

EDION (2730) – Initiating Coverage

25th January 2024

Capitalising on USPs

Share price: ¥1,611

Market cap: ¥180.4bn

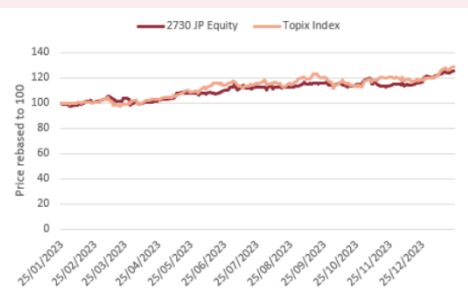
As EDION capitalises on long-established USPs, improving profitability & new sales drivers are likely to propel stock price progress.

Company sector

Specialty Retail (GICS Industry)

Stock data

Price (¥)	1,611
Mkt cap (¥bn)/(\$m)	180.4 / 1221.9
52-week range (¥)	1,248 - 1,637
Shares O/S (m)	112.0
Average daily value (\$m)	2.5
Free float (%)	63.2
Foreign shareholding (%)	6.1
Ticker	2730
Exchange	Tokyo Prime
Net Debt/Equity (x)	net cash



Source: Bloomberg

- **EDION is a major Japanese home appliance retailer with 1,209 stores as of 1H 3/24. Directly managed stores account for approx. 37% & franchise stores 63% to strengthen the brand's dominance. The company has strong ties to the local community compared to other mass retailers.**
- **EDION's USPs are regional dominance, close community connections & a focus on high-level customer service. For example, it employs >1,500 service staff who complete >1.2m repairs per year. Its USPs have left it in a unique position, allowing it to operate its core home appliance business alongside an emerging renovation business.**
- **The company is focusing on sales of higher-margin, higher-priced white goods & PBs, while maintaining customer loyalty through high quality after-sales service. In order to achieve medium to long term growth, EDION is also developing collaborative products with business partner NITORI HOLDINGS (9843).**
- **The Renovation business (ELS) is also a core growth pillar backed by consumer-focused store sales channels, easy to understand packages, & EDION's network of after-sales professionals. The company is targeting sales growth & margin improvement acceleration as it upsells targeted renovation packages.**
- **Lastly, EDION is expanding its E-Commerce business &, despite upfront system investment depreciation weighing on the OPM, the division is set to improve as sales increase.**
- **With a dividend payout ratio policy of >30%, a strong balance sheet, positive FCF, & a P/B ratio of 0.8x, we contend the stock has yet to discount EDION's consistently improving profitability as it capitalises on key USPs established over many years. On 14x FY 3/24 company estimates, we recommend investors book time with senior management: [here](#).**

BUSINESS OVERVIEW

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

Next event:

1-3Q results in Feb 2024.

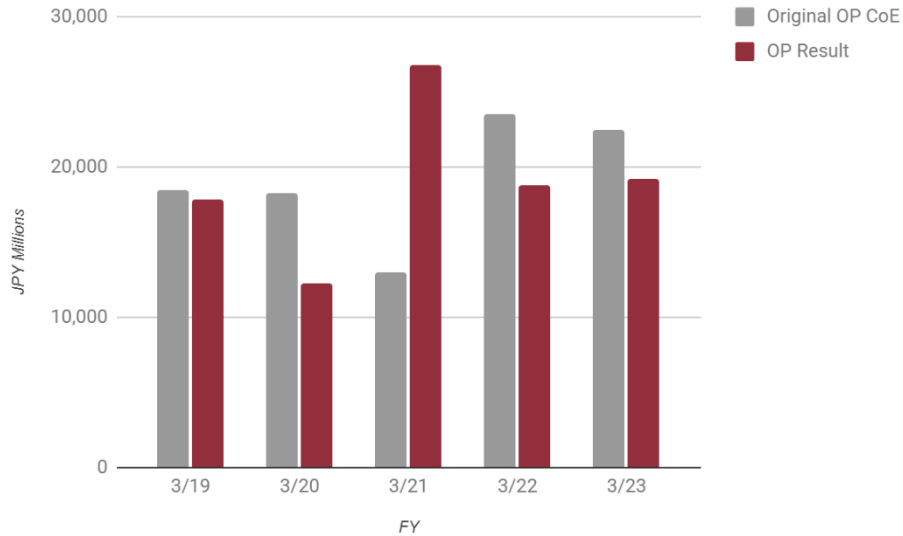
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EDION is a research client of Storm Research

Year end	3/2022	3/2023	1H 3/2024	3/2024E
Sales (¥bn)	713.8	720.6	352.6	745.0
OP (¥bn)	18.8	19.2	10.8	19.5
NP (¥bn)	13.1	11.4	7.2	11.5
EPS (¥)	125.4	112.4	73.3	116.8
DPS (¥)	44.0	44.0	22.0	44.0
Sales growth YoY (%)	-7.1	1.0	+0.4	+3.4
OP growth YoY (%)	-29.8	2.1	+4.3	+1.6
NP growth YoY (%)	-21.2	-13.1	+2.1	+0.9
EPS growth YoY (%)	-19.3	-10.4	+6.1	+3.9
PER (x)	9.1	11.4	12.7	13.8
EV/EBITDA (x)	4.7	5.3	5.7	6.9
EV/Sales (x)	0.2	0.2	0.2	0.3
PBR (x)	0.6	0.6	0.7	0.8
ROE (%)	6.7	5.7	5.6	n/a
ROIC (%)	5.3	5.6	5.4	n/a
FCF yield (%)	2.6	5.2	n/a	n/a
Dividend yield (%)	3.9	3.4	n/a	2.7

RESULTS VS FORECAST HISTORY



COMPANY OVERVIEW

- *Background:* EDION (which stands for Exciting Discovery In One Network) is one of Japan's leading home electronics mass retailers. It was established in March 2002 as a holding company of DEODEO Corporation—based in the Chugoku, Shikoku & Kyushu regions—and Eiden Co Ltd, based in the Chubu region. DEODEO was established originally as Daiichi Sangyo in 1947 & Eiden as Eidensha in 1955.

From 2005, Midori Denka Co Ltd (Kinki region), Ishimaru Electric Co Ltd (Kanto region), & SANKYU CO Ltd of store brand Hyakuman Volt (Hokkaido/Hokuriku) region were also incorporated into EDION.

In Feb 2009, the group was restructured, consolidating the Chubu & Kanto regions into Eiden Co Ltd & building an integrated management system. In Oct 2009, DEODEO Co Ltd & Midori Denka Co Ltd merged to form EDION WEST Co Ltd & Eiden Co Ltd changed its company name to EDION EAST Co Ltd.

In Oct 2010, EDION EAST Co Ltd & EDION WEST Co Ltd were merged into a holding company.

In Oct 2012, EDION renamed all directly operated electronic speciality stores other than Hyakuman Volt to EDION. As of Nov 2023, EDION had 11 consolidated subsidiaries.

- *Business:* EDION has **4 main business pillars as part of its MTP vision**. These are:

1. Home appliances
2. Renovation (ELS business)
3. Logistics Service
4. Education

As of FY 3/23, **approx. 85% of EDION's sales were home appliance** with approx. 5% through EC. The remaining approx. 10% of sales were from growth driver ELS (Eco Living & Solar - the Renovation business).

EARNINGS

1H FY 3/24 total sales increased +0.4%YoY, approx. Y14bn below forecast. 1H total store sales declined -0.4% YoY.

1Q total appliance retail sales declined -4.7%YoY, but 2Q hot weather boosted sales of high margin aircon units, driving 2Q total store sales +3.6%YoY.

2H total store sales increased +0.4%YoY driven by strong sales of aircon, fridges & washing machines in November. As a result, FYTD total store sales to Nov were -0.2%YoY.

The 1H GPM declined approx. -0.2ppt to 30.2% due to an increase in low margin game-related products in 1Q 3/24 which was not entirely offset by strong 2Q aircon sales.

1H OP increased +4.3%YoY to Y10.8bn but was approx. Y2bn below forecast due to the shortfall in 1H sales & GPM deterioration. SG&A to sales declined -0.3ppt YoY to 27.2% after SG&A declined -0.7%YoY to Y95.8bn due to personnel & advertising cost cuts. The 1H increase in utility costs was also slightly below plan.

- *Store openings*: EDION opened +4 stores in the 1H against a FY +9 plan. It closed 4 stores & relocated 5 stores, **leaving it with 1,209 stores (450 directly operated, 759 franchise) as of 1H 3/24.**

- *FY 3/24 outlook*: EDION forecasts FY 3/24 sales of Y745bn +3.4%YoY & OP of Y19.5bn +1.6%YoY. Existing store sales are forecast flat YoY with growth set to be driven by ELS & EC expansion. The company also assumes flat GPM YoY.

As of Nov 2023, cumulative all store sales were -0.2%YoY & directly operated -0.4%YoY, slightly below the company expectation.

HOME APPLIANCE
RETAIL

Approx. 90% of EDION's total sales are from the core Home Appliance business, with approx. 85% from brick & mortar stores, & approx. 5% from EC.

- *Market*: According to METI (Ministry of Economy Trade & Industry), the domestic home electronic appliance market was shrinking by approx. -4% per year until a FY 3/19 bottom of Y6.2trn, but COVID-19 related stay-at-home demand boosted sales to a peak of Y10.3trn in FY 3/21. Sales subsequently declined to Y9.9trn in FY 3/22 & Y9.7trn in FY 3/23.

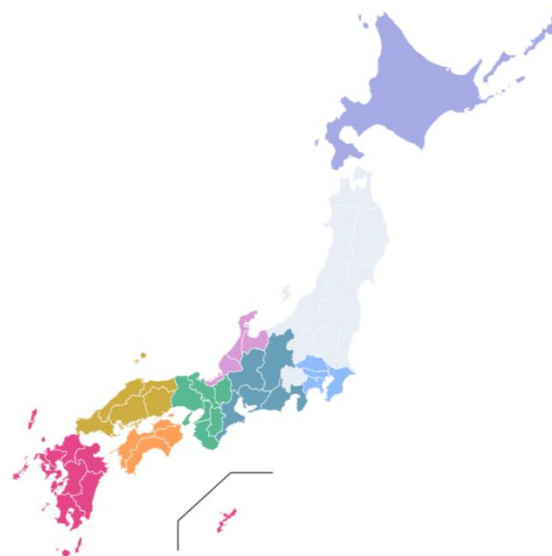
EDION operates a variety of different-sized store types nationwide, focusing on community connection with customer touchpoints & service. It has a dominant presence in Western Japan & is striving to expand market share in the Chubu region & westwards.

EDION brand specialty home appliance stores operate from Kanto to the Kyushu & Okinawa regions, whilst the Hyakuman Volt brand operates mainly in the Hokkaido & Hokuriku regions. The number of directly managed stores is increasing & the number of franchise stores is generally stable.

Each company that was merged to create EDION had a dominant presence in their region: DEODEO (Chugoku & Shikoku), Eiden in (Chubu), Midori Denka (Kinki), Ishimaru (Kanto), & SANKYU's Hyakuman Volt (Hokuriku). **This has resulted in EDION's USP being regional dominance.**

- *Store network:* Hyakuman Volt Hokuriku & Hokkaido account for approx. 7% of stores, with the remainder EDION branded.

	Directly-Operated Stores	Franchise Stores
■ Hokkaido	8	—
■ Hokuriku	19	—
■ Kanto	14	1
■ Chubu	148	118
■ Kinki	117	100
■ Chugoku	86	242
■ Shikoku	16	73
■ Kyushu/Okinawa	42	224



EDION store locations. Source: [Company](#).

As of Nov 2023, EDION owned 1,210 stores: 453 directly operated, mainly in Western Japan, & 757 small-scale franchise stores with strong ties to local communities.

- *Stores:* As of 1H 3/24, EDION had approx. 300 stores with sales floor space between 100-1,000 tsubo (approx. 330m² to 3,300m²) & approx. 60 stores of 1,000-2,000 tsubo sales floor space (approx. 3,300m² to 6,600m²). It has numerous store formats depending on the region & size of population, but the majority of those with the highest sales contribution are roadside stores with car parks.

EDION plans to open approx. +10 stores per year, of which approx. 7 are to strengthen dominance in existing areas & 3 are in areas where it has yet to establish dominance.

The net increase is mainly in directly operated stores. **EDION plans to focus new store openings on directly operated roadside stores of approx. 800 tsubo (approx. 2,600m²).**



A roadside EDION store. Source: [Company](#).

Franchise stores are mainly conversions of small regional Panasonic-style electronic retailer stores that were popular in the 1970s. These are typically converted by simply changing the branding. Net store growth has been minimal as there have been similar numbers of closures as openings. The main reason for closure is most often that the owner is elderly & has no successor. **The majority of stores are profitable.**



* EDION Namba Main Store in front of the station. Source: [Company](#).

EDION has a presence in shopping malls, benefiting from flexible contracts & its ability to attract customers. It also operates 7 large station front stores, each with approx. 6,500m² of sales floor space & Y10-20bn in sales. The company plans to open new large stores at a pace of +1 every two years.

- *Market share:* EDION operates a dominant regional market share policy. Its highest market share is approx. 50% in Hiroshima. In the Kinki region (Hyogo, Nara, Shiga, Wakayama, & Mie, as well as Kyoto & Osaka), it competes with Joshin Denki.

As of FY 3/23, Joshin Denki commanded a 32.5% share in Osaka prefecture versus 24.3% at EDION. EDION is expanding into Kanagawa prefecture & is developing its distribution network but, as of FY 3/23, its market share in Kanagawa prefecture remained <5%.

- *Competition:* Competition differs by region, but competitors include Yamada Holdings (9831), Ks Holdings (8282), Joshin Denki (8173), Bic Camera (3048), Yodobashi Camera (unlisted) & Nojima (7419). **These companies, together with EDION, command >70% share of the domestic electronic appliance market.**

EDION believes competitor strategy is to attract large volumes of customers through discount pricing, often via flyers, & using profits to aggressively open more stores.

- *Corporate philosophy:* EDION's corporate philosophy is to 'achieve long-lasting customer satisfaction through outstanding products and reliable service'. Its dominant store strategy means it has strong brand recognition in areas of dominance. It prides itself on close contact with customers with highly rated after-sales services, repair, cleaning services (mainly aircon & cooker hoods) & same day delivery.

To EDION, **customer satisfaction is more important than discounting, & it believes this is why it commands a higher GPM than competitors.**

- *Customer service:* EDION's regional dominance & focus on community connection enables close communication with customers. It prioritises long-term customer satisfaction, with >1,500 service employees carrying out >2.5 million assembly projects & >1.2 million repairs per year, of which approx. 68% are at customer homes & 32% in-store. This includes a total home electronics support service (set up, installation, & cleaning).

- **FY 3/23 sales breakdown:**

	% of total	FY3/23 sales (Ym)	YoY
TV / video / audio	10.4%	74,607	-12.9%
White goods inc aircon	42.9%	309,001	0.5%
PCs related / mobiles	25.3%	182,514	0.9%
Other inc home improvement	21.4%	154,449	10.6%

EDION is **focused on boosting sales of high margin white goods, in particular aircon.** It is able to use its service network to provide same/next day aircon installation. It also targets areas of growth such as IoT home electronics. Although it does not disclose GPM by product, according to our research white goods sales (e.g. aircon & fridges) are typically higher margin than TVs by as much as 10ppt.

- *Private Brands (PBs):* EDION offers a wide selection of products from various appliance manufacturers, but also has **PBs which account for approx. 25% of sales.** The PB GPM tends to be higher than national brands' by approx. 10-15%. EDION targets 35% PB sales by FY 3/26 as part of its MTP vision.

EDION has 2 types of PB:

1) e angle select: These products have added functionality versus National Brands. 90% of EDION's core area of target growth - aircon units - are PBs. EDION's PBs are differentiated by their superior functionality & performance over national brands.

2) e angle: These products are developed in collaboration with manufacturers based on the concept of living from a new angle. Products are designed taking into account customer feedback & manufacturing is outsourced to partner factories in Japan & overseas.

One PB example of EDION's e angle brand is their dishwasher which offers high-end features such as automatic washing liquid dispensing (the user can add up to 3 weeks / 2x per day of liquid in advance), 360 degree tornado washing jets & capacity for 40 items.



e angle dishwasher. Source: [Company](#).

- **GPM: EDION's GPM has been gradually improving as it focuses both on higher margin goods & increasing its exposure to PBs.** In FY 3/14, EDION's GPM was 26.4%, versus 29.3% in FY 3/23, consistently higher than competitors as a result of the focus on higher margin appliances & PBs.

- **GPM comparison:**

(%)	FY 3/22	FY 3/23
EDION	29.4	29.3
K's Holdings	28.7	28.2
Yamada Holdings	28.2	28.0
Kojima*	27.0	26.6
Bic Camera*	27.0	26.7
Joshin Denki	24.0	25.4

* Kojima & Bic Camera are Aug year-end. Others are March year-end.

EDION emphasises customer services & is also focusing on expanding its remodelling business. It has a slightly higher SG&A to sales ratio than its peers at 26.6% in FY 3/23 (versus the 24.8% average of the major 6 operators) but it does not consider this a negative.

- **Capital alliance: EDION announced a capital business alliance with NITORI HD (9843) in April 2022.** As of the end of March 2023 NITORI held a 10.39% stake in EDION, the majority acquired through an off-market transaction with LIXIL Corp (5938) in April 2022, & the remainder in Oct 2022. NITORI manages the sale, manufacturing & import of furniture & interior goods, real estate leasing, advertising services & logistics.

Benefits of the alliance include:

- more appealing stores;
- expansion of products handled;
- growth in EC & home improvement;
- synergies within distribution networks, installation & after-service.

EDION started selling NITORI PB products such as kitchen boards & interior packs from 2H 3/23. These remain a small percentage of total sales. EDION x Nitori jointly developed PB products were launched in 2H 3/24.



An example of an EDION x Nitori jointly developed product: a kettle with adjustable temperature control.
Source: [Company](#).



An EDION x NITORI showroom. Source: [Nikkei](#).

- *Mobile shops*: EDION also has an exclusive sales agreement with DoCoMo & primary agency agreements with all the other main telecom carriers, including Softbank (9434). It has approx. 30 stores & acts as a primary agent in-store.

- *Loyalty cards*: EDION has 3 card memberships:

1. EDION card, which has a credit card function. Cost: Y1,078 per year inc. tax.
2. EDION ID card. Cost: Y2,200 per year inc. tax.
3. Anshin Guarantee Card. Cost: free.

As of 1H 3/24, the number of payable EDION Card members was approx. 4.8m, flat YoY, & the number of free Anshin Guarantee Card members was approx. 12m.

Card members can receive warranties on >100 home appliances for 3, 5 or 10 years depending on the product. Membership also covers long-term repair warranty expenses such as parts, & travel to the customer's home. Aircon units & fridges costing >Y100,000 inc. tax are covered by a 10-year long-term repair warranty.

EDION believes its quality warranty & after sales service differentiates it from other companies. This is made possible through its community-based strategy.

EC

As of FY 3/23, EC sales were approx. Y40bn +15%YoY, representing 5% of total sales. EC sales are mainly through its NET Shop website, but also through subsidiary Forest's B2B site Forestway & EC site cocodecow.

EC sales are growing at approx. +15-25% per year & EDION expects sales to reach approx. 7-8% of the total in the medium term. It assumes the current growth rate continues in its MTP although internally it expects the pace to accelerate.

In addition to operating its own EDION online shop, EDION also operates Forestway, selling office goods, & cocodecow, which sells low value miscellaneous goods on a B2C basis. The online shop is breakeven due to upfront system investment depreciation, but OPM is expected to improve as sales increase.

The EC GPM is lower than brick & mortar stores, as higher-margin products such as aircon & fridges are typically sold in-store for consumers to see in-person. **EC sales tend to be focused on smaller items such as earphones & small TVs.** Increasing EC sales will therefore have a small negative impact on the sales mix & GPM. As a result, EDION is focused on improving overall SG&A to sales.

The FY 3/26 Medium Term Plan assumes EC sales double from FY 3/22 levels to approx. Y70bn.

RENOVATION (ELS)

EDION's Renovation division (or ELS division, Eco Living & Solar business) provides transparent, good value renovation packages.

It offers a choice of appliances from various manufacturers. The main products are appliances requiring plumbing such as toilets, baths & kitchens. **Packages are often focused on one area of the house & cost less than Y1m.** EDION also looks to upsell to large-scale renovation projects.

The company supplies peripheral goods & also develops paints such as its original Premium e-coat paint with heat shielding properties.

EDION considers itself a pioneer in selling renovation packages & contends this is its USP. For example, the renovation of a bathroom does not just include the bathtub, but also the interior of the bathroom & is sold as a set with all construction costs included.



Before (left) and after (right) an EDION renovation. Source: [Company](#).

- **Sales & OP:** As of FY 3/23, ELS accounted for approx. Y62bn sales +10%YoY, **putting EDION within the top 10 house renovation companies**. We believe the renovation GPM is in line with the industry average at approx. 26%. FY 3/23 sales growth was boosted by government subsidies, but a normalised growth rate is approx. +5-10%YoY. Long-term, EDION targets ELS sales of Y100bn.

The ELS division turned profitable in FY 3/21, with profitability expected to increase as sales grow given the high fixed cost ratio. EDION does not disclose detailed ELS earnings information as the competition is keen to imitate its success.

- **Market share: EDION has top renovation market share in Western Japan amongst appliance retailers**, & believes it has a similar share to Yamada Holdings nationwide & sits in the top 10 of renovation companies in Japan. House builders such as Sekisui House (1928), Daiwa House (1925), Sumitomo Realty (8830) & Sekisui Chemical (4204) are the bigger operators, each with sales of between Y90bn & Y160bn.

- **Sales channels:** EDION's renovation sales are in-person through its nationwide network of direct & franchise stores. In addition to expanding its nationwide footprint, EDION is aiming to grow its EC offering organically & inorganically.

The company provides a free on-site inspection & renovation plan, with the whole process potentially requiring multiple home visits. The order is then placed & delivery & installation dates confirmed. It provides professional staff with extensive construction experience & a 10 year warranty on its renovations with product & construction repair guarantees.

EDION's motto is '*Quick, courteous, & reliable*': accordingly, it provides speedy emergency assistance in the event of issues. It also handles exterior remodelling.

The company is planning to improve business efficiency, including its site surveys. For example, for a toilet, photos provided by the customer may be sufficient. EDION believes

that if changes are implemented it will be able to expand its E-commerce renovation service & improve margins.

- *Vision*: EDION's MTP vision assumes ELS sales grow to approx. 30% of the total at Y70bn-75bn by FY 3/26 with a longer-term vision of Y100bn. It considers the assumption conservative as it expects to maintain growth at +5-10% per year.

Although its package products are typically <Y1m, it is targeting a larger spend per customer by offering larger renovation projects. It does not disclose how far it expects OPM to grow but foresees growth above the FY 3/23 level due to ongoing sales expansion.

LOGISTICS

EDION is focusing on strengthening its infrastructure for peak-time next day delivery & timely installation. The company acquired J-Top in Nov 2019 to strengthen its distribution network. It is also collaborating with delivery services such as Yamato Holdings (9064) for in-store delivery services.

EDUCATION

EDION launched its robot programming education business in 2018. In 2019, it acquired Yumemiru & is looking to expand. The academy supports children in their learning while developing logical thinking & rich imagination through assembly & programming. This is in line with the compulsory programming classes at junior schools that were implemented in 2020.

As of FY 3/23, the earnings contribution was minimal, but EDION believes the division contributes to regional revitalisation, & the development of engineers in Japan is part of EDION's business philosophy. EDION is opening programming schools within its directly operated stores & targets 11,000 students by FY 3/26.

MTP

The company announced its Mid Term Vision to FY 3/26 at FY 3/22 results. It targets FY 3/26 sales of Y810bn, RP of Y41bn, an RPM of 5%, & NP of Y25bn. It also targets RoE & RoI of >10%.

EDION assumes existing store sales stay flat or decline slightly, but expects total sales growth due to new store openings, expansion of the renovation business & EC growth.

It is focusing on an improved sales mix through higher-priced white goods including aircon, IoT & high margin PBs, as well as sales growth in ELS & EC. It aims to increase the PB ratio to >35%, ELS sales to approx. Y70bn, & EC sales to Y80bn.

M&A

EDION was formed by merging several electronic retailers & remains acquisitive. Since 2015, acquisitions have been part of the strategy to grow new & existing businesses. Acquisitions have included Forest (Y3.3bn, Aug 2017), which operates the Forestway & cocodecow EC sites, Education related business Yumemiru, & logistics business Jtop.

Further M&A to drive expansion remains possible.

ESG

EDION has published its sustainability policy with 6 main aims & established a Sustainability Committee headed by its CEO in June 2022. It has published its support for TCFD disclosure & released detailed temperature scenarios in its Integrated Report.

- *Environment*: Together with subsidiary E.R. Japan Co Ltd, EDION is promoting efforts to recycle resources, & in 2022 recycled 7,000 tons of small home appliances & 1.4m tons of large home appliances such as aircon units, TVs, fridges & washing machines.

In its stores, EDION promotes the use of reusable bags & uses environmentally friendly materials in its plastic bags. It has installed solar power systems at 70 stores & service centres, with the switch expected to reduce >1,600t of CO₂ annually.

EDION also participates in environmental initiatives such as forest maintenance & rubbish clean-up.

- *Social*: EDION works to reduce overtime through monitoring, no overtime days, & conducts monthly meetings between labour & management to discuss working conditions. It achieved a 95% health checkup rate & a 92.2% stress checkup rate in 2022, aiming for 100% & 93% respectively in 2023.

It has set up consultation for employees to report harassment or to discuss issues such as wanting to give up smoking. Its support for maternity & childcare leave earned it Kurumin certification, & it supports long-term female employees' movement to management.

- *Governance*: EDION has 12 Directors on its Board, of whom 6 are external including 1 female director. The Integrated Report discloses compensation details for directors with an annual income of Y100m or more, as well as a director skill matrix.

SHAREHOLDER RETURNS

EDION's basic dividend policy is to maintain a stable payout ratio of 30% or higher & plans to pay a dividend of Y44 per share (flat YoY) in FY 3/24.

The company completed share buybacks in FY 3/22 & FY 3/23 to set aside shares for potential conversion of its zero-coupon CB, which is convertible at Y1,109 between Oct-Dec 2023. Potential total dilution is 10%.

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)

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Major shareholders	Stake %
Nitori Holdings	10.39
The Master Trust Bank of Japan, Ltd.	9.20
EDION Corp Employee Stockholdings	8.37
Daiichi	3.50
Masataka Kubo	2.25
Custody Bank of Japan, Ltd.	2.17
Dai-ichi Life Holdings	1.84
Mitsubishi UFJ Financial Group	1.72
EDION Corp Customer Stockholdings	1.71
Sumitomo Life Insurance	1.65

Source: Company.

MANAGEMENT

President and CEO, Chairman, Executive Officer	Masataka Kubo
Year of birth	1950
Shareholding	2.00%
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)

Director, Vice President, and Executive Officer	Norio Yamazaki
Year of birth	1957
Shareholding	0.06%
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)

Director, Vice President, and Executive Officer	Satoshi Kaneko
Year of birth	1972
Shareholding	0.04%
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)

Director, Senior Executive Officer, Manager of HQ Sales	Kozo Takahashi
Year of birth	1961
Shareholding	0.03%
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	0.01%
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)

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)

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 Risho 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, Waseda University (current position)
April 2010	Appointed Director at the CSR Research Institute, Waseda University
June 2019	Appointed External Director at EDION (current position)

External Director	Tadatsugu Mori
Year of birth	1963
Shareholding	--
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)

External Director	Yoshikiyo Sakai
Year of birth	1956
Shareholding	--
Career history	
Aug 1994	Appointed Manager of the Finance Division within the Accounting Department at NTT Mobile Communications Network (now NTT Docomo)
July 1999	Appointed Head of Accounting at Nippon Telegraph and Telephone East
July 2002	Appointed Manager of Finance at DTT Docomo
June 2005	Appointed IR Manager
July 2008	Appointed PR Manager
June 2009	Appointed Executive Officer and PR Manager
June 2012	Appointed Director and Head of Finance at Nippon Telegraph and Telephone
June 2014	Appointed Vice President and CEO at NTT Docomo
July 2015	Appointed Vice President and CEO, Manager of HQ Sales
June 2016	Appointed President and CEO at NTT Finance
June 2021	Appointed Advisor (current position)
June 2023	Appointed External Director at EDION (current position)

J GAAP Financial statements

Income statement (¥bn)	FY 3/21	FY 3/22	FY 3/23
Sales	768.11	713.77	720.58
COGS	542.5	504.1	509.7
Gross profit	225.6	209.7	210.9
Gross profit margin (%)	29.4	29.4	29.3
Operating expense	198.9	190.9	191.7
Total OP	26.79	18.80	19.19
OP margin (%)	3.5	2.6	2.7
Non-Op Income (Loss)	1.5	-1.0	2.3
Pretax Income	25.3	19.8	16.9
Tax	8.6	6.7	5.5
Effective tax rate (%)	34.2	33.7	32.6
Net income	16.63	13.11	11.39

Balance sheet (¥bn)	FY 3/21	FY 3/22	FY 3/23
Cash & equivalents	43.1	29.9	13.2
Accounts & notes receivable	39.0	39.6	37.9
Inventories	97.9	106.0	116.1
Other short-term assets	12.5	15.1	18.6
Current assets	192.5	190.6	185.7
Property, plant & equipment (net of depreciation)	125.9	125.5	122.1
Long term investments & receivables	2.3	3.3	3.9
Other long-term assets	65.7	58.6	57.6
Total non-current assets	193.9	187.4	183.6
Total assets	386.4	378.0	369.4
Payables & accruals	57.2	49.9	49.4
Short-term debt	3.1	11.0	11.7
Other short-term liabilities	43.5	48.1	46.8
Total current liabilities	103.8	109.0	107.8
Long term debt	53.6	44.5	34.4
Other long-term liabilities	35.1	25.0	25.5
Total non-current liabilities	88.8	69.5	59.9
Total liabilities	192.6	178.5	167.7
Share capital & APIC	96.9	96.9	96.9
Treasury stock	4.9	10.1	15.0
Retained earnings	107.7	118.2	125.1
Other equity	-5.9	-5.5	-5.3
Equity before minority interest	193.8	199.5	201.7
Total equity	193.8	199.5	201.7
Total liabilities & equity	386.4	378.0	369.4

Cash flow statement (¥bn)	FY 3/21	FY 3/22	FY 3/23
Net income/pre-tax profit	16.6	13.1	11.4
Depreciation/amortization	11.5	11.7	11.0
Other non-cash items	15.9	-9.4	4.6
Changes in working capital	-1.1	-4.8	-14.8
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Operating Activities	43.0	10.6	12.1
Change in fixed & intangible assets	-4.9	-8.6	-6.7
Net change in long-term investments	0.0	-0.9	-0.6
Net cash from acquisitions & divestitures	-1.5	0.0	0.0
Other investing activities	-1.5	-1.0	-1.1
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Investing Activities	-8.0	-10.5	-8.3
Dividends paid	-3.6	-4.7	-4.1
Cash from (repayment) debt	-3.9	-2.7	-10.5
Cash from (repurchase) of equity	0.0	-5.4	-5.0
Other financing activities	-0.4	-5.4	-5.0
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Financing Activities	-7.9	-13.2	-20.5
FX impact	0.0	0.0	0.0
Net cash flow	27.1	-13.2	-16.6
Free cash flow	37.4	3.1	6.7
EBITDA	38.3	30.5	30.2

Key metrics	FY 3/21	FY 3/22	FY 3/23
Profitability			
Gross margin (%)	29.4	29.4	29.3
Operating margin (%)	3.5	2.6	2.7
Net margin (%)	2.2	1.8	1.6
ROIC (%)	7.8	5.3	5.6
Liquidity			
Current ratio (x)	1.9	1.7	1.7
Quick ratio (x)	0.8	0.6	0.5
Leverage			
Debt/Equity ratio	29.3	27.9	22.8
Net Debt/Equity ratio	7.1	12.9	16.3

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