

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



We are committed to increasing corporate value and realising our management philosophy.

田中幸治

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

The Group, now having reached our 75th anniversary, has set the management philosophy as "Connecting people and society to the future with a smile." Looking ahead a quarter-century to 2050, we are developing management that contributes to building a sustainable society through the creation of two social values: "supporting and strengthen resilience in our aging society" and "achieving carbon neutrality in the home"

To realize the creation of these two social values, we have set our management vision as "becoming a hub for the infrastructure of life through the power of home appliances and ICT," and identified the seven material issues that we need to address. One of these material issues is D&I (diversity and inclusion).

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

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

By creating an environment where diverse people can work with their strengths and enthusiasm, and without discrimination, we can share within the Company the inconvenience, dissatisfaction, and uneasiness we feel in our daily lives as social issues. In addition, it is possible to achieve solutions coming out of the freethinking of diverse people as new businesses, in this way linking new customer satisfaction with improved corporate value. This is the essence of the Group's sustainability management, and we believe that our human resources strategy to ensure diversity is an integral part of our management strategy.

○ We are promoting diversity and inclusion for human rights as well as health and productivity management as the foundations of our HR (human resources) strategy

To create new levels of customer satisfaction, the Group is working on securing and developing diverse employees that will be at points of contact with our customers. The universal value of respect for human rights is the spiritual foundation of diversity and inclusion. As well, initiatives for health and productivity management maximize organizational performance by fully harnessing the potential of diverse employees.

The Group's human resources strategy includes achieving a work environment where diverse people can perform at their best and play an active role, in this way increasing ease of work leading to job satisfaction, then to employee ownership, and finally to improved engagement.

○ By allowing employees to participate in management, we will link proactive investments in human resources with improved corporate value

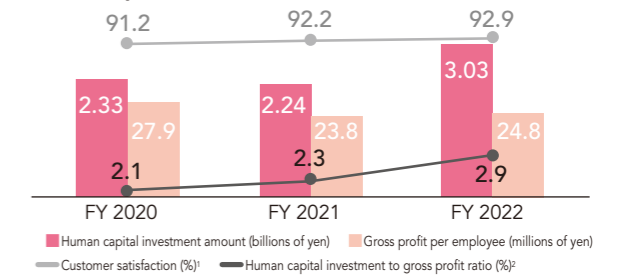
Although the previous Medium-term Management Plan that coincided with the COVID-19 pandemic has failed to achieve the targets for many indicators, we were able to steadily improve the gross profit margin from 24.2% to 25.4%. Compared with 20.6% in the fiscal year ended March 31, 2013, we achieved a 4.8-point improvement over the last 10 years. The gross profit amount compared with the fiscal year ended March 2013 was 137.8%, exceeding the net sales growth rate of 111.6%. Continual investment in human capital leads to high value-added product sales based on lifestyle proposals.

Looking ahead to 2050, the Group has formulated and announced the JT-2025 Management Plan with a backcasting approach setting 2030 as a milestone. The theme is to be a concierge to customers, drawing close to their daily lives. The Group will invest in securing and training diverse employees who will serve as points of contact with customers and promote better employee engagement.

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

FY 2022 human capital investment		¥3,027 million
Recruiting and education ¥782 million		
●	Costs of hiring new graduates and mid-career workers	
●	Recruitment expenses	
●	Education and training expenses	
Wage increases and a revised HR system ... ¥1,154 million		
●	Wage increases (including part-time employees)	
●	Risk-responsive lump sums for retirement annuities	
●	Increased costs due to the extended retirement age	
●	Talent management system introduction and operating costs	
Investments leading to job satisfaction and ease of work ... ¥267 million		
●	Salary compensation for ikumen (men rearing their children) leave and COVID-19 special leave	
●	Workplace and equipment renovation costs	
●	Investment in new work styles	
Investments in systems that improve productivity ... ¥825 million		
●	Costs related to introducing full self-service cash registers, digital signs, etc.	

Human capital investment amount and financial data



1. Customer satisfaction (%) = very satisfied + satisfied in our online questionnaire
 2. Human capital investment to gross profit ratio = human capital investment per employee ÷ gross profit per employee
 We are making upfront investments to maximize the potential of our human resources and create value for the future.



Human Resources Strategy

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.

Aiming for Our Ideal Form

We will implement initiatives aimed at building a rewarding work environment where diverse employees play a more active role.

Category	KPIs	FY 2021 Results	FY 2022 Results	Gap	FY 2030 target
Securing human resources	Number of new graduates and mid-career hires	266	238	88	150 people annually
	Turnover rate (female permanent employees)	4.9%	4.8%	-2.3%	no more than 2.5%
	Turnover rate (male permanent employees)	2.1%	2.5%	0.0	no more than 2.5%
Human resource development	Turnover rate (permanent employees total)	2.4%	2.8%	-0.3%	no more than 2.5%
	Number of Home Appliance Advisor certification holders (total number of people)	6,252	6,524	-	-
Diversity	Number of Smart Master certification holders	2,159	2,267	-	-
	Percentage of female directors	22.2%	22.2%	-7.8%	30.0%
	Percentage of female managers	3.2%	3.6%	-16.4%	20.0%
	Percentage of female permanent employees	12.0%	13.0%	-17.0%	30.0%
Success of women in the workplace	Percentage of female employees	36.8%	36.5%	-13.5%	50.0%
	Percentage of female new employees	48.4%	47.2%	-2.8%	50.0%
Supporting work-life balance	Wage difference between men and women (permanent employees)	71.7%	71.4%	-6.6%	78.0%
	Percentage of employees with disabilities (%)	2.6%	2.7%	-0.3%	3.0%
	Number of employees 65 years old and over	97	102	-	-
Health and productivity management	Percentage of employees taking <i>ikumen</i> (men rearing their children) leave ²	96.0%	100.0%	0.0	100.0%
	Average number of days taken for <i>ikumen</i> (men rearing their children) leave ²	6.7	21.0	-7.0	28.0
	Health index score ³	-4.5%	-4.2%	-6.2%	+2% average score across Japan
	Presenteeism ⁴	93.0%	92.9%	-1.1%	94.0%
	Medical checkup participation rate	97.0%	99.5%	-0.5%	100.0%
Health and productivity management	Stress check participation rate ⁵	97.5%	98.7%	-1.3%	100.0%
	Overtime work hours (monthly average)	14.7 hours	15.0 hours	-	-
	Paid leave usage rate (all employees)	54.4%	62.9%	-7.1%	70.0%

Ideal form

Realization of management philosophy

Two types of social value creation¹

Improved corporate value and customer satisfaction

Increase employee engagement

Realization of job satisfaction and ease of work

1. Two types of social value: Helping to strengthen the resilience of an aging society and achieving household carbon neutrality
 2. *Ikumen* (men rearing their children) leave: Special paid childrearing leave for Joshin Denki Co., Ltd., Joshin Service Co., Ltd., Hyogo Kyoto Joshin Co., Ltd., Tokai Joshin Co., Ltd., Kanto Joshin Co., Ltd., Shiga Joshin Co., Ltd., Wakayama Joshin Co., Ltd., and Hokushinetsu Joshin Co., Ltd. within the Group
 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 at 100%.
 5. Stress check participation rate: All business sites are targeted, including those with less than 50 people.

Human Rights

Establishment of the Joshin Group Human Rights Policy

Since our foundation, the Joshin Group has cherished the Corporate Credo "to always act in consideration of the other's perspective," embodying the spirit of thoughtfulness. This credo connects directly with respect for human rights that values an individual's perspective. With the foundational spirit of respecting human rights, and intending 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 to clarify how we stand both internally and externally.

https://www.joshin.co.jp/ja/csr/policy/list/humanrights/main/0/link/human_rights.pdf (Japanese only)

Identification and assessment of human rights risks

When establishing our human rights policy, we identified potential human rights risks associated with the Group's business activities

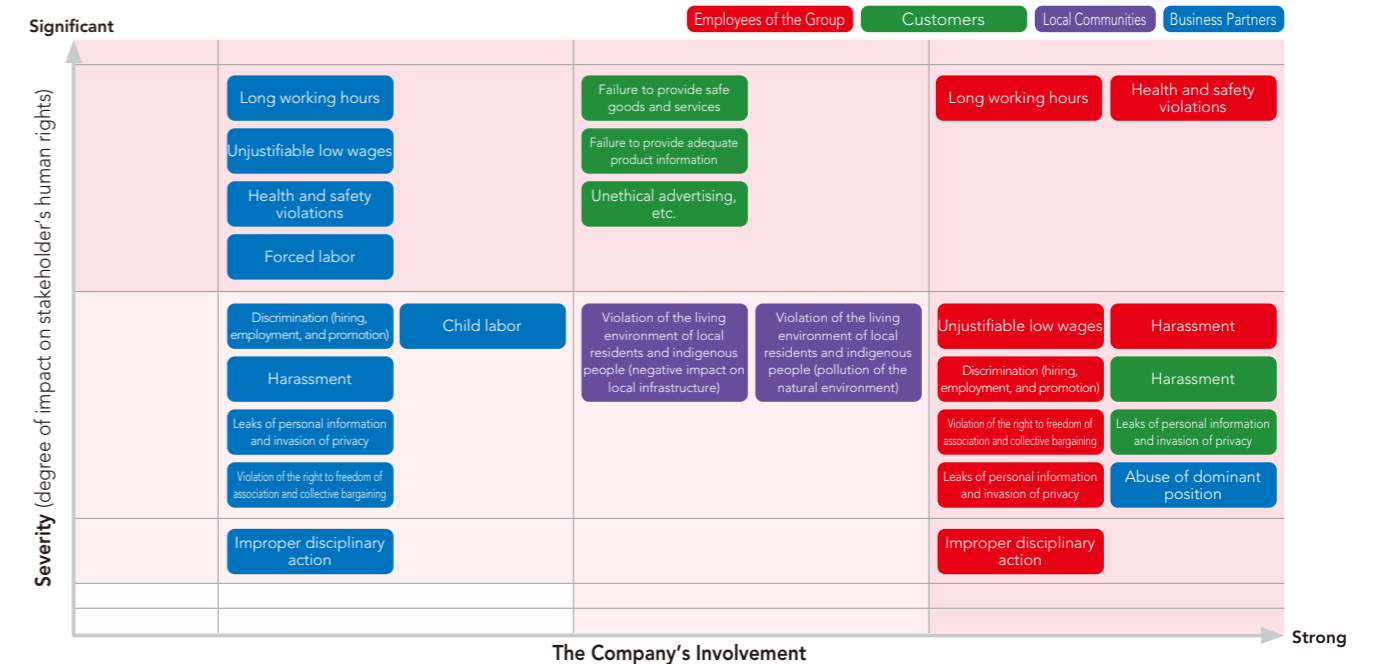
and evaluated them from the standpoints of severity and our involvement. Based on these results, for human rights risks that have been indicated as highly significant, we will consider specific actions to reduce risks and prioritize ways to address them.

Identification and assessment process

1. Refer to international guidelines and reports, and consult with experts in the field of human rights.
2. In order to identify issues that should be prioritized and strengthened, a human rights risk map was created based on quantitative analysis with the commitment of all directors and auditors involved in business execution, using severity and the Company's involvement as the evaluation axes.



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, Global Compact Network Japan (GCNJ), 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 up until now

- June 2019** We issued a declaration by top management to eliminate harassment.
- July 2022** Signed in support of the United Nations Global Compact
- December 2022** Announced the Joshin Group Human Rights Policy
- April 2023** Established a Human Rights Awareness Promotion Office

Future actions

Dissemination of Human Rights Policy (from FY 2023)

- Raising awareness and education within the Company
- Dissemination and collaboration in the value chain

Identification of human rights risks (from FY 2023)

- Conducting a risk assessment based on a business partner survey
- Conducting stakeholder meetings (dialogues)
- Visits to companies in the value chain
- Extraction and identification of human rights issues and formulation of risk mitigation and prevention
- Establishment of relief mechanisms

Information disclosure (from FY 2024)

- Regular disclosure of information on corporate websites of human rights due diligence, integrated reports, etc.
- Improved initiatives through response to feedback

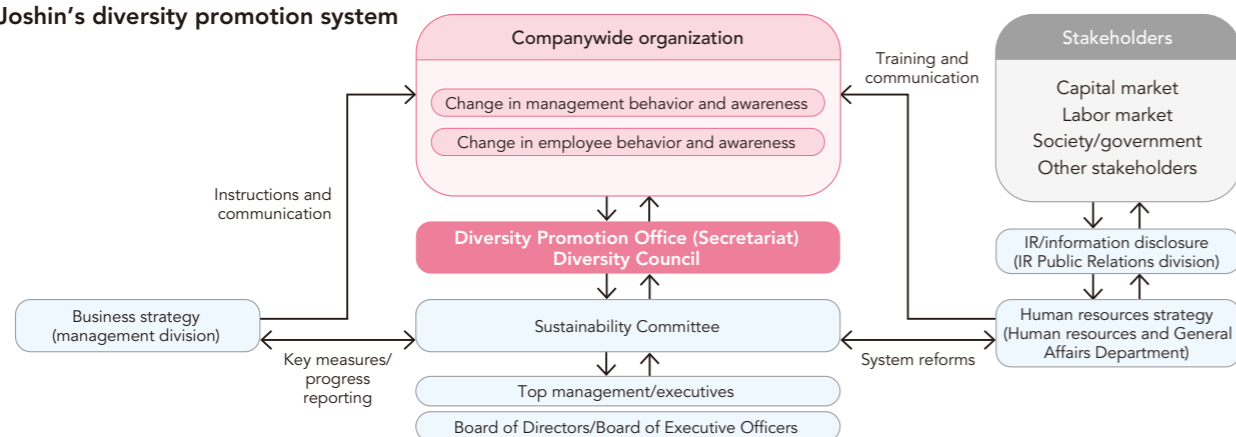
Diversity & Inclusion

<https://www.joshin.co.jp/ja/csr/policy/list/di/main/0/link/DI.pdf>
(Japanese only)

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

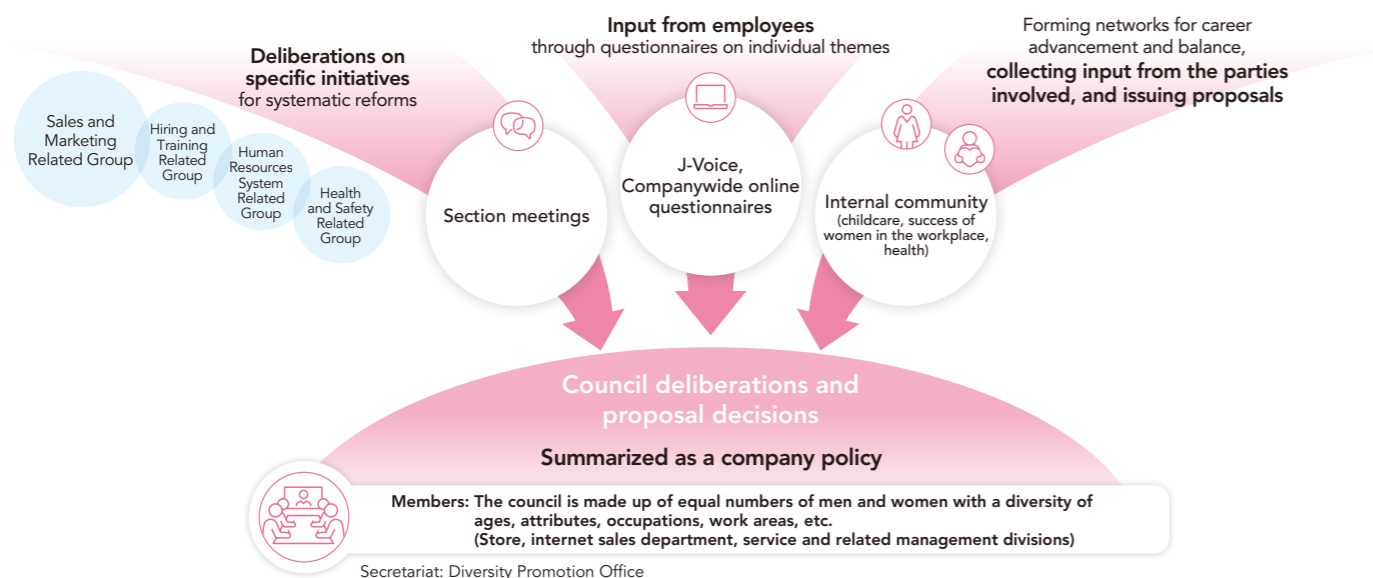
to pass on a prosperous future to the next generation. We announced the Joshin Group D&I Policy in March 2023, viewing our goal through D&I promotion as the success of all employees and sustainable growth as a company.

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 activities in FY 2022

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

- Embodiment of four high-priority themes
 - For childcare, expanded the scope of children eligible for the shorter working hours system to junior high school graduates
 - Increased the number of prescribed working hours under the shorter working hours system for childcare to six patterns
 - Started to support maiden names for employees who want to use them
 - Established D&I Policy

Members who participated in the council will continue to promote D&I in their departments as Joshin DI Members.

Creator of the Joshin DI Member naming
Miki Wada (store employee, chief)



- Q. How has this system affected your work style?**
A. I started using the system immediately to achieve a balance between childcare and work.
- Q. How was it following the council's approach?**
A. I was a bit nervous about the idea of having the opinions of employees go directly to management at first, but it was a meaningful activity where members could freely exchange opinions. I felt that each theme was developed quickly.

Promotion of Diversity and Inclusion (D&I)

Joshin Group D&I Promotion Roadmap

2021 2022 2023 2024 2030 2050 (FY)

Established a new Diversity Promotion Office (November) | Announcement of the Joshin Group D&I Policy (March)

Cultivating a corporate culture

- April: Establishing the Diversity Council
- May: Creating a D&I top message poster
- November: Plan to start implementing J-Voice, the company-wide web survey
- April: Introduction of engagement surveys
- Plan: Improvement of annual paid leave usage rate
- Plan: Strengthening ways to correct long working hours

2030 major KPIs

Engagement overall score
64 (Started in May 2023) → 80 (2030)

Promoting the success of women in the workplace

- July: Introducing role models on the Intranet
- April: Start to support maiden names for employees who want to use them
- Plan: Review of position appointment standards based on course selection
- Plan: Formation of an internal community for the success of women in the workplace
- Plan: Consideration of support for infertility treatments
- Plan: Consideration of subsidizing childcare expenses for working on holidays
- Plan: Holding a career awareness forum
- Plan: Developing stores with women in leadership positions

Percentage of female managers
3.6% (Fiscal Year Ended March 31, 2023) → 20% (2030)

Support for the active participation of diverse employees

- April: Extension of *ikumen* (men rearing their children) leave to 28 days
- April: Making the shorter working hours system for childcare more flexible
- Plan: Continuous implementation of initiatives to promote understanding of the LGBTQ community
- May: Implementation of education to promote understanding of the LGBTQ community
- Plan: Making the shorter working hours system for nursing care more flexible
- Plan: Continuous employment support for people with disabilities
- July: Establishment of childcare community
- Plan: Creation of job satisfaction for veteran employees

Percentage of employees with disabilities
2.7% (Fiscal Year Ended March 31, 2023) → 3.0% (2030)

Support for the more active participation and work-life balance of women

As of March 2023, the percentage of female managers is 3.6%, and the wage gap between men and women is 71.4%, making the promotion of women a challenge for the Group. We believe that the main impediment to women's success in the workplace is that housework and childcare are often biased in favor of women, leading to time, psychological and physical constraints. Considering that late working hours make it difficult for employees with children to continue working, we revised the system of shorter working hours for childcare in April 2023 to allow using this system until the child finishes the third year of junior high school. In addition, we expanded the prescribed working hours of the shorter working hours system for childcare from two patterns: 5 hours and 6 hours to six patterns from 5 hours to 7.5 hours (in 30-minute increments). This change will let employees choose their work style according to their personal circumstances. We want to link this change not only to support for balancing work with childcare, but also to the career development of women.

In addition, the percentage of employees taking special childcare paid leave, *ikumen* (men rearing their children) leave, for up to 28 days was 100% in fiscal 2022, with 135 employees taking this leave. We intend

Support for the active participation of diverse employees

We will create an environment where every employee can work in multiple ways.

Active participation of veteran employees

The Group is raising the retirement age by one year each year and we will extend the retirement age to 65 by April 2025. As experienced managers reach the retirement age each year, we will use their abilities and skills in developing successors and to support the younger generation. In this way, we will build work styles that lead to job satisfaction for veteran employees.

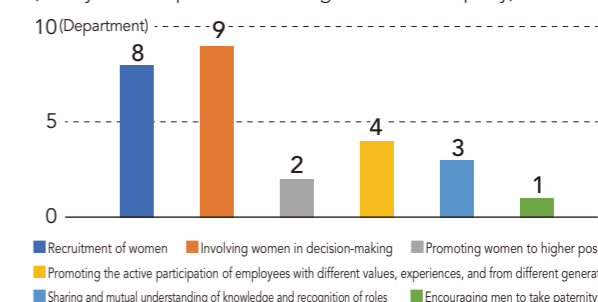
Active participation of people with disabilities

To support employment that matches individual characteristics, we

to create a work environment where employees, as part of their lifestyle, can enjoy both work and childcare regardless of their gender.

Further, we support the use of maiden names at work for employees who want to use them. The management listens to the voices of employees and creates restructures systems from a new perspective through the Diversity Council.

Key measures for D&I promotion (set by each department throughout the Company)



We have formulated key initiatives for promoting D&I in every department throughout the Company (27 departments in all). We believe that developing initiatives by ourselves will cultivate a perspective of D&I within Joshin.

conduct trial training during hiring and are now intending to employ one person with disabilities in every department of our stores, primarily in the Kansai and Tokai regions. We also work to develop job opportunities in cooperation with local employment support agencies and school career guidance counselors.

Promoting the understanding of the LGBTQ community

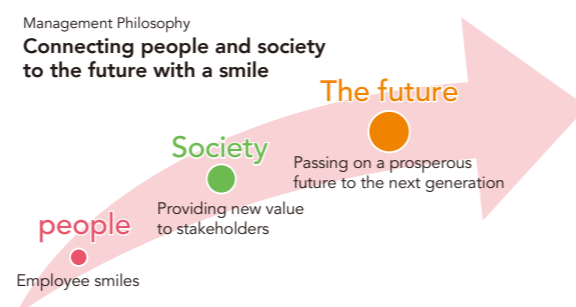
In 2022, we conducted the first Group-wide video-based training. The Diversity Promotion Office will be a consultation service and will take the initiative by first acquiring knowledge and understanding.

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

Securing Human Resources

Basic concept

We must first have smiling employees to achieve our management philosophy. By creating an environment where employees can be active with a smile, we will secure diverse employees and create new corporate value. Our plan includes hiring about 150 people each year. We intend to have a balanced age structure and to maintain as well as improve the human capital of the entire Group. In addition to external hiring, we will promote part-time employees within the Group to permanent positions.

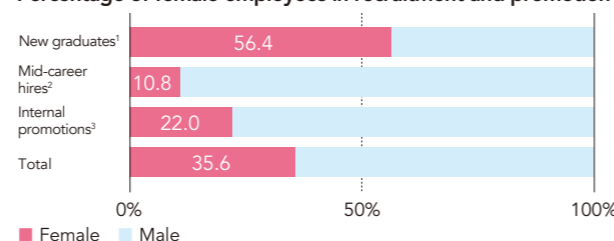


The employees we are looking for

Through our fan base strategy, we are looking for energetic employees who can offer value for the customers' experience in addition to physical value (goods and services) and that can propose an enriching experience. Without being fixated on uniform personalities and backgrounds, we want to hire people who can connect diverse life experiences for creating new corporate value.

In addition to increasing the percentage of female employees, we will focus on job interviews conducted by female employees, providing information about active female employees, and explaining our extensive support system for balancing work and family life.

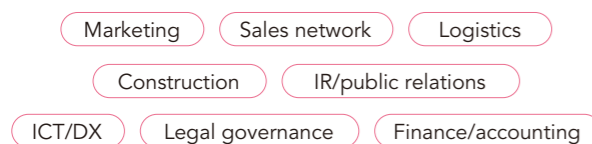
Percentage of female employees in recruitment and promotion



1. New graduates joining in April 2023.
2. Mid-career hires in fiscal 2022.
3. Employees promoted from part-time to permanent positions in fiscal 2022.
4. Percentage of female employees in the above three categories.

Strengthening direct recruiting

We are already using direct recruiting for hiring women. Going forward, we intend to directly approach students and mid-career hires in various fields to support our core appliance business segment and potential new businesses that we will be enter in the future. Specifically, we'll leverage direct recruiting for securing employees who can excel in the following specialties:



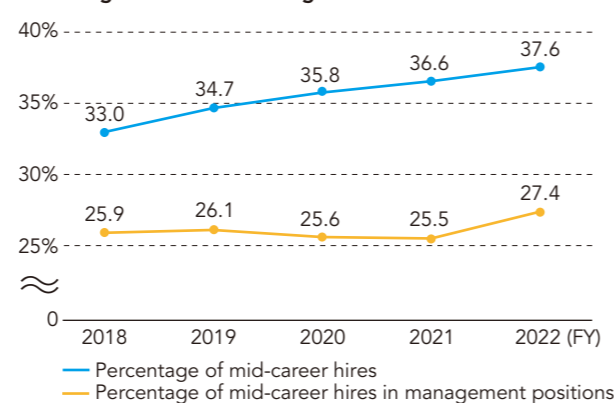
Employee retention initiatives

The Group has managed to keep our turnover rate low, supporting the retention of experienced employees. This is a major strength of our fan base strategy, which involves building deeper relationships with customers over time. On the other hand, the turnover rate among women is higher than men, and the turnover rate at subsidiaries is higher than the head office. Resolving these issues could increase our overall employee retention, making it an even stronger way to increase the number of fans and core fans that are the key to our sales strategy.

Securing employees in strategic areas

We are promoting career recruitment of people with specialized skills to respond to changing social needs and to create diverse values. To increase the percentage of mid-career hires, approximately 50% of the planned hires for each fiscal year are mid-career hires.

Percentage of mid-career hiring



Reference data	8,906 employees in the Group	Permanent employees...4,020 45.1%	Part-time employees.....4,886 54.9%
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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

we reflect their opinions 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.

Career enrichment support

We will systematically support career development to nurture specialized employees who will support our existing core business segments and to help them take on the challenge of internal transfers to a business segment that generates new levels of

customer satisfaction. While restructuring our existing business segments, we believe that improved reskilling is important for our goals in 2030 and 2050 that will lead to new corporate value.

Education supporting specialization for existing core business segments

To enable employees to independently learn the skills and knowledge required for their work, we have designated 25 recommended qualifications in 13 fields. We also conduct study sessions and mock exams led by in-house instructors and fully support acquiring qualifications as well as full subsidies for acquiring or renewing qualifications.

DX (digital transformation) training leading to the development of new services

In fiscal 2022, approximately 1,000 employees participated, deepening their understanding of DX, while gaining insights into operational improvements. We conduct online training on how to use DX for realizing our management vision of becoming a hub for the infrastructure of life through the power of home appliances and ICT.

Qualification recommended & number of qualifications held

Title	Type	Holders
Home appliance advisor	All sorts	6,524
Home appliance engineer	All sorts	394
Smart Masters	—	2,267
Qualified Electrician	All sorts	301
Installation technician	All sorts	298
Health supervisor	All sorts	210
Photo master	1st-3rd grade	1,881

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

Training hours and costs

Item	Results
Frequency (days)	409
Total hours	58,261 hours ¹
Total no. of trainees	72,192 ²
Cost of training (yen)	¥64,480,000

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

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

Well-placed employees (self-reporting)

The self-reporting is a tool for employees to report their desired department and future position, and it has become a well-placed practice to encourage employees to exercise their abilities autonomously by assigning the right person to the right job. Every year, many suggestions are received from employees through self-reporting forms.

Personnel evaluation system

When appointing employees to positions that play a central role in the execution of business operations, the Group selects

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

Nurture next-generation leaders

We conduct executive training four times a year for department heads and above, as well as 47 executives from subsidiaries, aiming to develop a broad range of knowledge over time.

Content of 2022 executive training

- Human resources (HR) management
- Corporate governance improvements and sustainability management
- Response during natural disasters
- Basic understanding of financial statements and the concept of improving corporate value

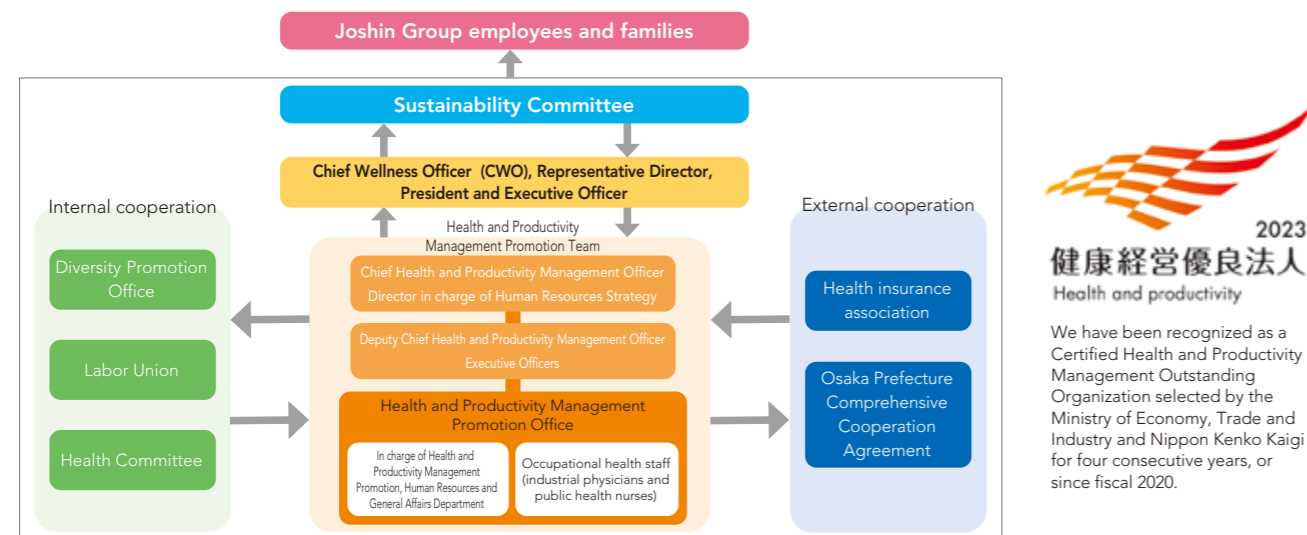
Health and Productivity Management

For the Group, as we promote fan and core fan development based on the fan base strategy, supporting the mental and physical of the employees who interact with customers is an important foundation for supporting our HR strategy. The Group's top management personally leads and practices health and productivity management so every employee can maximize their potential and grow. Our goal is to maximize organizational performance and create new customer satisfaction (social value) as the driving force for sustainable growth.

<https://www.joshin.co.jp/ja/csr/social/hr/health.html> (Japanese only)

The employees we are looking for

To encourage better health and productivity management, we have organized a Health and Productivity Management Promotion Team led by the Representative Director, President and Executive Officer, and are addressing the health challenges of the Group in cooperation with internal and external organizations.



Main initiatives

- Mandatory complete medical checkups for permanent employees who have reached the age of 35 (at no cost to them)
- Improve efficiency of industrial health services and achieve faster identification of health issues by implementing ICT for health management
- Strengthen specific health guidance in collaboration with the health insurance association
- Conduct Good Condition Interviews, or individual interviews with public health nurses based on company-specific standards coming from medical checkup results (for all ages)

Future initiatives

- Training to improve the health literacy and self-care of all employees
- Individual guidance by dietitians for dietary improvement
- Promoting smoking cessation programs
- Encouraging the early detection of cancer
- Self-care and line care training for women's health issues
- Self-care and line care training on mental health

Health and safety

We are also working on a response to long working hours, labor accidents, infectious diseases, workplace harassment, and improving productivity by implementing ICT on the front line of sales to create a safe and secure work environment where employees can fully demonstrate their performance.

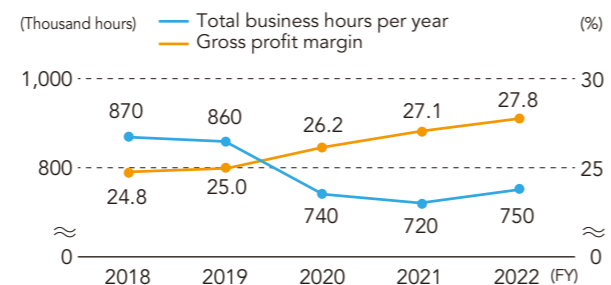
Main initiatives

- Promoting "No Overtime Day" every day
- Promoting the system of intervals between working hours
- Shortening business hours
- Internally sharing information on disasters
- Implementing risk assessments
- Subsidizing infectious disease immunizations
- Establishing an internal harassment consultation desk
- Improving the rate that self-service sales checkout (cash registers) are installed
- Promoting the introduction of digital signs
- Safety management when working at heights (equipment and behavior management)
- Asbestos removal and dust control

Shortening business hours, which had been promoted as part of our workstyle reforms, was accelerated due to the COVID-19 pandemic, increasing the number of staff assigned during business hours and improving the customer service ratios, leading to an improvement in customer satisfaction. As a result, the gross profit margin increased 3

points, compared with fiscal 2018. We will continue to promote labor savings by implementing ICT and we will increase contact points with customers to improve customer satisfaction.

Total business hours and gross profit margin of the store divisions



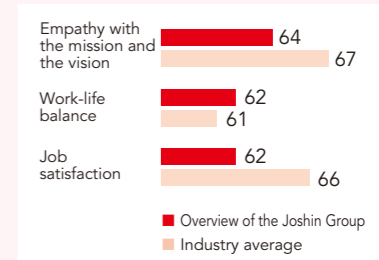
Total business hours per year: the total time actually operated
 * Total hours of business minus hours not open due to closures or shortened hours due to COVID-19, closures due to renovations, and regular holidays.
 Gross profit margin: total gross profit margin of the store divisions
 * This differs from the gross profit margin of the consolidated Group. Including the withdrawn divisions.

TOPICS Encouraging dialogues among employees by introducing an engagement survey

We introduced an engagement survey in April 2023 as a management support tool for every department to regularly check on the progress of initiatives that create a comfortable, rewarding work environment. We will deepen understanding and improve the employee engagement that demonstrates the relationship between our company and employees by envisioning the mental state of employees and use the survey results to encourage dialogue at the front lines.

Key areas of focus for future engagement surveys

Results of the first survey (May 2023)



First survey overall score: 64

- Conducted in May 2023 * Retail standard average score: 66
- Survey covered more than 8,000 employees (including part-time employees) from all Group companies engaged in the home appliance sales and support business
- Wevox by Atræ, Inc. is the survey tool that was used
- The overall score is reflected in the stock compensation of executive directors and executive officers as a long-term incentive.

Perception of the first survey results

In nine survey areas, elements such as corporate philosophy strategy, the environment, and personal growth were significant influences on the Group's employee engagement. Therefore, the Group has decided to prioritize improving empathy for the mission and vision, work-life balance, and job satisfaction. First, we intend to instill our management philosophy—renewed in 2021—and increase the desire of employees to positively take on their own roles by being in sympathy with the Company's ideas. For work-life balance, we will check if employees are being fulfilled in both their professional and personal life. For job satisfaction, we will verify if a rewarding work environment exists, and then take action to deepen the relationship of trust between the Company and employees.

Promote management by smoothly sharing information between labor and management

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 unions, issues are raised surrounding the work environment of employees and suggestions are made for management, making this a valuable forum for information sharing between labor and management. Labor-management council meetings are attended by the Company's executive directors and executive officers, as well as the union's full-time officers and executives from each region. This enables the management's visions and policies, and other details, to be shared with frontline union members. The council, as well as driving the business forward, plays a leading role in establishing a management system in which labor and management are united.

Collective agreement coverage: 92.7%

Executive Officer's Message

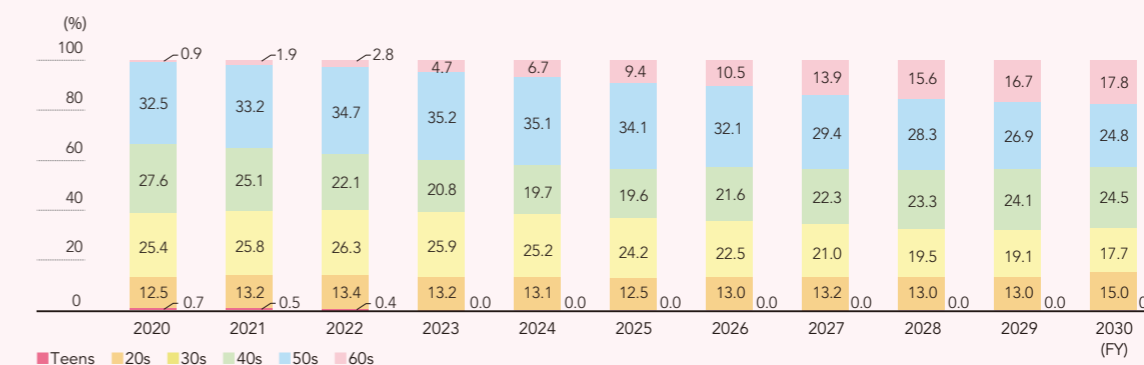
The average number of years of continuous employment for the Group's permanent employees is as high as 17.7, and the experience and skills of our veteran employees who have deepened their ties with customers are a central part of implementing our fan base strategy. On the other hand, the number of permanent employees aged 50 and over exceeds 35% of the total. To maintain the total number of permanent employees, we revised the system to set the retirement age at 65 in 2025, but we recognize the funnel-shaped personnel structure as a challenge. For diverse employees to be more active and create new value, it is necessary to have a good balance of employees age groups. We will recruit new graduates and mid-career hires, then consider the environment and work style that enable veteran employees, our strength, to best demonstrate their skills.

The challenges in recruiting due to a declining birthrate and aging population will further accelerate in the future. We will improve the environment, support, and training systems so that people want to join and continue working at Joshin to develop their careers. In fiscal 2022, the Group achieved a 100% acquisition rate for employees taking *ikumen* (men rearing their children) leave, and the average number of days taken also increased to 21 days. We will continue to implement initiatives using the Diversity Council, such as supporting the work-life balance of employees raising children regardless of gender, and then promoting women's more active participation, as well as providing support for employees who continue working while providing nursing care, as we help to develop the next generation of leaders.



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

Projected changes in the employee structure by age group through FY 2030



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 required of the Group is no longer just our responsibility but that of the entire supply chain. For this reason, we established a Procurement Policy that includes selecting business partners, taking into consideration human rights, labor, and the natural environment, as well as monitoring and improvements, and

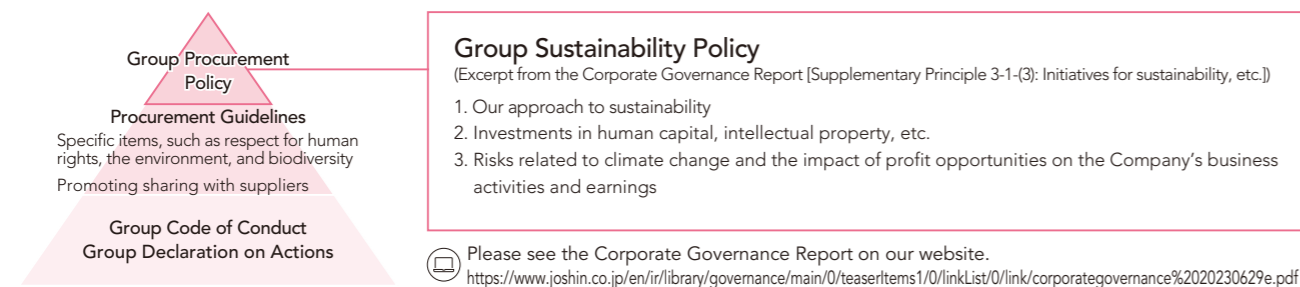
we will work hard for more sustainable procurement. In addition, the Procurement Guidelines, based on the Procurement Policy, help us to maintain and improve the environment and society throughout the supply chain. All of our suppliers are now expected to follow these guidelines.

The Joshin Group Procurement Policy / Procurement Guidelines (excerpt)

1. Coexistence and mutual prosperity with our business partners
Solve problems throughout the supply chain and build long-term relationships of trust
2. Ensuring quality and safety
Together with our suppliers, maintain and improve the quality and safety of purchased products and services
3. Fair and equitable trade as well as full compliance with laws and regulations
Comply with laws, regulations, and international guidelines as well as provide fair impartial opportunities through fair and free competition
4. Consideration for the environment
Aim for environmentally friendly purchasing throughout the supply chain
5. Consideration for human rights and the work environment
Promote purchasing that respects human rights, improve the work environment, and ensure health and safety
6. Effective information management
Comply with all requirements for handling confidential and personal information gathered during purchasing
7. Coexistence with society
Coexisting with local communities and contributing to building a sustainable society
8. Scope of application
All suppliers

* Please refer to our website for details.
<https://www.joshin.co.jp/ja/csr/policy/list/procurement/main/0/link/Procurement.pdf>

Structure of the Procurement Policy



Establishing a Sustainable Procurement System with Suppliers

The Group will promote sustainable procurement with suppliers, continue to conduct the supply chain procurement questionnaire, and then establish a sound and robust supply chain through 100%

compliance with the Procurement Policy and Procurement Guidelines as well as anticorruption initiatives.

Future Goals in Sustainable Procurement

Goals for FY 2025

Raise awareness of the Procurement Guidelines among suppliers and conduct a supply chain questionnaire to comprehensively check on compliance while evaluating every supplier individually. In addition, we will distribute the Procurement Guidelines and promote sustainable procurement within the Group through the aggregation of responses from companies and online channels.

Goals for 2030

Set a target of 70% for the percentage of the value of transactions with suppliers who responded to the supply chain questionnaire to the total value of all transactions (value of transactions with companies responding to the sustainable procurement questionnaire / total value of all transactions). We aim to build sustainable relationships with high-scoring companies. For non-respondents and low-scoring companies, we will work together to make improvements.

Providing Safe and Secure Products and Services

Approach to Product Safety and Voluntary Action Guidelines

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

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

Voluntary Action Guidelines for Product Safety of Joshin Group

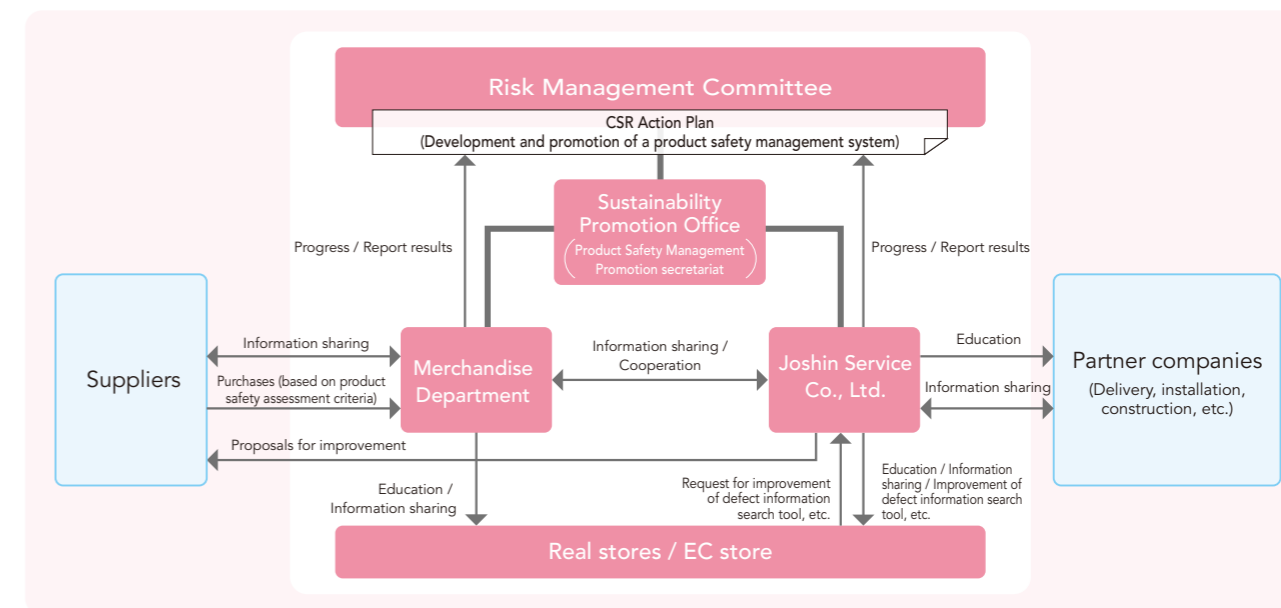
- Provide, install, and work on products trusted by customers.
- Collect data on product accidents and notify our customers.
- Establish a reporting system for product accidents, and a recall system.
- Publicize how to use products safely.
- Maintain and improve the product safety system while developing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

Product Safety Management Promotion System

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

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

Product Safety Management Promotion System



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 our after-sales service department serve as instructors to provide product safety education to delivery, installation, and construction partner companies. Further, at the Joshin Training House inside our Technical Training Center, we conduct training for delivery, installation, and construction suitable for house structures to prevent product accidents due to installation defects.

Training for employees (on product safety)

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

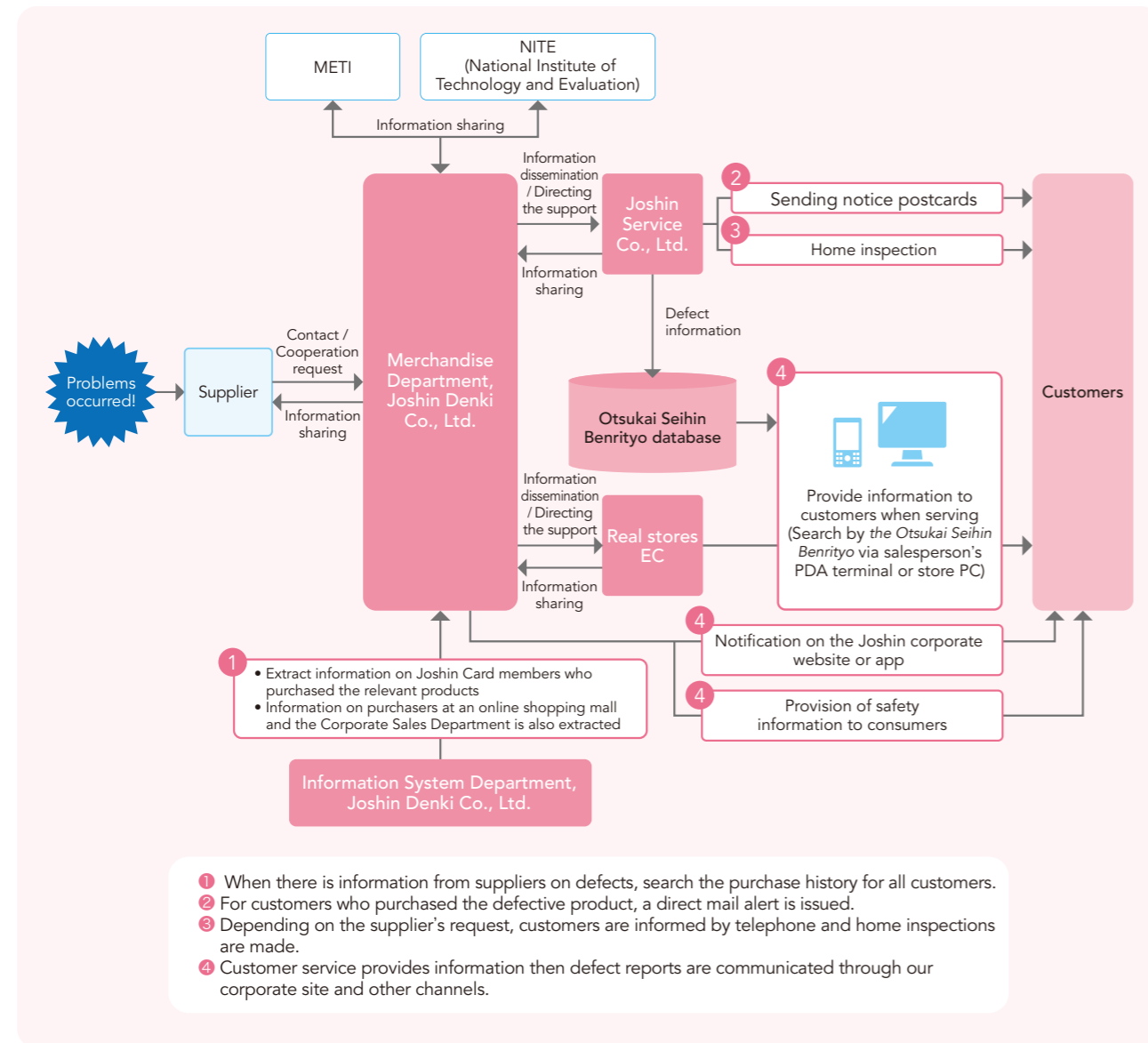
Training for external companies (on product safety)

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

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. 2.4 million items of product information and related information, and is Joshin's proprietary system that allows employees to easily retrieve information on the product itself, related information such as compatible consumables and accessories, and even defect information from their PDA terminals and PCs.

Using this system, we provide customers with information on product defects even when they inquire about consumables and accessories. Moreover, we have established a system enabling us to send direct mail on defects based on the purchaser data of consumables and accessories.

Suggestions for Product Improvements Using Data on Repairs

The Group currently receives about 420,000 repair requests annually through stores, service centers, and call centers.

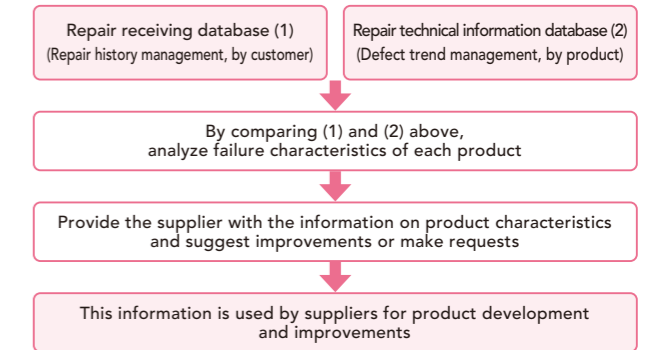
The information received during repair requests and the technical information obtained during repairs are compiled into a database to analyze the failure characteristics of each product.

The analysis results are shared with suppliers during information exchanges throughout the year, which provide suggestions for product improvements.

In addition to suggestions on how to improve products, 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



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.

The Company was certified as the first Gold Medal Winning Company* in the Product Safety Awards. Since then, the Company has been recognized for proactive initiatives aimed at achieving a higher level of product safety, while maintaining our existing initiatives. Since the Awards Committee followed up—confirmation that the initiatives at the time of certification are still being maintained, which is conducted every five years after certification as a Gold Medal Winning

Company—the "★" mark was added to the Product Safety logo for the first time.

* A company that has won the highest rating in the Product Safety Awards, the Minister of Economy, Trade and Industry Award (Gold Award) three times or more are certified as a Gold Medal Winning Company.



Activities in the Ministry of Economy, Trade and Industry's Product Safety Community

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 create and expand a product safety market in which consumers preferentially select products and services that

consider product safety.

The Company plays a central role as a core company in this community, participating in discussions on the new national product safety system and distributing information to consumers.

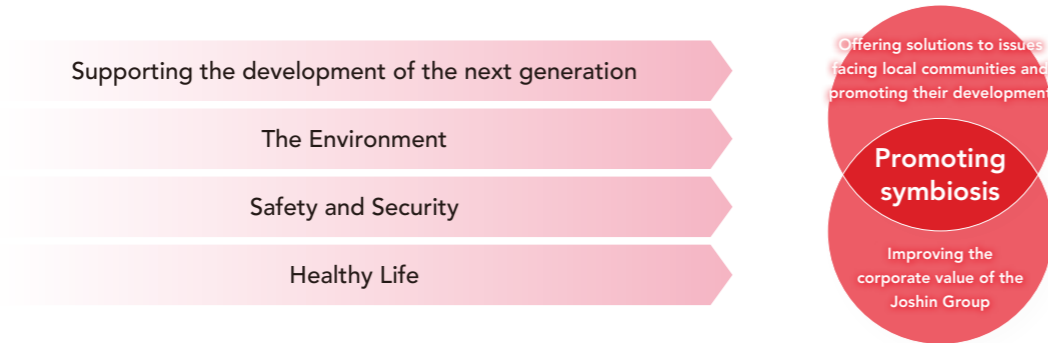
For example, during the Product Safety Inspection Campaign Month in November 2022, we collaborated with the Ministry of Economy, Trade and Industry on awareness raising events at various stores. We also cooperated in creating product safety inspection videos on the website of the Ministry of Economy, Trade and Industry.

For more information on Providing Safe and Secure Products and Services, see Defect trend management by product. <https://www.joshin.co.jp/ja/csr/social/safety.html> (Japanese only)

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 the 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 circuit of capital, we will contribute to the development of these communities and improve our corporate value.

Based on our management philosophy, "Connecting people and society to the future with a smile," the Company is committed to building a prosperous and sustainable society, helping to strengthen the resilience of an aging society and to develop the next generation. By supporting the development of the next generation, the environment, safety and security, and healthy lives as our main themes, we will deepen our collaboration with the national and local governments to promote symbiosis with local communities.



Encouraging Environmentally Friendly Behavior in Collaboration with Osaka Prefecture

The Group, in collaboration with Osaka Prefecture, aims to reform the awareness and actions of the citizens of Osaka Prefecture for decarbonization. Businesses, including Joshin, which have unique points, cooperate in this initiative. We follow the effective and sustainable nature of the decarbonization point system and have been promoting replacements by implementing additional decarbonization points after the sale of targeted energy-saving air conditioners. Looking ahead, through the sales of environmentally friendly products in collaboration with local governments, including Osaka

Prefecture, we will support changes in customer behavior for decarbonization in homes.

[Implementation period: November 1, 2022 to January 31, 2023]



Industry-academia collaboration project

Supporting the development of the next generation of human resources

Providing eSPORTS Arena Kobe Sannomiya as a forum for event planning and management training by students for students

We support event training in response to the desire of students of Kobe Institute of Computing who want to manage events they planned at a real e-sports arena.

Following July 2022, in January 2023, as part of the course, an event workshop was held at eSPORTS Arena Kobe Sannomiya that included planning, formulating, and creating posters, all operated by students.

Going forward, we will continue to offer our full-fledged e-sports facility eSPORTS Arena Kobe Sannomiya as a platform for student e-sports presentations as we support the development of the next generation who broadcast and edit live e-sports footage, as well as plan and manage events. By doing this, we will contribute to the growth of e-sports and regional revitalization, in turn leading to higher corporate value for us.



We have established the eSPORTS Arena Kobe Sannomiya on the 9th floor of Joshin Sannomiya 1 Bankan.



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.

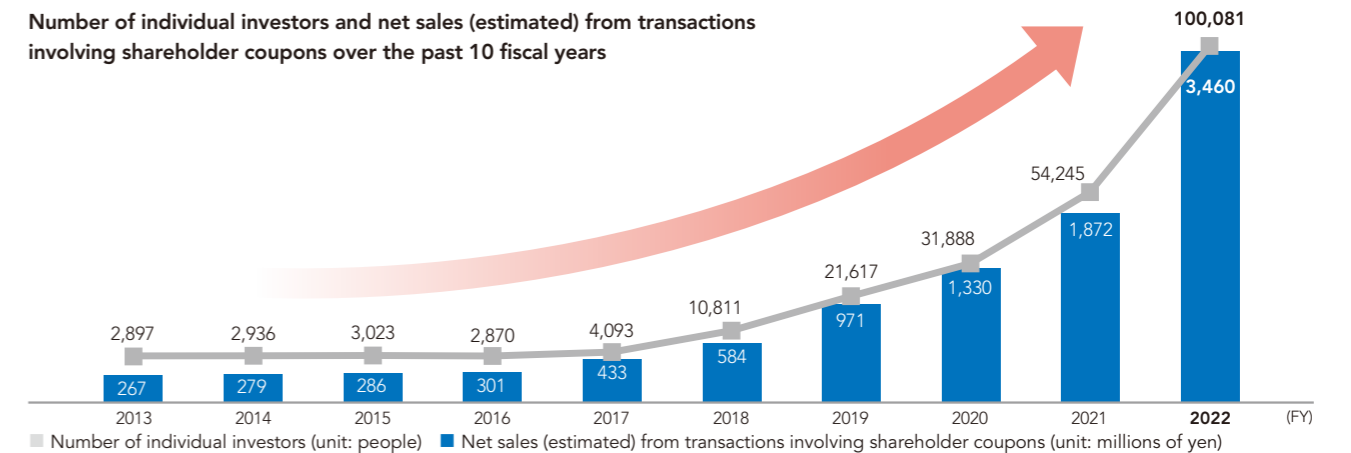
We believe that increasing the number of "fan" shareholders will increase their motivation to visit stores in person and use our EC site, and that the sales promotion

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



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

Shareholder Benefits



Shareholder coupons (200-yen coupons)

Shareholding Period	Number of Coupons	Equivalent Value	Issuance Period
One or more shares	25 coupons	equivalent to 5,000 yen	(September)
100 or more shares	11 coupons	equivalent to 2,200 yen	(March), 25 coupons (equivalent to 5,000 yen) (September)
500 or more shares	60 coupons	equivalent to 12,000 yen	(March), 25 coupons (equivalent to 5,000 yen) (September)
2,500 or more shares	120 coupons	equivalent to 24,000 yen	(March), 25 coupons (equivalent to 5,000 yen) (September)
5,000 or more shares	180 coupons	equivalent to 36,000 yen	(March), 25 coupons (equivalent to 5,000 yen) (September)

* Can also be used on the Joshin website
* Additional discount coupons were issued (below) to shareholders who continuously held shares for two years or more as of March 31 (the same shareholder number was listed consecutively three or more times in the March 31 register of shareholders)
30 coupons (equivalent to 6,000 yen) – 500 or more shares
60 coupons (equivalent to 12,000 yen) – 2,500 or more shares
90 coupons (equivalent to 18,000 yen) – 5,000 or more shares

Briefings for individual investors

Starting in 2017, we have used meeting rooms in branches of securities companies and similar locations to hold quarterly briefings for investors. We conduct online briefings provided by SBI Securities Co., Ltd. for fiscal year-end reporting. In the briefing held on May 19, 2023, we had 145 participants (based on live streaming) from a wide range of ages, mainly people in their 20s to 60s. We received many questions, ranging from financial materials to the newly announced JT-2025 Management Plan, our medium-term management plan.

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.

