

Operates tailor-made suit shops with GINZA Global Style at the core

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【7126 Global Style Sector : Retail Trade】

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Jul. 2021	8,326	-7.7	309	59.6	319	24.4	244	32.2	92.7	395.2	9.5
Jul. 2022	9,093	9.2	548	77.7	559	75.0	343	40.4	115.8	523.2	21.0
Jul. 2023 CE	10,553	16.0	633	15.3	659	17.8	422	23.0	137.5	-	TBD
Jul. 2023 E	10,509	15.6	729	32.9	744	33.0	472	37.6	153.8	656.1	21.0
Jul. 2024 E	12,219	16.3	988	35.5	1,000	34.4	640	35.6	208.6	843.7	29.0
Jul. 2025 E	13,727	12.3	1,181	19.4	1,190	19.0	761	19.0	248.0	1,063.0	35.0

Note: CE(company expectations),E(Stock Research Center expectations)
Source: Stock Research Center

1. Corporate Overview

Global Style designs and sells tailor-made suits, with GINZA Global Style as its core business.

2. Financial Analysis

The average annual growth rate from fiscal year ended May 2016 through fiscal year ended July 2022 was 12.2% for net sales and 13.3% for ordinary profit. Net sales continued to grow through fiscal year ended July 2019 as the number of stores increased. Net sales declined consecutively, however, in fiscal year ended July 2020 and fiscal year ended July 2021, due to the COVID-19 pandemic. This resulted in the ordinary profit margin declining to around 3%, but it recovered to around 6% in fiscal year ended July 2022.

Global Style's return on equity (ROE) is high compared with listed companies that essentially specialize in the sale of men's apparel. This is due to high net profit margin and total asset turnover as the SPA (specialty store retailer of private label apparel) model functioning well and financially leveraged as it is aggressively opening new stores by leveraging debt.

3. Non-Financial Analysis

The source of the company's intellectual capital is its president, who established the business model, and the long track-record it has in woolen textile wholesale. Both of these strengths together are behind the company being able to succeed in making its business profitable from an early stage.

4. Corporate Strategy Analysis

Issues that need to be addressed include responding to the pressure of increased procurement costs, enhancing awareness and diversifying sales channels.

The company's basic policy for the foreseeable future is to further expand earnings in the existing Global Style business and to expand the business by selling tailor-made suits for men at its shops. Moreover, the company intends to increase the diversity of its products and sales channels, including tailor-made suits for ladies and enabling ordering online.

5. Analyst Evaluation

We commend Global Style for injecting new life into the tailor-made suit market with its competitive business model. In the tailor-made suit market, where expansion is seen continuing for some time, a strategy oriented toward increasing earnings based on the core business category is sensible. We will closely monitor if the company develops new business categories in the medium to long term.

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