COMPANY RESEARCH AND ANALYSIS REPORT

Sanyei Corporation

8119

Tokyo Stock Exchange Standard Market

15-Jan.-2024

FISCO Ltd. Analyst
Hideo Kakuta

FISCO Ltd.
https://www.fisco.co.jp

Index

Summary 01

1. 1H FY2023 results 01
2. FY2023 results forecast 02
3. Growth strategy 02
4. Shareholder return policy 02

Company profile 03

1. Company profile and history 03
2. Business composition 04

Business overview 05

1. Trends in the Furniture and Houseware Business 05
2. Trends in the Fashion Accessories Business 05
3. Trends in the Home Appliance Business 05

Business performance trends 06

1. Overview of 1H FY2023 results 06
2. Financial indicators 07

Outlook 07

Growth strategy 08

1. Medium-term management strategy 08
2. Progress on reviewing the Group’s business structure and business portfolio 09
3. Progress on promoting new initiatives promptly 09

Shareholder return policy 10

Summary

In 1H FY2023, a major return to the black despite lower sales. For FY2023, all profit figures upwardly revised and major profit increase expected

Sanyei Corporation <8119> is a multifunctional trading company specializing in high-value-added products with a history of 76 years. The Company handles a full range of lifestyle consumer goods and covers an expansive supply chain spanning manufacturing, imports and exports, wholesale, and retail. The group has 17 overseas locations and 44 directly managed retail stores in Japan. The Company stands out in terms of its coverage of high-value added products, including the introduction of differentiated European brands to Japan and OEM supply of products to customers, such as Ryohin Keikaku Co., Ltd. <7453>, which operates MUJI. In terms of Sanyei business model, OEM Business represents about 70% of net sales, and the Brand Business about 30% of net sales. It has three main business segments—Furniture and Houseware Business (46.0% of sales in 1H FY2023), Fashion Accessories Business (38.1%), and Home Appliance Business (10.8%).

1. 1H FY2023 results

In the 1H FY2023 consolidated results, net sales were ¥17,048mn (down 6.3% year on year (YoY)), operating profit was ¥459mn (¥285mn loss in 1H FY2022), ordinary profit was ¥560mn (¥238mn loss in 1H FY2022), and profit attributable to owners of parent totaled ¥510mn (loss of ¥283mn in 1H FY2022), as both sales and profits exceeded initial forecasts. For sales, the Fashion Accessories Business produced higher sales but the Furniture and Houseware Business saw sales decline, so compared to 1H FY2022, sales were down slightly on a companywide basis. In the Fashion Accessories Business, there was increased service consumption, such as eating out and travelling, and there was increased demand for products related to going out and travel against a backdrop of a recovery in inbound demand. In the Furniture and Houseware Business, stay-at-home demand, which was rampant during the COVID-19 pandemic, dropped off and at overseas sites stagnation in the European economy had an impact. Operating profit achieved a major increase, growing by ¥744mn YoY to ¥459mn owing to increased sales in the Fashion Accessories Business, progress of structural reforms, and increased productivity at self-owned factories in the Home Appliance business. Ordinary profit and profit attributable to owners of parent both performed well.

2. FY2023 results forecast

For the FY2023 consolidated results, the Company forecasts net sales to decrease 9.5% YoY to ¥35,000mn, operating profit to increase 97.4% to ¥470mn, ordinary profit to grow 131.8% to ¥600mn, and profit attributable to owners of parent of ¥300mn (¥158mn loss in FY2022), so the Company's forecast for profit has been upwardly revised by a large margin compared to the start of the year. On the sales front, the initial forecast has been downwardly revised ¥1,000mn due to lower sales in 1H. Since COVID-19 has subsided (hereafter, "post-pandemic"), demand has seen a recovery, but depending on the product category and the region, demand is expected to decline. In the Furniture and Houseware Business, there was a downward reaction to stay-at-home demand and Europe's economy is stagnating, so the Company is assuming lower sales. In the Fashion Accessories Business, going out and travel demand is expected to drop in 3Q and onwards and business restructuring is in progress at brand sales companies. On the profit front, forecasts have been upwardly revised by ¥350mn for operating profit (to ¥470mn), ¥400mn for ordinary profit (to ¥600mn) and ¥270mn for profit attributable to owners of parent (to ¥300mn). Although profit will decline in the mainstay Furniture and Houseware Business, the Company is expecting profit to increase as the effects emerge of restructuring and improving other business segments. We at FISCO believe that a net sales forecast of ¥17,951mn, operating profit forecast of ¥10mn, and expected declines in sales and profit from the same period of the previous year are somewhat conservative.

3. Growth strategy

The Company commenced its new medium-term management strategy SANYEI 2025 that ends in FY2025. Quantitative targets are sales of ¥50.0bn and ordinary profit of ¥2.0bn. For its key strategy to "review the Group's business structure and business portfolio," measures are accelerating. The Company decided to dissolve and liquidate the subsidiary Essen Corporation, which imports and sells the German tableware brand Villeroy & Boch. The market for tableware is smaller than the market for cooking appliances, competition is fierce, and sales had been declining. BENEXY CORPORATION, a subsidiary that handles BIRKENSTOCK, is in the midst of changing the store format from BIRKENSTOCK to BENEXY and Quorinest, which are multi-brand stores, and plans to complete all stores by September 2024. The attending challenges are to create store appeal after the format change by continuing to launch products and raise recognition. L&S Corporation, which handles Kipling, is making progress in reducing the number of stores, changing it policy to focus on wholesale, and developing new sales routes, with profitability steadily increasing. Although the degree of progress differs, the Company continues to conduct selection and concentration and the effects of these improvements are emerging.

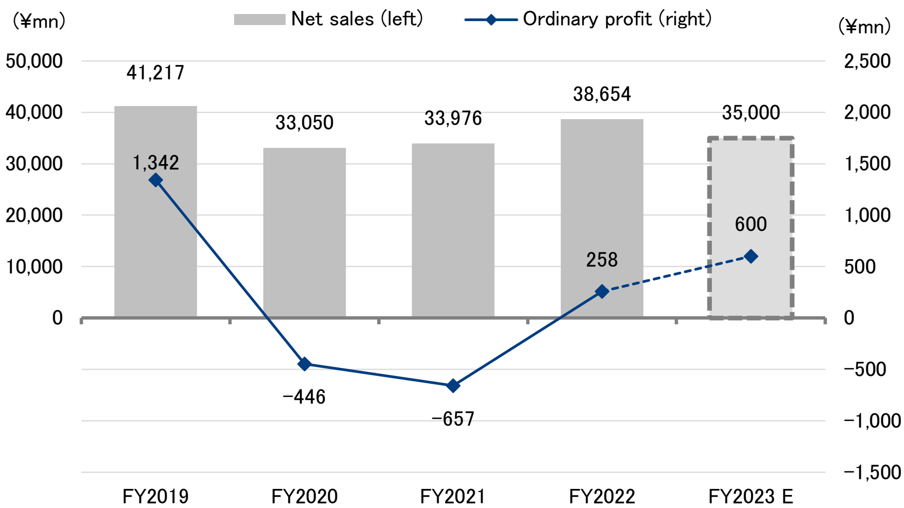
4. Shareholder return policy

The Company considers the appropriate return of profits to shareholders as one of the most important management issues. It determines the dividend comprehensively, taking into account factors such as its financial position, future earnings trends, and demand for funds. Regarding dividends, under its corporate philosophy of "Zuien" (connection-i.e., the bonds), dividends are paid as continuously as possible so that the Company's shareholders can hold shares with confidence over the long term. The Company paid an annual dividend of ¥160 in FY2018 before the pandemic, but with business slumping because of the pandemic, a fixed dividend of ¥20 annually was maintained from FY2020 to FY2022. The Company plans to pay an annual dividend of ¥20 for FY2023 (¥10 interim, ¥10 year-end) (as initially forecasted). FISCO expects the dividend to be boosted depending on results in 2H.

Key Points

- In 1H FY2023, outgoing and travel-related products saw demand recover and progress made on restructuring stores and factories led to major profit growth
- Company has upwardly revised its FY2023 forecasts to sales of ¥35,000mn and ordinary profit of ¥600mn. Lays a foundation for growth while continuing structural reform
- The new medium-term management strategy, which is aiming for ordinary profit of ¥2.0bn in three years, is off to a steady start. Structural reforms are bearing fruit and new product launches are being accelerated

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

A multi-function company that manufactures and sells worldwide high-quality lifestyle products on the theme of health and the environment

1. Company profile and history

Established as an exporter of accessories in Osaka in 1946 shortly after World War II, the Company has a history of 76 years. Today, it carries a full range of consumer lifestyle goods and covers an expansive supply chain spanning manufacturing, imports and exports, wholesale, and retail. It has grown to be a multifunctional trading company with 17 overseas locations and 44 directly managed domestic retail stores. The Company stands out in terms of its coverage of products with high added value based on the theme of "health and the environment," including the introduction of differentiated European brands to Japan and OEM supply of unique products to clients, such as Ryohin Keikaku (MUJI). The Company is a global enterprise that deal with products at domestic and overseas sites and sells them in the Japanese and overseas markets, based on the concept of offering "enhancing health and enriching life through lifestyle goods."

In personnel matters, the Company announced the promotion of Mr. Masaki Mizukoshi to the position of President and CEO from January 2022, and it transitioned to a new management system. Mr. Mizukoshi, who was formerly an employee of Sumitomo Corporation <8053>, will make use of his abundant experience and knowledge, including wholesale, retail, e-commerce and online shopping, targeting business development over the next 10 years. Former President Noriyuki Kobayashi, who has led the Company for over 10 years, continues to participate in management as Chairman. The Company is listed on the Standard Market following the Tokyo Stock Exchange market segment restructuring in April 2022.

2. Business composition

The Company's business segments are categorized as the Furniture and Houseware Business, the Fashion Accessories Business, the Home Appliance Business, and Others. The Furniture and Houseware Business includes MINT, the furniture and interior goods e-commerce brand, mainly procedures OEM products for major domestic and overseas companies. The Fashion Accessories Business conducts import sales of brand products to which it has the sales rights, such as BIRKENSTOCK sandals and shoes and Kipling bags, and also domestic and overseas OEM Business. The Home Appliance Business consists of OEM product procurement and Brand Business, and the brands it focuses on are Vitantonio, which are cooking appliances, and mod's hair, which are beauty appliances. The Others segment consists of pet stores, veterinary hospitals, and other businesses. In 1H FY2023, the Furniture and Houseware Business accounted for 46.0% of sales, the Fashion Accessories Business 38.1%, the Home Appliance Business 10.8%, and other businesses 5.1%.

The Company has two business models: Brand Business and OEM Business. The Brand Business mainly promotes wholesale and retail business in Japan for overseas brands and the Company's own brands. It mainly carries brands with strong histories that have not yet been introduced in Japan, while in recent years the Company has proactively introduced new sustainable brands. The Brand Business accounted for about 30% of overall sales in 1H FY2023, and the Company aims to increase the ratio of the Brand Business to broaden business in the consumer lifestyle product category. The OEM Business makes up around 70% of all sales. It provides various procurement services, such as review of product specifications for goods that meet the needs of client companies, manufacturer selection, price negotiation, production management, and export/import and logistics. The Company has strengths in the manufacturing network in Asia built through overseas initiatives over many years and production management by its own staff.

Business overview

There are two business models: OEM Business from major clients such as Ryohin Keikaku, and store sales with a focus on imported brands

1. Trends in the Furniture and Houseware Business

The Furniture and Houseware Business is the Company's largest business segment. In this segment, OEM Business accounts for around 90% of net sales and has grown alongside the growth of the major clients, such as Ryohin Keikaku (MUJI). The Company's own e-commerce interior shops, such as MINT, have been growing remarkably in recent years. They sell more than 1,000 items on Rakuten and Yahoo! Shopping, and meet the needs of consumers for items at reasonable prices, including good quality beds and mattresses, antique-style furniture, interior goods, garden exterior and outdoor goods. The Company owns a furniture and interior goods manufacturing factory in Malaysia (approximately 4,000m^2) which serves as a development base for ODM proposals in addition to the Company's own brand products and manufacturing of OEM products.

2. Trends in the Fashion Accessories Business

The Fashion Accessories Business is a potentially profitable segment, with the Brand Business having a large presence, accounting for about 50% of net sales. The largest brand the Company handles is BIRKENSTOCK, a comfortable shoe and sandal brand with more than 240 years of tradition in Germany, and its subsidiary BENEXY CORPORATION is engaged in the retail sales business, and it is supported by deep-rooted fans even in the price range of around ¥10,000 and is sold in shopping centers and at direct sales locations within major department stores, and e-commerce. As many customers use the products for a long period of time, the Company provides its own full range of after-sales services. The business has seen earnings deteriorate over the past few years due to the subsidence of the BIRKENSTOCK boom and the difficulty in attracting customers due to COVID-19. However, profits recovered significantly in 1H FY2023 by closing unprofitable stores and improving the sales capabilities of staff and sales personnel. The number of stores has been reduced from 65 directly managed stores as of March 31, 2019 to 31 as of June 30, 2023. The Company is proceeding with changing the store format from BIRKENSTOCK into directly managed multi-brand stores BENEXY and Quorinest, which is scheduled to be completed in September 2024.

3. Trends in the Home Appliance Business

In the OEM Business, the Chinese subsidiary SUNFAT ELECTRIC MANUFACTURING (DONGGUAN) CO., LTD., and the Hong Kong subsidiary SUNFAT ELECTRIC MANUFACTURING COMPANY LIMITED manufacture and export home appliances. In the Brand Business, the segment plans and sells its own Vitantonio brand of cooking appliances, beauty appliances brand "mod's hair," and cooking appliances brand "MULTI CHEF." For the Vitantonio brand, hot sandwich makers and cordless portable blenders have been selling well. It has gained popularity as a unique brand offering products that allow users to make hot sandwiches and original drinks at home. Post-pandemic has also resulted in increased domestic demand for beauty appliances. The mod's hair products include hairdryers and hair irons as well as a compact ion heat brush, for which sales have been strong. Segment earnings are currently being squeezed by a decline in plant utilization rate, but recovery is progressing.

Business performance trends

1H FY2023 saw sales decline, but there were major profit increases thanks to a recovery in demand for outgoing-related products and progress made in restructuring stores and factories

1. Overview of 1H FY2023 results

In the 1H FY2023 consolidated results, net sales were ¥17,048mn (down 6.3% YoY), operating profit was ¥459mn (¥285mn loss in 1H FY2022), ordinary profit was ¥560mn (¥238mn loss in 1H FY2022), and profit attributable to owners of parent totaled ¥510mn (loss of ¥238mn in 1H FY2022), as both sales and profits exceeded initial forecasts.

Regarding net sales, the Fashion Accessories Business was up ¥1,888mn YoY, but the Furniture and Houseware Business was down ¥2,978mm, so there was a decline in sales overall. In the Fashion Accessories Business, service consumption increased, including eating out and travelling, and with the recovery in inbound demand as backdrop demand for outgoing and travel-related products increased. At the same time, in the Furniture and Houseware Business, stay-at-home demand, which was rampant during the pandemic, dropped off, and at overseas sites, slowing in the European economy had an effect, so sales were down. In the Home Appliance Business, beauty appliances performed well, but cooking appliances suffered from contraction in stay-at-home demand, which led to a decrease in sales. Overall, entering the post-pandemic period, demand for outgoing-related products (travel, beauty, etc.) was up, but stay-at-home demand was down, which had the bigger impact, so overall sales were down slightly.

Gross profit increased by 8.9% YoY and the gross margin increased 3.8 percentage points to 27.3%. This was attributable to increased sales in the Fashion Accessories Business, improved profit from progress on structural reforms, and improvement in production efficiency at self-owned plants in the Home Appliances Business. SG&A expenses were reduced by ¥364mn, or 8.0%, by reducing store expenses and lowering depreciation related to core Group systems. This resulted in operating profit rising ¥744mn YoY to ¥459mn, a major gain. Ordinary profit also improved by a large margin as operating profit went into the black and there were foreign exchange gains. Profit attributable to owners of parent went up ¥794mn to ¥510mn.

1H FY2023 results (consolidated)

(¥mn)

	1H FY2022		1H FY2023		YoY	
	Results	% of sales	Results	% of sales	Change	Change (%)
Net sales	18,203	100.0%	17,048	100.0%	-1,154	-6.3%
Cost of sales	13,929	76.5%	12,394	72.7%	-1,534	-11.0%
Gross profit	4,274	23.5%	4,654	27.3%	380	8.9%
SG&A expenses	4,560	25.1%	4,195	24.6%	-364	-8.0%
Operating profit	-285	-1.6%	459	2.7%	744	-
Ordinary profit	-238	-1.3%	560	3.3%	798	-
Profit attributable to owners of parent	-283	-1.6%	510	3.0%	794	-

Source: Prepared by FISCO from the Company's financial results

The Company's equity ratio was over 50% and net assets were over ¥10.0bn. The Company maintained its financial soundness based on the capital accumulation to date

2. Financial indicators

Financial indicators as of September 30, 2023 were maintained at a high level. The current ratio was 350.4% and equity ratio was 57.7%. The Company's finances are sound with a high level of safety. Cash and deposits were ¥4,094mn, interest-bearing debt was ¥4,158mn, and total net assets were ¥11,301mn. Over the past several years, the Company's results had stagnated due to the pandemic, but it maintained financial soundness through its accumulation of capital in the past. Going forward, it is expected to further strengthen its financial position.

Outlook

For FY2023, major upward revision to profits. Solidifying foundation for growth while continuing structural reforms

For the FY2023 consolidated results, the Company forecasts net sales to decrease 9.5% YoY to ¥35,000mn, operating profit to increase 97.4% YoY to ¥470mn, ordinary profit to grow 131.8% YoY to ¥600mn, and profit attributable to owners of parent of ¥300mn (¥158mn loss in FY2022), so the Company's forecast for profit has been upwardly revised by a large margin compared to the start of the year. FY2023 is the first year of the Company's new medium-term management strategy SANYEI 2025, and has been identified as a year for laying a solid foundation.

Net sales were downwardly revised by ¥1,000mn from the initial forecast due to the decline in net sales in 1H. Although demand is recovering post-pandemic, there are expected to be slumps in demand depending on the product category and region. In the Furniture and Houseware Business, a decline in net sales is assumed based on a downward reaction to previous stay-at-home demand and slowing in European markets. In the Fashion Accessories Business, going out and travel demand is expected to decline in 3Q and onward and it is expected that business restructuring will be taking place at brand sales companies. The net sales progress rate as of the end of 1H for net sales was 48.7%. On the profit front, forecasts have been upwardly revised by ¥350mn for operating profit (to ¥470mn), ¥400mn for ordinary profit (to ¥600mn) and ¥270mn for profit attributable to owners of parent (to ¥300mn). Profit is expected to decline in the mainstay Furniture and Houseware Business, but higher profit overall is expected to be achieved as the effects of structural reforms and improvements in other business segments are expected to emerge. In the Fashion Accessories Business, which is a profit driver, structural reforms to subsidiary L&S Corporation are expected to make headway and improve segment profit. In the Home Appliance Business, the average unit price is expected to climb thanks to launching new products in cooking appliances and beauty appliances.

FISCO believes that 2H forecasts of net sales of ¥17,951mm and operating profit of ¥10mn, which are lower than FY2022, are somewhat conservative. Short-term points of focus are trends in stay-at-home demand in the Furniture and Houseware category and the success or failure of moving the BIRKENSTOCK brand to multi-brand stores.

Forecast for FY2023 consolidated results

(¥mn)

	FY2022		FY2023			YoY		1H progress rate
	Results	% of sales	Pre-revision forecast	Forecast	% of sales	Change	Change (%)	
Net sales	38,654	100.0%	36,000	35,000	100.0%	-3,654	-9.5%	48.7%
Operating profit	238	0.6%	120	470	1.3%	231	97.4%	97.7%
Ordinary profit	258	0.7%	200	600	1.7%	341	131.8%	93.4%
Profit attributable to owners of parent	-158	-0.4%	30	300	0.9%	458	-	170.0%

Source: Prepared by FISCO from the Company's financial results

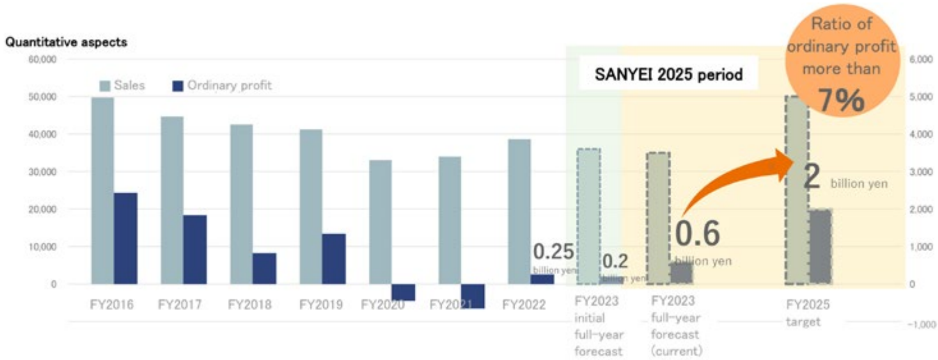
Growth strategy

New medium-term business strategy calls for ordinary profit of ¥2.0bn in FY2025. Effects of restructuring emerging; launch of new products accelerating

1. Medim-term management strategy

The Company commenced a medium-term management strategy, SANEYI 2025, which runs from FY2023 to FY2025. It targets net sales of ¥50.0bn, ordinary profit of ¥2.0bn and an ordinary margin of 4.0%. Looking back at the Company's past, in FY2016, it has net sales of ¥49,785mn and ordinary profit of ¥2,436mn, so these quantitative targets are not unachievable. The Company set forth four key strategies: 1) Reviewing the Group's business structure and business portfolio, 2) Promoting new initiatives promptly, 3) Work-life balance, and 4) Strengthening governance. The following is an example of reviewing the Group's business structure and business portfolio. Results in the Home Appliance business have been slumping due to declines in factory utilization ratios, and the Company has started deploying dedicated sales staff and restructuring the brand positioning for Vitantonio cooking appliances. Early results can be expected. With regard to promoting new initiatives promptly, the focus is on the Company's expanding and strengthening of its online business, expanding sales of environmental products, and developing markets overseas with an emphasis on China and Southeast Asia.

Quantitative targets and results under SANYEI 2025



Source: Prepared by FISCO from the Company's financial results briefing materials

2. Progress on reviewing the Group's business structure and business portfolio

With regard to reviewing the Group's business structure and business portfolio, this is a project whose initiatives began from before the start of the new medium-term management strategy, and measures are being accelerated. The Company decided to dissolve and liquidate Essen Corporation, which imports and sells the German tableware brand Villeroy & Boch. The market for tableware is small compared to cooking appliances, competition is fierce, and sales had been stagnating. At BENEXY, the Company is changing the store format from BIRKENSTOCK to multi-brand stores BENEXY and Quorinest. It plans to have all stores completed by September 2024. An issue with regard to this is creating appealing stores in the new format by continuing to launch products and raise recognition. L&S Corporation is reducing its number of stores, changing its focus to wholesale, and developing new sales channels, and profitability has been steadily increasing. (Profit expected to improve by over ¥0.1bn YoY for the full year). Progress though has varied. The Company is continuing with selection and concentration as it has done in the past, and the results of improvements seem to be emerging.

Reviewing the Group's business structure and business portfolio: progress examples

Affected subsidiaries	Issues to date	Measures/direction	Challenges going forward
Essen Corporation (Import and sale of Villeroy & Boch of Germany since 2017)	Tableware market smaller than cooking appliances, competition fierce, sales slumping	Decision to dissolve and liquidate	The Company will inherit the business and developing it efficiently
BENEXY (mainly retail sales of BIRKENSTOCK products)	Per-store sales contracting, profit worsening	Scrap & build (almost completely) Change format from BIRKENSTOCK to BENEXY and Quorinest (by Sept. 2024)	Create appealing stores after the format change by continuing to launch products and raise recognition
L&S Corporation (Handles Kipling)	Low profitability	Reduce number of stores and switch policy to focus on wholesale Develop new sales routes	Major tele-shopping event (in 1H) Collaboration with popular characters and Japan-only events

Source: Prepared by FISCO from the Company's financial results briefing materials and interviews

3. Progress on promoting new initiatives promptly

Regarding promoting new initiatives promptly, the Company launched an online retail shop and accelerated the launch of new products, etc. Regarding a brand of focus, the new company brand BENEXY began launching new products in October 2023. The brand has a new original footwear brand launched by BENEXY, which has over 20 years of experience in the feet of consumers through footwear sales and repair. The initial lineup includes Minimal Basic Clogs 270, Hybrid Laceup Shoes 360, and The Crew Socks arch support tabi socks. They all strive to have basic design and comfort for universal appeal.

A new pivot for overseas development is Tsuboe Co., Ltd., a long-standing metal grater maker in Tsubame City, Niigata Prefecture, with whom the Company entered into a contract for exclusive sales in Europe. Sales have begun in Europe by SANYEI (DEUTSCHLAND) G.m.b.H. Products made by traditional Japanese techniques are highly popular in Europe, and the weak yen is acting as a tailwind, so a business model based on export from Japan is expected. Having a diverse, multifunction portfolio makes it possible to flexibly and speedily conduct development, including the launch of new products.

Progress on promoting new initiatives promptly

Source: Prepared by FISCO from the Company's financial results briefing materials

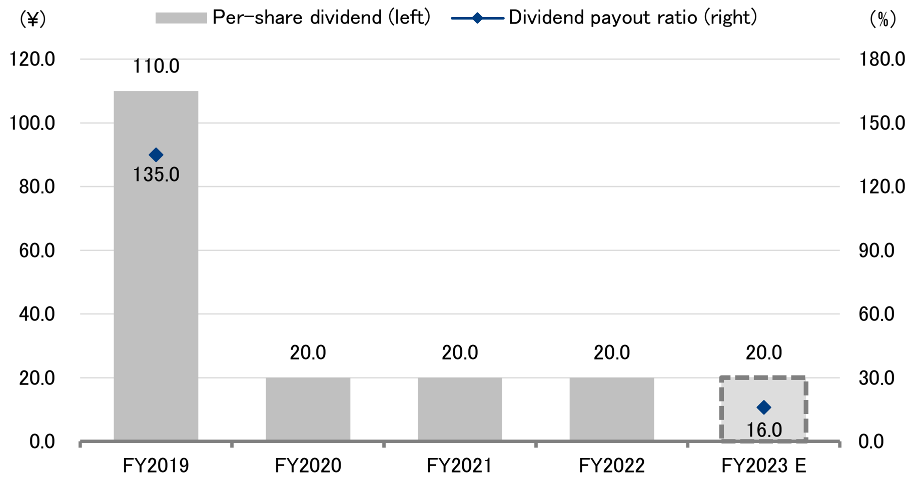
Shareholder return policy

The Company's policy is to pay stable dividends. It forecasts a dividend of ¥20 per share in FY2023

The Company considers the appropriate return of profits to shareholders as one of the most important management issues. It determines the dividend comprehensively, taking into account factors such as its financial position, future earnings trends, and demand for funds. Under its corporate philosophy of "Zuien" (connection-i.e., the bonds), dividends are paid as continuously as possible so that its shareholders can hold shares with confidence over the long term. The Company paid an annual dividend of ¥160 in FY2018 before the pandemic, but with business slumping because of the pandemic, a fixed dividend of ¥20 annually was maintained from FY2020 to FY2022. The Company plans to pay an annual dividend of ¥20 for FY2023 (¥10 interim, ¥10 year-end) for a dividend payout ratio of 16.0%. FISCO expects the dividend to be boosted if the Company can achieve its profit forecast.

The Company operates a shareholder benefit program. Shareholders as of the shareholder benefit reference date (March 31, 2024) will enjoy benefit points according to the number of shares held and length of time held, which can be exchanged for discounted products. In FY2023, benefit points could be exchanged for 1) Company group products, 2) discount vouchers that can be used at the groups directly managed stores, 3) discount coupons that can be used at designated online stores, 4) original QUO cards, and 5) donated to designated social contribution activities.

Per-share dividend and payout ratio



Source: Prepared by FISCO from the Company's financial results

FISCO

Disclaimer

FISCO Ltd. ("FISCO") offer stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Stock Exchange and Nikkei Inc.

This report is provided solely for the purpose of offering information, and is not a solicitation of investment nor any other act or action.

FISCO prepared and published this report based on information which it considered reliable; however, FISCO does not warrant the accuracy, completeness, fitness nor reliability of the contents of this report or the said information.

The issuers' securities, currencies, commodities, securities and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be made based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report has been prepared at the request of the company subject hereto based on the provision of information by such company through telephone interviews and the like. However, the hypotheses, conclusions and all other contents contained herein are based on analysis by FISCO. The contents of this report are as of the time of the preparation hereof, and are subject to change without notice. FISCO is not obligated to update this report.

FISCO and its affiliated companies, as well as the directors, officers and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report upon accepting the above points.

■ For inquiry, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp