challenge 2050 (excerpt)

Initiatives to counteract climate change	Initiatives to create a recycling-based society	Achieving carbon neutrality in the household
• Achieve a carbon neutral society • Raise our proportional usage of off-grid power via solar power generation • Raise our proportional usage of renewable energy sources at all business sites, including tenants	• Achieve circular economy-related businesses • Promote proper reuse and recycling of used home appliances • Reduce the use of plastics by no longer offering shopping bags and taking other related actions	• Bolster sales of environmentally friendly products and promote renovations that enhance home environment functionality

Please refer to our website for details. https://www.joshin.co.jp/en/csr/environment/policy.html

Correlation Chart for Boosting Corporate Value through the Joshin Group's Environmental Initiatives

The Joshin Group is increasing our human capital to lead the way on resolving environment-related social issues and contributing to public awareness on these issues. We believe these efforts result in the following correlations that help improve our corporate value over the long term.

Actively promoting awareness among employees towards "achieving household carbon neutrality"
→ Improving human capital to resolve social issues

Promoting behavioral changes towards decarbonization among customers through bolstered sales and services with respect to the energy business, including environmentally friendly products, solar power generation, and storage batteries

Promoting carbon neutrality at suppliers by bolstering initiatives focused on environmentally friendly products and the energy business

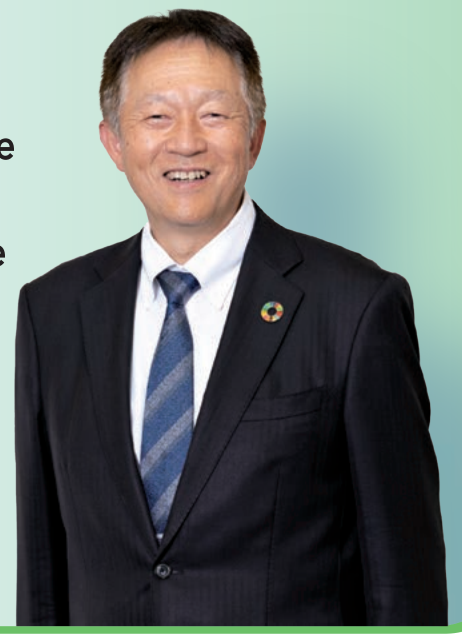
Growing earnings by increasing environmental value
Contributing to suppliers' earnings growth through sales of environmentally friendly products

Leads to a growing positive impact on climate change and biodiversity conservation

Improving environmental value and corporate value
- Transforming society and stakeholders
- Growing human capital that is capable of resolving social issues
- Transforming business portfolios through initiatives targeting new businesses "beyond home appliances"

Message from the Officer in Charge of Infrastructure Strategy

Moving forward, Joshin Group will continue actively working to resolve environmental issues, demonstrating our corporate stance on this topic to all stakeholders through highly accurate information disclosures.



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Koichi Yokoyama
Managing Executive Officer
in Charge of Infrastructure Strategy

As an industry leader of environmental initiatives, the Joshin Group recognizes that people's growing concern for the environment and the transition to a "decarbonized" society of the future represent major business opportunities for the Group. To that end, we believe that generating social value by "achieving household carbon neutrality" will in turn enhance our corporate value.

Joshin will continue to promote the replacement of household goods with environmentally friendly ones that contribute to making households carbon neutral, in addition to selling residential solar power systems, home renovation services, and EV-related products that have become an important pillar of our earnings in the home appliances business, and we will further strengthen these initiatives moving forward. Specifically, we are promoting more widespread use of energy-efficient products such as air conditioners, refrigerators, drum-type washer-dryers, and instant-heating warm-water washing toilet seats, as well as high-performance energy generation, storage, and efficiency products such as Eco Cute heat pump water heaters, energy-saving gas water heaters, bathroom renovations (saving energy with high-insulation bathtubs), water-saving toilets, solar power systems, and home storage batteries.

Additionally, with the growing adoption of EVs, we expect demand for residential EV charging equipment to continue rising. The Joshin Group has long offered EV outlet installation services to promote the introduction of EV charging systems, and since FY2022, we have also begun full-scale sales and installation of V2H (Vehicle to Home) systems. We believe that determinedly implementing these initiatives now will give rise to opportunities to participate in new environmental businesses in the future.

Meanwhile, the loss of biodiversity has come into sharp focus as a global issue. The Joshin Group has positioned preservation of biodiversity as a material issue to be resolved, and it is incorporated into the Joshin Group Basic Environmental Policy and the Joshin Group Procurement Policy and Procurement Guidelines. These documents emphasize biodiversity conservation and accommodations aimed at achieving a sustainable natural environment.

Moreover, beginning in FY2024, the Joshin Group has been working to determine our relationship with natural resources and dependence on and impact on nature from our perspective as a retailer. As part of our first disclosure under the TNFD (Taskforce on Nature-related Financial Disclosures) declaration, we published a qualitative analysis based on TNFD recommendations. Going forward, we will further enhance our analysis of risks and opportunities related to our directly managed sites and broaden our information disclosures.

Finally, the biggest news for FY2024 with respect to the Joshin Group's environmental initiatives was our acquiring an A score, the highest CDP rating, for the second consecutive year under the CDP Climate Change Program. We also received the highest rating of "AAA" for the first time in the MSCI ESG Ratings, a globally recognized benchmark for ESG investment.

We believe that this shows how the Group's initiatives to tackle environmental problems and promote information disclosure have been highly evaluated internationally.

While it is also an issue that we are presently working on, we intend to convincingly communicate our "Environmental Joshin" aspect to our customers as an integral part of our brand to ensure that it makes a large contribution to the Group's business.

Moving forward, Joshin will continue actively working to resolve environmental issues, demonstrating our corporate stance on this topic to all stakeholders through involvement in international initiatives and appropriate information disclosures, and thereby boosting our company image and corporate value.

Response to Climate Change

Governance

Supervision Framework

Risks and opportunities related to environmental issues such as climate change and biodiversity conservation, as well as the measures to address them, are proposed through the Climate Change Project. These measures are discussed by the Sustainability Committee and the Risk Management Committee, both of which are comprised of the Representative Director, President and Executive Officer, other executive officers, Audit and Supervisory Committee members, and department heads (including officers at subsidiaries). Following these discussions, final decisions are made by the Board of Executive Officers, the Company's central body for business execution, under the supervision of the Board of Directors. Progress on approved measures is reported at the Sustainability Committee. Meanwhile, progress on key risk-related matters is reported to the Risk Management Committee, ensuring consistent monitoring of company initiatives.

Executive Framework

Joshin Group's Track Record on Environmental Initiatives

2021
- Endorsed the TCFD Recommendations
- Introduced renewable energy at 108 business sites
- Joined the CDP (Carbon Disclosure Project)
- Formulated the Environmental Policy
- Established the Sustainability Committee

2022
- TCFD scenario analysis
- Obtained third-party assurance for Scopes 1 and 2 emissions
- Formulated a roadmap for initiatives through 2050
- Identified emissions across all Scope 3 categories

2023
- Selected for the CDP Climate Change A List for the first time
- Transitioned to 100% renewable electricity at business sites where Joshin contracts directly with power suppliers
- SBTi short-term target certification
- Reflected ESG performance in executive compensation

2024
- CDP A List for the second consecutive year
- Obtained third-party assurance for Scope 3 (1, 4, 11)
- Installed EV charging stations at all business sites where installation is possible
- Received an MSCI ESG Rating of "AAA"
- Endorsed TNFD Recommendations and made disclosures

2025
- CDP Engagement Score A List
- Chosen as an "Environmentally Sustainable Company" at the Ministry of the Environment's 6th ESG Finance Awards Japan

Risk Management

The Joshin Group analyzes medium- to long-term issues impacting our businesses and identifies potential risk factors, which are then used to formulate a medium- to long-term business strategy. The Climate Change Project reviews progress on environmental initiatives and challenges therein, and then reports are submitted to the Sustainability Committee.

Upon receiving the Sustainability Committee's reports, the Board of Executive Officers deliberates on the Joshin Group's environmental response and all other sustainability matters. This is all supervised by the Board of Directors. Furthermore, the Risk Management Committee examines and manages key risks identified within the Group.

Strategy

Impact of Climate-Related Risks and Opportunities on the Organization's Business, Strategy, and Financial Planning

The Joshin Group conducts scenario-based analyses assuming global average temperature increases of 1.5/2°C and 4°C respectively, with the aim of assessing the risks and opportunities that climate change poses to the Group and impact on our businesses, as well as formulating appropriate countermeasures. For each average temperature increase scenario, we identify the impact on businesses under the transition risks, physical risks, and related business opportunities, and we are already taking steps toward implementing response measures by 2030. The Group's main long-term objectives through 2050 are outlined under the seven material issues. Based on this foundation, we analyze the potential impact of climate change, and under both temperature scenarios, we formulate new growth opportunities aligned with our business strategy and medium-term management plan.

Risk Assessment and Business Opportunities from Climate Change

- Scenario: 1.5°C / 2°C scenario and 4°C scenario

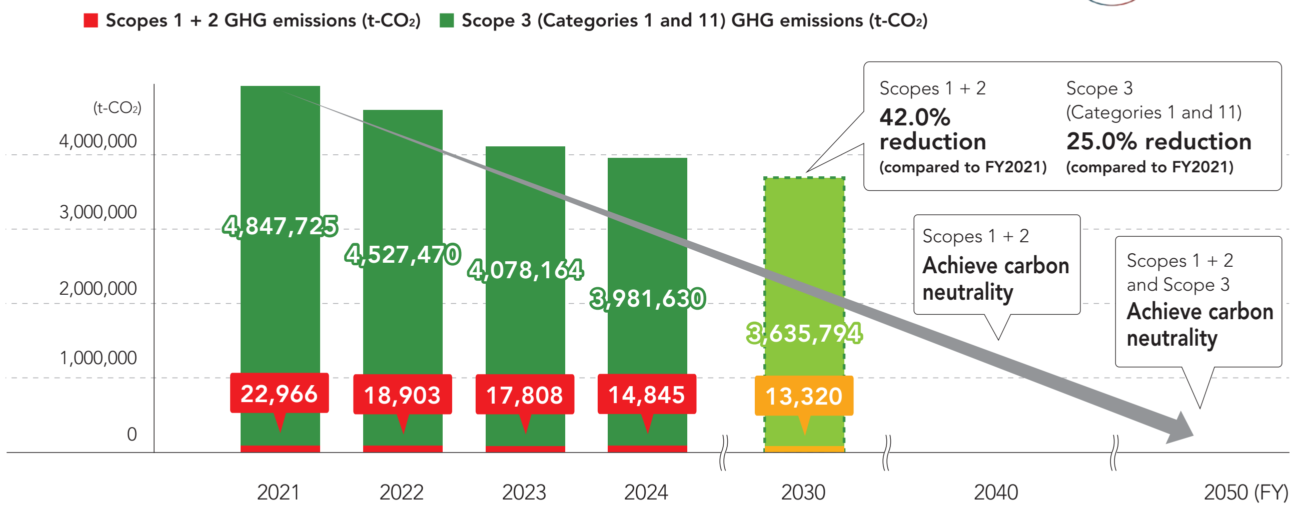
		Time	Risks/Opportunities	Financial Impact		Countermeasures	FY2024 Status
				1.5°C/2°C	4°C		
Transition risks	Policies and legal regulations	Medium term	Increase in costs resulting from introduction of carbon pricing	↑ (-¥261 million)	→	100% renewable electricity at business sites where Joshin contracts directly with power suppliers (Completed in FY2023)	Implemented (¥76 million)
						Promoting introduction of renewable energy at leased properties, such as tenant-occupied business sites (FY2040)	Underway
			Increased costs due to stronger plastic regulations	↑	→	Reduced use of plastic packaging materials	Underway
						Optimized use of plastic materials across the entire supply chain	Planned
	Technologies	Long term	Rising costs due to decarbonization and renewable energy technologies (Renewable energy facilities, EVs, etc.)	↑	→	Further implementation of energy-saving initiatives at business sites Expansion of ZEB-implementing business sites (Rebuilding renewable energy & energy-saving facilities)	Underway (¥56 million)
						Countermeasures for increased operational costs due to ICP implementation	Planned
	Markets	Long term	Rising costs due to higher energy prices	↑	→	Keeping down capital investment costs through optimized balancing of in-house and external procurement	Underway
Physical risks	Acute	Long term	Risk of business suspension due to intensifying storms and floods	→	↑ (-¥1,460 million)	Established and promoted a business continuity management framework Added disaster preparedness facilities (storage batteries, emergency supplies) to stores	Implemented (¥79 million)
	Chronic	Long term	Increased air conditioning costs and other electricity consumption due to rising average temperatures	→	↑ (-¥5,720 million)	Investing in energy-saving facilities to reduce store and facility temperature increases (e.g., green parking lots, heat-shield films)	Underway
Opportunities	Products and services	Medium term	Increased sales of climate change-related products and services	↑ (¥100,000 million)	→	Promoting environmentally friendly products and services Promoting renovations that enhance home environment functionality Promoting sale of energy-generating and energy storage facilities (solar panels, storage batteries, etc.)	Underway
	Markets	Medium term	Expansion of business markets with the transition to a decarbonized society	↑ (¥500 million)	→	Promoting "decarbonization" businesses through alliances with other companies, such as circular economy businesses	Planned
		Short term	Social demand for low-carbon and resilient logistics processes	↑	→	Established two logistics hubs in Kansai and Tokyo Expanded EC shipping operations at the Tokyo Logistics Center Expanded in-store pickup service areas (to the Kanto and Hokushinetsu regions)	Implemented (¥700 million)
		Medium term	Opportunities for more consistent earnings through mitigation of the risk of seasonal fluctuations	↑ (¥30,000 million)	→	Bolstering initiatives for products and services unaffected by seasonal factors (support businesses, mobile communications, subscription models, etc.)	Underway
	Reputation	Long term	Growing demand for investment focused on ESG assessments	↑	→	Proper disclosure and enhanced transparency for ESG-related information Improving ESG ratings and strengthening branding through active promotion of climate change countermeasures and circular economy initiatives	Underway

In the Joshin Group's scenario-based analysis, we adopt the "NZE 2050" scenario published by the International Energy Agency (IEA) in which there is a 1.5°C increase, and the "RCP 8.5" scenario for the 4°C case.

Metrics and Targets

Roadmap for a Major Action Plan for Environmental Issues

Changes in the Decarbonization Transition Plan



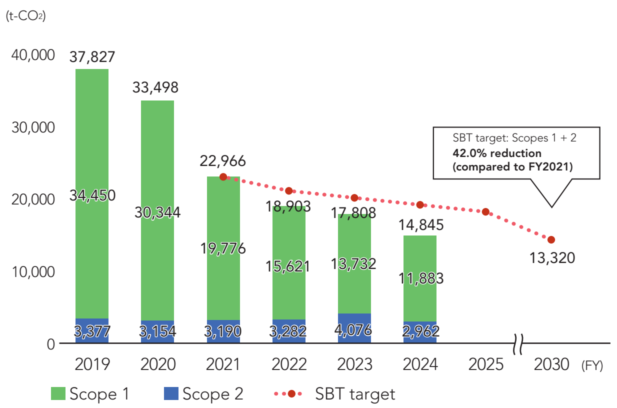
Goals and measures	By 2025	By 2030	By 2050
Early realization of 100% renewable energy power sources at all business sites	After achieving 100% renewable energy ratio at all business sites that contract directly with power suppliers, we are continuing negotiations to increase the proportion of renewable energy usage at tenant-operated stores, etc.	Achieve 80% renewable energy ratio at all business sites including leased properties	Raise the percentage of renewable energy sources to 100% at all business sites 2040
	• 42.0% reduction of Scopes 1 + 2 GHG emissions by FY2030 compared to FY2021 levels		• Cut effectively 100% of Scope 1 + 2 GHG emissions 2040
Initiatives to increase the percentage of off-grid power consumption at business sites where the Company contracts directly with power suppliers	Promote the installation of solar power generation systems and off-site PPAs to improve the Group's energy self-sufficiency, achieving 30% off-grid power generation at directly contracted business sites		Achieve 50% off-grid power generation at directly contracted business sites
	• Promote the introduction of storage batteries as a BCP measure, and plan for installation at 40 business sites by FY2030 • Aim to acquire ZEB (net zero energy building) certification at new stores in the footsteps of the Nara store 2026		• Introduce high-efficiency solar power generation systems and grid-connected batteries, as well as off-site PPAs to expand the off-grid power generation at directly contracted business sites to 50% of the total
Manage and reduce GHG emissions throughout our supply chain	Develop emissions reduction plans aligned with the GHG emissions reduction targets under the SBT for major Scope 3 categories	25.0% reduction compared with FY2021 levels for Scope 3 categories 1 and 11	Cut 100% of GHG emissions in target Scope 3 categories
	• 42.0% reduction in Scopes 1 and 2 GHG emissions compared to FY2021 levels • Improve the calculation accuracy for upstream and downstream GHG emissions in logistics, and formulate a category 4 reduction plan		• Collaborate with suppliers to achieve carbon neutrality in all Scope 3 categories
More refined information disclosures and establishment of environmentally related business schemes	Identify the financial impacts of the transition plan and conduct quantitative analysis of risks, opportunities, and impact based on TNFD recommendations	Obtain "SBTs for Nature" certification with the aim of achieving greater accuracy in nature-related disclosures	Work to build a business out of "achieving household carbon neutrality" and aim to budget on an annual basis as part of the internal company business plan
	• Establish and promote alliances with other companies to commercialize climate change and nature-positive initiatives • Target an "A" score for the CDP water security metric in order to make our score two As together with climate change		• Implement the Scope 3 emissions reduction plan by promoting the sales of low-carbon products through carbon footprint disclosure by suppliers 2040

Initiatives to Reduce GHG Emissions

▶ Joshin Group's GHG Emissions Reduction Initiatives

Of the seven material issues, "Contributing to the creation of an enriching society that is in harmony with the global environment" is one of the priorities of the Joshin Group. In particular, regarding the reduction of GHG emissions, we have set an interim target toward achieving carbon neutrality — aiming for a 42.0% reduction in Scopes 1 + 2 emissions by FY2030 compared with FY2021 levels. This target has been submitted to and accepted by SBT. As in the past, we will continue striving to achieve GHG emissions reductions ahead of schedule.

GHG Emissions (Scopes 1 and 2)



Joshin Group Energy Consumption (FY2024)

Energy category		Energy consumption	Crude oil equivalent
		MWh	KL
Total fuel consumption (1)		15,722	1,460
Total power consumption (2)		89,438	19,937
Breakdown	Renewable energy	61,308	13,666
	Non-renewable energy	28,130	6,271
Total energy (1) + (2)		105,160	21,397

Please see our website for details on Joshin Group environmental data.
https://www.joshin.co.jp/en/csr/environment/data.html

▶ Identifying GHG Emissions in the Supply Chain

For indirect GHG emissions (Scope 3) in the supply chain throughout the Joshin Group, we will continue to implement initiatives for acquiring primary data with suppliers in order to satisfy Climate-related Disclosures Standard (SSBJ No. 2), which were developed in order to provide a global baseline for system disclosure based on the voluntary disclosure that was previously used for sustainability disclosure.

	Scope 3 category	FY2024 calculation results: CO_2 calculation results ($t\text{-}CO_2$)	FY2024 calculation results: Percentage (%)
1	Purchased products and services	857,949	21.2%
2	Capital goods	19,994	0.5%
3	Fuel	4,665	0.1%
4	Transportation and delivery (upstream)	26,698	0.7%
5	Waste generated from operations	10,919	0.3%
6	Business travel	127	0.0%
7	Employer commuting	1,758	0.0%
8	Leased assets (upstream)	Not considered	
9	Transportation and delivery (downstream)	Not considered	
10	Processing of products sold	Not considered	
11	Use of products sold	3,123,681	77.0%
12	Disposal of products sold	6,462	0.2%
13	Leased assets (downstream)	3,163	0.1%
14	Franchises	56	0.0%
15	Investment	393	0.0%
	Total	4,055,865	100.0%

Third-party Assurances of Numeric Values

In FY2025, the Group received third-party assurances from Japan Audit and Certification Organization for Environment and Quality (JACO) for Scope 1, Scope 2, and Scope 3 categories 1, 4, and 11. These account for 98.9% of total emissions from the entire Group.

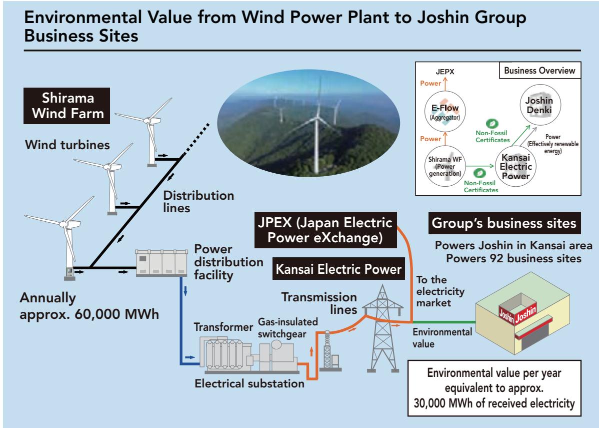
- Information subject to assurance: Energy consumption, GHG emissions (Scopes 1 and 2 and Scope 3 categories 1, 4, and 11)
- Range of assurance: Japan (Joshin Denki Co., Ltd. and subsidiaries in Japan; stores, logistics sites, etc.)

Virtual PPA Utilizing Wind Power

The Joshin Group has entered into a virtual power purchase agreement (Virtual PPA) with Kansai Electric Power Co., Inc. and Shirama Wind Farm Co., Ltd. (part of the Kinden Group, hereinafter "Shirama WF"), with operations scheduled to begin in October 2025.

Under this initiative, 30,000 MWh of electricity generated annually by Shirama WF's wind power plant located in Wakayama Prefecture (capacity: 30,000 kW; annually approximately 60,000 MWh) will be supplied to the Group's business sites across the Kansai area.

Through this effort, the Group will reduce the environmental impact of our business sites' operations throughout the Kansai region, while promoting "local production for local consumption" of renewable energy and enhancing contributions to local communities.



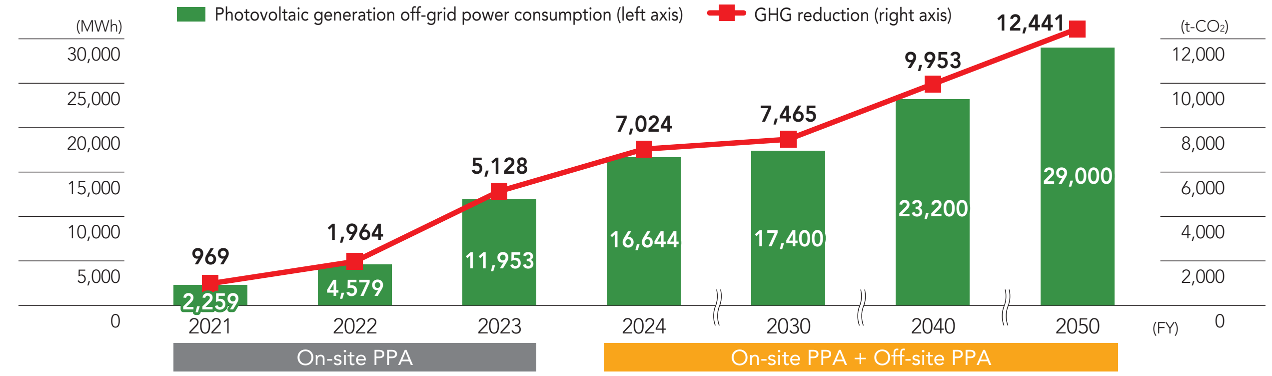
Carbon Neutrality Initiatives

We began working for carbon neutrality at Group business sites from an early stage, and have actively introduced solar power generating systems through on-site and off-site PPA.

In addition, Joshin has completed contracts for renewable energy supply at business sites where the installation of solar power systems is not feasible, and by FY2023, all 149 business sites where Joshin contracts directly with power suppliers were successfully transitioned to renewable energy sources.

In the future, we will promote the introduction of renewable energy across all business sites, including leased properties, while also aiming to further increase our percentage of off-grid power consumption by introducing storage batteries, and we will prepare for the risk of higher renewable energy power prices.

Off-grid Solar Power Consumption (MWh per Year) and GHG Emissions Reduction (t-CO_2 per Year)



Joshin Group Total Renewable Energy Procurement

The Joshin Group calculated the projected composition of power sources for FY2030, FY2040, and FY2050 based on the assumption that, despite some fluctuations resulting from the scrap-and-build of real stores and the expansion of e-commerce sales, the total amount of electricity procured and consumed across the Group would remain largely stable.

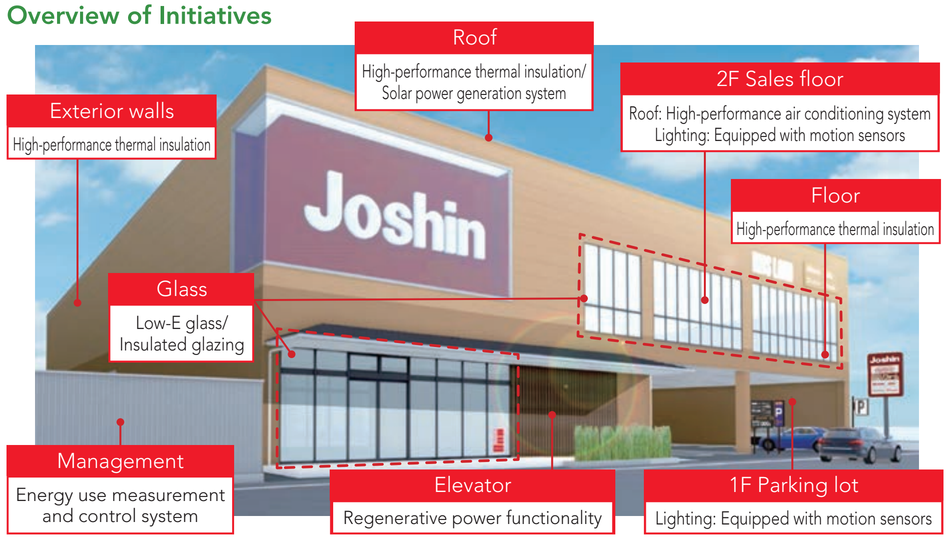
The figures for FY2023 and FY2024 represent the actual ratios achieved during those years.

Power consumption breakdown		FY2023	FY2024	FY2030 (Estimate)	FY2040 (Estimate)	FY2050 (Estimate)
		Ratio	Ratio	Ratio	Ratio	Ratio
Renewable energy	Procurement and consumption with renewable energy supply plans	58.0%	49.4%	49.5%	45.0%	40.0%
	Procurement and consumption with renewable energy certificates	0.3%	0.6%	0.5%	15.0%	10.0%
	Off-grid (including PPA)	6.5%	18.6%	30.0%	40.0%	50.0%
Proportion of renewable energy procurement		64.9%	68.5%	80.0%	100.0%	100.0%
Non-renewable procurement and consumption		35.1%	31.5%	20.0%	0.0%	0.0%
Total procurement and consumption		100.0%	100.0%	100.0%	100.0%	100.0%
Scope 2 market-based emissions (t-CO_2)		13,732	11,883	11,470	0	0

ZEB Initiatives

The Joshin Group is engaged in various ZEB-oriented initiatives with the aim of striking a balance between environmental friendliness and comfort at store locations.

Overview of Initiatives

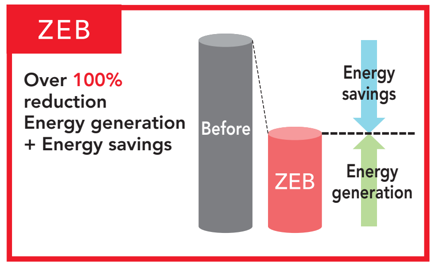


What is ZEB?

Buildings that utilize advanced architectural designs to reduce energy burdens, actively utilize natural energy, and introduce high-efficiency equipment to achieve large energy savings while maintaining the quality of the interior environment. Renewable energy is then added to increase energy independence as much as possible and reduce the annual primary energy consumption budget to zero.

ZEB certification received at Nara store

ZEB certification at Nara store opened on November 22, 2024



[Nara Store - ZEB Initiatives]

Air conditioning	Energy savings through the adoption of high-efficiency systems
Lighting	Energy savings through use of sensor-activated lights
Building envelope performance	Energy savings through high-performance insulation and low-E double-glazed windows
BEMS (Building Energy Management System)	Management of data on in-store energy usage
Solar power generation	Power generation using monocrystalline solar cells

Achieved a 6-star rating under the BELS* system and obtained ZEB certification

* Building-Housing Energy-Efficiency Labeling System

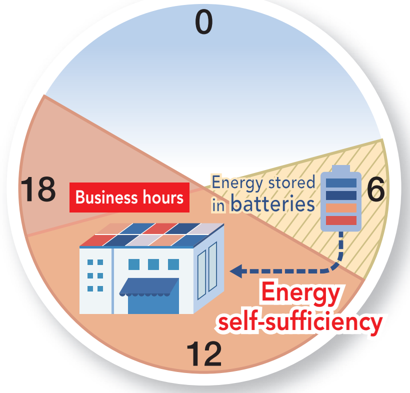
Aiming for Energy Self-Sufficiency through Storage Batteries and Rooftop Solar Power

Solar power systems have been installed at nearly all stores where it is feasible to do so. The next step toward achieving our renewable energy targets is to begin introducing storage batteries.

At the Matsudo store, we have installed a relatively large storage battery with a capacity of approximately 200 kWh, along with rooftop solar panels.

Electricity generated by the solar power systems from sunrise until store opening is stored in the battery and discharged after sunset until store closing to maximize self-consumption of renewable energy.

In addition, the system is designed to supply enough electricity to allow the store to continue selling disaster-preparedness supplies on part of the sales floor in the event of an emergency. The goal is to make the store a trusted presence for the local community both during normal times and in times of crisis. The Matsudo store serves as an advanced example of GX (Green Transformation) at a store, contributing to the community and to decarbonization goals.



Biodiversity Initiatives

The Joshin Group recognizes nature-related impacts as a key management challenge. In our first disclosure based on the TNFD Recommendations (Version 1.0), we published the results of our analysis on our dependence and impact on nature, as well as related risks and opportunities.

Governance

See p. 79 for more information on governance.

Strategy

The Joshin Group applied the LEAP approach to its core business of retailing home appliances and related products, identifying our dependence and impact on nature, as well as the associated risks and opportunities, and organized corresponding response measures.

Note: The LEAP approach is a comprehensive process recommended by the TNFD for assessing nature-related issues, including an organization's interactions with, dependence, and impact on nature, and the resulting risks and effects.

"Locate" - Summary of Findings on Interactions with Nature

We examined points of interaction with nature for 40 representative sites selected from among the Joshin Group's 261 directly managed sites. Using IBAT, we identified nature-related connections within a 50-km radius of each site. The results showed that the site located in central Wakayama Prefecture had the highest number of IUCN Red List species at 2,387; the site in Kanagawa Prefecture had the greatest number of protected areas (PAs) at 266; and the site in Aichi Prefecture was situated near the largest number of key biodiversity areas (KBAs) at 12.

In addition, a water risk assessment was conducted using the Aqueduct tool. The site located in Hyogo Prefecture was identified as having a medium to high water risk, particularly due to elevated water stress in the surrounding region.

"Evaluate" - Summary of Findings on Dependence and Impact

Using the ENCORE tool, we identified four processes with a very high level of impact, as shown in (2) below.

In addition, based on an analysis of the operations conducted at our directly managed sites (stores, service centers, and logistics centers), we confirmed dependence on freshwater supply and biomass supply. We also identified impacts associated with land-use change resulting from land utilization, pollution caused by waste, resource use and climate change arising from the consumption of energy and water, and the spread of invasive species through products and materials.

(1) Dependencies and Impacts at Directly Managed Sites (Common to stores, service centers, and logistics centers)

Dependencies (ecosystem services)	
Freshwater supply	Use of water for cleaning, clothes washing, car washing, and for display or operational purposes for certain products
Biomass supply	Renewable energy usage

Impacts (causes)	
Land use change	Land use for managed sites
Pollution	Waste creation
Resource use	Use of energy and water
Climate change	Use of energy
Invasive species	Attachment of species to imported products, consumables, or supplies

(2) Dependencies and Impacts in the Value Chain (Focusing on four processes with significant dependencies or impacts)

Process	Upstream		Mid-stream	
	Resource extraction		Store construction	Sales & services
	Oil and gas extraction	Metal mining	Store construction work	Logistics
Impact causes	• GHG emissions • Use of marine ecosystems • Water pollutant • Water use	• GHG emissions • Use of terrestrial ecosystems • Water use	• GHG emissions • Use of terrestrial ecosystems	• GHG emissions

"Assess" – Risks, Opportunities, and Corresponding Measures

Using the WWF Risk Filter, we conducted a risk analysis and a qualitative assessment of risks based on identified dependencies and impacts for 11 selected sites*. For directly managed sites, we identified natural disaster risks and risks related to the introduction of invasive species as risks highly relevant to our business activities. In the upstream portion of the value chain, procurement and inventory risks arising from environmental degradation caused by raw material extraction processes were identified as risks highly relevant to our business activities.

To strengthen relationships with suppliers in the upstream value chain, we will continue to conduct regular supply chain procurement questionnaires and collect and monitor related information on an ongoing basis.

* Of the 40 sites selected for "Locate," the number of sites that exhibit large water risk or contact with nature

Nature-Related Risks

Business scope	Risk type		Risks	Countermeasures
Directly managed sites	Physical	Acute	Damage to sites caused by natural disasters such as typhoons, landslides, extreme heat, or flooding	• Assessment of disaster risk when opening new sites • Strengthening response measures in the event of a disaster
		Chronic	Attachment or introduction of invasive species to products imported from overseas	• Investigation of shipment conditions from suppliers • Thorough inspection of foreign products upon arrival
Upstream	Transition	Policy/markets	For products associated with environmental degradation during the raw material extraction process, there is a risk of production suspension due to regulatory restrictions and declining demand or surplus inventory resulting from heightened environmental awareness among consumers	• Handling of environmentally friendly products • Establishment of a monitoring framework for domestic and international trends and regulations related to raw material extraction • Attention to consumers' growing environmental awareness

Nature-Related Opportunities

Business scope	Opportunities	Countermeasures
Directly managed sites	• Bolstering competitiveness through disaster risk countermeasures	-
Directly managed sites	• Bolstering competitiveness through countermeasures to the risk of introducing invasive species	• Mitigating the risk of domestic biodiversity loss caused by invasive species
Directly managed sites	• Strengthening the branding of environmentally friendly products and handling rising demand for such products	• Reducing environmental impact by shifting procurement towards environmentally friendly products
Upstream	• Strengthening competitiveness through a reassessment of suppliers that takes into account the environmental impact of raw material extraction and manufacturing processes	• Reducing environmental impact by shifting procurement towards environmentally friendly products

Risk and Impact Management

Based on the results of the "Assess" analysis, opportunities include initiatives for resource recycling, reduction of environmental impacts by reducing and reusing waste, contributing to GHG emission reductions through sales of environmentally friendly products, thereby helping to combat climate change. Risk factors include a decline in natural resources resulting from use of energy resources, and the effects on climate change and environmental impacts resulting from emissions into the atmosphere and water bodies. In this way, we understand that our business has various effects on biodiversity.

See p. 80 for more information.

Measured Indicators and Targets

The Joshin Group has established the following indicators pertaining to nature-related dependencies, impacts, risks, and opportunities. In the future, we plan to further examine the measurement of actual performance and the setting of specific targets.

Indicators for Dependency and Impact

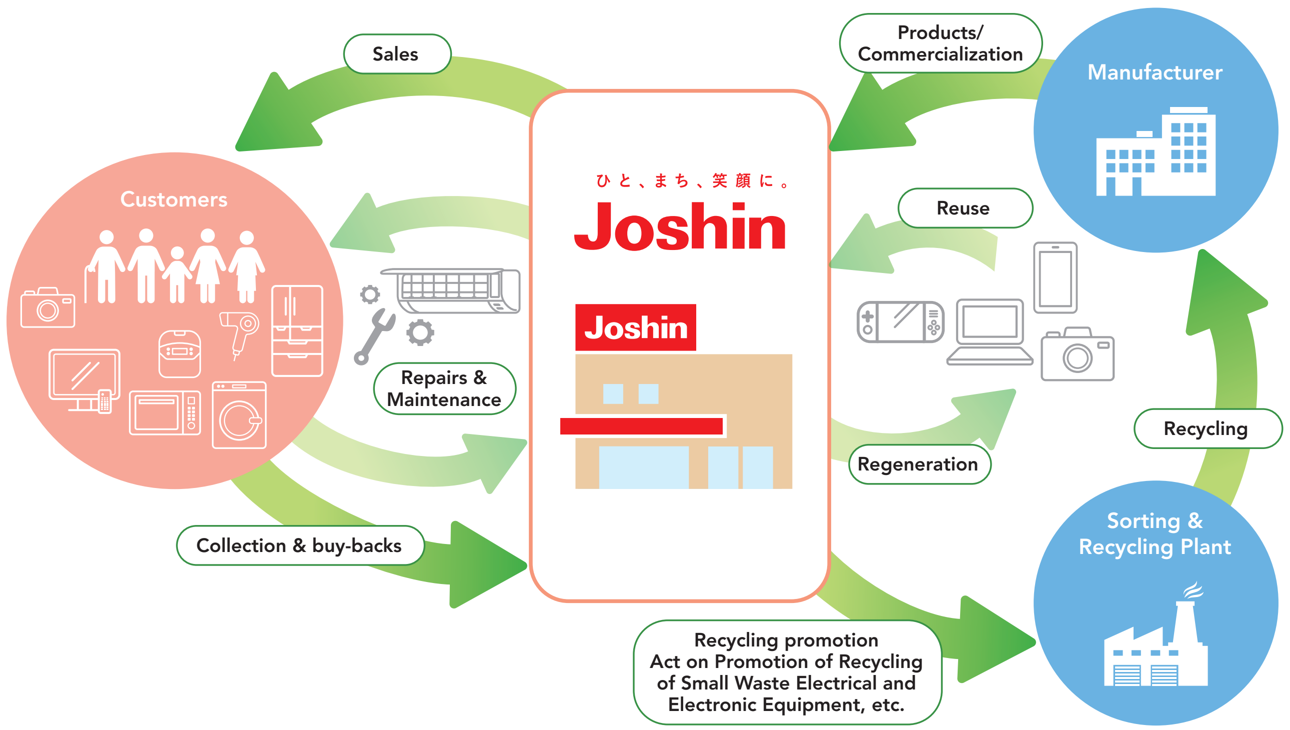
Dependency/impact		TNFD global core disclosure indicator: No.	Indicator	Measured indicator	Indicator applicable to Joshin
Impact	Invasive species (Attachment of species to imported products, consumables, or supplies)	C4.0	Placeholder indicator: Measures to prevent the unintentional introduction of invasive species	The proportion of high-risk activities operated under appropriate preventive measures that prevent the unintentional introduction of invasive species, or low-risk activities that have been formally planned	• Number of inspections of shipments conducted to prevent the introduction of invasive species • Implementation status of other measures to prevent species introduction (e.g., monitoring supplier countermeasures, strengthening verification processes for imported goods)

Indicators for Risks and Opportunities

Risks/opportunities		TNFD global core disclosure indicator: No.	Measured indicator	Indicator applicable to Joshin
Risks	Damage to sites caused by natural disasters such as typhoons, landslides, extreme heat, or flooding	C7.1	Amount of assets, liabilities, income, and expenses assessed as vulnerable to nature-related physical risks (total amount and proportion of total)	• Proportion of sites assessed as vulnerable to natural disasters (calculated based on number of sites, asset value, earnings, etc.) • Amount of damage from natural disasters incurred during the fiscal year
	Attachment or introduction of invasive species to products imported from overseas	C7.2	Amount and details of heavy fines, penalties, and lawsuits arising from nature-related negative impact during the fiscal year	• Proportion of earnings from products with invasive species-related risk • Amount of losses due to invasive species introduction during the fiscal year
Opportunities	Bolstering competitiveness through disaster risk countermeasures	C7.3	When applicable, the amount of capital outlay, financing, or investment allocated to nature-related opportunities for each opportunity type, with reference to government or regulatory green investment taxonomies, or third-party industry or NGO taxonomies	• Amount of investment in countermeasures to risk of natural disaster
	Strengthening competitiveness through measures against risk of invasive species introduction			• Amount of investment in countermeasures to risk of invasive species introduction
	Strengthening the branding of environmentally friendly products and handling rising demand for such products	C7.4	Increases in income and proportion thereof from a positive, measurable impact on nature arising from products and services, and a description of the impact thereof	• Increase in earnings from sale of environmentally friendly products and the proportion and impact thereof
	Strengthening competitiveness through a reassessment of suppliers that takes into account the environmental impact of raw material extraction and manufacturing processes			• Amount of investment in supplier reassessment

Circular Economy

The Joshin Group's Goal of a Recycling-Based Society



The Joshin Group is currently considering two main "cycles" as part of our effort to establish a circular economy business model. The first is a scheme in which products collected from customers are dismantled by designated contractors, the recovered materials are recycled by suppliers, and these recycled raw materials are then used to manufacture and sell new products. The second is a scheme in which collected products are repaired and refurbished, then resold as reused products. Through these initiatives, the Group aims to establish circular business practices suited to the retail industry and contribute to the development of a recycling-based society.

Roadmap for a Major Action Plan for the Formation of a Recycling-Oriented Society by FY2030

Goals and measures	By 2025	By 2030
Rebuilding the resource circulation cycle that includes reuse and resale	**Construct a circular economy model through engagement with outside parties.** • New product initiatives using recycled materials from recycled Joshin products • Efforts toward commercializing reuse and recycling businesses through alliances with companies in other industries and suppliers	
	• Achieve a 65% collection rate for the four products subject to home appliance recycling. • Strengthen the web purchasing system with consideration for external alliances (actively promote buy-back campaigns on the web). Aim for 800 cases by FY2025 and 2,000 cases by FY2030.	
Initiatives for recycling used paper, cardboard, and other consumables through business alliances	• Review of the wastepaper collection scheme and initiatives such as reselling reusable fixtures and equipment from closed offices, aimed at building an in-house circulation system for office supplies and consumables. Through these efforts, we seek to improve resource efficiency and reduce operating costs.	
Initiatives to reduce the use of plastic materials in shopping bags and product packaging materials	Achieve a 90% reduction in the plastics used for shopping bags (compared with FY2019)	Stop using shopping bags made of plastic materials
	• Initiatives to improve the rate of refusal for plastic bags while introducing LIMEX material plastic bags. • Consider the introduction of replacement bags that do not use plastics.	Introduce shopping bags that do not contain plastic, and eliminate the use of conventional shopping bags.

Initiatives for Environmentally Friendly Products

Initiatives for Environmentally Friendly Products

The Joshin Group has long been promoting the sale of environmentally friendly products. In particular, we actively recommend environmentally friendly air conditioners and refrigerators, since they are used frequently throughout the year. Our aim is not only to help reduce GHG emissions, but also to lessen the household electricity cost burden amid rising energy prices, allowing customers to stay comfortable while conserving energy.

Environmental conservation items	FY2024 Target	FY2024 Result	FY2025 Target	Department in charge
Sales promotions for environmentally friendly products	Sales ratio of 30%	25.3%	Sales ratio of 30%	Merchandise Department

[Target categories]
- Refrigerators: 450 L or larger, rated three stars or higher under the unified energy-saving label system, with an automatic ice-maker
- Air conditioners: Two stars or higher under the energy-saving label system (no star requirements for units at 5.0 kW or above), featuring automatic filter cleaning, auto-louver control, and high-power cooling/heating performance that is unaffected by outside temperature
- Drum-type washer-dryers
- Instant-heating warm-water washing toilet seats

Unit: t-CO_2/year

Category for avoided emissions (Energy-saving label: three to five stars)	Reduction in GHG emissions FY2021	FY2022	FY2023	FY2024	Avoided GHG emissions FY2025 target	FY2030 target
Environmentally friendly air conditioners total	4,590	3,256	7,948	7,387	8,000	8,500
Environmentally friendly refrigerators total	5,501	4,596	6,714	5,922	7,000	8,000
Instant water heating type warm water washing toilet seats total	288	188	371	386	400	500
Environmentally friendly categories total	10,379	8,040	15,032	13,694	15,400	17,000

Note: Comparison of GHG reductions assuming the same sales ratio as FY2013 in each fiscal year

For the above, we set a replacement cycle guideline using refrigerators, air conditioners, and instant-heating warm-water washing toilet seats made in FY2013 as the base models. Based on this, the reduction contribution was calculated by comparing the difference in GHG emissions that would result if the same number of environmentally friendly products sold during FY2021–FY2024 had been sold instead of the baseline models.

Examples of Circular Economy Resource Recycling

1. Participation in the GUNPLA RECYCLING PROJECT

In collaboration with the Bandai Namco Group, Joshin participated in the GUNPLA RECYCLING PROJECT. This campaign collects and recycles the plastic frame parts from Gundam series model kits, transforming them into new plastic model products. On April 1, a collection box for this project was set up at the Super Kids Land Main Store. During this time, we also sold ECOPLA, a new type of model kit created from recycled plastic, which was received positively by many customers.

2. Pilot Program Launched for the "Japan Plastic Bottle Cap Recycling Project"

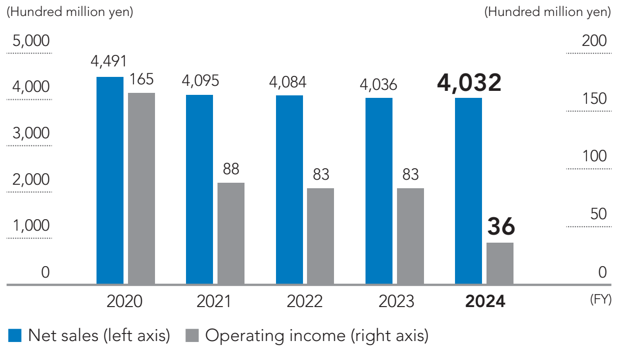
As part of our efforts to help build a recycling-based society, we launched a pilot program at our head office building to promote the recycling of plastic bottle caps within Japan. In collaboration with SUPERMATE CORPORATION, the collected caps are recycled and reused as part of the shopping baskets used in our stores.

* ¥2 donation to JCV (Japan Committee, Vaccines for the World's Children) for every shopping basket

Financial/Nonfinancial Highlights

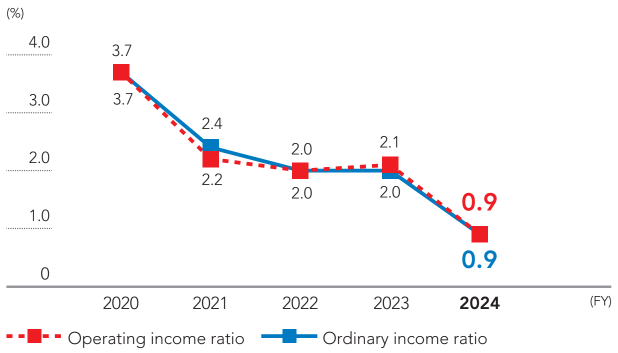
Financial

Net Sales/Operating Income



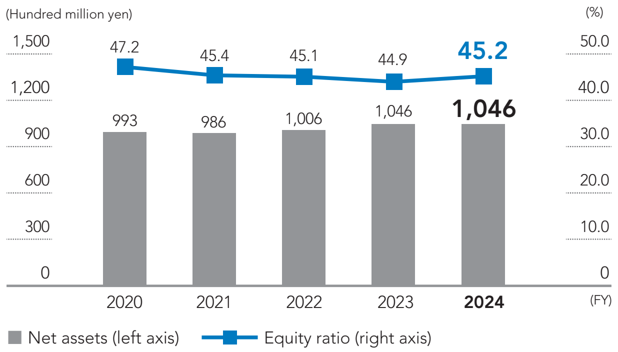
Amid sluggish overall consumer spending driven by cost-saving trends associated with rising prices, sales declined year on year across most product categories (except for a few, such as air conditioners and mobile phones), resulting in lower revenue and profits in FY2024.

Operating Income Ratio/Ordinary Income Ratio



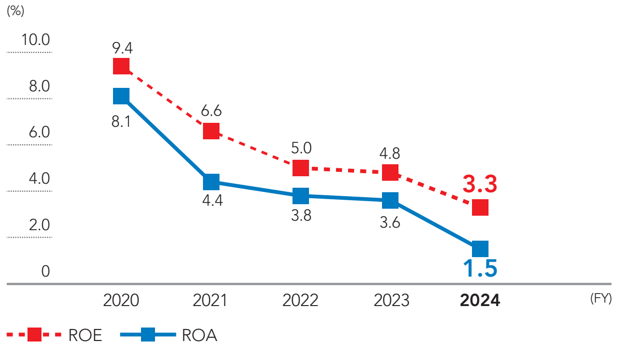
As selling, general, and administrative expenses continued to rise, Joshin struggled to maintain gross profit, leading to a decline in profit margins.

Equity Ratio/Net Assets



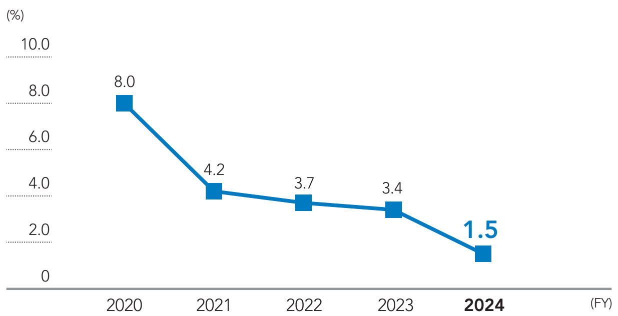
Due to significant inventory reduction efforts carried over from previous fiscal years, the Group successfully curbed the expansion of total assets, including interest-bearing liabilities, thereby improving our overall financial situation.

Return on Equity (ROE)/Return on Assets (ROA)



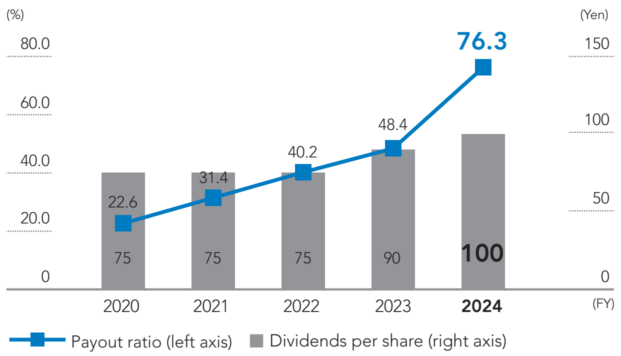
Due to persistently low profit levels, capital efficiency indicators declined compared with the previous fiscal year.

Return on Invested Capital (ROIC)



We recognize that improving capital efficiency, including ROIC, is an urgent management priority.

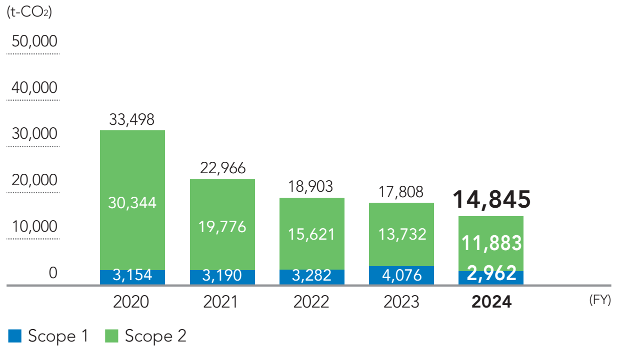
Payout Ratio/Dividend per Share



As for dividends, we carried out the planned ¥100 per-share dividend as initially forecast, which significantly exceeded the target payout ratio of 40%.

Nonfinancial

GHG* Emissions (Scopes 1 and 2)

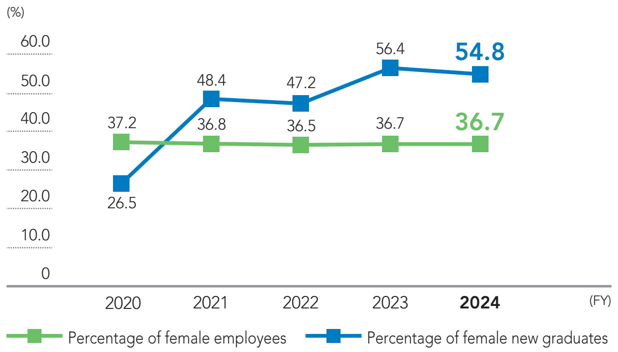


As a result of promoting FY2024 initiatives at our business sites, where Joshin contracts directly with power suppliers, to increase the ratio of off-grid power generation and self-consumption through the introduction of corporate PPAs, we achieved our initial FY2030 target of a 25% self-consumption ratio five years ahead of schedule.

* GHG: Greenhouse Gas

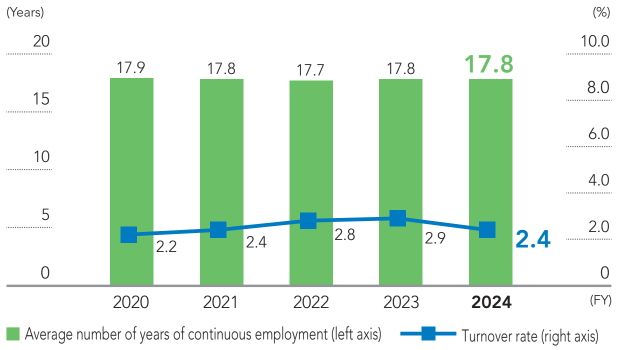
Percentage of Female Employees/Percentage of Female New Graduates

(Percentage of female new graduates is as of April 1 of each fiscal year.)



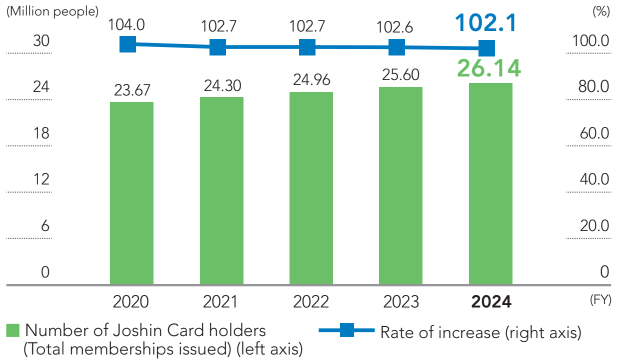
Through enhanced recruitment efforts aimed at achieving a 50% ratio of female employees, the proportion of female new graduates hired in FY2024 also exceeded the target, reaching 54.8%. Going forward, we will continue to increase the proportion of female employees by providing career development support.

Permanent Employee Retention (Average Number of Years of Continuous Employment/Turnover Rate)



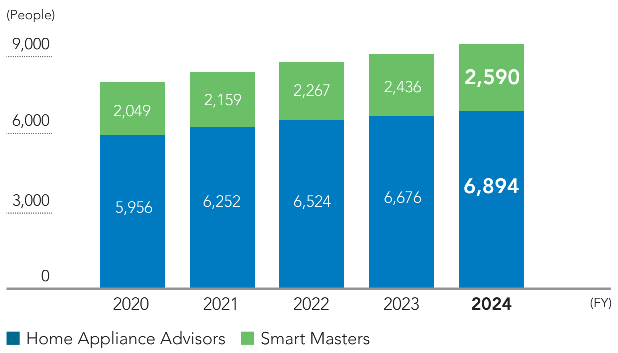
Our permanent employee retention rate is among the highest in the industry, an indication that this is a great place to work. The Company focuses on the improvement of employee engagement so that diverse employees will have job satisfaction.

Number of Joshin Card Holders



Since beginning this service in 1989, Joshin Card has been favored by customers. There are currently over 26 million holders.

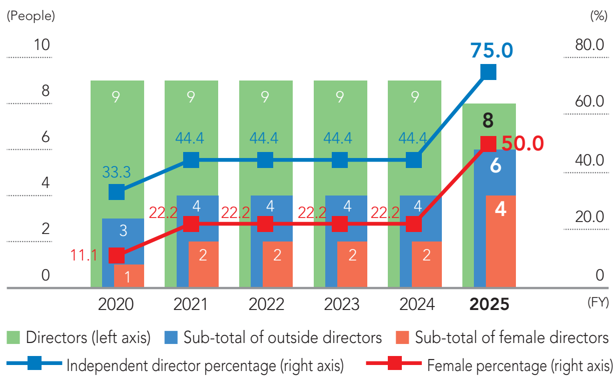
Number of Certification Holders (Home Appliance Advisors/Smart Masters)



Acquiring professional certifications relevant to one's work is a reflection of professionalism. We are dedicated to proposing ways for customers to live safely, securely, and comfortably by helping them achieve carbon neutrality at home.

Independent Director Percentage/Female Percentage

(As of June 24, 2025)



Following the General Meeting of Shareholders on June 24, 2025, the Company transitioned to being a company with an Audit and Supervisory Committee structure. Including the three Audit and Supervisory Committee members, the Board of Directors consists of eight members total, of whom 75.0% are independent directors and 50.0% are women.

Major Financial/Nonfinancial Data for 11 Years

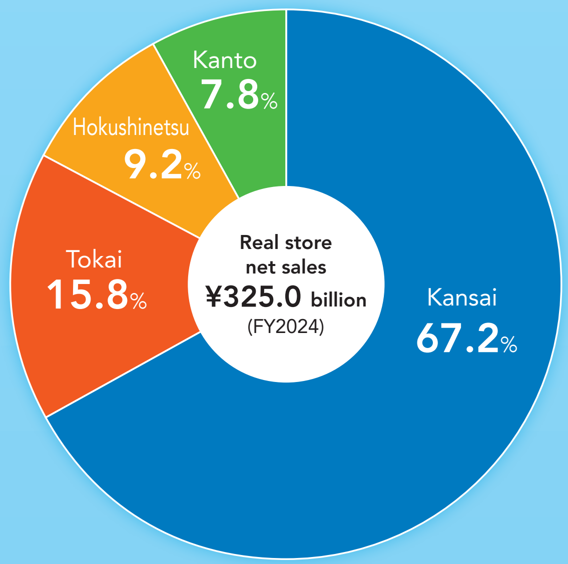
Millions of yen (consolidated)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	**FY2024**
Financial											
Profit/loss status											
Net sales	372,385	375,782	374,387	391,726	403,832	415,643	449,121	409,508	408,460	403,692	**403,259**
Operating income	6,656	7,838	7,982	9,680	10,987	8,979	16,550	8,884	8,311	8,364	**3,688**
Ordinary income	6,628	7,802	8,050	9,662	11,003	8,900	16,555	9,701	8,317	8,251	**3,491**
Net income attributable to owners of the parent	3,366	4,356	5,190	5,579	6,354	5,418	8,873	6,391	4,972	4,891	**3,407**
Capital investment amount	5,654	4,931	11,767	7,283	9,888	8,120	8,488	9,389	9,253	7,036	**5,941**
Status of cash flows											
Net cash from operating activities	5,367	751	16,581	15,223	4,533	13,022	25,836	1,442	7,119	2,278	**16,374**
Net cash from investing activities	-5,903	-3,595	-10,412	-6,230	-10,427	-6,316	-6,118	-9,573	-9,070	-4,806	**-1,815**
Free cash flow	-535	-2,844	6,169	8,992	-5,893	6,706	19,718	-8,131	-1,951	-2,527	**14,558**
Net cash from financing activities	-1,494	2,167	-6,131	-8,134	5,900	-7,762	-14,433	1,873	2,360	3,649	**-10,741**
Financial status											
Total assets	175,005	180,905	185,971	188,550	207,351	197,308	210,321	217,417	223,218	232,775	**231,503**
Net assets	66,807	70,773	75,859	80,892	86,091	89,147	99,303	98,641	100,698	104,613	**104,665**
Interest-bearing liabilities	53,872	56,002	51,423	44,877	52,717	47,144	35,119	40,017	45,964	53,104	**46,025**
Net interest-bearing liabilities[1]	49,609	52,416	47,749	40,345	48,178	43,661	26,351	37,656	43,194	49,212	**38,317**
Equity ratio	38.2%	39.1%	40.8%	42.9%	41.5%	45.2%	47.2%	45.4%	45.1%	44.9%	**45.2%**
Net D/E ratio (times)[2]	0.74	0.74	0.63	0.50	0.56	0.49	0.27	0.38	0.43	0.47	**0.37**
Per share information (after reverse stock split was calculated)											
Earnings per share (EPS) (yen)	¥133.64	¥166.26	¥196.56	¥210.62	¥239.10	¥202.84	¥331.62	¥238.78	¥186.77	¥185.90	**¥131.13**
Dividends per share	¥32.0	¥32.0	¥32.0	¥42.0	¥50.0	¥50.0	¥75.0	¥75.0	¥75.0	¥90.0	**¥100.0**
Management indicators											
ROE (return on equity)	5.2%	6.3%	7.1%	7.1%	7.6%	6.2%	9.4%	6.6%	5.0%	4.8%	**3.3%**
ROA (return on assets)	3.7%	4.4%	4.4%	5.2%	5.6%	4.4%	8.1%	4.4%	3.8%	3.6%	**1.5%**
Return on invested capital (ROIC)[3]	3.6%	4.0%	4.1%	5.0%	5.1%	4.3%	8.0%	4.2%	3.7%	3.4%	**1.5%**
Financial indicators											
Operating income ratio	1.8%	2.1%	2.1%	2.5%	2.7%	2.2%	3.7%	2.2%	2.0%	2.1%	**0.9%**
Ordinary income ratio	1.8%	2.1%	2.2%	2.5%	2.7%	2.1%	3.7%	2.4%	2.0%	2.0%	**0.9%**
Net income ratio attributable to owners of the parent	0.9%	1.2%	1.4%	1.4%	1.6%	1.3%	2.0%	1.6%	1.2%	1.2%	**0.8%**
Payout ratio	23.9%	19.2%	16.3%	19.9%	20.9%	24.6%	22.6%	31.4%	40.2%	48.4%	**76.3%**
Nonfinancial											
GHG emissions (Scope 2) (t-CO_2)	47,860	46,897	45,681	43,929	39,783	34,450	30,344	19,776	15,621	13,732	**11,883**
Changes in plastic shopping bags (volume of plastic used in shopping bags) (t)	194	204	208	219	219	203	80	30	28.4	27.5	**26.3**
Sales area (m^2)	489,579	501,918	502,974	512,812	514,237	518,958	505,210	513,509	510,001	510,319	**520,671**
Number of employees (including part-time employees) (people)	7,652	7,845	7,825	8,446	9,169	9,483	9,277	9,121	8,906	8,711	**8,455**
Number of new graduate employees (people)	51	59	63	55	77	91	98	126	123	110	**104**
Number of employees 65 years old or older (including part-time) (people)	27	29	39	60	80	84	93	97	102	126	**151**
Percentage of employees with disabilities (%)	2.10	2.08	2.07	2.32	2.55	2.54	2.44	2.60	2.65	2.73	**2.79**
Turnover rate of permanent employees (%)	2.9	2.6	2.7	2.8	3.3	2.8	2.2	2.4	2.8	2.9	**2.4**
Percentage of employees participating in employee stock ownership plan (Joshin Denki only) (%)	92.49	92.61	92.41	91.90	91.13	90.13	87.46	86.49	86.29	85.44	**83.41**
Cases of violations of law and regulations, monetary amount (yen)	0	0	0	0	0	0	0	0	0	0	**1 case, ¥0**
Whistleblower cases (number of cases)[4]	28	26	28	29	41	46	60	68	61	39	**97**

1. Net interest-bearing liabilities: interest-bearing liabilities – deposits
2. Net D/E ratio: (interest-bearing liabilities – deposits) ÷ (equity capital)
3. ROIC = Operating income × 0.65 (assuming a tax rate of 0.35) ÷ (end-of-period net assets + end-of-period interest-bearing liabilities)
4. Total number of reports received, regardless of whether an incident occurred (from FY2024 onward)

Group Locations

As of the end of March 2025, the Joshin Group operates 218 stores in the Kansai, Tokai, Kanto, Hokushinetsu, and Shikoku regions. The Group will open new stores while developing our service infrastructure centered on a two-hub east/west logistics framework through the Kansai Ibaraki Logistics Center and the Tokyo Logistics Center.



Note: Regional breakdown that sums to 100% of net sales at real stores

Kansai region: 142 stores
Total store area: 342,757 m²

Osaka Prefecture	59 stores	143,607 m²	Shiga Prefecture	13 stores	27,766 m²
Kyoto Prefecture	12 stores	31,338 m²	Nara Prefecture	13 stores	32,747 m²
Hyogo Prefecture	37 stores	88,821 m²	Wakayama Prefecture	8 stores	18,477 m²


Nipponbashi store


Kishiwada store

Hokushinetsu region: 24 stores
Total store area: 61,195 m²

Toyama Prefecture	8 stores	22,671 m²
Ishikawa Prefecture	4 stores	9,735 m²
Fukui Prefecture	2 stores	5,319 m²
Niigata Prefecture	9 stores	20,985 m²
Nagano Prefecture	1 store	2,482 m²


Toyama main store

Kanto region: 17 stores
Total store area: 39,194 m²

Tokyo	3 stores	5,381 m²
Kanagawa Prefecture	2 stores	5,263 m²
Saitama Prefecture	6 stores	14,784 m²
Chiba Prefecture	5 stores	10,681 m²
Gunma Prefecture	1 store	3,082 m²


Matsudo store

Tokai region: 33 stores
Total store area: 77,310 m²

Aichi Prefecture	17 stores	39,461 m²
Gifu Prefecture	7 stores	16,135 m²
Mie Prefecture	8 stores	19,729 m²
Shizuoka Prefecture	1 store	1,984 m²


Komaki store

Shikoku region: 2 stores
Total store area: 213 m²

Tokushima Prefecture	2 stores	213 m²


ASAKA Naruto store

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Joshin

For more specific store information, visit this site. (Japanese only)
Store search https://shop.joshin.co.jp

Note: All figures are rounded down to the nearest whole number.

External Evaluations / Participation in Initiatives

External Evaluations

CDP Climate Change Report 2024

Received an A score, the highest CDP rating, in the climate change sector for the second consecutive year

Received the highest CDP Supplier Engagement Assessment Rating of "Supplier Engagement Leader" for the first time

Major Assessments from ESG Rating Groups

FTSE Blossom Japan Index
Selected for 3 consecutive years

FTSE Blossom Japan Sector Relative Index
Selected for 4 consecutive years

S&P/JPX Carbon Efficient Index
Selected

MSCI ESG RATINGS
Received the highest rating of "AAA" for the first time

Other Assessments by External Organizations

2025 Oricon Customer Satisfaction® Survey Standalone Housing Renovations
First place for 5 consecutive years

Followed up by Gold Product Safety Company certification
First time in history this certification was awarded a 2nd time

"Environmentally Sustainable Company" at the ESG Finance Awards Japan
Selected

2025 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category)
Certified for 6 consecutive years

Company supporting parenthood "Kurumin"
Certified

Company promoting women's participation and advancement "Eruboshi" (Certification level 2)
Certified

Participation in Initiatives

UN Global Compact

Science Based Targets (SBT)

GX League

Task Force on Climate-related Financial Disclosures (TCFD)

Taskforce on Nature-related Financial Disclosures (TNFD)

Corporate Information/Stock Information (As of March 31, 2025)

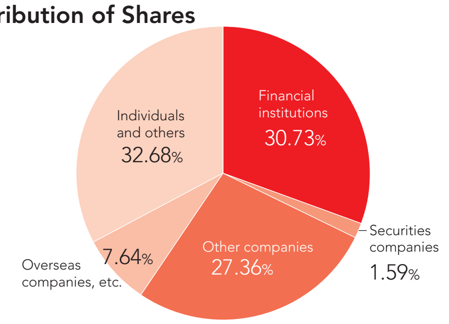
Corporate Information

Company Name	Joshin Denki Co., Ltd.
Head Office	6-5, Nipponbashi-nishi 1-chome, Naniwa-ku, Osaka City, 556-8550, Japan Tel.: +81 6-6631-1221
Founded	May 11, 1948
Established	February 2, 1950
Net sales	¥403.259 billion (consolidated) ¥402.219 billion (nonconsolidated)
Capital Stock	¥15.121 billion
Stock Listing	Prime Market, Tokyo Stock Exchange (code: 8173)
Number of Employees	8,455 Males: 5,350 Females: 3,105 (including temporary staff)

Number of Shares

Number of shares authorized: 99,000,000
Number of shares outstanding: 28,000,000
Shareholders with voting rights: 22,795
Total number of shareholders: 253,004 (excluding treasury shares)

Distribution of Shares



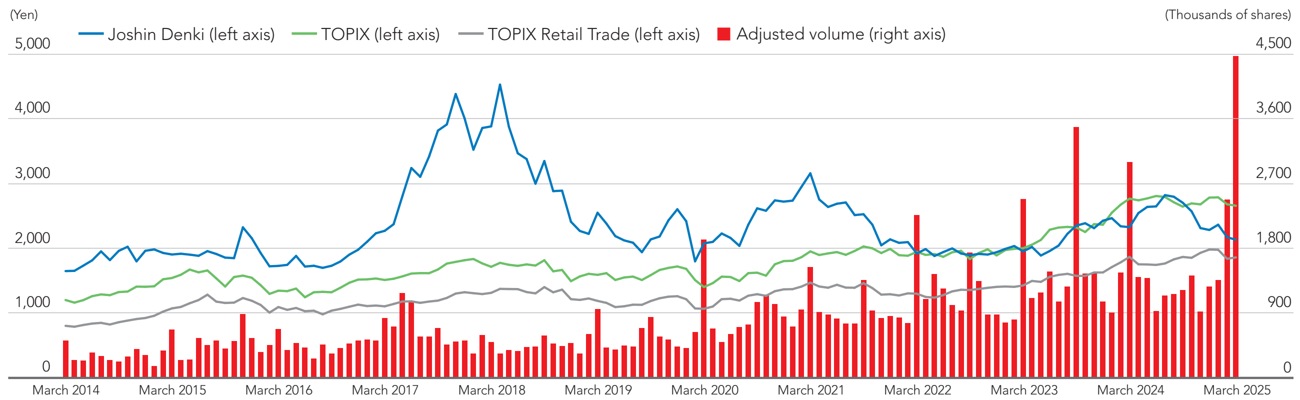
Note: The above ratio is calculated excluding treasury stock (1,453,786 shares).

Current Major Shareholders

Shareholder	Number of Shares Held	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2,271,400	8.55
Joshin Denki Employee Shareholding Association	1,794,425	6.75
Custody Bank of Japan, Ltd. (trust account)	1,176,222	4.43
Resona Bank, Limited	800,000	3.01
The Dai-ichi Life Insurance Company, Limited	675,000	2.54
Sharp Corporation	542,500	2.04
Sompo Japan Insurance Inc.	426,700	1.60
Sumitomo Mitsui Trust Bank, Limited	336,000	1.26
Joshin Denki Business Partner Shareholding Association	334,325	1.25
Mitsubishi UFJ Trust and Banking Corporation	320,000	1.20

Note: The above ratio is calculated excluding treasury stock (1,453,786 shares).

Share Prices (After calculations for reverse stock splits)



Note: On October 2, 2017, the Company consolidated ordinary shares issued by two to one.

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Joshin

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