

## Mirarth (8897, Corporate)

Higher price facilitation

19<sup>th</sup> March 2025

Share price: ¥514

Market cap: ¥72.1bn

**Continued tight condominium supply/demand is facilitating higher prices & driving earnings despite a weather-related Energy slowdown.**

## Company sector

Real Estate Management &amp; Devel (GICS Industry)

## Stock data

Price (¥)	514
Mkt cap (¥bn)/(\$m)	72.1 / 481.2
52-week range (¥)	421 - 595
Shares O/S (m)	140.3
Average daily value (\$m)	2.7
Free float (%)	55.7
Foreign shareholding (%)	11.7
Ticker	8897
Exchange	Tokyo Prime
Net Debt/Equity (%)	237.1



Source: Bloomberg

- **1-3Q sales & OP growth was driven mainly by the Real Estate division as tight condominium supply/demand continued to boost unit growth. We note Mirarth has secured 101.9% of its contract target for FY 3/25 delivery of new built-for-sale condos, providing solid foundations as it enters the seasonally strong 4Q & FY 3/26.**
- **Mirarth has been actively passing higher costs through to sales prices in the Real Estate division, with its focus on high-demand premium locations facilitating higher GP per unit. We believe the division is likely to finish above FY 3/25 estimates given strong 1-3Q contract progress & a seasonal 4Q delivery skew.**
- **1-3Q Asset Management division earnings also grew YoY, boosted by a Sep 2024 public offering from the Takara Leben Real Estate Investment Corporation. We expect strong divisional FY earnings growth against low YoY hurdles.**
- **Energy division sales & OP were below plan due to weather-related underperformance in electricity generation in the 3Q & electric cable theft-related repair & prevention costs. We believe the division is likely to finish FY 3/25 below plan & acknowledge the risk it weighs on overall earnings, whilst also noting longer-term stability with its 20-year fixed contracts & ongoing development at its facilities.**
- **We believe Mirarth is capable of offsetting weakness with Real Estate strength, which made up almost 90% of total FY 3/24 OP, & 4Q Liquidation segment building sales, leaving FY 3/25 earnings broadly in line with plan.**
- **We expect the strong real estate market environment to persist in the medium term & look forward to the company's new MTP, set to be released at the end of FY 3/25. On 6x FY 3/25 earnings, we recommend a meeting with senior management to discuss Mirarth's long-term investment potential: [here](#).**

## BUSINESS OVERVIEW

Mirarth is one of Japan's leading real estate developers with a growing renewable energy business & asset management business.

## Next event

FY 3/2025 results in May 2024

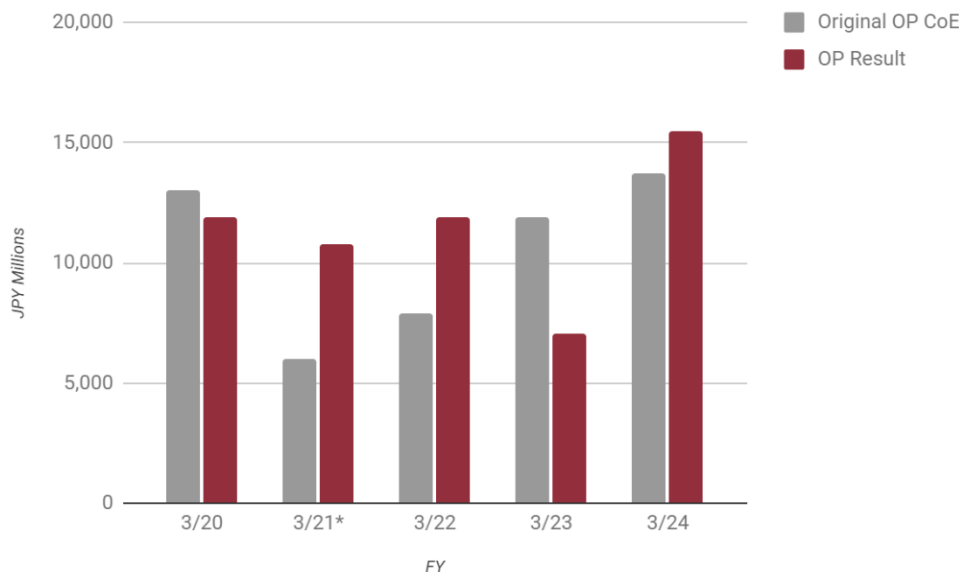
Storm Corporate: +44 (0) 121 288 3402

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

**Mirarth is a research client of Storm Research**

Year end	3/2023	3/2024	1-3Q 3/2025	3/2025E
Sales (¥bn)	153.4	185.1	110.3	205.7
OP (¥bn)	7.0	15.4	2.5	17.0
NP (¥bn)	4.5	8.1	0.1	10.7
EPS (¥)	41.9	74.4	0.6	81.9
DPS (¥)	22.0	24.0	n/a	30.0
Sales growth YoY (%)	-5.7	20.7	18.3	11.1
OP growth YoY (%)	-40.8	119.9	7.4	10.0
NP growth YoY (%)	-26.2	78.4	n/a	30.8
EPS growth YoY (%)	-26.6	77.5	n/a	10.1
PER (x)	13.3	6.2	5.8	5.8
EV/EBITDA (x)	8.5	10.8	13.2	13.3
PBR (x)	0.9	0.9	0.9	0.9
ROE (%)	7.5	12.8	0.1	n/a
ROIC (%)	2.3	3.4	3.3	n/a
FCF yield (%)	n/a	19.8	n/a	n/a
Dividend yield (%)	5.8	5.1	n/a	5.8

Source: Company &amp; Bloomberg

RESULTS VS  
FORECAST HISTORY

\* 3/21 original OP CoE released with 1H results.

## EARNINGS

- 1-3Q 3/25: 1-3Q sales & OP both increased YoY driven by core Real Estate division growth, with condominium sales continuing to benefit from the tight supply/demand environment. As of 1-3Q results, Mirarth had contracted 2,242 +3.4%YoY new built-for-sale condo units to be delivered within FY 3/25, 101.9% of the FY 3/25 2,200 unit target.

Conversely, the Energy division experienced a YoY sales & OP decline due to weather conditions negatively impacting electricity generation, a lack of facility sales timed for the 1-3Q, & costs related to cable theft.

- 3Q *operating loss*: In the standalone 3Q, Mirarth recorded a company-wide -¥2.1bn operating loss, within which the -¥1.5bn Real Estate division 3Q operating loss had been anticipated & was in line with plan.

The Real Estate loss stemmed from seasonal 3Q property sales weakness & an atypically high proportion of FY deliveries in the 1H. In the 1H 3/24, Mirarth sold 448 -263 YoY (-37.0%YoY) condominiums, 20.2% of its 2,214 FY target. By contrast, in the 1H 3/25 it completed 959 +511 YoY (+114.1%YoY), 43.6% of its 2,200 FY target, leading 3Q deliveries to decline -49.9%YoY to 219 units.

The Energy division's -¥495m 3Q operating loss was partly due to the expected absence of 3Q facility sales, but weather impact & cable theft costs also weighed on OP versus plan.

- FY 3/25 *outlook*: Having achieved its FY 3/25 condo contract target in the 1-3Q, & ahead of the seasonally strong 4Q period, we believe the Real Estate division is likely above plan.

Whilst Mirarth concedes a risk of Energy division weakness weighing on total FY OP, we contend the company is capable of offsetting this shortfall with above plan condo sales & increased property sales in the Liquidation segment. We note the Real Estate division contributed as much as 89.2% of total OP in FY 3/24.

With the potential for Real Estate division earnings to exceed estimates, we conclude the company is likely to finish broadly in line with plan in FY 3/25.

## REAL ESTATE

(JPY Millions)	1H 3/25 Results	YoY	1-3Q 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1 <sup>st</sup> Rev. MTP*	YoY	3/25 2 <sup>nd</sup> Rev. MTP**	YoY
<b>Sales</b>	76,630	52.2%	97,246	5.6%	179,930	10.5%	176,970	8.7%	184,860	13.5%
<b>GP</b>	16,048	40.7%	20,295	19.4%	35,730	0.3%	36,130	1.5%	36,260	1.8%
<b>GPM</b>	20.9%	-1.7ppt	20.9%	2.8ppt	19.9%	-2.0ppt	20.4%	-1.5ppt	19.6%	-2.3ppt
<b>OP</b>	3,892	178.8%	2,358	42.9%	14,620	6.0%	13,420	-2.7%	13,800	0.1%
<b>OPM</b>	5.1%	2.3ppt	2.4%	0.7ppt	8.1%	-0.3ppt	7.6%	-0.9ppt	7.5%	-1.0ppt

\* Revised with FY 3/23 results. \*\* Revised with FY 3/24 results.

1-3Q Real Estate division sales & OP grew YoY, benefiting from the tight demand/supply environment for new built-for-sale condominiums. Divisional GPM & OPM improved with steady condo sales price growth & 3Q GPM gains in the Liquidation segment.

The division posted an anticipated 3Q -¥1.5bn operating loss due to seasonal 3Q property sales weakness exacerbated by a high proportion of deliveries in the 1H, but this was anticipated by Mirarth & we expect the business to finish above plan for the FY.

### New Built-for-sale Condominiums

(JPY Millions)	1H 3/25 Results	YoY	1-3Q 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1 <sup>st</sup> Rev. MTP*	YoY	3/25 2 <sup>nd</sup> Rev. MTP**	YoY
<b>Sales</b>	42,183	119.9%	52,451	34.3%	101,500	8.6%	101,500	8.6%	106,000	13.4%
<b>GP</b>	9,802	109.3%	12,006	40.6%	21,500	2.4%	21,500	2.4%	22,100	5.2%
<b>GPM</b>	23.2%	-1.2ppt	22.9%	1.0ppt	21.2%	-1.3ppt	21.2%	-1.3ppt	20.8%	-1.6ppt
<b>Units</b>	959	114.1%	1,178	33.1%	2,600	17.4%	2,200	-0.6%	2,200	-0.6%

\* Revised with FY 3/23 results \*\* Revised with FY 3/24 results

1-3Q Condo sales & GP increased YoY. The GPM also improved +1.0pt YoY to 22.9% due to robust condo sales & Mirarth's efforts to pass cost increases onto sales prices.

- *Units:*

- Contract progression: The 2,242 +3.4%YoY contracted units in the 1-3Q exceeded the 2,200 unit FY plan due to a tight demand/supply environment. As Mirarth has already exceeded the FY 3/25 YTD contract rate & delivered 1,178 units +33.1%YoY, it will focus on acquiring contracts for FY 3/26 sales in the 4Q.

- Deliveries: Mirarth recorded 959 +114.1%YoY condo deliveries in the 1H. As a result of this early delivery concentration, 3Q delivery numbers declined -49.9%YoY to 219 units as expected.

In the 4Q, Mirarth plans to deliver 1,022 condos, 46.5% of its FY target. We regard this as achievable given its seasonal 4Q delivery skew, as Japanese house moves are typically timed for Feb-Mar ahead of the new fiscal year in Apr.

- *Pricing:* Favourable market conditions have largely allowed the company to pass construction labour cost increases through to sales prices. By strategically selecting projects with premium

locations & high demand, the company does not foresee any imminent need to restrict pricing.

The average condo price sold in 1-3Q was ¥45.6m -0.87%YoY, but the company forecasts approx. ¥49.4m +8.9%YoY for FY 3/25, anticipating a 4Q sales skew & further average price increase. We note condo projects started in FY 3/23 - when construction costs began to peak & have since remained high - will be ready for sale from 4Q 3/25. Mirarth expects continued average condo price growth in FY 3/26.

- *Costs*: The segment 1-3Q GPM was +2.1ppt above its FY 3/25 plan. The company had originally assumed a deteriorating GPM YoY due to the impact of high construction costs on profitability, but strong demand has allowed Mirarth to pass most of the additional costs onto prices.

Mirarth has been focusing on reducing costs by negotiating construction prices with contractors, but both labour & material costs remain high due to inflation. Lead times have also stretched from 20-24 months to 28-32 months due to new laws limiting overtime for construction workers introduced in Apr 2024.

- *Procurement*: In addition to price negotiation with construction contractors, Mirarth has been emphasising site selection to ensure properties developed are in desirable locations. The percentage of properties in metropolitan areas in 1-3Q was 41.2%, broadly in line with the 40.6% +6.4ppt FY target.

- *FY 3/25 outlook*: Given its strong contract rate, we believe Mirarth is likely to record above plan condo sales in FY 3/25. When progress exceeds plan, the company typically carries over a portion of sales to boost the following FY, but we anticipate a degree of upside despite this.

## Liquidation

(JPY Millions)	1H 3/25 Results	YoY	1-3Q 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1 <sup>st</sup> Rev. MTP*	YoY	3/25 2 <sup>nd</sup> Rev. MTP**	YoY
<b>Sales</b>	15,204	-3.8%	15,689	-1.3%	36,000	17.4%	30,600	-0.2%	36,000	17.4%
<b>GP</b>	2,856	-23.5%	2,981	-20.3%	5,100	-23.0%	5,500	-16.9%	6,200	-6.4%
<b>GPM</b>	18.8%	-4.8ppt	19.0%	-4.5ppt	14.2%	-7.4ppt	18.0%	-3.6ppt	17.2%	-4.4ppt

\* Revised with FY 3/23 results \*\* Revised with FY 3/24 results

1-3Q sales decreased -1.3%YoY & GP -20.3%YoY. Regardless, we believe Mirarth is on track to meet its FY 3/25 forecasts given the segment's typical 4Q skew & the company's flexibility in property sales timing.

Mirarth uses the Liquidation segment to adjust its overall GP amount by selling additional properties as necessary. **We therefore believe it can sell a portion of held property inventory in the 4Q to cover some or all of the Energy division shortfall.**

- *Renewal resale*: 1-3Q sales increased +81.9%YoY to ¥7.9bn driven by bulk sales in the 1H & increasing unit sales in the 3Q. It estimates FY 3/25 sales rising +53.7%YoY & considers 1-3Q earnings on track.

**ENERGY**

(JPY Millions)	1H 3/25 Results	YoY	1-3Q 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1st Rev. MTP*	YoY	3/25 2nd Rev. MTP**	YoY
<b>Sales</b>	5,559	-2.2%	7,475	-4.7%	19,200	38.6%	12,700	-8.3%	12,700	-8.3%
<b>GP</b>	1,662	-19.6%	1,607	-40.8%	1,300	-70.2%	4,730	8.5%	4,430	1.6%
<b>GPM</b>	29.9%	-6.5ppt	21.5%	-13.1ppt	6.8%	-24.7ppt	37.2%	5.8ppt	34.9%	3.4ppt
<b>OP</b>	713	-32.8%	218	-73.7%	600	-70.4%	3,160	56.0%	3,000	48.1%
<b>OPM</b>	12.8%	-5.8ppt	2.9%	-7.7ppt	3.1%	-11.5ppt	24.9%	10.3ppt	23.6%	9.0ppt

\* Revised with FY 3/23 results \*\* Revised with FY 3/24 results

The Energy division recorded a -¥495m 3Q operating loss due to weather-related underperformance in electricity generation, cable theft costs, & the absence of facility sales. We believe shortfall in this area is unlikely to substantially reduce FY earnings versus plan given the division’s comparatively small size, the Real Estate division’s 4Q skew & the planned GP adjustment in the Liquidation segment.

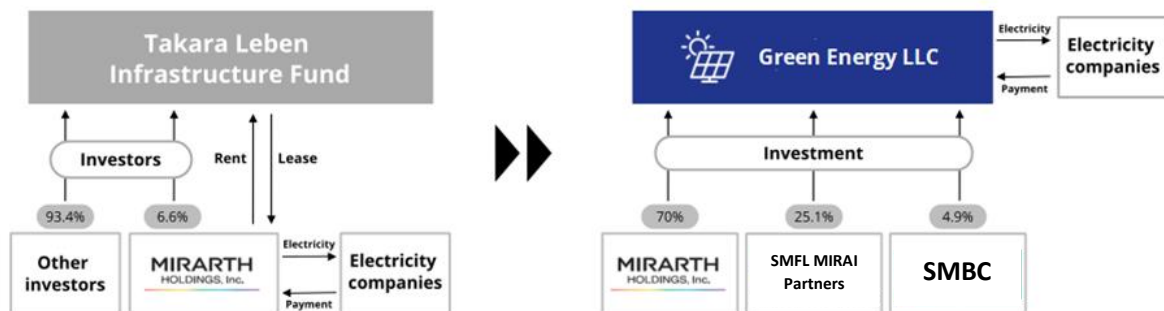
- *Electricity sales:* Based on weak electricity sales to date & seasonally low Jan-Feb solar farm electricity generation, we believe the Energy division is unlikely to achieve its FY OP forecast. We note in FY 3/24, 22.9% of electricity sales were generated in the 4Q, whereas 30.1% is needed in 4Q 3/25 to reach the FY forecast. Mirarth notes that while Energy sales show short-term volatility due to weather conditions, fixed 20-year contracts provide long-term stability.

- *Cable theft measures:* Multiple cable theft incidents at Mirarth’s power plants in 1-3Q cost the company hundreds of millions of yen in repairs & preventative measures. It has installed cable covers, moved cables underground, & introduced night-time guard patrols. Some costs were claimed back through insurance & recorded as non-operating income. While cable theft expenses are likely to weigh on FY 3/25 OP versus plan & YoY, they are unlikely to significantly affect FY 3/26.

- *Facility sales:* Mirarth plans approx. ¥2bn facility sales in the 4Q, contributing approx. ¥500m GP. It expects ongoing long-term cycles of development & sales of power plants, with sales occurring irregularly, while the company continues to pursue new projects.

- *Green Energy transfer:* Historically, the Energy segment sold renewable energy facilities to the Takara Leben Infrastructure Fund (TLIF). It subsequently operated the plants, paying rent to TLIF, & sold the energy to consumers. In Nov 2022, Mirarth’s subsidiary, Green Energy LLC, completed a TOB for TLIF & acquired its 42 facilities.

- Pre-TOB & post-TOB business model:



Source: Company

On 17<sup>th</sup> Mar 2025, Mirarth plans to transfer its 70% stake in Green Energy LLC to its wholly owned subsidiary, MIRARTH Energy Solutions Inc, through an absorption-type split. This move is part of Mirarth’s efforts to optimise its business portfolio as directed in its current MTP,

consolidating its energy business in one place & strengthening Mirarth Energy Solutions' capital.

## ASSET MANAGEMENT BUSINESS

(JPY Millions)	1H 3/25 Results	YoY	1-3Q 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1st Rev. MTP*	YoY	3/25 2 <sup>nd</sup> Rev. MTP**	YoY
<b>Sales</b>	592	114.5%	684	84.4%	1,570	113.9%	1,070	45.8%	900	22.6%
<b>GP</b>	509	133.5%	563	111.7%	1,270	113.8%	810	36.4%	700	17.8%
<b>GPM</b>	86.0%	7.0ppt	82.3%	10.6ppt	80.9%	0.0ppt	75.7%	-5.2ppt	77.8%	-3.1ppt
<b>OP</b>	191	n/a	100	n/a	430	n/a	110	n/a	20	n/a
<b>OPM</b>	32.3%	n/a	14.7%	n/a	27.4%	n/a	10.3%	n/a	2.2%	n/a

\* Revised with FY 3/23 results \*\* Revised with FY 3/24 results

1-3Q divisional sales & OP increased YoY, benefiting from the Sep 2024 public offering from Takara Leben Real Estate Investment Corporation. Combined with low YoY hurdles, we anticipate strong FY 3/25 YoY earnings growth. (FY 3/24 Asset Management Business sales & OP were below plan owing to delays & additional hiring costs).

## OTHER BUSINESSES

(JPY Millions)	1H 3/25 Results	YoY	1-3Q 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1st Rev. MTP*	YoY	3/25 2 <sup>nd</sup> Rev. MTP**	YoY
<b>Sales</b>	3,582	24.4%	4,924	-0.6%	3,000	-61.6%	9,260	18.6%	7,240	-7.2%
<b>GP</b>	28	-70.5%	192	0.0%	400	1500.0%	630	2420.0%	910	3540.0%
<b>GPM</b>	0.8%	-2.5ppt	3.9%	0.0ppt	13.3%	13.0ppt	6.8%	6.5ppt	12.6%	12.2ppt
<b>OP</b>	-216	n/a	-169	n/a	50	n/a	310	n/a	180	n/a
<b>OPM</b>	n/a	n/a	n/a	n/a	1.7%	n/a	3.3%	n/a	2.5%	n/a

\* Revised with FY 3/23 results \*\* Revised with FY 3/24 results

1-3Q sales decreased YoY but the decline was concentrated entirely in the 3Q. Hotel sales fell between Oct & Dec due to low occupancy rates, while construction segment sales were on par with FY 3/24.

We believe increasing construction costs risk leaving FY divisional GP & GPM below plan, but we expect minimal impact on the total P/L, as the Other Business contributes only approx. 3.5% to total sales.

## BALANCE SHEET

Mirarth is planning to deliver 1,000 condo units in the 4Q FY 3/25. The company notes that inventory is typically high in the 3Q ahead of the peak delivery season (real estate for sale inventory was ¥48.2bn in 3Q 3/25, ¥47.4bn in 3/24, & ¥34.1bn in 3/23), while 4Q cash flow is likely to be strong.

## PREVIOUS REPORTS

- 5<sup>th</sup> December 2024: [‘Comfortably on track’](#)
- 10<sup>th</sup> September 2024: [‘Tight supply/demand’](#)
- 13<sup>th</sup> June 2024: [‘Strategic property acquisitions’](#)
- 9<sup>th</sup> February 2024: [‘Seasonality’](#)
- 1<sup>st</sup> December 2023: [‘New energy model’](#)
- 30<sup>th</sup> August 2023: [‘FIT to PPA Transition’](#)
- 23<sup>rd</sup> June 2023: Initiating coverage - [‘Condos & the rise of renewable energy’](#)



## COMPANY INFORMATION

Company Timeline	
1972	Established Takara Komuten Co., Ltd. (currently MIRARTH HOLDINGS) Started sales of detached houses
1982	Launched the Real Estate Rental business
1988	Established Takara Management Co., Ltd. (currently Leben Community) Launched the Real Estate Management business
1994	Started sales of 'Leben Heim' condominiums
2000	Changed company name to Takara Leben Co., Ltd.
2001	Established TAFUKO Co., Ltd. Launched the Financial Brokering business Listed on the JASDAQ market
2003	Listed on the Second Section of the Tokyo Stock Exchange
2004	Listed on the First Section of the Tokyo Stock Exchange Established Relivel Leben Co., Ltd. (previously Takara West Japan Co., Ltd.) Launched the trustee division for real estate sales Established AS Partners Co., Ltd. Launched the Nursing Care For Seniors business
2006	Moved the main office to Shinjuku Sumitomo Building
2008	Made Marunouchi Servicer a subsidiary Released new Takara Leben Brands
2010	Launched the Detached Housing business (built by Takara Leben) Capital increase based on Japan's first rights offering
2011	Joined an open house and began sales of custom-built houses
2012	Introduced new condominium brands Established the Yokohama branch Made Takara Housing Co., Ltd. (previously Takara Property Co., Ltd.) a subsidiary for the Real Estate Rental business
2013	Entry to the Mega-Solar business Established Takara Asset Management Co., Ltd. Launched the Investment Management business Established Takara Investments Co., Ltd. Launched the Real Estate Investment business Made Sunwood Corporation an associated company accounted for by the equity method
2014	Established the Hokuriku sales office Established the Tohoku sales office Made Oasis Co., Ltd. (currently Takara Leben Realnet Co., Ltd.) a subsidiary Made Nikko Kensetsu Co., Ltd. (currently Leben Home Build Co., Ltd.) a subsidiary
2015	Made Live Net Co., Ltd. (previously Takara Leben West Japan Co., Ltd.) a subsidiary Made Jyutakujiyouhoukan Co., Ltd. (currently Takara Leben Co., Ltd.) a subsidiary
2016	Made Nikko Property Co., Ltd. (currently Leben Trust Co., Ltd.) a subsidiary Changed the company name of Nikko Kensetsu Co., Ltd. to Nikko Takara Corporation Co., Ltd. (currently Leben Home Build Co., Ltd.) Takara Leben Infrastructure Fund, Inc. was the first to be listed on the infrastructure fund market
2017	Introduced a new condominium brand Established the Osaka branch Established the Sapporo sales office Changed the company name of Jyutakujiyouhoukan Co., Ltd. to Takara Leben West Japan Co., Ltd. Main office moved to Tekko Building, Marunouchi, Chiyoda-ku
2018	Changed the company name of TAFUKO Co., Ltd. to Leben Zestock Co., Ltd. Made PAG Investment Management Ltd. (currently Takara PAG Real Estate Advisory Ltd.) a subsidiary Established a representative office in Hanoi City Takara Leben Real Estate Investment Corporation was listed on the Tokyo Stock Exchange
2019	Changed the company name of Nikko Property Co., Ltd. to Leben Trust Co., Ltd. Leben Trust Co., Ltd. merged with Takara Property Co., Ltd.
2021	Established Leben Funding LLC. Made ACA Clean Energy Co., Ltd. a subsidiary Established the Nagoya sales office Changed the company name of ACA Clean Energy Co., Ltd. to Leben Clean Energy Co., Ltd. Sunwood Corporation became a non-subsiary due to the transfer of shares

<b>2022</b>	<p>Changed the company name of Nikko Takara Corporation Co., Ltd. to Leben Home Build Co., Ltd.</p> <p>Established Takara Leben (Thailand) Co., Ltd. in Bangkok</p> <p>50 year anniversary</p> <p>Established MIRARTH HOLDINGS, Inc. (changed company name from Takara Leben Co., Ltd. to MIRARTH HOLDINGS, Inc.)</p> <p>Changed the company name of Takara Leben West Japan Co., Ltd. to Takara Leben Co., Ltd., merged with Takara Leben West Japan Co., Ltd., and moved the head office to Marunouchi, Chiyoda-ku, Tokyo.</p>
<b>2023</b>	<p>Delisted Takara Leben Infrastructure Fund, Inc. through a tender offer</p> <p>Establishment of MIRARTH Green Tech Co., Ltd.</p> <p>Launched Renewable Energy Business</p> <p>Establishment of MIRARTH Agri Tech Co., Ltd.</p> <p>Launched Biofuel business</p>
<b>2024</b>	<p>Takara PAG Real Estate Investment Management Co., Ltd. changed company name to MIRARTH Real Estate Advisory Inc.</p> <p>Leben Clean Energy Co., Ltd. changed company name to MIRARTH Energy Solutions Inc.</p> <p>Takara Asset Management Co., Ltd. changed company name to MIRARTH Asset Management Inc.</p>

#### Company contact details

Tekko Building 16F  
1-8-2, Marunouchi Chiyoda-ku  
Tokyo 100-0005  
Japan

Website: <https://mirarth.co.jp/en/>  
E-mail: [irinfo@mirarth.co.jp](mailto:irinfo@mirarth.co.jp)  
TEL: 81-6-6202-6048

Major shareholders	Stake %
General Incorporated Association Murayama Asset Management	18.27
The Master Trust Bank of Japan, Ltd. (Trust Account)	10.79
MIRARTH HOLDINGS	3.33
Custody Bank of Japan, Ltd. (Trust Account)	2.62
Goldman Sachs Securities Co., Ltd. BNYM	1.47
Murayama Kikaku Co., Ltd.	1.43
STATE STREET BANK AND TRUST COMPANY	1.08
MIRARTH HOLDINGS Business Partner Shareholding Association	1.07
RUDEN HOLDINGS Co., Ltd.	0.86
BNY GCM CLIENT ACCOUNTANT	0.85

Source: Company



## J GAAP Financial statements

Income statement (¥bn)	FY 3/22	FY 3/23	FY 3/24
Sales	162.7	153.5	185.2
COGS	129.6	121.8	144.6
<b>Gross profit</b>	<b>33.1</b>	<b>31.7</b>	<b>40.6</b>
Gross profit margin (%)	20.3	20.7	21.9
Operating expense	21.2	24.7	25.1
<b>Total OP</b>	<b>11.9</b>	<b>7.0</b>	<b>15.5</b>
OP margin (%)	7.3	4.6	8.3
Non-Op Income (Loss)	2.4	1.3	2.5
<b>Pretax Income</b>	<b>9.4</b>	<b>5.7</b>	<b>13.0</b>
Tax	3.2	1.3	4.7
Effective tax rate (%)	33.6	22.0	36.3
<b>Net income</b>	<b>6.2</b>	<b>4.6</b>	<b>8.2</b>

Balance sheet (¥bn)	FY 3/22	FY 3/23	FY 3/24
Cash & equivalents	33.4	44.5	40.5
Accounts & notes receivable	2.6	3.2	8.1
Inventories	91.7	120.2	124.1
Other short-term assets	14.9	20.8	19.3
<b>Current assets</b>	<b>142.6</b>	<b>188.7</b>	<b>191.9</b>
Property, plant & equipment (net of depreciation)	63.7	125.4	117.8
Long term investments & receivables	5.8	3.2	2.8
Other long-term assets	11.3	24.4	25.0
<b>Total non-current assets</b>	<b>80.8</b>	<b>152.9</b>	<b>145.5</b>
<b>Total assets</b>	<b>223.5</b>	<b>341.7</b>	<b>337.4</b>
Payables & accruals	17.5	20.7	30.7
Short-term debt	41.7	118.3	72.6
Other short-term liabilities	15.8	23.2	19.3
<b>Total current liabilities</b>	<b>75.0</b>	<b>162.2</b>	<b>122.5</b>
Long term debt	86.3	109.1	137.9
Other long-term liabilities	2.6	5.3	5.3
<b>Total non-current liabilities</b>	<b>88.9</b>	<b>114.4</b>	<b>143.2</b>
<b>Total liabilities</b>	<b>163.9</b>	<b>276.5</b>	<b>265.8</b>
Share capital & APIC	9.8	9.9	8.5
Treasury stock	4.5	4.2	4.1
Retained earnings	53.4	56.0	61.5
Other equity	0.5	-0.1	0.1
<b>Equity before minority interest</b>	<b>59.3</b>	<b>61.6</b>	<b>66.0</b>
<b>Total equity</b>	<b>59.6</b>	<b>65.1</b>	<b>71.7</b>
<b>Total liabilities &amp; equity</b>	<b>223.5</b>	<b>341.7</b>	<b>337.4</b>

Source: Bloomberg

Cash flow statement (¥bn)	FY 3/22	FY 3/23	FY 3/24
Net income/pre-tax profit	6.2	4.6	8.2
Depreciation/amortization	3.2	3.4	5.9
Other non-cash items	-2.5	-1.7	2.0
Changes in working capital	16.3	-7.0	20.7
Net cash from discontinued operations	0.0	0.0	0.0
<b>Cash from Operating Activities</b>	<b>23.2</b>	<b>-0.7</b>	<b>36.8</b>
Change in fixed & intangible assets	-25.7	-17.6	-26.2
Net change in long-term investments	-0.6	-1.8	0.4
Net cash from acquisitions & divestitures	-2.7	-26.9	-0.9
Other investing activities	1.1	0.0	0.2
Net cash from discontinued operations	0.0	0.0	0.0
<b>Cash from Investing Activities</b>	<b>-27.9</b>	<b>-46.4</b>	<b>-26.6</b>
Dividends paid	-1.5	-2.0	-3.2
Cash from (repayment) debt	0.4	63.6	-13.3
Cash from (repurchase) of equity	0.0	0.0	0.0
Other financing activities	0.0	0.0	0.0
Net cash from discontinued operations	0.0	0.0	0.0
<b>Cash from Financing Activities</b>	<b>-1.1</b>	<b>61.5</b>	<b>-15.5</b>
FX impact	0.0	0.0	0.0
<b>Net cash flow</b>	<b>-5.8</b>	<b>14.5</b>	<b>-5.3</b>
<b>Free cash flow</b>	<b>-2.1</b>	<b>-20.1</b>	<b>11.2</b>
<b>EBITDA</b>	<b>15.0</b>	<b>10.4</b>	<b>21.3</b>

Key metrics	FY 3/22	FY 3/23	FY 3/24
<b>Profitability</b>			
Gross margin (%)	20.3	20.7	21.9
Operating margin (%)	7.3	4.6	8.3
Net margin (%)	3.8	3.0	4.4
ROIC (%)	4.4	2.3	3.4
<b>Liquidity</b>			
Current ratio (x)	1.9	1.2	1.6
Quick ratio (x)	0.5	0.3	0.4
<b>Leverage</b>			
Debt/Equity ratio	215.8	369.1	318.9
Net Debt/Equity ratio	158.6	280.7	237.1

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