Joshin

Fiscal Year Ending March 31, 2023 (FY2022)

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023

November 4, 2022
Joshin Denki Co., Ltd.

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Good afternoon, ladies and gentlemen.

My name is Ryuhei Kanatani, Representative Director, President and Executive Officer of Joshin Denki Co., Ltd.

Thank you for attending the briefing on the financial results for the first six months of the fiscal year ending March 31, 2023.

Today's briefing will be given in this order.

Major Initiatives in the First Half of the Fiscal Year Ending March 31, 2023 (FY2022)

Announced	Details
2022/10/1	Opening of the AEON MALL Toki store on Tuesday, October 4
2022/9/30	Publication of the Integrated Report
2022/9/19	Endorsed the paternity leave project and developed a corporate culture where employees can enjoy both child rearing and work
2022/9/12	Academia-industry partnership project between Joshin and BAIKA Women’s University At the Joshin Ibaraki Store and the Minoh Q’s MALL Store, counters filled with the ideas of students and representing a new set of values were created
2022/8/23	Selected as a business operator earning decarbonized points in the “Survey and Study Project for Decarbonized Point Granting System for Promoting Environmentally Conscious Consumption Actions” of the Osaka Prefectural Government
2022/8/8	First electronics retail store in Japan to participate in the “United Nations Global Compact”
2022/7/28	22 Joshin Denki stores in the Kansai region adopted carbon-neutral city gas of Osaka Gas
2022/7/19	Absorption-type merger of a consolidated subsidiary (Joshin Shuhan Co., Ltd.)
2022/7/8	Awarded the Certificate of Appreciation for Outstanding Contribution for the eighth consecutive year for Joshin’s part in the “Small Rechargeable Battery Recycling Power-up Campaign”
2022/6/23	Supporting the disabled with home appliance coupons and offering coupons to “MIRAIRO ID,” the digital physical disability certificates
2022/6/16	Expanded childcare leave for male employees to 28 days, the same as post-natal paternity leave, out of which the taking of 14 days leave within 8 weeks from birth became mandatory
2022/5/30	Participation in the “Decarbonized Point System Promotion Platform” of the Osaka Prefectural Government

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These are the major initiatives that we announced in the first half of FY2022.

We proactively engaged in ESG initiatives, including decarbonization, as part of our management strategies.

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Earnings Summary for the First Six Months of the Fiscal Year Ending March 31, 2023 (FY2022) -1

Consolidated Income Statement (First Half)

(Million yen)	First six months of FY2021 (Apr.-Sep.)		First six months of FY2022 (Apr.-Sep.)					
	Actual results	% of net sales	Forecast	% of net sales	Actual results	% of net sales	YoY	Actual vs. forecast
Net sales	200,822	100.0%	202,000	100.0%	197,918	100.0%	(1.4%)	(2.0%)
Of which, sales at stores	159,576	79.5%	-	-	160,125	80.9%	0.3%	-
Of which, sales in EC business	36,993	18.4%	-	-	35,634	18.0%	(3.7%)	-
Of which, other sales	4,253	2.1%	-	-	2,158	1.1%	(49.3%)	-
Gross profit	49,244	24.5%	-	-	51,193	25.9%	4.0%	-
Selling, general and administrative expenses	43,938	21.9%	-	-	47,089	23.8%	7.2%	-
Operating income	5,305	2.6%	4,000	2.0%	4,104	2.1%	(22.6%)	2.6%
Ordinary income	6,073	3.0%	4,000	2.0%	4,119	2.1%	(32.2%)	3.0%
Net income (*1)	4,064	2.0%	2,700	1.3%	3,006	1.5%	(26.0%)	11.3%

*1 Profit attributable to owners of parent

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These are our consolidated earnings for the first six months of FY2022.

In the first half of the year, the seventh wave of COVID-19 quickly spread throughout Japan.
However, unlike the earlier stages of the pandemic when a state of emergency was declared or focused measures against the spread of COVID-19 were implemented, the government did not restrict movement but attempted to balance measures to prevent the spread of infections with socio-economic activities and accordingly, co-existence with COVID-19 became a way of life, and festivals and events with spectators were held for the first time in many years. And expectations were high for a moderate recovery in consumer activity.
However, the reaction to the accelerated demand during the early days of the pandemic in 2020 continued, and personal consumption weakened due to the high cost of living.
In terms of the weather, what was believed to be a record-breaking short rainy season was short-lived with the return of the rain, and ultimately the weather failed to clear up until the end of July.
Under such circumstances, the anticipated summer sales season, contrary to expectations, was underwhelming, and sales of products compared to the previous year were weak across the board, except for mobile phones, whose replacement cycle coincided with the sales season. As a result, net sales fell short of the forecast by 2 points and the previous year’s results by a slight 1.4 points at ¥197.9 billion.
Meanwhile, in terms of profits, although operating income, ordinary income, and net income, unfortunately, failed to exceed the results of the previous fiscal year, they all managed to exceed the previously-announced forecasts of ¥4.0 billion in operating income, ¥4.0 billion in ordinary income and ¥2.7 billion in net income.
One factor helping us achieve the plan was the improvement in gross profit margin, which grew by 1.4 points compared to the previous fiscal year.

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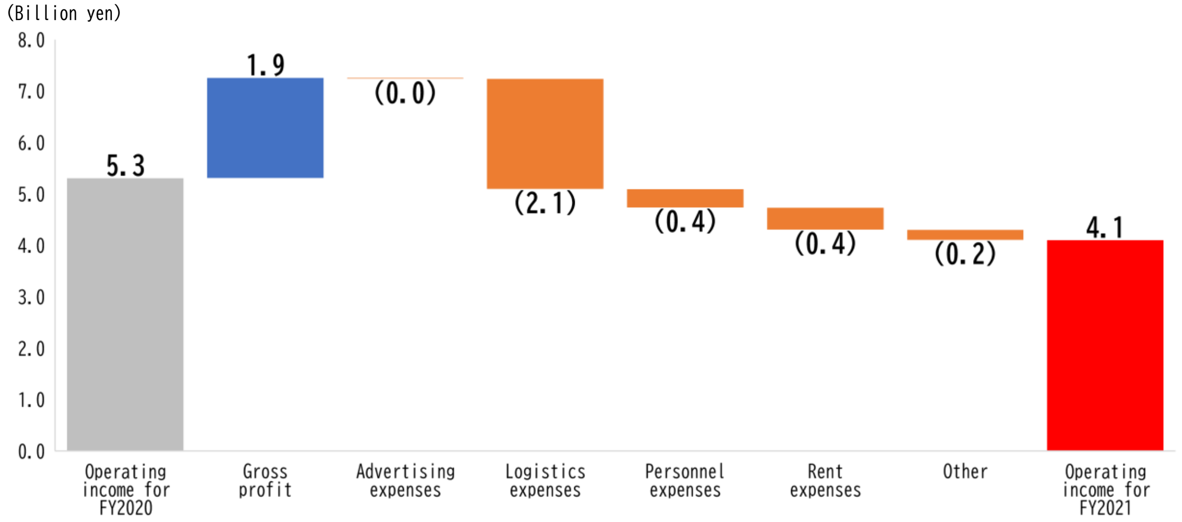
Earnings Summary for the First Six Months of the Fiscal Year Ending March 31, 2023 (FY2022) -2

Factors for changes in operating income: Vs. previous year



Operating income for FY2020	Gross profit	Advertising expenses	Logistics expenses	Personnel expenses	Rent expenses	Other	Operating income for FY2021
5.3	1.9	(0.0)	(2.1)	(0.4)	(0.4)	(0.2)	4.1

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The graph shows the factors for change in operating income.

Although net sales decreased, gross profit increased.

Meanwhile, advertising expenses remained mostly the same as the previous fiscal year, but logistics expenses and rent expenses were affected by the relocation to the new logistics center, and selling, general and administrative expenses increased ¥3.1 billion overall, which became a factor for the decline in profits.

Strengthening the value chain requires major investments, and such investments are necessary for the sustained growth and the future of the Company. Furthermore, they are not limited to investments in tangibles such as capital investments. These include investments into intangibles such as bolstering IT and human capital, and the increase in selling, general and administrative expenses is due to these investments.

As for personnel expenses, making investments into human capital, explained in the previous page, as part of measures to "build a rewarding work environment where diverse employees can have a more active role" has resulted in an increase in the "payment of salaries and benefits."

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Earnings Summary for the First Six Months of the Fiscal Year Ending March 31, 2023 (FY2022) -3

Consolidated Income Statement (July-September)

(Million yen)	1Q, FY2021 (Apr.-Jun.)		1Q FY2022 (Apr.-Jun.)			2Q FY2021 (Jul.-Sep.)		2Q FY2022 (Jul.-Sep.)		
	Actual results	% of net sales	Actual results	% of net sales	YoY	Actual results	% of net sales	Actual results	% of net sales	YoY
Net sales	97,423	100.0%	94,601	100.0%	(2.9%)	103,399	100.0%	103,316	100.0%	(0.1%)
Of which, sales at stores	76,105	78.1%	75,944	80.3%	(0.2%)	83,471	80.7%	84,181	81.5%	0.9%
Of which, sales in EC business	18,583	19.1%	17,367	18.4%	(6.5%)	18,410	17.8%	18,267	17.7%	(0.8%)
Of which, other sales	2,734	2.8%	1,290	1.4%	(52.8%)	1,519	1.5%	868	0.8%	(42.9%)
Gross profit	24,521	25.2%	24,820	26.2%	1.2%	24,722	23.9%	26,373	25.5%	6.7%
Selling, general and administrative expenses	21,295	21.9%	23,429	24.8%	10.0%	22,642	21.9%	23,660	22.9%	4.5%
Operating income	3,225	3.3%	1,391	1.5%	(56.9%)	2,080	2.0%	2,713	2.6%	30.4%
Ordinary income	3,224	3.3%	1,394	1.5%	(56.7%)	2,849	2.8%	2,724	2.6%	(4.4%)
Net income*1	1,973	2.0%	1,016	1.1%	(48.5%)	2,090	2.0%	1,990	1.9%	(4.8%)

*1 Profit attributable to owners of parent

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These are the results for the second quarter of the current fiscal year.

Although net sales remained mostly the same as the previous fiscal year, we managed to secure a gross profit exceeding the increase in the payment of SG&A expenses. Accordingly, our operating profit ratio improved significantly from 1.5% in the first quarter to 2.6%.

Earnings Summary for the First Six Months of the Fiscal Year Ending March 31, 2023 (FY2022) -4

Sales by product (YoY change in major products)

(Million yen)	1Q FY2021 (Apr-Jun.)		1Q FY2022 (Apr.-Jun.)			2Q FY2021 (Jul.-Sep.)		2Q FY2022 (Jul.-Sep.)			First six months of FY2021 (Apr.-Sep.)		First six months of FY2022 (Apr.-Sep.)		
	Actual results	% of net sales	Actual results	% of net sales	YoY	Actual results	% of net sales	Actual results	% of net sales	YoY	Actual results	% of net sales	Actual results	% of net sales	YoY
TVs	6,806	7.0%	5,973	6.3%	(12.2%)	8,328	8.1%	6,921	6.7%	(16.9%)	15,134	7.5%	12,894	6.5%	(14.8%)
Refrigerators	6,472	6.7%	6,481	6.9%	0.1%	8,439	8.2%	8,139	7.9%	(3.6%)	14,911	7.4%	14,620	7.4%	(2.0%)
Washing machines and vacuum cleaners	9,783	10.0%	8,651	9.1%	(11.6%)	10,385	10.0%	9,958	9.6%	(4.1%)	20,168	10.0%	18,609	9.4%	(7.7%)
Microwave ovens and cookers	4,506	4.6%	3,871	4.1%	(14.1%)	4,461	4.3%	3,871	3.7%	(13.2%)	8,967	4.5%	7,742	3.9%	(13.7%)
Air conditioners	13,473	13.8%	14,742	15.6%	9.4%	13,743	13.3%	14,437	14.0%	5.0%	27,216	13.6%	29,179	14.7%	7.2%
Personal computers	5,676	5.8%	5,023	5.3%	(11.5%)	5,210	5.0%	4,724	4.6%	(9.3%)	10,886	5.4%	9,747	4.9%	(10.5%)
Mobile phones	5,073	5.2%	6,113	6.5%	20.5%	5,511	5.3%	6,824	6.6%	23.8%	10,584	5.3%	12,937	6.5%	22.2%
Games, models, toys, musical instruments	12,714	13.0%	11,060	11.7%	(13.0%)	12,209	11.8%	15,042	14.6%	23.2%	24,923	12.4%	26,102	13.2%	4.7%

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This shows our net sales by major product.

As I explained in the section on consolidated business results, net sales by product have fallen short of the previous fiscal year in many of the product categories. Sales of our major product, "air conditioners," which account for the largest proportion of all sales, managed to exceed that of the previous fiscal year.

However, when we consider the countless business suspensions due to the intermittent declarations of a state of emergency, in response to COVID-19, during the previous fiscal year, these results are poor and contrary to expectations.

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Earnings Summary for the First Six Months of the Fiscal Year Ending March 31, 2023 (FY2022) -5

Balance sheet

(Million yen)	2022/03	2022/09	Change	(Million yen)	2022/03	2022/09	Change
Current assets	107,515	113,543	6,028	Current liabilities	78,046	86,318	8,272
Tangible assets	73,300	73,527	226	Non-current liabilities	40,729	36,703	(4,025)
Intangible assets	2,405	2,358	(47)	Total liabilities	118,776	123,022	4,246
Investments, other assets	34,195	33,155	(1,039)				
Non-current assets	109,902	109,041	(860)	Total net assets	98,641	99,562	920
Total assets	217,417	222,584	5,167	Total liabilities and net assets	217,417	222,584	5,167
(Reference)							
Total interest-bearing liabilities	40,017	42,408	2,391	Total net interest-bearing liabilities*	37,656	38,702	1,046

*Total net interest-bearing liabilities: interest-bearing liabilities less cash and deposits

Cash flows

(Million yen)	2021/09	2022/03	2022/09	Change from 2021/09	Change from 2022/03
Cash flow from operating activities (a)	(1,157)	1,442	4,620	5,777	3,178
Cash flow from investing activities (b)	(4,087)	(9,573)	(3,182)	905	6,391
(Free cash flow (a) + (b))	(5,244)	(8,131)	1,438	6,682	9,569
Cash flow from financing activities	4,140	1,873	(91)	(4,232)	(1,964)
Cash and cash equivalents at end of period	7,513	2,360	3,706	(3,807)	1,346

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These are the major items in our balance sheet and statement of cash flows.

In the balance sheet, assets increased by approximately ¥5.1 billion overall due primarily to increases in current assets as a result of an increase in merchandise. Under liabilities, current liabilities increased due primarily to increases in commercial papers and accounts payable, despite the repayment of long-term debt.

The statement of cash flows also shows a comparison with the end of September 2021. Cash flows from operating activities resulted in a net inflow of ¥4.6 billion. This was mainly due to the increase in trade payables and the decrease in income taxes paid, despite the increase in inventories.
Additionally, due to the decrease in net outflows in cash flows from investing activities, we secured ¥1.4 billion in free cash flow.

Full-year Forecast for the Fiscal Year Ending March 31, 2023 (FY2022)

Consolidated Income Statement (Full-year forecast)

(Million yen)	Full-year FY2021 (Apr.-Mar.)		Full-year FY2022 (Apr.-Mar.)					
	Actual results	% of net sales	Previous forecast	% of net sales	New forecast	% of net sales	YoY	Previous Forecast Change
Net sales	409,508	100.0%	420,000	100.0%	420,000	100.0%	2.6%	0.0%
Operating income	8,884	2.2%	10,000	2.4%	10,000	2.4%	12.6%	0.0%
Ordinary income	9,701	2.4%	10,000	2.4%	10,000	2.4%	3.1%	0.0%
Net income*1	6,391	1.6%	7,000	1.7%	7,000	1.7%	9.5%	0.0%

*1 Profit attributable to owners of parent

(Forecast for second half)

(Million yen)	Second half FY2021 (Oct.-Mar.)		Second half FY2022 (Oct.-Mar.)					
	Actual results	% of net sales	Previous forecast	% of net sales	New forecast	% of net sales	YoY	Previous Forecast Change
Net sales	208,686	100.0%	218,000	100.0%	222,081	100.0%	6.4%	1.9%
Operating income	3,579	1.7%	6,000	2.8%	5,895	2.7%	64.7%	△1.7%
Ordinary income	3,628	1.7%	6,000	2.8%	5,880	2.6%	62.1%	△2.0%
Net income*1	2,327	1.1%	4,300	2.0%	3,993	1.8%	71.6%	△7.1%

*1 Profit attributable to owners of parent

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These are the forecasts for the full year and the second half.

The full-year forecast remains the same as the previous forecast, based on the results of the first half.
The forecast for the second half, which was derived by deducting the results of the first half from the full-year forecast, is shown.

In order to achieve the full-year forecast, we must generate net sales that exceed the previous forecast.
Profit items, including operating income, are forecasted to fall slightly below the previous forecast, but in terms of the operating profit ratio, we must achieve 2.7%, which exceeds the 2.1% of the first half.

The bar is, by no means, low, but we will work to achieve both an increase in net sales and an improvement in profitability.

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Progress in the Medium-term Management Plan "JT-2023" -1

FY2022 is the final year of the Medium-term Management Plan "JT-2023"

(Million yen)	Targets for the final year (FY2022)					
	(1) Initial plan	(2) Revised plan	(3) Revised plan	New forecast	Change	Actual vs. plan
Net sales	435,000	450,000	420,000	420,000	–	–
Of which, sales in EC business	70,000	80,000	80,000	80,000	–	–
Operating income	11,500	16,500	10,000	10,000	–	–
Ordinary income	11,500	16,500	10,000	10,000	–	–
Equity ratio	45.0% or higher	45.0% or higher	45.0% or higher	45.0% or higher	–	–
ROE	7.0% or higher	9.0% or higher	7.0% or higher	7.0% or higher	–	–
ROA	5.5% or higher	7.0% or higher	5.5% or higher	5.5% or higher	–	–
ROIC	5.5% or higher	7.0% or higher	5.5% or higher	5.5% or higher	–	–
Payout ratio	Around 30.0%	Around 30.0%	Around 30.0%	Around 30.0%	–	–

*(1) Initial plan released August 7, 2020; (2) Revised plan released May 7, 2021; (3) Revised plan released May 6, 2022

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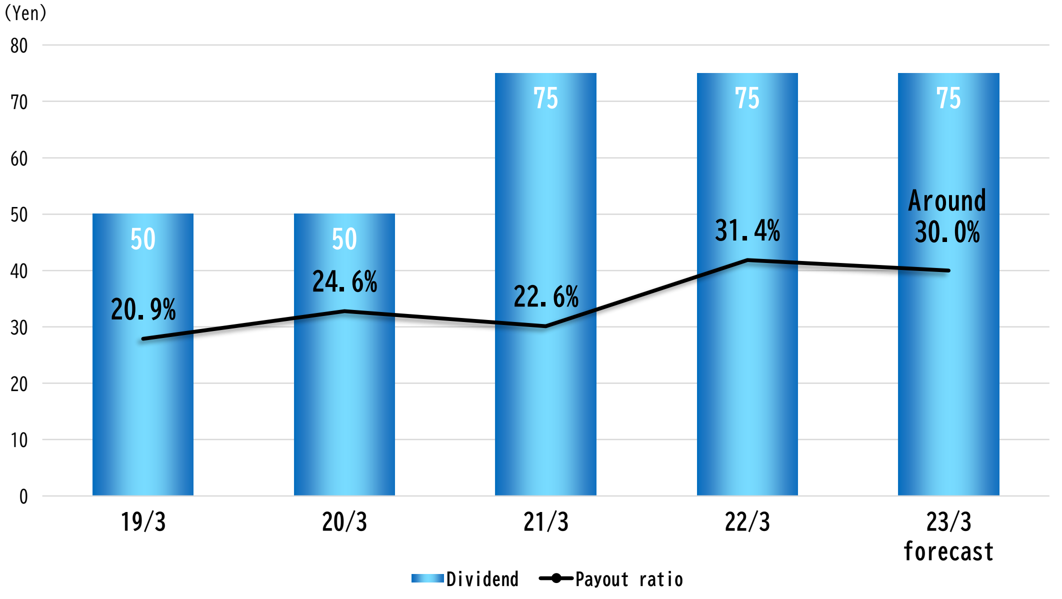
I would like to talk about the progress we made in our Medium-term Management Plan, "JT-2023."

FY2022 is the final year of "JT-2023."
Although we have less than six months left, we will consciously work to bring ourselves closer to the targets proposed in "JT-2023," including the equity ratio and ROE, by achieving the full-year forecast, which I have just indicated.

Progress in the Medium-term Management Plan "JT-2023" -2

Dividend and payout ratio



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Dividends and the payout ratio are indicated.

For FY2022, we are planning to pay a year-end dividend of ¥75 per share, the same as the previous fiscal year.

We are aiming for a payout ratio of around 30%, which we are upholding in "JT-2023."

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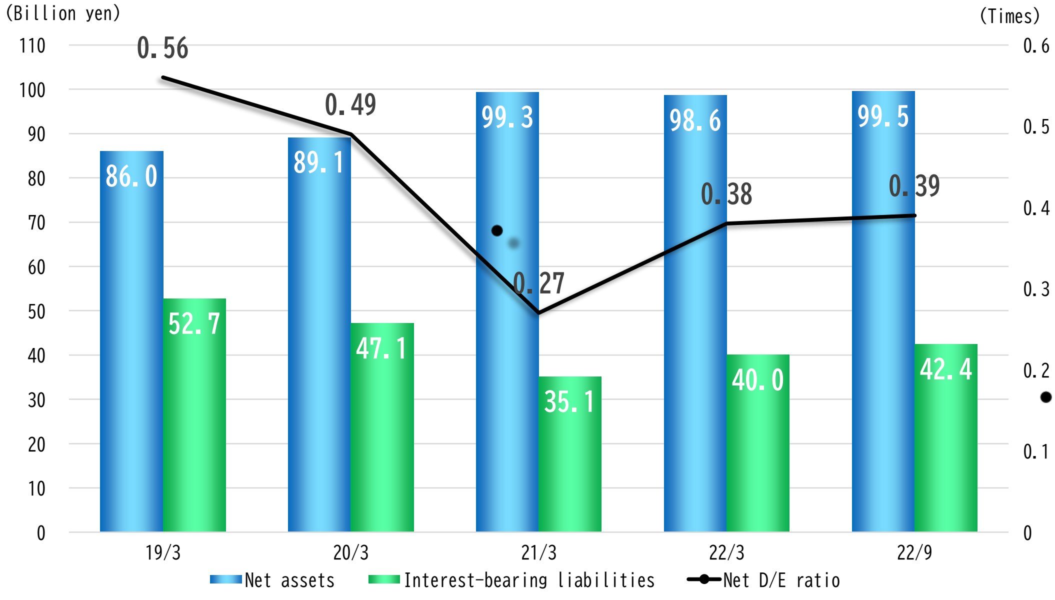
Progress in the Medium-term Management Plan “JT-2023” -3

Financial standing



*Net D/E ratio: (Interest-bearing liabilities - Cash and deposits) / Net assets

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This shows our financial standing.

Net assets increased from the end of the previous fiscal year to ¥99.5 billion primarily due to the increase in retained earnings.

Interest-bearing liabilities increased from the end of the previous fiscal year to ¥42.4 billion due to an increase in short-term financings, including commercial papers, despite the repayment of long-term debt.

The Net Debt-Equity Ratio has been maintaining low levels at 0.39 times.

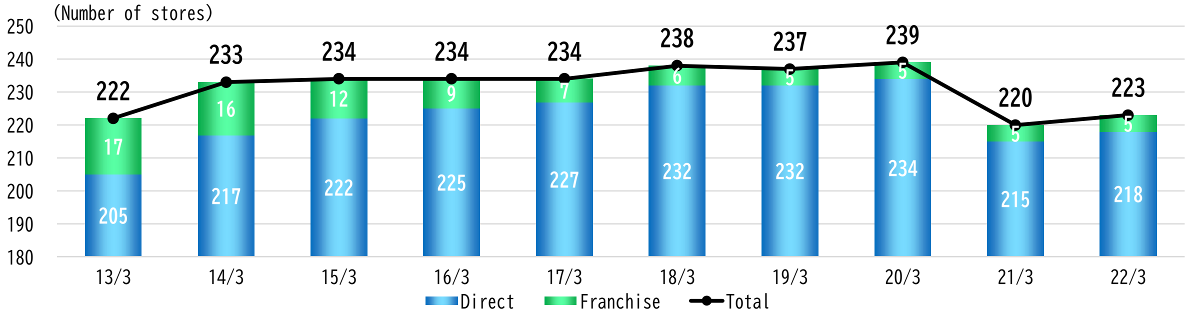
Progress in the Medium-term Management Plan “JT-2023” -4

Store openings and store closings

New store openings		Prefecture	Type of store	Name
2022	Oct.	Gifu	Joshin	AEON MALL Toki Store

New store opening due to relocation		Prefecture	Type of store	Name
2022	Apr.	Shiga	Joshin	Omihachiman Store ⇒ AEON MALL Omihachiman Store
	May	Hyogo	Joshin	Nada Store ⇒ Coop LIVING Konan Store
	Nov.	Osaka	Joshin	Nipponbashi Ichibankan J&P Technoland Disc Pier Nipponbashi Store ⇒ Nipponbashi Store

AEON MALL Omihachiman Store opened in April 2022



These are the store openings and closings from April 2022 onward.

We have been proceeding with the renewal of existing stores as well as steadily rolling out new stores in areas where the Company’s services and logistics infrastructure are in place.

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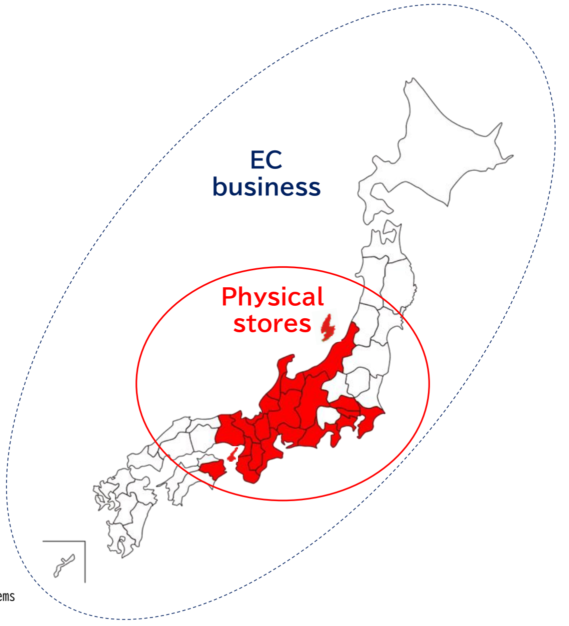
Progress in the Medium-term Management Plan “JT-2023” -5

Number of stores as of September 30, 2022

Region	Pref.	Joshin Direct	Joshin Franchise	BOOK OFF	TSUTAYA
Kansai	Osaka	54		5	2
	Kyoto	12			
	Hyogo	38			2
	Shiga	12		1	
	Nara	12			
	Wakayama	8			
Shikoku	Tokushima	0	2		
Tokai	Aichi	16	3		
	Gifu	6			
	Mie	9			
	Shizuoka	1			
Kanto	Tokyo	3			
	Kanagawa	2			
	Saitama	7			
	Chiba	5			
Hokushinetsu	Toyama	8			
	Ishikawa	3			
	Fukui	2			
	Niigata	9			
	Nagano	1			
Total		208	5	6	4



BOOK-OFF

Joshin operates some BOOK-OFF shops as a franchisee. These shops buy and sell items for reuse, such as books, CDs, DVDs, video games, apparel, and hobby items.

TSUTAYA

Joshin is a franchisee of an entertainment shop TSUTAYA, which offers lifestyle choices by selling new books, stationery, and other goods, and renting movies, music, and comics.

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These are the numbers of stores as of the end of September 30, 2022.

We are working to expand the network of physical stores, mainly in the Kansai, Tokai, Kanto, and Hokushinetsu areas, which we put forth in “JT-2023.”

It should be noted that we are not blindly pursuing “the expansion of scale” by increasing the number of stores but moving forward under the policy of scrap-and-build by consolidating and eliminating antiquated stores and stores with location problems.

We are aiming for the so-called “improvement of quality” by maximizing the potential of our employees through efficient store operations and attractive sales floors and by raising the profitability per store through the enhancement of service quality.

Furthermore, alongside the dominant strategy at physical stores, we are also steadily promoting the EC business throughout the country.

By leveraging the strengths of our EC site which was launched as one of the first EC sites by an electronics retail store, we are working to further distinguish ourselves from other retailers by not only offering reasonable prices but also providing services comparable to those of physical stores such as after-sales follow-ups.

Progress in the Medium-term Management Plan "JT-2023" -6

New logistics project

The Kansai Ibaraki Fulfillment Center is moving towards unified distribution, and TC*1 and DC*2 operations were shifted there in February 2022.
Shipments of all EC (*3) products from TC and DC began in July, and full-scale operations have commenced.

●Ibaraki Fulfillment Center specs

- Stocked items : +20% from before move
- EC shipment capacity : +100% from before move
- Total inventory amount : -10% from before move
- Transport vehicles : -10% from before move
- Total floor area : Approx. 116,000㎡
- Five-story seismic isolation structure

●Cafeteria inside the Kansai Ibaraki Fulfillment Center

*1 TC: Short for Transfer Center (where goods can be relayed)
*2 DC: Short for Distribution Center (warehouse type)
*3 EC: Short for electronic commerce, which is generally called "online sales" or "net shopping."

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This shows the progress we have made on our new logistics project.

Running the Kansai Ibaraki Fulfillment Center is a major project that will play an integral part in "JT-2023." In February 2022, the Center started to supply physical stores and Service Centers, which are delivery and installation centers, and in July commenced full operations by starting the fulfillment of all EC products.

Logistics warehouses that integrate B-to-B and B-to-C are extremely rare in the electrical appliance retail industry. By adopting the latest facilities, it is now possible to improve shipment capacity and enhance delivery efficiency, and we hope to improve both customer service and our profit-generating structure.

Sustainability Management -1

Integrated Report 2022 (Fiscal Year Ended March 31, 2022) was released

We have prepared the Integrated Report based on the Integrated Reporting Framework of the IFRS Foundation to explain to a wide range of stakeholders, including shareholders and investors, the direction in which the Company is heading, key management strategies, business activities that are the basis of value creation, and ESG initiatives, among others, as well as to enhance corporate value through constructive dialogues sustainably.

Apr. 2022	Established a Sustainability Promotion Office

Analysis of climate-related risks and opportunities

The Group considers "Contributing to the creation of an enriching society that is in harmony with the global environment" as a materiality theme.
In order to appropriately deal with the risks and opportunities related to environmental issues, the Group, going forward, will disclose information in line with the items recommended by the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD), namely, governance, strategy, risk management, and metrics and targets.

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I would like to report on the progress being made in the Company's sustainability management.

The Company released its "Integrated Report 2022" in September of this year. This is the second year that we have published an Integrated Report.

In last year's Integrated Report, we identified seven "material issues" and 14 action items. We also established a Sustainability Promotion Office in April 2022 to promote sustainability management through the resolution of ESG issues, including these "material issues."

In the current Integrated Report, we conducted a scenario analysis based on "TCFD," the "Task Force on Climate-related Financial Disclosures" and made disclosures along the recommended items of "Governance," "Strategy," "Risk Management," and "Metrics and Targets."

Sustainability Management -2

Initiatives related to climate change (carbon neutrality)

- We promoted the installation of photovoltaic power generation systems at all possible business sites, and installation will be complete during FY2023.
- Compared to FY2013, we have reduced GHG emissions by 67.6%, thus already achieving the 46% targeted by the government.
- The Group calculated emissions for the first time in FY2021 and identified all emissions in scope 3.
- Target for sales of environmentally-friendly products: 40% or more in sales composition. In FY2021, we achieved 43.6%.

Ratio of switching to renewable energy

Applicable business sites	Switch ratio *As of Sept. 30, 2022	Carbon neutrality targets
All business sites, including tenants	57.4%	Scheduled to achieve 100% by 2040
Of which business sites where the Company contracts directly with the power supplier	94.7%	Scheduled to achieve 100% by 2023

Joshin Green Smile Challenge 2050 (excerpt)

Aiming for sustained growth by "contributing to the creation of an enriching society that is in harmony with the global environment," the Joshin Group has set the following initiatives and targets in dealing with environmental challenges to be achieved by 2050.

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

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These are our initiatives related to climate change.

We are aiming to raise the percentage of renewable energy sources at all business sites to 100% by 2040.

As of September 30, 2022, the ratio of switching to renewable energy at all business sites, including tenants, was 57.4%. In terms of GHG emissions, we have already achieved a 46% reduction compared to FY2013, targeted by the government.

We have also set the "Joshin Green Smile Challenge," i.e., initiatives and targets in dealing with environmental challenges to be achieved by 2050. We are making various efforts companywide toward the achievement of these targets.

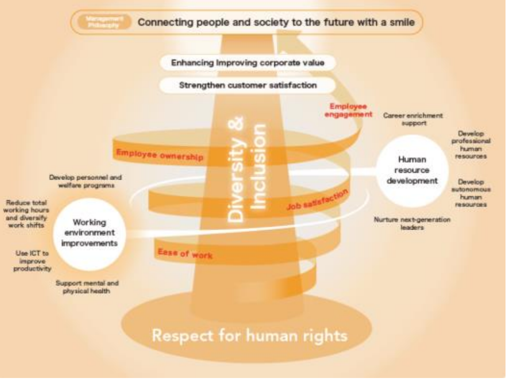
To raise the credibility of our initiatives in the eyes of the stakeholders, we have received third-party assurance from an external organization of our "Scope 1" and "Scope 2" energy consumption and GHG emissions.

Furthermore, in terms of "Scope 3," which has a broader scope and is also considered harder to ascertain, we have identified all categories falling under GHG emissions and disclosed them in our Integrated Report 2022 and our replies to the CDP climate questionnaire.

Sustainability Management -3

Diversity and Inclusion (D&I)

- With the spiritual foundation of "respect for human rights," we promote various human resource strategies based on the basic concept of consistently maintaining "D&I."
- D&I is an initiative to realize job satisfaction and ease of work and to create the foundation for opening up business prospects from multiple perspectives.
- As core measures of all human resource strategies, including D&I, we will strive to heighten the awareness of employees, represented by the four key terms, "job satisfaction," "ease of work," "employee ownership," and "employee engagement."



Major D&I initiatives

Timing	Details
Nov. 2021	Established a Diversity Promotion Office
Apr. 2022	Established a Diversity Council
May 2022	Created a poster with the president's message on D&I and displayed it in all divisions

Purpose of establishing the Diversity Council
・Build a mechanism to utilize employees' voices in management
・Encourage employee retention by forming an internal community
・Create an easy-to-work work environment
・Enhance employee engagement

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These are our initiatives related to diversity and inclusion.

Given that the B-to-C business is the foundation of our company, our employees are considered to be essential capital, so in our Japanese version of the Integrated Reports, we have used the Chinese character that signifies "assets" in expressing the term "human resources."

The vital roles played by employees as diverse "human assets" is the "source" of our organizational strength, which is integral to sustained growth and the enhancement of corporate value, and we consider them to be our "value drivers."
By providing an environment where "human assets" with diverse values can actively work alongside each other, we are encouraging proactive involvement in management and the achievement of our corporate philosophy.

To this end, we have positioned "Diversity and Inclusion" as the underlying concept, and our human resources strategies encourage the rising spiral of "ease of work," "job satisfaction," "employee ownership," and "employee engagement."

In November 2021, we established the "Diversity Promotion Office," headed by a female manager.
We also launched a "Diversity Council" and commenced efforts to gather employees' opinions and utilize them in management.

Sustainability Management -4

Endorsement of UN Global Compact

- In July, we signed a statement of support for the UN Global Compact.
- Preparations are underway to formulate a human rights policy during FY2022.
  We will actively work to establish a human rights due diligence system that aligns with international norms.

「Announcement of "Joshin Group Health and Productivity Management Declaration"

We declare that we will strive to promote the mental and physical health of all employees of the Joshin Group.

To practice our management philosophy of "Connecting the futures of people and society with smiles" through the creation of two social values- "supporting and strengthening resilience in our aging society" and "achieving carbon neutrality in the home" -we have declared our commitment to proactively improving the health of our employees and their families, which are the drivers of this initiative.

Oct. 2022	Established a Health and Productivity Management Promotion Office

ジョーシングループ
健康経営宣言

ジョーシングループ全従業員の
「こころとからだの健康増進」に
努めることを宣言いたします。

ジョーシングループは、従業員一人ひとりが心身ともに健康で最高のパフォーマンスを発揮できる社内環境、自分の成長を実感できる職場づくりが当社グループの成長に必要不可欠だと考えています。

ジョーシングループは、「高齢社会のレジリエンス強化支援」と「家庭のカーボンニュートラルの実現」という2つの社会価値の創出を通じて、経営理念「人と社会の未来を笑顔でつなぐ」を実践するため、その推進力となる従業員とその家族の健康づくりに積極的に取り組むことを宣言いたします。

上新電機株式会社
代表取締役兼社長執行役員
金谷隆平

Developing a corporate culture where employees can enjoy both child rearing and work

- From April 2022, the number of days of childcare leave for male employees (paid leave for child care) was expanded to 28 days. All applicable employees (including directly-employed non-permanent employees) take 14 days or more within eight weeks from birth to take on the challenge of child-rearing.
- We support the paternity leave project of Sekisui House, Ltd. and encourage employees to take paternity leave, through press releases and other means.

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These are our major initiatives related to human resources strategies.

In July 2022, we became a signatory in support of the "UN Global Compact."
Preparations are underway to formulate a human rights policy during FY2022.

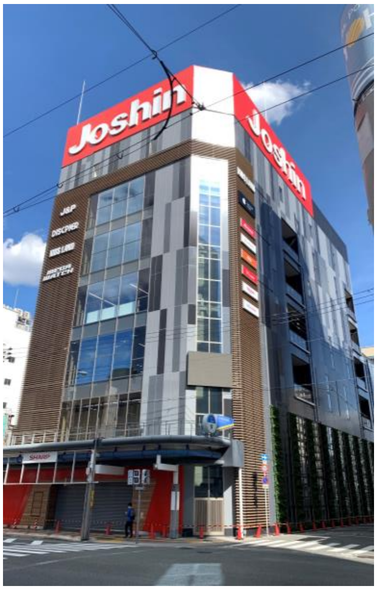
In October, we also announced the "Joshin Group Health and Productivity Management Declaration."
We established the "Health and Productivity Management Promotion Office" in October and are proactively engaged in corporate initiatives to improve the health of our employees and their families.

Additionally, we have been actively building a system to support child rearing and, in April 2022, expanded the number of days of childcare leave for male employees to 28 days, the same number of days as the "post-natal childcare for male employees."
To support both the childrearing and work of our employees regardless of gender, we will utilize the perspective of a family person, a family member taking an active role in childrearing, in our services.

Sales Topics -1

New flagship store opened in Nipponbashi, the site of its founding

[Store name]	Nipponbashi Store
[Location]	5-9-5 Nipponbashi, Naniwa-ku, Osaka-shi, Osaka
[Opening date]	November 3, 2022 (Thursday, a national holiday)
[Number of employees]	41 * regular employees
[Total sales floor area]	5,038 m2
[Parking capacity]	90 vehicles
[Annual sales]	3.4 billion yen
[Sales floor composition]	Home appliances, information devices, mobile phones, renovation, Kids Land, Disc Pier, and MEGA WATCH
[Category]	New store



Here is a round-up of sales topics.

In November 2022, the Company opened a new flagship store in Nipponbashi, the site of its founding.

In the past, the Nipponbashi area had a concentration of electrical appliance retailers that rivaled Akihabara in Tokyo.
Today, the area is not only home to electrical appliance retailers but also a diverse cultural center and a major source of information that is expected to attract more visitors from Japan and abroad.

Our store in Nipponbashi, the base of our sales, had become antiquated.
Therefore, we launched an internal project to redevelop Nipponbashi and decided on a policy of integrating and reorganizing the "Stores" and "Brand" by aligning ourselves with the market attributes of Nipponbashi to revitalize our stores and bolster our profitability.

The new flagship store combines the three stores- "Nipponbashi Ichibankan," "J&P Tehnoland," and "DISC-PIER" -and serves as a flagship store that people from a wide area, including the Kansai region, will visit.

Together with the family-oriented, comprehensive entertainment shop, "Super Kids Land Main Store," which has been highly rated by our fans as a specialist in toys, figures, and computer games, we will contribute to revitalizing the Nipponbashi area.

Sales Topics -2

Selection as business operator earning decarbonized points by the Osaka Prefectural Government

- As a result of the public solicitation in the project of granting decarbonized points and studying its effects, Joshin was selected as a business operator earning decarbonized points.
- This project contributes to achieving the following goals among the 17 SDGs.

22 stores in Kansai region adopted carbon-neutral city gas

- Joshin concluded an agreement for the supply of carbon-neutral city gas to 22 of its stores in the Kansai region through Daigas Energy Co., Ltd. (President: Masayuki Inoue, Head Office: Chuo-ku, Osaka), a wholly-owned subsidiary of Osaka Gas Co., Ltd., as the distributor.
- In FY2021, five stores in the Kansai region and six in the Hokushinetsu region switched their electricity to Osaka Gas's "D-Green Premium" electricity, which is generated entirely from renewable energy sources.
- It was the first time Osaka Gas and Daigas Energy supplied carbon-neutral city gas" ("D-Green Premium" and "D-Solar") to the same company.

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These are our efforts toward decarbonization.

The Company has been selected as a business operator granting decarbonized points in the project by the Osaka Prefectural Government, which is aiming to become carbon neutral by 2050.
In this project, retailers utilize their existing bonus point systems and add decarbonized points to the points awarded to the consumers who purchase products that contribute to decarbonization. We also examine the effects of promoting the selection of products that contribute to decarbonization and the effects of reducing CO2 emissions.
Joshin intends to carry out this project, which will apply to our electricity-saving air conditioners with superior energy-saving features, from November to the end of January 2023.

Additionally, 22 stores in the Kansai region have adopted "carbon-neutral city gas" provided by the Osaka Gas Group.
Joshin has become the first company to be single-handedly supplied with "carbon-neutral city gas," the solar power generation service "D-Solar," and "D-Green Premium" electricity, which is generated from renewable energy sources, from the Osaka Gas Group.

Joshin, who has been in business in Osaka for more than 70 years and as the only home appliance distributor funded exclusively by Kansai capital, will cooperate with the local government and local companies and contribute to making our region carbon neutral. These are our initiatives toward decarbonization.

Sales Topics -3

Academia-industry partnership project
(Creating sales floors based on students’ ideas)

- Joshin partnered with BAIKA Women’ s University (Headquarters: Ibaraki City, Osaka) to “create new sales floors to accommodate current changes in the shopping style, as envisioned by students” as part of the academia-industry partnership project.
- From August 30 (Tue.) to October 31 (Mon.), special sales counters for hair dryers and rice cookers filled with students’ ideas were set up at two stores in Osaka Prefecture.

This is our initiative in promoting an academia-industry partnership project.

We have partnered with BAIKA Women’ s University, and this year, we commenced our collaboration in the academia-industry partnership project.
As the first phase, we created “new sales floors to accommodate current changes in the shopping style, as envisioned by students,” and produced special sales counters at two stores in Osaka from August 30 to October 31.

Going forward, we will collaborate with various stakeholders to create sales floors that satisfy the wishes of the customers and build attractive stores.

Joshin

Sales Topics -4

Selection as a constituent of FTSE Blossom Japan Sector Relative Index

- Joshin was selected as a constituent of the FTSE Blossom Japan Sector Relative Index, an ESG investment index, by a global index provider, FTSE Russell.
- The FTSE Blossom Japan Sector Relative Index was selected by the Government Pension Investment Fund (GPIF), the world' s largest public pension fund, to be used as a benchmark for ESG investments from March 30, 2022.

FTSE Blossom Japan Sector Relative Index

「Selection as a constituent of S&P/JPX Carbon Efficient Index

- Joshin was selected as a constituent of the S&P/JPX Carbon Efficient Index, developed by S&P Dow Jones Indices.
- The index tracks the stocks constituting TOPIX, a representative stock index indicating the trends of the Japanese market, and adjusts constituent weight by focusing on the disclosure of environmental information and the levels of carbon efficiency (carbon emissions per unit of revenue).

S&P/JPX Carbon Efficient Index

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The Company was selected as a constituent of these ESG investment indices.

The "FTSE Blossom Japan Sector Relative Index," a new ESG investment index adopted by GPIF in March 2022, has been designed to measure the performance of Japanese companies renowned for their ESG initiatives.

The "S&P/JPX Carbon Efficient Index" is a stock price index focusing on the environment (E) among ESG.

Going forward, to enhance corporate value by ensuring the sustained growth of our businesses and resolving ESG issues, we will promote sustainability management and raise our reputation in the capital markets.

Joshin

Sales Topics -5

Notice Concerning the Acquisition of Treasury Stock and the Repurchase of Treasury Stock through the Off-auction Own Share Repurchase Trading System (ToSTNeT-3)

Reason for the acquisition of treasury stock
To improve capital efficiency and to enable the flexible execution of capital policies in line with changes in the business environment.

Method of acquisition
The Company will consign the repurchase of its treasury stock to the Tokyo Stock Exchange's Off-auction Own Share Repurchase Trading system (ToSTNeT-3) at 8:45 a.m. on November 7, 2022, at the closing price of November 4, 2022 at 1,900 yen.

Details of the acquisition
(1) Class of shares to be acquired : Common stock of the Company
(2) Total number of shares to be acquired : 350,000 shares (maximum)
(3) Total amount of shares to be acquired : 665,000,000 yen (maximum)
(4) Announcement of the result of the stock acquisition :
The result of the stock acquisition will be announced after the close of trading at 8:45 a.m., November 7, 2022.

(Note 1) There will be no changes to the number of shares to be acquired.
The acquisition may not be conducted, either in part or full, depending on market trends and other factors.
(Note 2) The repurchase is to be made by matching sell orders equivalent to buy orders of the shares scheduled for acquisition.

(Reference) Number of treasury stock held as of September 30, 2022

Total number of shares outstanding (excluding treasury stock):	26,821,602 shares
Number of shares of treasury stock:	1,178,398 shares

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This is the "Notice concerning the acquisition and repurchase of treasury stock."

To improve capital efficiency and to enable the flexible execution of capital policies in line with changes in the business environment, the Company consigned the repurchase of its treasury stock to the Tokyo Stock Exchange's Off-auction Own Share Repurchase Trading system at the closing price of November 4, 2022.

Based on the guidelines of the Corporate Governance Code, the Company has been reducing its cross-shareholdings; going forward, we will basically refrain from new shareholdings.

As for our current cross-shareholdings, we will continue to reduce our shareholdings by conducting a qualitative review of the purpose of the shareholdings and a quantitative review of the gains and dividends generated by the transactions each quarter at the Board of Directors.

This concludes my briefing of financial results for the first six months of the fiscal year ending March 31, 2023.

Thank you.

Disclaimer

1. Earnings forecasts and other forward-looking contents of this presentation are based on available information at the time the Company prepared this document. We cannot promise or guarantee that results will match forecasts.
2. This presentation contains unaudited approximations, which may change.

— Inquiries —

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