

Message from Management

As we approach the 100th anniversary of our founding, we have established our medium-term management plan, the JT-2025 Management Plan (the “new medium-term management plan”) as a step toward achieving our ideal state in 2030, which we have positioned as a milestone.

This year, we marked the 75th anniversary of our founding. This longevity is a result of the trust and support that we received from all of our stakeholders, including our customers, for which we are deeply thankful.

Positioning the next 25 years leading up to our 100th anniversary in 2048 as the “fourth corner,” we have formulated our future growth scenario. As the first stage of this scenario, we aim to become “A company that supports growth of local communities and contributes to the future of people and environment” by 2030. To achieve this goal, all of our employees will work together to further expand our business, innovate, and become involved in community service.



Outcomes and Tasks of the Previous Medium-term Management Plan, the JT-2023 Management Plan

We compare the growth of our company to a three step process—“hop, step, and jump”—and the previous medium-term management plan JT-2023 Management Plan (the “previous medium-term management plan”), which started in fiscal 2020, was considered to be an important stage that corresponds to the “step,” focusing on the hard work and preparation for a big leap forward. However, due to various challenges, such as the spread of COVID-19, semiconductor shortages, soaring raw material prices, inflationary pressure, and higher import costs from the yen’s depreciation, we were unable to achieve the performance targets of the previous medium-term management plan, and we were unable to make full preparations for the “jump.” I regard this as similar to starting to climb a mountain with the aim of reaching the summit, but running out of time at the fifth station.

Looking at business performance, although fiscal 2020 saw significant performance improvements due to the government’s fixed benefit payments related to the spread of COVID-19 and more consumption due higher demand from customers staying home, there was a rebound in the following

two years, and performance indicators other than the equity ratio, such as net sales, various profit items, ROE, ROA, and ROIC did not reach the planned levels. As member of the top management of the Company, I am deeply aware of my responsibility for these results. I will not allow these past three challenging years go to waste, when we have spent time responding to crises. So, based on these bitter experiences, I will take on new challenges in the new medium-term management plan.

We made steady progress on the two basic policies of the previous medium-term management plan: “integration of various sales channels” and “unlocking and maximizing talent,” as well as the evolution strategy of our Corporate Credo, “Thoughtfulness” (to always think and act in consideration of the other’s perspective), which is our fan base strategy. Given these circumstances, we were able to achieve a 1.2-point improvement compared with fiscal 2019 in the gross profit margin, a profitability indicator, which reached 25.4%. We have also secured growth of over 30% year on year in Internet (online) sales, and in July 2022, we started full operation of the Kansai



金谷隆平

Ryuhei Kanatani
 Representative Director,
 President and Executive Officer

Ibaraki Logistics Center, integrating the logistics of real stores and the EC (e-commerce) store. In addition, we reduced advertising expenses by 30% through digital sales promotions as well as prioritizing the safety of customers and employees in our stores by scrapping and rebuilding store buildings, or roughly 10% of all of our stores, including those built to the old seismic standards, resulting in improved profitability per store. As a result, we were able to lay the groundwork for our future growth.

In 2021, we updated our management philosophy for the first time in 57 years, to “Connecting people and society to the future with a smile.” In addition, we established a new management vision, “Becoming an infrastructure hub for a better life through the power of home appliances and ICT.” At the same time, by formulating management’s material issues (materiality), we were able to determine the direction we should take and to get started with value creation for the future.

Positioning the JT-2025 Management Plan in the Medium- to Long-term Growth Scenario

For our new medium-term management plan, we reviewed our management through a backcasting approach to help realize our management philosophy, management vision, and future ideal form. For us to “Contribute to creating a society that is, and will continue to be, overflowing with the smiles of all generations in the community from children to elderly,” it is essential that we become a sustainably growing company.

To achieve this aim, the new medium-term management plan is positioned as the “second step” toward reaching the ideal state of the Company in 2030, or “a company that supports the growth of local communities and contributes to

the future of people and environment.” Under the slogan of “To be a concierge to customers, drawing close to their daily lives,” we are focused on our fan base and dominant strategies, in order to bolster our three pillars: profitability, efficiency, and growth potential. At the same time, we are striving to meet the expectations of our shareholders and stakeholders as well as earn trust and provide satisfaction in order to contribute to our customers and society, with all of our employees united to take on challenges.

Promoting Sustainable Management

To achieve our vision as a 100-year company, our human resources—the source of providing lifetime value to our customers—are essential. One of management’s material issues (materiality) is diversity and inclusion, so we have listed securing and nurturing employees, as well as health and productivity management, as challenges. We are advancing the following three initiatives to further improve our human resources, the source of our value creation. The first initiative is improving employee engagement. Since July 2022, we started full operation of our Diversity Council in order to ensure that our employees find satisfaction and pride in their work. We will continue to make further improvements through engagement surveys. The second initiative is ensuring diversity. Building an organizational culture where employees with diverse values can respect and cooperate with each other is important for strengthening customer service skills. We are promoting personnel measures that prioritize diversity in hiring, training, and placement. Finally, the third initiative is accelerating investment in human capital. Employees are the most important type of capital for the Company. The decrease in the working-age population due to a declining birthrate and aging society present a significant challenge for business continuity. We will provide opportunities for employee education and training for their professional development and skill improvement, with the aim of building a human resources foundation that leads the Company’s sustainable growth into the future.

In Closing

Looking back on our company’s 75-year history, I am deeply appreciative of the fact that our growth today is due to the trust and support of our many customers, business partners, employees, and shareholders. Since our founding, we have consistently implemented the Corporate Credo of “Thoughtfulness,” providing high-quality products and services that meet the needs of our customers. We will continue to operate as a company that contributes to society, while upholding our management philosophy of “Connecting people and society to the future with a smile” and maintaining high ethical standards.

To realize our management philosophy, it is essential that we become a sustainably growing company. To achieve this aim, securing profits that exceed our invested capital and continually growing those profits are critical for improving our corporate value, increasing our market capitalization, realizing



In addition, strengthening governance is indispensable for promoting sustainable management. The Board of Directors regularly assesses initiatives intended to improve the profitability of capital and promote efficient management that is conscious of capital costs.

In April 2023, we revised the director compensation system, improving the link between medium- to long-term management strategies and compensation to directors/auditors. Specifically, we set the ratio of fixed to variable compensation at “5:5,” with 30% of the total being long-term incentive compensation, consisting of ROE (10%), the CDP score (10%), and the employee engagement score (10%). With this revised approach, our compensation system considers not only improvements in short-term performance, but also sustainable growth and the fulfillment of social responsibilities.

a PBR of at least 1.0x, and ultimately, ensuring the Company’s sustainable growth. We aim to boost profitability through the execution of our new medium-term management plan and achieve an ROE of 8.0% or higher, an ROA of 5.0% or higher, and an ROIC of 5.0% or higher in fiscal 2025, which is the final year of the plan.

We value constructive dialogue with all of our stakeholders, including shareholders and investors, and by earning their trust, we will achieve sustainable growth. We promise to walk together with everyone toward the sustainable growth of the Company and society, and as we do our best to achieve this goal, we look forward to your continuing support of Joshin.

金谷隆平

Ryuhei Kanatani

Representative Director,
President and Executive Officer