

EDION (2730, Corporate)

FY 3/25 recovery

13th June 2024

Share price: ¥1,562

Market cap: ¥175.0bn

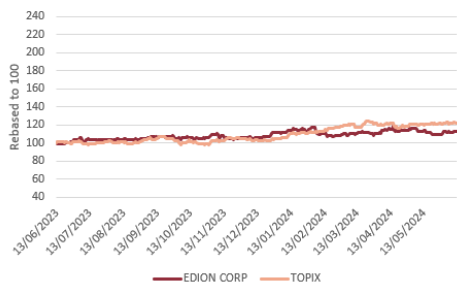
EDION anticipates a FY 3/25 recovery driven by improved sales mix, Olympics demand, new products & continued renovation growth.

Company sector

Specialty Retail (GICS Industry)

Stock data

| | |
|---------------------------|-----------------|
| Price (¥) | 1,562 |
| Mkt cap (¥bn)/(\$m) | 175.0 / 1,113.1 |
| 52-week range (¥) | 1,383 - 1,664 |
| Shares O/S (m) | 112.0 |
| Average daily value (\$m) | 4.2 |
| Free float (%) | 63.2 |
| Foreign shareholding (%) | 6.1 |
| Ticker | 2730 |
| Exchange | Tokyo Prime |
| Net Debt/Equity (x) | 36.9% |



Source: Bloomberg

- **FY 3/24 sales & OP finished below company forecasts due to weaker than expected sales of electrical appliances & tough YoY comparisons in the ELS renovation segment versus subsidies in FY 3/23.**
- **Whilst the OPM was slightly below plan due to sales mix deterioration, EDION maintained consistent SG&A to sales through tight cost control. In particular, personnel costs declined YoY after reduced operating hours were rolled out to 201 stores.**
- **In FY 3/25, EDION expects sales growth to resume, with an improved mix & ongoing cost control driving a higher OPM. Olympics related demand for TVs & video appliances, replacement demand for home electronics, subsidies for energy saving home appliances & ELS segment strength are likely to offset any negative impact from inflation on consumer demand.**
- **EDION plans to continue developing original PBs & targets new product launches with collaborative partner Nitori after the success of its initial products. It also aims to further strengthen its distribution & repair networks, as well as its e-commerce & remodelling businesses.**
- **Following approval at the June AGM, President Masataka Kubo is set to become Chairman, with board Director Kozo Takahashi promoted to President. EDION is also planning to appoint an Audit & Supervisory Committee, with a view to improving the speed & flexibility of decision making.**
- **Having raised its FY 3/24 dividend to a payout ratio of 50%, the company's focus remains on improving its capital policy & cash allocation, as well as raising profitability. On 15x FY 3/25 company estimates, we are encouraged by progress & recommend investors book time with senior management for an update: [here](#).**

BUSINESS OVERVIEW

EDION is a leading consumer electronics retailer with a remodelling business.

Next event

1Q 3/2025 results in August 2024

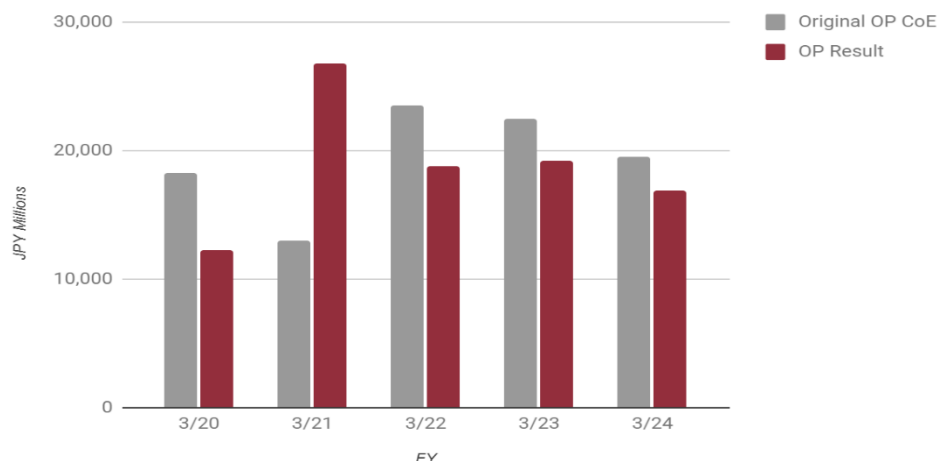
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info@stormresearch.co.uk[Storm corporate profile page](#)

EDION CORP is a research client of Storm Research

| Year end | 3/2022 | 3/2023 | 3/2024 | 3/2025E |
|----------------------|--------|--------|--------|---------|
| Sales (¥bn) | 713.8 | 720.6 | 721.1 | 750.0 |
| OP (¥bn) | 18.8 | 19.2 | 16.9 | 19.0 |
| NP (¥bn) | 13.1 | 11.4 | 9.0 | 11.0 |
| EPS (¥) | 125.4 | 112.4 | 90.1 | 104.7 |
| DPS (¥) | 44.0 | 44.0 | 45.0 | 45.0 |
| Sales growth YoY (%) | -7.1 | 1.0 | 0.1 | 4.0 |
| OP growth YoY (%) | -29.8 | 2.1 | -11.8 | 12.2 |
| NP growth YoY (%) | -21.2 | -13.1 | -20.8 | 21.9 |
| EPS growth YoY (%) | -19.3 | -10.4 | -19.8 | 16.2 |
| PER (x) | 9.1 | 11.4 | 17.2 | 14.9 |
| EV/EBITDA (x) | 4.7 | 5.3 | 8.7 | 9.2 |
| PBR (x) | 0.6 | 0.6 | 0.8 | 0.8 |
| ROE (%) | 6.7 | 5.7 | 4.3 | n/a |
| ROIC (%) | 5.3 | 5.6 | 4.0 | n/a |
| FCF yield (%) | 2.6 | 5.2 | n/a | n/a |
| Dividend yield (%) | 3.9 | 3.4 | 2.9 | 2.9 |

RESULTS VS FORECAST HISTORY



EARNINGS

FY 3/24 sales increased +0.1%YoY but OP declined -11.8%YoY, slightly below the company plan due to weak sales of PCs post the COVID demand boom, ongoing TV weakness, & tough YoY comparisons in the ELS renovation division following government subsidies in FY 3/23.

- Product sales breakdown:

| | 1-3Q 3/24 YoY | 4Q YoY | 3/24 YoY | April | May |
|-------------------------|---------------|--------|----------|-------|--------|
| TV / video / audio | -8.1% | -3.2% | -6.8% | -0.3% | -4.3% |
| Fridges | -1.4% | -4.0% | -2.0% | -0.5% | -3.8% |
| Washing Machines | 1.3% | -0.1% | 0.8% | -1.7% | -2.6% |
| Aircon | 3.5% | 0.6% | 3.2% | 19.4% | -8.5% |
| PCs | -17.1% | -11.5% | -14.6% | -4.6% | -15.4% |
| Mobiles (by units sold) | 9.1% | 3.3% | 7.7% | N/A | N/A |
| Games/ Toys | 9.1% | 21.2% | 12.2% | N/A | N/A |
| ELS | -6.8% | 12.3% | -2.1% | 8.5% | 10.7% |

- ELS (house renovation): The 4Q ELS (Eco Living & Solar) rebound was ahead of forecast following the negative YoY impact from subsidies in FY 3/23. Subsidies finished in Nov 2023 & sales have been on a recovery trend since.

In FY 3/25, EDION expects the ELS division to post strong growth. **It is aiming for sales growth & accelerated margin improvement, driven by subsidies for energy efficient appliances & sales of high-end appliances.**

On 1st March 2024, the company acquired Azabu Co, which has 38 sales offices in Japan. The group was consolidated at the end of March. The acquisition has improved EDION's nationwide network of installation hubs &, in addition to targeting customers via E-Commerce with quotes available from online photos, the company expects it to boost ELS sales growth.

- TVs & Videos: Sales were weak in FY 3/24 post COVID demand, but EDION believes sales are likely to pick up in FY 3/25 given Paris Olympics related demand.

- Washing machines & fridges: FY 3/24 sales growth was +0.8% & -2% respectively. EDION anticipates gradual growth in FY 3/25 due to replacement demand.

- *Aircon*: FY 3/24 sales increased +3.2%YoY as demand during the hot summer offset weaker periods. We expect moderate growth in FY 3/25, although this is likely to remain weather dependent.

EDION's comprehensive nationwide network has allowed it to expand its air conditioner cleaning business. In FY 3/24, it cleaned 250,000 units & targets 300,000 units, & would result in EDION commanding top market share.

- *PBs*: PBs accounted for approx. 29% of total appliance sales versus 26% in the 3Q & 35% as its medium term FY 3/26 target.

EDION continues to launch new e angle products, which feature high functionality at affordable prices. Its latest products include an air circulator, released on 26th April 2024, & an electric fan, released on 1st May 2024.

- *e angle air circulator*:



* *e angle DC motor remote control ANGVA-FA15-DC-W air circulator. Source: Company*

- *e angle electric fan*:



* *e angle DC motor remote control ANGVA-FA30-DL-W electric fan. Source: Company*

It launched its first 3 jointly developed products with business alliance partner Nitori (9843) on 15th Dec 2023 under the EDION x Nitori brand. The items were a steam oven toaster, an electric kettle & a drip kettle, all of which have been well received. EDION plans to release a number of larger items in 2024.

- *Stores:* In FY 3/24, net store numbers increased +4 to 454 directly owned stores with 9 openings, 6 renovations & 5 closures. Including 748 FC (franchise) stores, the total store number was 1,202.

As of May, directly operated stores had increased to 457 & FCs to 749 to total 1,206 stores. In FY 3/25, the company forecasts +7 openings & 1 renovation. Gardens Chihaya Higashi store (see below) in Fukuoka opened on 19th April 2024.



* Gardens Chihaya Higashi store (Fukuoka prefecture) > Opening 19th April 2024. Source: Company

- *E-Commerce:* As of FY 3/24, E-Commerce accounted for approx. 5.7% of total sales as a result of increased custom on EDION's website, with particularly strong demand for white goods. It does not have a medium term target but expects E-Commerce sales to grow in tandem with its store sales.

- *GP:* 1-3Q GPM declined -0.2ppt to 29.1% due to sales mix deterioration & greater E-Commerce sales.

SG&A:sales remained solid at 26.7% +0.1ppt YoY, with the main area of cost control being advertising expenses, equipment costs & rental costs from new stores.

Personnel costs declined -¥310m YoY **as EDION focused on keeping personnel costs low by reducing store operating hours to minimise overtime.** As of FY 3/24, 201 stores were operating between 10am-7pm (from 10am-9pm previously) up from 160 as of the 3Q. We do not expect this to be extended to many more stores as those in malls have to operate in line with mall operating hours.

- *FY 3/25 outlook:* EDION acknowledges that the macro environment is tough, with the weaker yen & inflation driving higher product prices, resulting in weaker consumer sentiment. Combined with rising utility costs & 2024 overtime restrictions, it is resulting in fewer delivery drivers & the potential for logistics costs to increase.

EDION expects FY 3/25 comps of +1%, with 0.5% in the 1H & 1.5% in the 2H due to latent replacement demand, 2024 Olympics related demand for TVs & video appliances, subsidies for energy saving home appliances, & subsidies for ELS segment renovation.

EDION forecasts flat GPM YoY & SG&A:sales declining -0.1ppt YoY to 26.6%. The main cost increases include equipment & admin expenses due to rising utility costs & store rent (+5.9%YoY to ¥59.3bn), & depreciation is forecast to increase +6%YoY to ¥11.4bn. Other variable costs such as advertising are forecast +2.4%YoY to ¥48bn & personnel expenses +2.6%YoY to ¥81bn.

In order to minimise distribution costs due to overtime restrictions amidst a tight labour market (labelled the 2024 problem), EDION is overhauling its contracts with logistics companies, as well as becoming more flexible with delivery times & reducing night time deliveries.

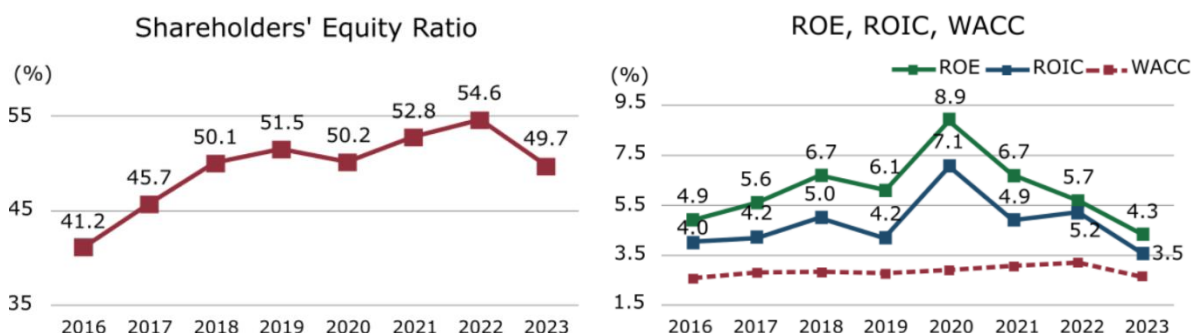
FUND

On 22nd May 2024, EDION announced the Brand New Retail Initiative Fund, a CVC (Corporate Venture Capital) fund. It has been established to invest in marketing, retail, renovation, environmental energy, & battery recycling businesses, as well as information management system & AI/blockchain type startups that contribute to the use of various technologies. The aim is to develop marketing methods & accelerate the speed of new business development, thus supporting their growth.

The fund is set to total up to approx. ¥10bn. EDION has not yet made any investment in the fund.

CAPITAL EFFICIENCY

EDION is aware of its 0.8x P/B ratio & is focused on improving capital efficiency. As of FY 3/24, it had net debt of ¥67.9bn with a net debt/equity ratio of 36.9%. The shareholders' equity ratio was 49.7%, with an RoE of 4.3% & ROIC of 3.5%.



Source: Company

To raise its RoE to 10%, as per its medium term plan, **EDION is aiming to improve profitability, its capital policy & its cash allocation.** It is also assessing its medium term growth vision, aiming to increase investor engagement, improve governance & promote sustainability.

MANAGEMENT

Following approval at EDION's June 2024 AGM, Masataka Kubo (74) is set to become Chairman after serving as President for 21 years. **Kozo Takahashi (62) is due to become President having previously been Director & Senior Managing Executive Officer**. Norio Yamasaki (67) will become Vice Chairman from Vice President previously.

Additionally, following approval at the June 2024 AGM, the company is set to transition from an Audit & Supervisory Board to an Audit & Supervisory Committee. EDION believes it can improve the flexibility & speed of decision making in business execution with this transition.

It will have 16 board members of which 50%, or 8, will be outside directors & between 7-4 directors on the Audit & Supervisory committee, 3 of which will be outside directors. The number of females on the board will increase from 1 to 2.

SHAREHOLDER RETURNS

EDION has a dividend payout ratio policy of >30% & originally planned to pay a FY 3/24 dividend of ¥44 (flat YoY). **This was revised at FY results to ¥45, with a payout of 50%.**

FY 3/25 assumes ¥45 & a payout ratio of 43%.

The company completed share buybacks in FY 3/22 & FY 3/23 to set aside shares for potential conversion of its zero coupon CB. Approx 40% of the outstanding CB has been converted between ¥1,450-1,550, with the remainder currently convertible at ¥1,450. Potential total dilution is 10%.

- *Individual shareholder benefit scheme*: EDION has a successful benefit scheme to promote long term shareholding, with benefits accumulating after holding shares for >2 years & >3 years.

PREVIOUS REPORTS

- 8th March 2024: [‘Capital efficiency focus’](#)
- 25th Jan: Initiating Coverage: [‘Capitalising on USPs’](#)

COMPANY
INFORMATION

| | |
|-------------------|--|
| March 2002 | DEODEO (Chugoku/Shikoku/Kyushu regions) and EIDEN (Chubu region) established the holding company EDION by way of a stock transfer. EDION listed on the TSE 1 st Section, the Osaka Stock Exchange (now the Osaka Exchange), and the Nagoya Stock Exchange |
| March 2004 | Delisted from the Osaka Stock Exchange (now the Osaka Exchange) |
| April 2005 | Made Midori Denka a 100%-owned subsidiary by way of a stock transfer |
| June 2007 | Acquired 40% of 3Q, making it a consolidated subsidiary |
| Oct 2009 | DEODEO merged with Midori Denka, changing its name to EDION WEST. EIDEN changed its name to EDION EAST |
| Oct 2010 | Merged EDION EAST and EDION WEST |
| Oct 2011 | Acquired 100% of consolidated subsidiary 3Q shares. Acquired 100% of 3Q House System shares (now EDION House System, a consolidated subsidiary) |
| April 2012 | Invested in E.R. Japan (currently a consolidated subsidiary), acquiring 55% of shares |
| Aug 2016 | Acquired an additional 30% of E.R. Japan shares |
| March 2017 | Acquired 100% of E.R. Japan shares |
| Aug 2017 | Acquired 100% of Forest shares (currently a consolidated subsidiary) |
| March 2018 | Invested in E-Logi (currently a consolidated subsidiary), acquiring 80% of shares |
| June 2018 | Acquired 100% of Fukutoku shares (now Forest Shuhan, a consolidated subsidiary) |
| Sep 2019 | Acquired 100% of E-Logi shares |
| Nov 2019 | Acquired 100% of Jtop shares (currently a consolidated subsidiary) |
| Dec 2019 | Acquired 100% of Youmemiru shares (currently a consolidated subsidiary) |
| Feb 2021 | Acquired 100% of PTN shares, and made PTN and its subsidiaries Prime Station, Hampstead, and EdBank into consolidated subsidiaries |
| Nov 2021 | Delisted from the Nagoya Stock Exchange |
| April 2022 | Moved from the TSE 1 st Section to the Prime Market |
| Oct 2022 | NWORK Corporation merged with Hampstead Co., Ltd. and changed its name to EDION X Ventures Corporation (currently a consolidated subsidiary) |
| Sep 2023 | Acquired Sanfrece Hiroshima |
| Oct 2023 | Jtop absorbed E-Logi |
| March 2024 | Acquired Azabu Corp |

Company contact details

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2-333 Nakanoshima, Kita-ku, Osaka-shi
Osaka, 530-0005
Japan

Website: <https://www.EDION.co.jp/>

TEL: 81-6-6202-6048

| Major shareholders | Stake % |
|--------------------------------------|---------|
| Nitori Hdgs | 9.73 |
| EDION Corp Employee Stockholdings | 7.49 |
| The Master Trust Bank of Japan, Ltd. | 7.20 |
| Daiichi | 3.28 |
| Masataka Kubo | 2.13 |
| Custody Bank of Japan, Ltd. | 1.88 |
| NOMURA AYA | 1.82 |
| Dai-ichi Life Holdings | 1.72 |
| Mitsubishi UFJ Financial Group | 1.61 |
| EDION Corp Customer Stockholdings | 1.61 |

Source: Company.

MANAGEMENT

| President and CEO, Chairman, Executive Officer | Masataka Kubo |
|--|--|
| Year of birth | 1950 |
| Shareholding | 2.13% |
| Career history | |
| Apr 1992 | Appointed President and CEO at Daiichi (now EDION) |
| March 2003 | Appointed Chairman at EDION |
| July 2003 | Appointed President and CEO at EDION |
| Oct 2004 | Appointed Vice-President at Fureai Channel (now ChupiCOM) |
| June 2012 | Appointed President and CEO, Chairman, at EDION |
| Feb 2015 | Appointed Chairman at Sanfrece Hiroshima (current position) |
| Apr 2018 | Appointed Chairman at 3Q (current position) |
| June 2018 | Appointed President and CEO, Chairman, Executive Officer at EDION (current position) |
| October 2023 | In charge of the Company's Sales Division, e-Commerce Division and Logistics Services Division (current position) |
| Director, Vice President, and Executive Officer | Norio Yamasaki |
| Year of birth | 1957 |
| Shareholding | 0.07% |
| Career history | |
| June 2009 | Appointed Director at EDION |
| April 2012 | Appointed Manager of HQ Corporate Planning |
| June 2012 | Appointed Managing Director |
| June 2014 | Appointed Senior Managing Director |
| June 2018 | Appointed Managing Director and Senior Executive Officer |
| June 2021 | Appointed Director, Vice President, and Executive Officer (current position) |
| October 2023 | In charge of the Company's Corporate Planning Division, General Affairs & Personnel Division, Franchise Management Division and Store Development Management Division (current position) |
| Director, Vice President, and Executive Officer | Satoshi Kaneko |
| Year of birth | 1972 |
| Shareholding | 0.05% |
| Career history | |
| Oct 2013 | Appointed President and CEO at Loudmouth Japan (current position) |
| Jan 2014 | Appointed Chief Strategy Officer & Managing Director at Loudmouth Golf |
| June 2016 | Appointed Group Manager at Oracle Corporation |
| June 2018 | Appointed External Director at EDION |
| Feb 2019 | Appointed Director, Senior Executive Officer, and Manager of EDION'S IT Service department |
| June 2019 | Appointed President and CEO at E-Logi |
| Feb 2021 | Appointed Manager of HQ Business at EDION |
| June 2021 | Appointed Director, Vice President, and Executive Officer (current position) |
| Oct 2022 | Appointed Manager of EDION'S Solutions Service Department and President and CEO at EDION Cross Ventures (current position) |
| April 2023 | General Manager of the Company's Solution Services Division and in charge of the Marcom Management Department |
| October 2023 | In charge of the Company's IT Strategy Division and Project |

Promotion Office (current position)

| Director, Senior Executive Officer, Manager of HQ Sales | | Kozo Takahashi |
|--|--|--|
| Year of birth | | 1961 |
| Shareholding | | 0.04% |
| Career history | | |
| Feb 2014 | | Appointed Executive Officer, Manager of Chugoku-Shikoku Sales at EDION |
| April 2015 | | Appointed Manager of Kinki Sales |
| Feb 2018 | | Appointed General Manager of Sales |
| July 2018 | | Appointed Senior Executive Officer |
| Oct 2020 | | Appointed General Manager of Product Management |
| Feb 2021 | | Appointed Deputy Manager of HQ Business |
| June 2021 | | Appointed Director, Senior Executive Officer |
| Oct 2021 | | Appointed General Manager of Sales and Product Management |
| Feb 2022 | | Appointed General Manager of Sales and Sales Administration |
| Oct 2022 | | Appointed General Manager of HQ Sales and Sales Administration |
| April 2023 | | Appointed Manager of HQ Sales (current position) |
| June 2023 | | Appointed Director, Senior Executive Officer (current position) |

| Director, Senior Executive Officer, General Manager of HQ Logistic Services | | Haruyoshi Jogu |
|---|--|--|
| Year of birth | | 1957 |
| Shareholding | | 0.02% |
| Career history | | |
| June 2016 | | Appointed Director, Executive Officer and Head of CS Promotion at Joshin Electric |
| July 2018 | | Appointed Executive Officer, Manager of Corporate Sales at EDION |
| April 2019 | | Appointed General Manager of EC & Business Administration |
| June 2019 | | Appointed President and CEO at Forest |
| July 2019 | | Appointed Senior Executive Officer at EDION |
| Feb 2021 | | Appointed Manager of HQ Logistic Services, President and CEO at E-Logi (current position) |
| June 2021 | | Appointed Director, Executive Officer at EDION |
| Oct 2021 | | Appointed Head of EDION'S HQ Logistic Services Department (current position) |
| May 2022 | | Appointed President and CEO at Jtop (current position) |
| Oct 2022 | | Appointed Deputy Manager of HQ Solution Services and General Manager of Logistic Services at EDION |
| June 2023 | | Appointed Director, Senior Executive Officer (current position) |
| October 2023 | | General Manager, Logistics Services Division (current position) |

| Director, Senior Executive Officer, General Manager of Corporate Planning, and Manager of IR PR | | Tsugunori Ishida |
|---|--|---|
| Year of birth | | 1972 |
| Shareholding | | 0.01% |
| Career history | | |
| Jan 2016 | | Appointed Manager of Corporate Planning at EDION |
| Feb 2020 | | Appointed Executive Office, General Manager of Corporate Planning and Manager of Corporate Planning |
| July 2021 | | Appointed General Manager of Corporate Planning and Manager of IR PR |
| June 2022 | | Appointed Senior Executive Officer |
| Oct 2022 | | Appointed Deputy General Manager of HQ Corporate Planning, General Manager of Corporate Planning, and Manager of IR PR (current position) |
| June 2023 | | Appointed Director, Senior Executive Officer (current position) |

October 2023

General Manager of Corporate Planning, and Manager of IR PR
(current position)

| External Director | Shozo Ishibashi |
|-------------------|---|
| Year of birth | 1949 |
| Shareholding | -- |
| Career history | |
| Jan 1995 | Appointed Manager of Management Development at Nomura Research Institute |
| April 1997 | Appointed Head of Management Research, Financial Research at Nomura Securities |
| June 1998 | Appointed Deputy Head of Financial Planning and Head of Business Research |
| May 2000 | Appointed Managing Director at Lehman Brothers Securities |
| Sep 2003 | Appointed Representative Director at the Ishibashi Tanzan Memorial Foundation (current position) |
| April 2004 | Appointed Director at Tokyo Medical and Dental University |
| April 2005 | Appointed Auditor at Rissho Educational Institute |
| June 2007 | Appointed External Auditor at Minkabu the Infonoid |
| April 2008 | Appointed Director at the Kurimoto Educational Institute (NUCB Undergraduate School) (current position) |
| June 2014 | Appointed External Director at EDION (current position) |
| March 2017 | Appointed External Director at Minkabu the Infonoid (current position) |

| External Director | Shimon Takagi |
|-------------------|--|
| Year of birth | 1962 |
| Shareholding | -- |
| Career history | |
| Apr 1990 | Registered as an attorney-at-law, joined Blakemore Law Offices |
| Oct 1992 | Joined Adachi Henderson Miyatake Fujita Law Offices |
| Aug 1999 | Appointed Partner at Tokyo Aoyama Aoki Koma Law Offices |
| Aug 2002 | Appointed Partner at White & Case Law Offices |
| March 2014 | Established Takagi Law Offices (current) |
| June 2015 | Appointed External Director at EDION (current position) |

| External Director | Naoko Mayumi |
|-------------------|---|
| Year of birth | 1955 |
| Shareholding | -- |
| Career history | |
| July 1993 | Appointed Pension Sales Group Leader at Zurich Scudder Investment Japan (now Deutsche Asset Management) |
| May 2002 | Appointed Director, Head of Pension Client Services |
| July 2002 | Appointed Director, Head of Pension Sales at UBS Global Asset Management (now UBS Asset Management) |
| Aug 2005 | Appointed Director of Marketing Client Services and Head of the Pension Team at Lazard Japan Asset Management |
| June 2019 | Appointed External Director at EDION (current position) |

| External Director | Yoshihiko Fukushima |
|-------------------|---|
| Year of birth | 1963 |
| Shareholding | -- |
| Career history | |
| April 1990 | Joined Salomon Brothers Asia Securities (now Citi Group Securities) |
| July 1995 | Appointed Lecturer in Economics, Royal University of Stockholm, Sweden |
| April 2003 | Appointed Assistant Professor, Faculty of Management, Nagoya University of Commerce |
| July 2006 | Appointed Professor, Faculty of Management, Nagoya University of Commerce |
| April 2007 | Appointed Professor, Faculty of Political Science and Economics, |

| | |
|---------------------------------|---|
| April 2010 | Waseda University (current position) Appointed Director at the CSR Research Institute, Waseda University |
| June 2019 | Appointed External Director at EDION (current position) |
| External Director | |
| Year of birth | Tadatsugu Mori 1963 |
| Shareholding | 0.001% |
| Career history | |
| April 2004 | Appointed Head of the Management Policy Office at Hankyu Department Store |
| June 2006 | Appointed Director and Executive Officer |
| Oct 2007 | Appointed Director, Executive Officer, Head of the Corporate Planning Office, and Leader of the System Planning Office at H2O Retailing |
| March 2012 | Appointed Director and Executive Officer |
| Dec 2012 | Appointed External Director at Umenohana |
| April 2014 | Appointed Director, Executive Officer and Leader of the Finance Office at H2O Retailing |
| Nov 2020 | Appointed External Director at Hito Communications (current position) |
| June 2021 | Appointed Director at Kansai Supermarket |
| Dec 2021 | Appointed Advisor |
| June 2022 | Appointed External Director at EDION (current position) |
| March 2023 | Appointed External Director at Silver Egg Technology (current position) |
| Senior Executive Officer | |
| Year of birth | Toshiro Inoue 1970 |
| Shareholding | 0.005% |
| Career history | |
| October 2018 | Appointed Manager of Mobile and Network Sales Department |
| Feb 2020 | Appointed Manager of Mobile and Network Products Department of the Company |
| April 2021 | Manager of the Company's Telecommunications Products Department |
| Feb 2022 | Manager of the Company's Information and Communications Sales Department |
| October 2022 | Manager of the Company's Information and Communication Operations Department |
| April 2023 | Manager of the Company's Mobile Network Division |
| October 2023 | Executive Officer |
| Feb 2024 | Senior Executive Officer (current position) |
| Feb 2024 | Manager of the Company's Digital Appliances Division (current position) |

J GAAP Financial statements

| Income statement (¥bn) | FY 3/22 | FY 3/23 | FY 3/24 |
|---------------------------|--------------|--------------|--------------|
| Sales | 713.77 | 720.58 | 721.09 |
| COGS | 504.1 | 509.7 | 511.5 |
| Gross profit | 209.7 | 210.9 | 209.6 |
| Gross profit margin (%) | 29.4 | 29.3 | 29.1 |
| Operating expense | 190.9 | 191.7 | 192.7 |
| Total OP | 18.80 | 19.19 | 16.93 |
| OP margin (%) | 2.6 | 2.7 | 2.3 |
| Non-Op Income (Loss) | -1.0 | 2.3 | 2.6 |
| Pretax Income | 19.8 | 16.9 | 14.3 |
| Tax | 6.7 | 5.5 | 5.3 |
| Effective tax rate (%) | 33.7 | 32.6 | 37.4 |
| Net income | 13.11 | 11.39 | 9.02 |

| Balance sheet (¥bn) | FY 3/22 | FY 3/23 | FY 3/24 |
|---|--------------|--------------|--------------|
| Cash & equivalents | 29.9 | 13.2 | 12.0 |
| Accounts & notes receivable | 39.6 | 37.9 | 40.7 |
| Inventories | 106.0 | 116.1 | 117.9 |
| Other short-term assets | 15.1 | 18.6 | 19.2 |
| Current assets | 190.6 | 185.7 | 189.8 |
| Property, plant & equipment (net of depreciation) | 125.5 | 122.1 | 177.8 |
| Long term investments & receivables | 3.3 | 3.9 | 4.9 |
| Other long-term assets | 58.6 | 57.6 | 59.2 |
| Total non-current assets | 187.4 | 183.6 | 241.9 |
| Total assets | 378.0 | 369.4 | 431.7 |
| Payables & accruals | 49.9 | 49.4 | 48.2 |
| Short-term debt | 11.0 | 11.7 | 49.6 |
| Other short-term liabilities | 48.1 | 46.8 | 51.6 |
| Total current liabilities | 109.0 | 107.8 | 149.5 |
| Long term debt | 44.5 | 34.4 | 41.6 |
| Other long-term liabilities | 25.0 | 25.5 | 25.7 |
| Total non-current liabilities | 69.5 | 59.9 | 67.3 |
| Total liabilities | 178.5 | 167.7 | 216.8 |
| Share capital & APIC | 96.9 | 96.9 | 97.0 |
| Treasury stock | 10.1 | 15.0 | 7.7 |
| Retained earnings | 118.2 | 125.1 | 129.4 |
| Other equity | -5.5 | -5.3 | -4.1 |
| Equity before minority interest | 199.5 | 201.7 | 214.6 |
| Total equity | 199.5 | 201.7 | 214.9 |
| Total liabilities & equity | 378.0 | 369.4 | 431.7 |

| Cash flow statement (¥bn) | FY 3/22 | FY 3/23 | FY 3/24 |
|---|--------------|--------------|--------------|
| Net income/pre-tax profit | 13.1 | 11.4 | 9.0 |
| Depreciation/amortization | 11.7 | 11.0 | 10.9 |
| Other non-cash items | -9.4 | 4.6 | 2.6 |
| Changes in working capital | -4.8 | -14.8 | -2.6 |
| Net cash from discontinued operations | 0.0 | 0.0 | 0.0 |
| Cash from Operating Activities | 10.6 | 12.1 | 20.0 |
| Change in fixed & intangible assets | -8.6 | -6.7 | -68.6 |
| Net change in long-term investments | -0.9 | -0.6 | 0.0 |
| Net cash from acquisitions & divestitures | 0.0 | 0.0 | 0.8 |
| Other investing activities | -1.0 | -1.1 | -0.9 |
| Net cash from discontinued operations | 0.0 | 0.0 | 0.0 |
| Cash from Investing Activities | -10.5 | -8.3 | -68.7 |
| Dividends paid | -4.7 | -4.1 | -4.0 |
| Cash from (repayment) debt | -2.7 | -10.5 | 52.6 |
| Cash from (repurchase) of equity | -5.4 | -5.0 | 0.0 |
| Other financing activities | -5.4 | -5.0 | 0.0 |
| Net cash from discontinued operations | 0.0 | 0.0 | 0.0 |
| Cash from Financing Activities | -13.2 | -20.5 | 47.5 |
| FX impact | 0.0 | 0.0 | 0.0 |
| Net cash flow | -13.2 | -16.6 | -1.2 |
| Free cash flow | 3.1 | 6.7 | -46.5 |
| EBITDA | 30.5 | 30.2 | 27.8 |

| Key metrics | FY 3/22 | FY 3/23 | FY 3/24 |
|-----------------------|------------|------------|------------|
| Profitability | | | |
| Gross margin (%) | 29.4 | 29.3 | 29.1 |
| Operating margin (%) | 2.6 | 2.7 | 2.3 |
| Net margin (%) | 1.8 | 1.6 | 1.3 |
| ROIC (%) | 5.3 | 5.6 | 4.0 |
| Liquidity | | | |
| Current ratio (x) | 1.7 | 1.7 | 1.3 |
| Quick ratio (x) | 0.6 | 0.5 | 0.4 |
| Leverage | | | |
| Debt/Equity ratio | 27.9 | 22.8 | 42.5 |
| Net Debt/Equity ratio | 12.9 | 16.3 | 36.9 |

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