

# Mirarth (8897, Corporate)

## Comfortably on track

5<sup>th</sup> December 2024

Share price: ¥506

Market cap: ¥71.0bn

**With increasing condominium sales prices & a strong contract progression rate, Mirarth is comfortably on track to meet its FY 3/25 forecasts.**

### Company sector

Real Estate Management & Devel (GICS Industry)

### Stock data

Price (¥)	506
Mkt cap (¥bn)/(\$m)	71.0 / 472.0
52-week range (¥)	421 – 595
Shares O/S (m)	140.3
Average daily value (\$m)	4.3
Free float (%)	55.7
Foreign shareholding (%)	11.7
Ticker	8897
Exchange	Tokyo Prime
Net Debt/Equity (%)	237.1



Source: Bloomberg

- **Mirarth continues to benefit from a tight supply/demand environment driving condominium sales price increases & steady contract completions. It recorded strong 1H 3/25 sales & OP growth YoY despite SG&A increasing +19.7%YoY.**
- **We note earnings growth was boosted by a greater proportion of deliveries scheduled for the 1H in FY 3/25 than in FY 3/24. The FY contract progress rate, as well as Mirarth's preference for maintaining steady condominium sales at favourable prices rather than discounting to accelerate unit sales growth, imply deliveries are likely to level out over the FY, leaving the company broadly in line with plan.**
- **Mirarth's strategy of prioritising steady sales at high prices, rather than offering discounts to accelerate unit turnover, supports healthy margins & consistent OP growth, whilst ensuring favourable inventory & pricing conditions in FY 3/26. In FY 3/25, it targets 2,200 condominium deliveries, broadly flat YoY.**
- **The company also continues to expand its Asset Management business, which in the 1H benefited from a public offering at the REIT that Mirarth is sponsoring, driving rapid sales & earnings growth.**
- **In the Energy division, it is developing a fuel business & began operations at its new Cambodian cashew nut processing factory in June. Having secured a European shipping contract in Nov, Mirarth plans to ship approx. 250 tons to Europe in FY 3/25. We believe potential expansion in this area merits monitoring.**
- **We continue to look forward to the company's new MTP, to be released from the end of FY 3/25, & further updates on its long term growth trajectory. On 6x FY 3/25 earnings ahead of likely continued favourable market conditions, we recommend a call with senior management to discuss Mirarth's prospects: [here](#).**

NA

### BUSINESS OVERVIEW

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

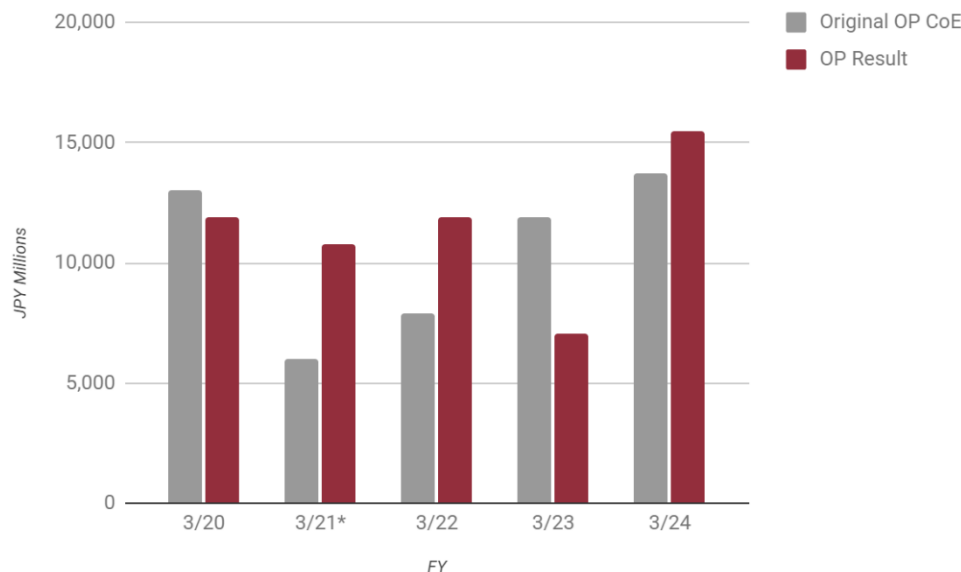
### Next event

1-3Q 3/2025 results in January 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	1H 3/2025	3/2025E
Sales (¥bn)	153.4	185.1	86.4	205.7
OP (¥bn)	7.0	15.4	4.6	17.0
NP (¥bn)	4.5	8.1	2.1	10.7
EPS (¥)	41.9	74.3	n/a	81.9
DPS (¥)	22.0	24.0	7.0	30.0
Sales growth YoY (%)	-5.7	20.7	45.9	+11.1
OP growth YoY (%)	-40.8	119.9	93.2	+10.0
NP growth YoY (%)	-26.2	78.4	2,287.4	+30.8
EPS growth YoY (%)	-26.6	77.5	1,984.8	+10.0
PER (x)	13.3	6.2	n/a	5.7
EV/EBITDA (x)	8.5	10.8	10.7	10.8
EV/Sales (x)	1.5	1.2	1.2	1.2
PBR (x)	0.9	0.9	0.9	0.9
ROE (%)	7.5	12.8	14.8	n/a
ROIC (%)	2.3	3.4	3.6	n/a
FCF yield (%)	-28.2	15.7	n/a	n/a
Dividend yield (%)	5.8	5.1	n/a	5.9

Source: Bloomberg

RESULTS VS  
FORECAST HISTORY

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

## EARNINGS

- 1H 3/25: In the 1H 3/25, Mirarth achieved rapid sales & OP growth YoY as continued tight condominium supply/demand ensured steady contract completions & increasing average prices.

We note 1H earnings growth appeared particularly strong versus the company's FY forecasts due to a greater proportion of FY deliveries scheduled within 1H FY 3/25 versus FY 3/24. In the 1H 3/24, Mirarth sold 448 condominiums (20.2%) of its 2,214 FY target, whereas in the 1H 3/25 it completed 959, or 43.6%, of its 2,200 FY target.

Conversely, as of 1H 3/25 results, **Mirarth had contracted 2,056 condominiums for delivery within FY 3/25, or 93.5% of its 2,200 target**, a level similar to the 91.9% contract rate reached in the 1H 3/24.

Mirarth therefore continues to expect actual deliveries to level out over the FY, & regards 1H progress against FY company estimates as comfortably in line with expectations.

- OPM: Despite higher base salaries, as well as sales costs rising with the number of condominiums sold, DX related investment, & an increase in consumption tax resulting in +19.7%YoY SG&A growth to ¥13.7bn, the high number of 1H deliveries resulted in the SG&A:sales ratio improving to 15.8% -3.5ppt YoY & the 1H OPM improving +1.3ppt YoY to 5.3%.

## REAL ESTATE

(JPY Millions)	3/24 Results	YoY	1H 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1 <sup>st</sup> Revised MTP*	YoY	3/25 2 <sup>nd</sup> Revised MTP**	YoY
<b>Sales</b>	162,804	17.0%	76,630	52.2%	179,930	10.5%	176,970	8.7%	184,860	13.5%
<b>GP</b>	35,608	18.9%	16,048	40.7%	35,730	0.3%	36,130	1.5%	36,260	1.8%
<b>GPM</b>	21.9%	0.3ppt	20.9%	-1.7ppt	19.9%	-2.0ppt	20.4%	-1.5ppt	19.6%	-2.3ppt
<b>OP</b>	13,790	74.4%	3,892	178.8%	14,620	6.0%	13,420	-2.7%	13,800	0.1%
<b>OPM</b>	8.5%	2.8ppt	5.1%	2.3ppt	8.1%	-0.3ppt	7.6%	-0.9ppt	7.5%	-1.0ppt

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

1H Real Estate sales increased +52.2%YoY to ¥76.6bn driven by ongoing average price growth as well as the large number of condominium deliveries scheduled for the 1H, as detailed above.

The Real Estate GPM declined -1.8ppt YoY to 20.9% due to the unit mix as well as increasing costs, but this was in line with the company's outlook. We note that the primary factor behind individual condominium profitability is the location, as those near to train stations or similar desirable locations are easier to sell & higher margin.

**Mirarth plans to release a new MTP from FY 3/26 with an overview of its medium term outlook & targets.** We believe the company is aware of the importance of maintaining its Real Estate GPM, which the next MTP is likely to reflect.

**- New Built-for-sale Condominiums:**

(JPY Millions)	3/24 Results	YoY	1H 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1 <sup>st</sup> Revised MTP*	YoY	3/25 2 <sup>nd</sup> Revised MTP**	YoY
<b>Sales</b>	93,474	22.8%	42,183	119.9%	101,500	8.6%	101,500	8.6%	106,000	13.4%
<b>GP</b>	21,003	25.6%	9,802	109.3%	21,500	2.4%	21,500	2.4%	22,100	5.2%
<b>GPM</b>	22.5%	0.5ppt	23.2%	-1.2ppt	21.2%	-1.3ppt	21.2%	-1.3ppt	20.8%	-1.6ppt
<b>Units</b>	2,214	19.0%	959	114.1%	2,600	17.4%	2,200	-0.6%	2,200	-0.6%

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

- Units: In FY 3/25, Mirarth continues to target 2,200 condominium deliveries, representing a broadly flat level YoY.

Given the rate of progress to date, we believe Mirarth is capable of exceeding its FY 3/25 unit sales target, but **upside is likely to be limited by its preference for maintaining steady sales at high prices, rather than discounting to sell a greater number of units rapidly**, which would have a negative impact on margins & the rate of OP growth.

In addition, by maintaining a steady pace of unit sales instead of rushing to sell, it can comfortably maintain favourable inventory & pricing conditions in FY 3/26. We regard the company's strategy as logical.

- Pricing: We therefore expect FY 3/25 sales growth to be driven primarily by higher sales prices. In FY 3/25, Mirarth estimates the average condo unit price increasing approx. +¥4m (+8.9%) YoY to ¥49m; in the 1H 3/25, it was ¥45m. We do not anticipate any major changes in the tight supply/demand situation in the medium term.

- Costs: Mirarth's construction costs continue to be high as condominium construction lead times remain long. The average construction duration was historically 20-24 months, but is currently approx. 28-32 months & Mirarth expects the duration to remain at this level in the medium term.

It can control costs to an extent by being selective regarding procurement, & scrutinising & restricting costs where possible. **It therefore continues to be able to provide condominiums at prices the customers will accept.**

**- Liquidation:**

(JPY Millions)	3/24 Results	YoY	1H 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1 <sup>st</sup> Revised MTP*	YoY	3/25 2 <sup>nd</sup> Revised MTP**	YoY
<b>Sales</b>	30,661	0.1%	15,204	-3.8%	36,000	17.4%	30,600	-0.2%	36,000	17.4%
<b>GP</b>	6,621	-1.3%	2,856	-23.5%	5,100	-23.0%	5,500	-16.9%	6,200	-6.4%
<b>GPM</b>	21.6%	-0.3ppt	18.8%	-4.8ppt	14.2%	-7.4ppt	18.0%	-3.6ppt	17.2%	-4.4ppt

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

As the timing of Liquidation sales is difficult to forecast, Mirarth considers it more appropriate to view this business on an annual basis than on quarterly sales progression. In addition, given the company's confidence in its 2H pipeline, we believe the Liquidation segment remains well-positioned to achieve its FY 3/25 growth target, despite a 1H sales decline of -3.8%YoY to ¥15.2bn.

- **New detached houses:** 1H 3/25 detached house sales declined -10.9%YoY to ¥4.6bn, but were broadly in line with plan. **Whilst the 1H unit mix had a small negative impact on the segment GPM, Mirarth expects a 2H improvement.**

We note this area is small & its impact on overall earnings is limited. The company aims to gradually expand the business, but is prioritising growth in its core condominium business, where there are also fewer competitors than for detached houses.

- **Renewal Resale:** 1H 3/25 segment sales increased +179.3%YoY to ¥6.2bn driven by bulk 1Q sales. This level of growth was assumed within Mirarth's original estimates & it therefore considers the segment to be progressing in line with plan.

**ENERGY**

(JPY Millions)	3/24 Results	YoY	1H 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1 <sup>st</sup> Revised MTP*	YoY	3/25 2 <sup>nd</sup> Revised MTP**	YoY
<b>Sales</b>	13,849	53.1%	5,559	-2.2%	19,200	38.6%	12,700	-8.3%	12,700	-8.3%
<b>GP</b>	4,361	428.0%	1,662	-19.6%	1,300	-70.2%	4,730	8.5%	4,430	1.6%
<b>GPM</b>	31.5%	22.4ppt	29.9%	-6.5ppt	6.8%	-24.7ppt	37.2%	5.8ppt	34.9%	3.4ppt
<b>OP</b>	2,026	n/a	713	-32.8%	600	-70.4%	3,160	56.0%	3,000	48.1%
<b>OPM</b>	14.6%	n/a	12.8%	-5.8ppt	3.1%	-11.5ppt	24.9%	10.3ppt	23.6%	9.0ppt

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

1H 3/25 Energy sales & GP declined YoY as there were no facility sales for the quarter. As a result, the company only recorded electricity sale income, which typically fluctuates depending on the weather. The business also faced high YoY hurdles from the sale of a large power plant, previously held by Mirarth, at the end of FY 3/24.

By the FY-end, Mirarth is aiming for ¥2bn facility sales -45.6%YoY, which is likely to equate to approx. ¥530m GP. Conversely, it targets electricity sales growth of +5.2%YoY to ¥10.7bn, with overall divisional sales totalling ¥12.7bn -8.3%YoY.

The company's biomass projects are still scheduled for completion within the FY, but are unlikely to impact the P&L.

- **Cashew nut fuel business:** **Mirarth is in the process of establishing a fuel business, involving the production & sale of biomass.** In June, it began operations at a pilot cashew

nut processing factory in Cambodia, which has an annual cashew nut processing capacity of 1,500 tons.

On 13<sup>th</sup> Nov 2024, Mirarth announced it had signed a contract with Netherlands-based firm Nuts2 B.V. to ship cashew nuts to Europe, beginning with approx. 250 tons to be shipped in FY 3/25. We plan to closely monitor this business as it expands.

## ASSET MANAGEMENT BUSINESS

(JPY Millions)	3/24 Results	YoY	1H 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1 <sup>st</sup> Revised MTP*	YoY	3/25 2 <sup>nd</sup> Revised MTP**	YoY
<b>Sales</b>	734	-33.0%	592	-114.5%	1,570	113.9%	1,070	45.8%	900	22.6%
<b>GP</b>	594	-38.3%	509	-133.5%	1,270	113.8%	810	36.4%	700	17.8%
<b>GPM</b>	80.9%	-6.9ppt	86.1%	7.0ppt	80.9%	0.0ppt	75.7%	-5.2ppt	77.8%	-3.1ppt
<b>OP</b>	-34	n/a	-191	n/a	430	n/a	110	n/a	20	n/a
<b>OPM</b>	n/a	n/a	32.4%	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

1H 3/25 AUM reached ¥291.8bn +15.8%YoY, of which 59.5% was in Mirarth's REIT, the Takara Leben Real Estate Investment Corporation, 26.7% in renewable energy investments under Mirarth's Green Energy subsidiary, & 13.8% in private offerings.

**A Sept 2024 public offering from the Takara Leben Real Estate Investment Corporation drove rapid 1H Asset Management sales & earnings growth.** We believe the business is comfortably on track to finish in line with plan.

## OTHER BUSINESSES

(JPY Millions)	3/24 Results	YoY	1H 3/25 Results	YoY	3/25 Original MTP	YoY	3/25 1 <sup>st</sup> Revised MTP*	YoY	3/25 2 <sup>nd</sup> Revised MTP**	YoY
<b>Sales</b>	7,805	85.0%	3,582	24.4%	3,000	-61.6%	9,260	18.6%	7,240	-7.2%
<b>GP</b>	25	n/a	28	-70.5%	400	1500.0%	630	2420.0%	910	3540.0%
<b>GPM</b>	0.3%	n/a	0.8%	-2.5ppt	13.3%	13.0ppt	6.8%	6.5ppt	12.6%	12.2ppt
<b>OP</b>	-325	n/a	-216	n/a	50	n/a	310	n/a	180	n/a
<b>OPM</b>	n/a	n/a	-0.6%	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

Within the Other Businesses division, the Construction segment was below plan in the 1H 3/25 as increasing outsourcing-related construction costs weighed on the GPM. Conversely, the Hotel business was strong due to high occupancy rates.

## PREVIOUS REPORTS

- 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

<b>1972</b>	Established Takara Komuten Co., Ltd. (currently MIRARTH HOLDINGS) Started sales of detached houses
<b>1982</b>	Launched the Real Estate Rental business
<b>1988</b>	Established Takara Management Co., Ltd. (currently Leben Community) Launched the Real Estate Management business
<b>1994</b>	Started sales of 'Leben Heim' condominiums
<b>2000</b>	Changed company name to Takara Leben Co., Ltd.
<b>2001</b>	Established TAFUKO Co., Ltd. Launched the Financial Brokering business Listed on the JASDAQ market
<b>2003</b>	Listed on the Second Section of the Tokyo Stock Exchange
<b>2004</b>	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
<b>2006</b>	Moved the main office to Shinjuku Sumitomo Building
<b>2008</b>	Made Marunouchi Servicer a subsidiary Released new Takara Leben Brands
<b>2010</b>	Launched the Detached Housing business (built by Takara Leben) Capital increase based on Japan's first rights offering
<b>2011</b>	Joined an open house and began sales of custom-built houses
<b>2012</b>	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
<b>2013</b>	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
<b>2014</b>	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
<b>2015</b>	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
<b>2016</b>	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
<b>2017</b>	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
<b>2018</b>	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
<b>2019</b>	Changed the company name of Nikko Property Co., Ltd. to Leben Trust Co., Ltd. Leben Trust Co., Ltd. merged with Takara Property Co., Ltd.
<b>2021</b>	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. (for trust account)	10.79
MIRARTH HOLDINGS	3.33
Custody Bank of Japan, Ltd. (for 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	162.74	153.47	185.19
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>11.88</b>	<b>7.03</b>	<b>15.46</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>6.22</b>	<b>4.58</b>	<b>8.18</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>

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



**DISCLAIMER**

*This report has been commissioned by Mirarth & prepared & issued by Storm Corporate in consideration of a fee payable by Mirarth. All information and data used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. To the fullest extent allowed by law Storm Corporate shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained in this report. The information that we provide should not be construed in any manner whatsoever as personalised advice or investment opinions. This report is for informational purposes only and under no circumstances should it be considered or intended as Storm Corporate's solicitation to effect, or attempt to effect, any transaction in a security. Storm Corporate and its employees may have engaged in, or may have the possibility of engaging in transaction of securities issued by the concerned companies. The copyright of this report belongs to Storm Corporate & any distribution, transmission, modification or manipulation of this report is strictly prohibited.*

**This report is freely available on Bloomberg, Factset, LSEG & S&P Capital. If you would like to subscribe directly to Storm Corporate reports, please click [here](#).**