

Sanyei Corporation

8119

TSE JASDAQ

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FISCO Ltd.

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Summary

Sales increased by double digits in 1H FY2022. Signs of recovery in consumer sentiment and steady progress in reforms at subsidiary BENEXY.

Sanyei Corporation <8119> is a multifunctional trading company specializing in high-value-added products with a history of over 70 years. The company handles a full range of consumer lifestyle products and covers an expansive supply chain spanning manufacturing, imports and exports, wholesale, and retail. The group has 18 overseas locations and 64 directly managed stores in Japan. The Company stands out in terms of its coverage of products with high added value, including the introduction of differentiated European brands to Japan and OEM supply of unique products to customers, such as Ryohin Keikaku Co., Ltd. <7453>, which operates MUJI. In terms of its business model, OEM products represent about 70% of sales. It has three main business segments—Furniture and Houseware Business (62.7% of overall sales in 1H FY2022), Fashion Accessories Business (21.7%), and Home Appliance Business (10.8%).

1. 1H FY2022 consolidated results

In the 1H FY2022 consolidated results, net sales were ¥16,279mn (up 14.0% year-on-year (YoY)), with an operating loss of ¥358mn (a loss of ¥810mn YoY) period in the previous fiscal year), ordinary loss of ¥242mn (a loss of ¥751mn), and a loss attributable to owners of parent of ¥375mn (a loss of ¥794mn). The business is recovering steadily, exceeding our initial expectations. In 2Q nonconsolidated results, the operating loss decreased compared to the 1Q as the company recovered from the impact of the outbreak of the new coronavirus (hereinafter, COVID-19 pandemic). Net sales were driven by the increase in sales in the Furniture and Houseware Business, up ¥3,029mn YoY. The main factors were the improvement of ordering conditions in the OEM business against the backdrop of the rapid recovery of economic activities overseas and on top of stay-at-home demand within Japan. Sales also grew, including sales by MINT, which is the furniture and interior goods online shop that is the subject of the Company's focus. Operating profit improved significantly, increasing ¥451mn YoY. This was mainly because the company made progress in reducing SG&A expenses by consolidating stores in its Brands business, although the gross profit margin declined due in part to higher raw material prices.

2. FY2022 consolidated results (forecast)

In the FY2022 consolidated results, the Company is forecasting a recovery to a certain extent even though the impact of the COVID-19 pandemic will remain, with net sales set to increase 8.9% YoY to ¥36,000mn, operating profit of ¥100mn (compared to a loss of ¥709mn in the previous period), ordinary profit of ¥100mn (a loss of ¥446mn), and profit attributable to owners of parent of ¥10mn (a loss of ¥717mn). In the 1H, net sales increased and exceeded the initial forecast, but the full fiscal year forecasts have been left unchanged. The progress rate for the full fiscal year net sales forecast up to the 1H was 45.2%, so it is considered to be fully achievable. BENEXY Corporation, the subsidiary in charge of retail sales of BIRKENSTOCK, has completed its plan to reduce the number of unprofitable stores by the end of FY2022, and no further factors contributing to lower sales are expected. Operating income for the second half of the year is expected to be ¥458mn (compared to a profit of ¥100mn YoY), with a clear upward trend for the full year. Although a certain amount of economic turmoil, such as rising raw material prices, is expected, FISCO believes that the forecast for a return to profitability for the full year is reasonable, taking into account current factors such as the recovery of consumer confidence, progress in BENEXY measures, and the expansion of e-commerce.

Summary

3. Topics

In recent years, the Company has come to handle a large number of brands that promote environmental consciousness and sustainable value. In addition, based on the concept of “more earth-friendly,” we are promoting the “Our EARTH Project” to provide brands, products, materials, and services that match the keywords of “sustainable” and “ethical” to realize a sustainable society. As part of this effort, the Company has recently signed an exclusive distribution agreement in Japan with e.dye Ltd. (Headquarters: Hong Kong). e.dye’s technology can reduce the water used in the textile dyeing process by 85% and the chemicals by 90%, thus minimizing the environmental impact. It also has more than 5,000 color arrangements through the use of its proprietary digital color management system, and is able to reproduce a wide range of colors. According to the Company, it received tremendous positive responses when it exhibited and introduced its products at the Sustainable Fashion Expo held in October 2021. For the Company, this is a full-scale entry into the new field of wholesaling environmental materials, and we look forward to future developments.

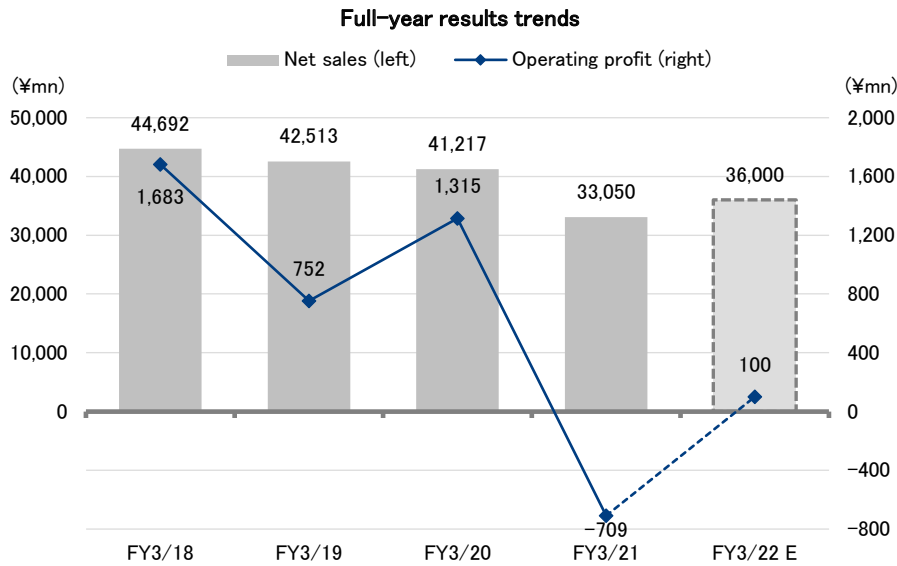
4. Shareholder return policy

The Company considers the appropriate return of profits to shareholders as one of the most important management issues. Dividends are determined by comprehensively taking into account the Company’s financial situation, future performance trends, capital needs, and other factors. It is the Company’s policy to pay dividends as continuously as possible so that our shareholders can hold our shares with confidence over the long term. FY2022 dividends are expected to be ¥20 per share, consisting of an interim dividend of ¥10 and a year-end dividend of ¥10. The Company’s Board of Directors has resolved to apply for listing on the “Standard Market” in conjunction with the integration of the three markets of the Tokyo Stock Exchange, Inc. from April 2022.

Key Points

- In the 1H FY2022 results, sales increased by double digits, driven by OEM and e-commerce in the Furniture and Houseware Business Segment. Profitability also recovered significantly due to the reduction in SG&A expenses because of the consolidation of brand stores
- The Company is forecasting net sales to increase 8.9% YoY to ¥36bn, and a transition to profitability
- It’s introducing new brands that are considerate to the environment. Attention is focusing on the e.dye anhydrous dyeing technologies and Formio furniture for children that can be used for a long time
- The Company is forecasting a ¥20 annual dividend (interim dividend = ¥10; year-end dividend = ¥10) in FY2022

Summary



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

Company profile

The Company is a multifunctional trading company that globally manufactures and sells “lifestyle goods that enhance health and enrich life” based on the theme of “health and 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 more than 70 years. Today, it carries a full range of consumer lifestyle products and covers an expansive supply chain spanning manufacturing, imports and exports, wholesale, and retail. It has grown to be a multifunctional trading company with 18 overseas locations and 64 directly managed domestic retail stores. The Company stands out in terms of its coverage of products with high added value, 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 manufactures products at domestic and overseas sites and sells them in the Japanese and overseas markets, based on the concept of offering “lifestyle goods that enhance health and enrich life.”

In personnel matters, the Company announced the promotion of Mr. Masaki Mizukoshi to the position of President and COO from January 2022, and it will renew the management system. Mr. Mizukoshi, who was formerly an employee of the Sumitomo Corporation Group, will make use of his abundant experience and knowledge, including wholesale, retail, e-commerce and mail order sales, targeting business development over the next 10 years. Current President Kobayashi Noriyuki, who has led the Company for over 10 years, will continue to participate in management in the future as the Chairman and CEO.

2. Business composition

The Company's business segments are the Furniture and Houseware Business, the Fashion Accessories Business, the Home Appliance Business, and Others. The Furniture and Houseware Business mainly procures OEM products for major Japanese and foreign companies, and the furniture e-commerce brand MINT is also included in this segment (percentage of total net sales in 1H FY2022: 62.7%). 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 (percentage of total net sales: 21.7%). The Home Appliance Business consists of OEM product procurement and a brand business, and the brands it focuses on are Vitantonio, which are cooking appliances, and mod's hair, which are beauty appliances (percentage of total net sales, 10.8%). The Others segment consists of pet stores and other businesses (percentage of total net sales: 4.8%).

The Company has two business models: brand business and OEM business. The brand business mainly promotes wholesale and retail activity in Japan for overseas brands and the Company's own brands. It 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 business has a generally higher profitability than the OEM business. The Company aims to expand the brand business from 31.6% of overall sales in 1H FY3/22 to about 40% in future years. The OEM business provides various procurement services, such as review of product specifications for products 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 (68.4% (1H FY3/22) of overall sales).

■ Business overview

There are three main business segments: Furniture & Housewares, Fashion & Miscellaneous Goods, and Home Appliances. For each of these business segments, there are two business models: OEM business from major clients such as Ryohin Keikaku, and Brand business consisting of in-store sales, mainly of 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 has grown alongside the growth of the major clients, such as Ryohin Keikaku (MUJI). For Brand Business, the subsidiary Essen Corporation mainly deals with German tableware brand Villeroy & Boch and also the Company's own e-commerce interior shops, such as MINT, are growing remarkably. 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, and interior goods. Sales have grown rapidly during the COVID-19 pandemic, benefitting from Stay-home consumption, and net sales increased to a scale of ¥4bn in FY2021. In March 2019, the Company's own furniture and interior goods manufacturing plant in Malaysia (approximately 4,000m²) started operations. It serves as a development base for ODM proposals in addition to manufacturing OEM and the Company's own brand products.

2. Trends in the Fashion Accessories Business

The fashion accessories business is an inherently profitable segment, with the brand business having a large presence, accounting for about 50% of sales. The largest brand the Company handle is BIRKENSTOCK, a comfortable shoe and sandal brand with more than 240 years of tradition in Germany, and our subsidiary BENEXY 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 through 47 directly managed 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 and their directly-managed stores are located in shopping centers and major department stores that have the ability to attract customers. In FY2021, this business posted a loss, as temporary subsidence of the boom and the occurrence of cannibalization among stores, mainly in urban centers, and the difficulty in attracting customers due to the COVID-19 pandemic. In FY2021, this business posted a loss as the temporary subsidence of the boom and the occurrence of cannibalization among stores, mainly in urban centers, and the difficulty in attracting customers due to the COVID-19 pandemic. However, the number of stores has been reduced from 65 (as of March 31, 2019) to 47 (December 2021) as the company is improving profitability per store through scrap and build of stores followed by closure of unprofitable stores.

3. Trends in the Home Appliance Business

In the OEM business, the Chinese subsidiary SANFAT ELECTRIC MANUFACTURING (DONGGUAN) CO., LTD., and the Hong Kong subsidiary SANFAT ELECTRIC MANUFACTURING COMPANY LIMITED manufacture and sell home appliances. In the brand business, the segment plans and sells the Vitantonio brand of cooking appliances, the mod's hair brand of beauty appliances, and the MULTI CHEF brand of professional quality cookware. One brand that has recently been performing well is the Vitantonio, a brand of cooking appliances related to stay-at-home consumption amid the COVID-19 pandemic. In particular, 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. However, demand for beauty appliances is declining as people refrain from going out when they have COVID-19.

Results trends

Double digit sales growth driven by OEM and e-commerce in the Furniture and Housewares business in 1H FY2022. Significant improvement in profit due to reduction of SG&A expenses through integration of brand stores

1. 1H FY/2022 results

In the 1H FY2022 consolidated results, net sales were ¥16,279mn (up 14.0% YoY), the operating loss was ¥358mn (compared to a loss of ¥810mn in the same period in the previous fiscal year), the ordinary loss was ¥242mn (a loss of ¥751mn), and the loss attributable to owners of parent was ¥375mn (a loss of ¥794mn). The results were higher than the initial forecasts and headed into the second half steadily. In the 2Q nonconsolidated results, the operating loss decreased compared to the 1Q and can be understood as recovering from the impact of the COVID-19 pandemic.

Results trends

Net sales were driven by the increase in sales in the Furniture and Houseware Business, up ¥3,029mn YoY. The main factors were the improvement of ordering conditions in the OEM business against the backdrop of the rapid recovery of economic activities overseas and nesting demand within Japan, and that sales grew including sales by MINT, which is the furniture and interior goods online shop that the Company is focusing on. In the Fashion Accessories Business, sales declined in the OEM business and brand business, as there was a slump in travel goods, etc., due to the trend toward self-restraint on travel and going out. In the Home Appliance Business, despite strong sales of cooking appliances on the back of nesting demand, the drop in demand for hairdressing and beauty appliances resulted in a decrease in sales.

In terms of overall trends, there was a clear distinction between the strong performance of products relating to Stay-home demand and the struggles of products relating to going out (travel, beauty, etc.) In the same period in the previous year, there was a period when the retail industry completely closed down due to the declaration of a state of emergency. However, in FY2022, during the declaration of a state of emergency, working hours were reduced but not completely stopped, which led to the increases in sales.

As a result, gross profit increased 4.1% YoY to ¥4,142mn due to the rises in prices of raw materials, and the gross profit margin declined 2.5 percentage points (pp) to 25.4%. SG&A expenses decreased 6.0% to ¥4,501mn because of the progress made in reducing costs, including consolidating stores in the brand business. As a result, the operating loss was ¥358mn, but this was still an increase of ¥451mn YoY. Also, on a 1Q FY2022 nonconsolidated basis, the operating loss was ¥256mn, and on a 2Q FY2022 standalone basis, the operating loss was ¥101mn, so the extent of the loss decreased, confirming that profitability is steadily improving.

1H FY2022 results (consolidated)

	1H FY2021 total		1H FY2022 total			1Q FY2022	2Q FY2022
	Results	% of sales	Results	% of sales	YoY	Results	Results
Net sales	14,276	100.0%	16,279	100.0%	14.0%	7,971	8,308
Cost of sales	10,298	72.1%	12,137	74.6%	17.9%	5,980	6,157
Gross profit	3,978	27.9%	4,142	25.4%	4.1%	1,991	2,151
SG&A expenses	4,788	33.5%	4,501	27.6%	-6.0%	2,247	2,253
Operating profit	-810	-5.7%	-358	-2.2%	-	-256	-101
Ordinary profit	-751	-5.3%	-242	-1.5%	-	-203	-39
Profit attributable to owners of parent	-794	-5.6%	-375	-2.3%	-	-277	-98

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

Amid the headwinds created by the challenging environment due to the COVID-19 pandemic, the Company has maintained financial soundness based on its previous accumulation of capital. Its capital adequacy ratio is over 50%

2. Financial condition and management indicators

As of September 30, 2021, total assets amounted to ¥21,188mn, a decrease of ¥2,866mn from September 30, 2020. Of this, current assets decreased by ¥2,604mn to ¥15,101mn. The main factors were the ¥1,937mn decrease in cash and deposits and the ¥421mn decrease in Notes and accounts receivable and contract assets. Merchandise and finished goods decreased by ¥176mn, as they were controlled. Non-current assets decreased by ¥261mn to ¥6,086mn. The main factor was the ¥136mn decrease in investments and other assets.

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Results trends

Total liabilities decreased by ¥2,603mn to ¥10,100mn. Of this, current liabilities decreased by ¥2,697mn, with the main factor being the ¥1,250mn decrease in short-term borrowings. Non-current liabilities increased by ¥93mn, and there were no major changes. Interest-bearing debt was ¥5,850mn (¥7,100mn as of September 30, 2020). There is still relatively room for more interest-bearing debt when compared to the ¥4,309mn in cash and deposits. Total net assets declined by ¥262mn to ¥11,088mn.

Regarding management indicators as of September 30, 2021, the current ratio was 254.3%, while the equity ratio was 51.8%, which has a high level of safety and soundness. The business environment is adverse due to the impacts of the COVID-19 pandemic, but the Company has capital accumulated from the past, so it has maintained its financial soundness.

Consolidated balance sheet and financial indicators

	(¥mn)			
	March 31, 2020	March 31, 2021	September 30, 2021	Change
Current assets	16,561	17,706	15,101	-2,604
(Cash and deposits)	5,075	6,246	4,309	-1,937
(Notes and accounts receivable – trade, and contract assets)	3,849	3,616	3,195	-421
(Merchandise and finished goods)	6,852	6,970	6,794	-176
Non-current assets	5,632	6,348	6,086	-261
Total assets	22,193	24,055	21,188	-2,866
Current liabilities	6,913	8,637	5,939	-2,697
(Short-term borrowings)	1,908	3,900	2,650	-1,250
Non-current liabilities	3,862	4,067	4,161	93
Total liabilities	10,775	12,704	10,100	-2,603
Total net assets	11,417	11,351	11,088	-262
Total liabilities and net assets	22,193	24,055	21,188	-2,866
<Soundness>				
Current ratio (Current assets / Current liabilities)	239.5%	205.0%	254.3%	49.3pt
Equity ratio (Equity / Total assets)	51.0%	46.7%	51.8%	5.1pt

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

■ Outlook

Sales are expected to increase 8.9% YoY to ¥36.0bn and return to profitability

In the 1H, net sales increased and were higher than the initial forecast, but the full-year forecast has been left unchanged. Since October 2021, the declaration of a state of emergency due to COVID-19 pandemic has been lifted and consumer sentiment has been recovering. Demand for items impacted by the COVID-19 pandemic is expected to recover, including for fashion accessories, travel goods, and beauty appliances. Also, in the 2H, the period from January to March 2022 will be a particularly busy period for products such as for furniture and houseware, so growth is expected. On the other hand, global raw material prices and distribution costs are rising, and there is the aspect that it is difficult to anticipate what the impact of this will be on consumption. For the full fiscal year net sales forecast, the 1H progress rate was 45.2% and it is considered to be fully achievable. Within the activities policies, the items that will lead to an increase in sales include strengthening sales locally by utilizing the Asian bases (including Taiwan, Vietnam, China, and Malaysia), and the further growth of e-commerce, centered on furniture. At FISCO, we think that both are effective policies during the COVID-19 pandemic. During the current period, the subsidiary BENEXY closed 10 unprofitable stores and completed the plan to reduce the store network to 47 stores, and no further decline in sales as a result of this are expected. Rather, the cannibalization among stores has been eliminated and net sales per store have risen by around 30%, so it can be said that the benefits of the reforms are being realized.

For operating profit, the 1H result was a loss of ¥358mn (compared to a loss of ¥810mn in the same period in the previous fiscal year), while the 2H profit forecast is for ¥458mn (profit of ¥100mn in the same period in the previous fiscal year), and the upward trend in profits is expected to become clear across the period. In the brand business, for BENEXY's measures for unprofitable stores, the focus will shift from reducing store numbers to improving quality, and the extent of the loss is forecast to contract significantly. The OEM business is conducting effective measures to increase profits, including toward strengthening sales in the Asia region, such as by establishing local subsidiaries in Vietnam and Taiwan, and thoroughly conducting low-cost operations at the head office and at all subsidiaries in Japan and overseas. A cause for concern is the impact that the global rises in raw material prices and distribution costs will have on purchasing and manufacturing. Already in the 1H, the cost-of-sales ratio rose 2.5pp YoY, and depending on the situation in the future, it could become a factor keeping down profits. At FISCO, we think that while a certain level of economic turmoil is anticipated, such as the rises in the prices of raw materials, the Company's forecasts of returning to profits for the full fiscal year are fully appropriate when considering factors such as the recovery of consumer sentiment, the progress made in BENEXY measures, and the growth of e-commerce.

Annual forecast for FY2022

	FY2021		FY2022				
	Results	% of sales	Forecast	% of sales	Change	YoY	1H progress rate
Net sales	33,050	100.0%	36,000	100.0%	2,949	8.9%	45.2%
Operating profit	-709	-2.1%	100	0.3%	809	-	-
Ordinary profit	-446	-1.4%	100	0.3%	546	-	-
Profit attributable to owners of parent	-717	-2.2%	10	0.0%	727	-	-

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

Growth Strategy and Topics

The company is introducing new brands that are considerate to the environment

1. Introducing new brands that are considerate to the environment

The Company has developed brands that reflect its vision that states: “Based on the theme of ‘Health and Environment,’ we provide enhancing health and enriching life through lifestyle goods.” BIRKENSTOCK, which is the largest brand that it handles, is an environmentally considerate brand of healthy footwear based on ergonomics, created from natural materials and capable of withstanding long periods of use supported by an excellent maintenance system. Moreover, in recent years the Company has started to handle many brands that appeal to consumers/BtoB clients on the basis of environmental consideration and sustainable value, and this is another of its major features.

Based on the “being more Earth-friendly” concept, the Company is moving ahead with the Our EARTH Project, in which it provides brands, products, materials and services that match the keywords of “sustainable” and “ethical” to realize a sustainable society. As one part of these efforts, it has entered into an exclusive sales agreement for Japan with e.dye Ltd. (head office: Hong Kong), which has competitive advantages in anhydrous dyeing technologies, and it has launched sales in Japan. e.dye’s technologies minimize the burden on the environment, including by reducing the water used in the dyeing process of fabric by 85% and chemicals by 90%. It also has more than 5,000 color arrangement through the use of its proprietary digital color management system, and is able to reproduce a wide range of colors. In addition to being able to manufacture small lots, by participating in the supply chain, the Company is able to sell fabrics in stock and can respond even more flexibly for manufacturing lots. According to the Company, it received tremendous feedback when it exhibited and introduced its products at the Sustainable Fashion Expo held in October 2021. For the Company, this marks its fully fledged entry into a new field of wholesales of environmental materials, and developments are expected in the future.

Formio is the Company’s own brand of children’s furniture which was established in 1996. Sales were suspended for a while, but in response to persistent demand from customers, sales were relaunched through the Formio online shop from April 2021. Based on a concept of “A lifetime gift from parents to children,” and these products have won the support of customers thanks to their ergonomic-based designs that support natural and correct posture, and a product lineup that can respond flexibly to body growth and lifestyle changes. They are also sustainable products based on the points that they can be used for a long time and keep down waste, and that all the products are produced by highly skilled Japanese artisans.

The Company’s main brands that are considerate to the environment

Brand name	Summary
BIRKENSTOCK	A German footwear brand with a history of more than 245 years. The products are created from natural materials and can be used for a long time thanks to the enhanced maintenance system.
Kerbholz	A German watch brand created in 2012 that uses natural materials such as wood.
O.T.A	Originating from Paris, France. Minimal leather sneakers with unisex specifications that utilize recycled tires for the sole and were introduced to Japan for the first time.
BOHONOMAD	Originating from Turkey, an eco-friendly brand introduced to Japan for the first time. Vegan rope sandals that are considerate to the environment that use recyclable materials and that are made by hand one item at a time by local women.
kaala	A yoga bag brand founded in Germany in 2020. They are vegan bags made without using any chemicals that are harmful to the human body or to the environment, and without using any materials derived from animals.
WOOLDOT	A brand of wool products founded in Denmark in 2008. No harmful dyes are used. They are manufactured in Kathmandu, Nepal, and contribute to the sustainability of the local economy.
Our EARTH Project	A project to support the conservation of the global environment and the creation of diverse lifestyles through providing sustainable brands, products, materials, and services.
Formio	A children’s furniture brand established in 1996 that was relaunched in 2021. The products can respond flexibly to body growth and changes of lifestyle, and can be used indefinitely.

Source: Prepared by FISCO from the Company’s press release and website

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2. The development of e-commerce

The Company has various distribution channels, but among them, e-commerce is the channel with the greatest growth potential. Of the FY2022 net sales forecast of ¥36bn, e-commerce is expected to provide net sales of ¥5.5bn, or around 15% of total net sales. In particular, the scale of e-commerce for the Furniture and Houseware Business, including the MINT online shop for furniture and interior goods, is large and net sales on a scale of around ¥4.3bn are forecasted. e-commerce is growing in the brand business as well, and in addition to BIRKENSTOCK, Quorinest, and Kipling, it sells other home appliance brands and is expected to reach a business scale of net sales of approximately ¥1.1bn. The Company has also established a new brand for e-commerce. Under the “aromasfa” brand of aroma-related products based on the concept of aromas, it is developing original products, of its original blends of aroma oils and aroma diffusers, that reflect the voices of a wide range of users. It plans to start fully fledged sales on its own website by the middle of December 2021. Going forward, the Company will add to the product lineup, including lifestyle home appliances, and it is targeting e-commerce net sales of ¥10bn in the medium term.

■ Shareholder return policy

The Company expects to pay an annual dividend of ¥20 in FY2022

The Company positions returning profits appropriately to shareholders to be one of its most important management issues. It determines the dividend comprehensively, taking into account factors such as its financial condition, future performance trends, and its demand for capital. It aims to enhance its financial position through accumulating retained earnings and strengthening the management base, in preparation for future business development and unforeseen circumstances. Its policy is also to continuously pay dividends as much as possible so that shareholders can hold shares over the long term with peace of mind. For FY2022, it is forecasting an annual dividend of ¥20 comprised of an interim dividend of ¥10 and a period-end dividend of ¥10. Even during FY2021 when it recorded a significant loss due to the COVID-19 pandemic, it still paid an annual dividend of ¥20, while for 1H FY2022, in which the impact of the COVID-19 pandemic remained, and it recorded a loss. It paid an interim dividend of ¥10 and continues to forecast an annual dividend of ¥20.

From April 2022, the TSE plans to reorganize the market categories into the Prime, Standard, and Growth markets. In July 2021, the Company received the results of the primary resolution on whether the standards to maintain the listing in the new market categories have been met, and it was confirmed that it met the standards to maintain its listing on the Standard Market. In September 2021, the Company's Board of Directors resolved to apply to be selected for the Standard Market. In the future, it plans to move ahead with the predetermined procedure to apply to be selected in the new market categories in accordance with the schedule determined by the TSE.



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