

Mirarth (8897, Corporate)

New energy model

1st Dec 2023

Share price ¥459

Market cap: ¥55.5bn

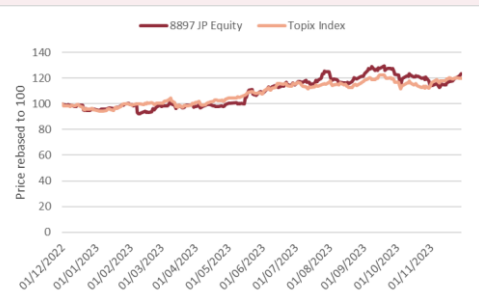
1H earnings highlighted robust demand for lower priced regional condos as well as the establishing of Mirarth's new energy model.

Company sector

Real Estate Management Development
(GICS Industry)

Stock data

Price (¥)	459
Mkt cap (¥bn)/(\$m)	55.5 / 376.0
52-week range (¥)	352 - 505
Shares O/S (m)	121.0
Average daily value (\$m)	1.1
Free float (%)	64.0
Foreign shareholding (%)	13.2
Ticker	8897
Exchange	Tokyo Prime
Net Debt/Equity (%)	354.2%



Source: Bloomberg

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 results in Jan 2024.

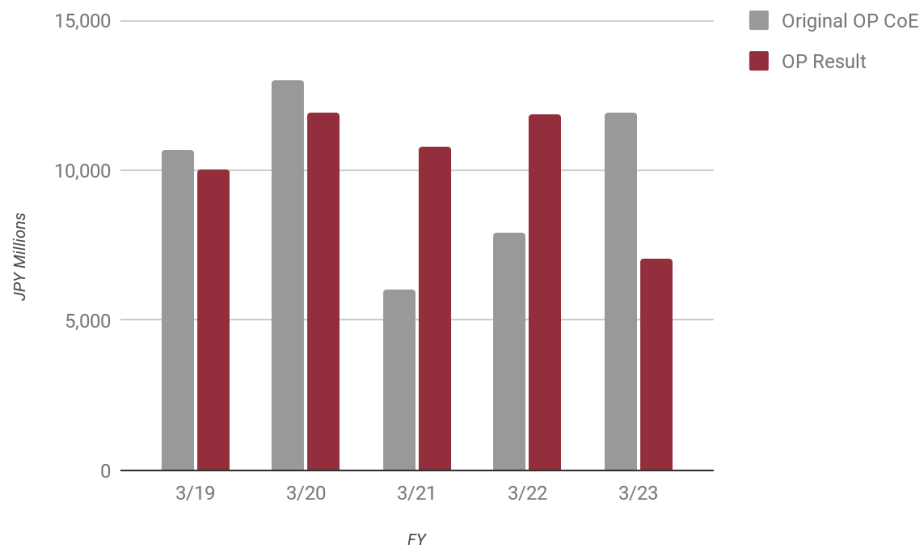
Storm Corporate: +44 (0) 121 288 3402

info@stormresearch.co.uk[Storm Corporate profile page](#)

Mirarth is a research client of Storm Research

- **1H 3/24 sales & OP were broadly in line with plan given Mirarth's seasonal 2H sales & OP skew. Robust contract acquisition in the core New Built-for-sale Condominium division leaves Mirarth confident of meeting its FY forecast, with higher-than-expected GPM condominium contracts & a conservative Liquidation GPM forecast leaving potential for upside to FY 3/24 OP.**
- **Real Estate sales & OP declined YoY due to fewer condos being completed in the 1H, but with >90% of the FY 3/24 condo contract forecast delivered in the 1H, & prices unchanged owing to strong demand for cheaper condos, Mirarth expects to meet its FY 3/24 unit target as part of the significant 4Q skew.**
- **1H Energy sales & OP were also in line with plan, with the GPM increasing sharply YoY due to Mirarth taking ownership of all its energy facilities in the FY 3/23 business model change. It continues to prepare facilities & contracts for PPA energy sales expansion in FY 3/25.**
- **Mirarth has released its long-term Energy business growth vision, forecasting a +116.7% capacity increase from its existing 360MW to 780MW in FY 3/30 via greater capacity in FIT & non-FIT solar, wind & biomass energy.**
- **We note the company has initiated plans to improve its debt-equity ratio by reorganising its condo portfolio with a focus on profitability, aiming for approx. 300% by FY 3/25 & lower thereafter.**
- **We believe there is increasing clarity on the company's long-term trajectory, & that prospects for the Energy business are crystallising. On 6x FY 3/24 earnings, trading -43% below its Jul 2016 peak, we encourage investors to make time to speak to senior management: [here](#).**

Year end	3/2021	3/2022	3/2023	1H 3/24	3/2024E
Sales (¥bn)	148.3	162.7	153.4	59.1	188.7
OP (¥bn)	10.7	11.8	7.0	2.3	13.7
NP (¥bn)	4.6	6.2	4.5	0.0	8.5
EPS (¥)	43.2	57.1	41.9	n/a	77.4
DPS (¥)	14	18	22	n/a	24
Sales growth YoY (%)	-11.9	+9.7	-5.7	-19.5	+23.0
OP growth YoY (%)	-9.3	+10.1	-40.8	-45.2	+94.9
NP growth YoY (%)	-12.5	+32.4	-26.2	-97.0	+85.4
EPS growth YoY (%)	-12.6	+32.2	-26.6	n/a	+84.7
PER (x)	8.6	5.2	9.0	n/a	5.9
EV/EBITDA (x)	9.4	8.5	21.8	26.1	26.4
EV/Sales (x)	0.8	0.8	1.5	1.9	1.9
PBR (x)	0.8	0.6	0.7	0.9	0.8
ROE (%)	9.0	11.0	7.6	0.1	n/a
ROIC (%)	4.3	4.4	2.3	0.7	n/a
FCF yield (%)	1.4	n/a	n/a	n/a	n/a
Dividend Yield (%)	3.8	6.0	5.8	n/a	5.2

RESULTS VS
FORECAST HISTORY

EARNINGS

1H 3/24 sales & OP were according to plan, driven by the Real Estate business. Both the sales & OP YoY decline were largely owing to a -37%YoY decline in the number of delivered condos to 448 against a 2,200 FY 3/24 forecast.

The decline was as expected due to a difference in timing of condo completion, & Mirarth believes its FY 3/24 forecast remains achievable as the core New Built-for-sale Condominium business is seasonally strong in the 4Q & the majority of FY 3/24 sales & OP are likely to be recorded in the 2H.

- *Stock/flow sales*: Approx. 17% of 1H 3/24 sales were stock versus approx. 10% in FY 3/23, in line with Mirarth's forecast. Although the company expects long-term growth in the proportion of stock sales as the stock electricity sales business grows, it does not expect sales to start accelerating until FY 3/25. The proportion of stock sales is forecast to decline in 2H 3/24 with higher 2H flow Real Estate sales.

- *GPM*: The 1H GPM increased +2.7ppt YoY due largely to a **+29.5ppt YoY increase in Energy GPM to 36.4% as Mirarth now owns all its energy plants.**

- *SG&A*: Mirarth was able to suppress 1H costs slightly below plan, although the SG&A to sales ratio increased +4.6ppt YoY to 19.3% due to the 1H YoY sales decline. Personnel costs increased +Y245m YoY on increased employee numbers & a higher salary base; TOB-related costs increased +Y245m YoY as the TOB of Takara Leben Infrastructure Fund was recorded from 2H 3/23; & miscellaneous costs, including DX investment, increased +Y217m YoY. Conversely, promotional expenses decreased -Y109m YoY due to particularly high 50th anniversary promotions in FY 3/23.

- *FY 3/24 outlook*: With the 1H condo contract rate achieving >90%, including higher than expected GPM contracts, & a seasonal sales & OP skew to the 2H, Mirarth believes its FY 3/24 forecast remains achievable. It also acknowledges the potential for above plan FY 3/24 OP due to strong Real Estate progress in the 1H.

REAL ESTATE

(JPY Millions)	1Q 3/24 Results	YoY	1H 3/24 Results	YoY	3/24 CoE	YoY	3/25 Original MTP	3/25 Revised MTP*	YoY
Sales	23,908	-3.7%	50,340	-24.2%	165,550	19.0%	179,930	176,970	6.9%
GP	4,998	-8.3%	11,407	-20.3%	33,370	11.4%	35,730	36,130	8.3%
GPM	20.9%	-1.0ppt	22.7%	1.1ppt	20.2%	-1.3ppt	19.9%	20.4%	0.3ppt
OP	73	-91.0%	1,396	-70.5%	10,440	32.0%	14,620	13,420	28.5%
OPM	0.3%	-3.0ppt	2.8%	-4.3ppt	6.3%	0.6ppt	8.1%	7.6%	1.3ppt

* Revised with FY 3/23 results

Mirarth reports that 1H 3/24 Real Estate sales & OP were broadly in line with plan, with robust progress made in condo contract acquisition. It acknowledges the possibility of above plan FY 3/24 GP in light of higher GPM condo contracts than forecast & a conservative Liquidation FY 3/24 GPM forecast.

- New Built-for-sale Condominiums:

(JPY Millions)	1Q 3/24 Results	YoY	1H 3/24 Results	YoY	3/24 CoE	YoY	3/25 Original MTP	3/25 Revised MTP*	YoY
Sales	8,924	-41.5%	19,179	-30.5%	92,700	21.8%	101,500	101,500	9.5%
GP	2,136	-33.3%	4,684	-17.0%	20,400	22.0%	21,500	21,500	5.4%
GPM	23.9%	2.9ppt	24.4%	3.9ppt	22.0%	0.0ppt	21.2%	21.2%	-0.8ppt
Units	199	-51.9%	448	-37.0%	2,200	18.2%	2,600	2,200	0.0%

* Revised with FY 3/23 results

- **1H 3/24 earnings:** 1H progress was above plan as Mirarth was able to secure contracts for 2,022 of its FY 3/24 2,200 forecast condo deliveries, representing 91.4% of its FY sales forecast & 96.7% of its GP forecast. **It did not need to lower prices to achieve these results due to high demand** as consumers seek cheaper condos in the lower-population areas where Mirarth specialises (prices typically starting at ¥40m-50m for a condo versus approx. ¥100m in large cities).

- **FY 3/24 outlook:** Mirarth expects the majority of condos to be completed & their sales recorded in the seasonally strong 2H. It believes contracting >90% of its condo delivery forecast in the 1H has put it in a good position for the 2H, & notes that contracts obtained in the 1H had a higher GPM than expected due to strong demand.

Mirarth does not expect the tight supply/demand balance to change significantly in the short term. High construction costs make the condo sector unattractive for new entrants to increase supply, & Mirarth is not currently seeing any significant impact on demand from higher interest rates.

- **FY 3/25 outlook:** Mirarth expects high FY 3/24 construction costs to impact the condominium business from 4Q 3/25, at which point it does not rule out price hikes to pass on costs.

As of 1H 3/24, construction costs were 5-10% above plan, & Mirarth is working to suppress the rise such as by re-evaluating construction materials. It does not expect construction costs to rise significantly higher than the current level in the short term.

- Liquidation:

(JPY Millions)	1Q 3/24 Results	YoY	1H 3/24 Results	YoY	3/24 CoE	YoY	3/25 Original MTP	3/25 Revised MTP*	YoY
Sales	7,803	160.7%	15,798	-35.6%	30,000	-2.1%	36,000	30,600	2.0%
GP	1,431	64.1%	3,731	-34.8%	5,410	-19.3%	5,100	5,500	1.7%

* Revised with FY 3/23 results

1H 3/24 Liquidation sales & GP were largely according to plan. The nature of the business means it is uncertain when properties will be sold, hence Mirarth remains cautious regarding FY 3/24 results, but concedes that the 18% FY 3/24 GPM forecast is likely to prove conservative given some high GPM properties sold in the 1H.

- Other Real Estate: Other Real Estate businesses were largely in line with forecast. Of note, Real Estate Management 1H GP decreased -4.3%YoY due to higher costs as more managed properties were spread nationwide.

ENERGY

JPY Millions	1Q 3/24 Results	YoY	1H 3/24 Results	YoY	3/24 CoE	YoY	3/25 Original MTP	3/25 Revised MTP*	YoY
Sales	2,798	5.9%	5,682	13.1%	13,790	52.4%	19,200	12,700	-7.9%
GP	1,126	367.9%	2,066	497.8%	4,520	446.8%	1,300	4,730	4.6%
GPM	40.3%	31.2ppt	36.4%	29.5ppt	32.8%	23.7ppt	6.8%	37.2%	4.5ppt
OP	676	n/a	1,061	n/a	3,050	n/a	600	3,160	3.6%
OPM	24.2%	n/a	18.7%	n/a	22.1%	n/a	3.1%	24.9%	2.8ppt

* Revised with FY 3/23 results

- 1H 3/24 earnings: 1H sales & OP were in line with forecast, with GPM improving +29.5ppt YoY to 36.4% due to the switch to a 100% stock business where Mirarth owns all its energy plants.

- FY 3/24 outlook: Preparation for the sale of non-FIT PPA energy is ongoing, & Mirarth expects to begin accelerating PPA energy sales in FY 3/25. It expects FY 3/24 sales & OP to grow in line with the forecast on its existing base of FIT energy sales.

- FY 3/30 outlook:

- Capacity expansion: Mirarth has announced its intention to increase its current 360MW FIT energy capacity to 780MW of FIT & PPA energy by FY 3/30. It aims to increase total capacity with both FIT & non-FIT energy in solar, biomass, & wind. Depending on the balance of energies, final FY 3/30 capacity may be different as power generation efficiency changes depending on the type of energy used (e.g. 1MW of solar is roughly equivalent to 4MW of biomass energy).

- Pricing: **The current 360MW capacity can generate Y10bn sales & Y8bn EBITDA with an average price of Y30/kWh.** Mirarth does not expect the base FIT energy contribution to sales & EBITDA to change in the long-term as its contracts extend approx. 20 years out.

Total capacity is due to grow +116.7% by FY 3/30, but the total sales & EBITDA achievable are unlikely to grow as much due to lower prices for PPA energy. Mirarth aims to sell new PPA solar energy at >Y14/kWh, & some of the contracts it is negotiating as of 1H 3/24 use prices closer to Y16/kWh.

PPA contracts are typically for 10-20 years. Costs related to FIT & non-FIT energy are different, & comparison between profitability of the two systems is difficult, although solar energy is likely to use the same facilities regardless of the system. Mirarth does not disclose an EBITDA margin forecast for the FY 3/30 capacity.

- *Customers:* Mirarth has 6 offtakers (customers) including Tokyo Gas (9531) & is in negotiation for more contracts, some of which are in final stages.

- *Risks:* Risk factors to PPA expansion include connecting to larger energy networks. There may not always be space in the network & there can be delays in being added to it. Mirarth estimates that 40% of its network applications are blocked by such problems. Conversely, it has relatively few competitors, as there are few firms willing to build smaller facilities with approx. 300-500kW capacity, viewing it as too inefficient.

ASSET MANAGEMENT

(JPY Millions)	1Q 3/24 Results	YoY	1H 3/24 Results	YoY	3/24 CoE	YoY	3/25 Original MTP	3/25 Revised MTP*	YoY
Sales	79	-68.5%	276	-56.7%	820	-25.2%	1,570	1,070	30.5%
GP	51	-75.9%	218	-62.0%	610	-36.7%	1,270	810	32.8%
GPM	65.3%	-20.2ppt	79.1%	-11.1ppt	74.4%	-13.4ppt	80.9%	75.7%	1.3ppt
OP	-87	n/a	-83	n/a	10	-96.9%	430	110	1000.0%
OPM	n/a	n/a	n/a	n/a	1.2%	-28.2ppt	27.4%	10.3%	9.1ppt

* Revised with FY 3/23 results

1H Asset Management sales & GP were from management fees only, as Takara Leben Real Estate Investment Corporation had no public offerings in 1H 3/24. It believes a public offering in the 2H will bring the business in line with the FY 3/24 forecast.

OTHER

(JPY Millions)	1Q 3/24 Results	YoY	1H 3/24 Results	YoY	3/24 CoE	YoY	3/25 Original MTP	3/25 Revised MTP*	YoY
Sales	1,351	126.9%	2,879	104.0%	8,550	102.6%	3,000	9,260	8.3%
GP	19	n/a	95	n/a	500	n/a	400	630	26.0%
GPM	1.4%	n/a	3.3%	n/a	5.8%	n/a	13.3%	6.8%	1.0ppt
OP	-40	n/a	-4	n/a	200	n/a	50	310	55.0%
OPM	n/a	n/a	n/a	n/a	2.3%	n/a	1.7%	3.3%	1.0ppt

* Revised with FY 3/23 results

1H 3/24 Other sales were broadly in line with plan.

BALANCE SHEET

Mirarth **aims to improve its balance sheet by reducing condos where profitability has declined due to high construction costs, or condos taking too long to build**. Through these methods, it targets an improvement in its D/E ratio to 300% as part of its FY 3/25 MTP. Its D/E ratio had been approx. 250% prior to the FY 3/23 TOB, which added approx. ¥70bn of short-term borrowings to the balance sheet, & it aims to continue lowering the ratio long-term.

Although the 1H RoE was 0.1%, Mirarth expects to meet its FY 3/24 RoE forecast of 13% due to the Real Estate 2H sales & OP skew.

PREVIOUS
REPORTS

- 30th August 2023: [‘FIT to PPA Transition’](#)
- 23rd June 2023: Initiating coverage - [‘Condos & the rise of renewable energy’](#)

COMPANY INFORMATION

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

2022	<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>
2023	Delisted Takara Leben Infrastructure Fund, Inc. through a tender offer

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

Major shareholders	Stake %
General Incorporated Association Murayama Asset Management	23.32
The Master Trust Bank of Japan, Ltd. (for trust account)	10.91
Morgan Stanley MUFG Securities, Co., Ltd.	4.18
Custody Bank of Japan, Ltd. (for trust account)	3.03
Murayama Kikaku Co., Ltd.	1.82
RUDEN HOLDINGS Co., Ltd.	1.66
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1.55
MIRARTH HOLDINGS Business Partner Shareholding Association	1.35
Sumitomo Mitsui Banking Corporation	1.08
SSBTC CLIENT OMNIBUS ACCOUNT	1.02

Source: Company.

MANAGEMENT

Representative Director, Group CEO, Group COO and President Executive Officer	Kazuichi Shimada
Year of birth	1965
Shareholding	0.86%
Career history	
May 1987	Joined Takara Leben Co., Ltd (now known as MIRARTH HOLDINGS Inc.).
June 1998	Director and General Manager of Development Department
June 2000	Managing Director, General Manager of Development Division, and General Manager of Development Department and Construction Department of Head Office
June 2006	Representative Director, Executive Vice President, and General Manager of Development Division
April 2012	Representative Director, Executive Vice President, Chief Operating Officer (COO), Chief Financial Officer (CFO), and General Manager of General Planning Division
April 2014	Representative Director, President, Chief Executive Officer (CEO), Chief Operating Officer (COO), and Chief Financial Officer (CFO)
April 2019	Representative Director, President, and Chief Executive Officer (CEO)
June 2019	Representative Director, Chief Executive Officer (CEO), and President Executive Officer (present)
Oct 2022	Representative Director, Group CEO, Group COO and President Executive Officer (current position)
	Representative Director, CEO and President Executive Officer, Takara Leben Co., Ltd. (current position)
Director, Group CFO and Managing Executive Officer	Masashi Yamamoto
Year of birth	1960
Shareholding	0.10%
Career history	
April 2006	Manager of Ueda Corporate Business Office, Sumitomo Mitsui Banking Corporation
April 2009	Manager of Kamata Corporate Business Office, Sumitomo Mitsui Banking Corporation
April 2011	Manager of Sapporo Corporate Business Office, Sumitomo Mitsui Banking Corporation
April 2014	General Manager of Central Tokyo Corporate Business Office, Tokyo East Corporate Business Office, and East Japan Wide Area Corporate Business Office, Sumitomo Mitsui Banking Corporation
June 2016	Joined Takara Leben Co., Ltd. (now known as MIRARTH HOLDINGS Inc.) as General Manager of General Affairs Department, General Planning Division
June 2017	Director, Executive Officer, General Manager of General Planning Division, Senior General Manager of Corporate Planning Department, General Manager of Human Resources Department, and General Manager of Corporate Planning Department
April 2018	Director, Executive Officer, General Manager of General Planning Division, Senior General Manager of Corporate Planning Department, and General Manager of Corporate Planning Department
April 2019	Director, Chief Financial Officer (CFO), Executive Officer, General Manager of General Planning Division
April 2020	Director, Chief Financial Officer (CFO), Managing Executive Officer, General Manager of General Planning Division
April 2021	Director, Chief Financial Officer (CFO), Managing Executive Officer, General Manager of Administration Headquarters
Oct 2022	Director, Group CFO, Managing Director/Executive Officer, and General Manager of Corporate Planning Headquarters
	Director, CFO, Managing Executive Officer, and General Manager of Corporate Planning Headquarters, Takara Leben Co., Ltd. (current position)
April 2023	Director, Group CFO, Managing Executive Officer (current position)

Director (External)	Kenji Kawada
Year of birth	1950
Shareholding	0.01%
Career history	
May 2003	Representative Director and President, Resona Holdings, Inc.
June 2003	Director, President and Representative Executive Officer, Resona Holdings, Inc.
June 2006	Representative Director and President, Saitama Resona Bank, Limited, and Executive Officer in charge of Group Strategy Division, Resona Holdings, Inc.
June 2009	President, Resona Research Institute Co., Ltd.
April 2011	Executive Director, Fujitsu Research Institute
Jan 2016	Representative, TMA KAWADA OFFICE (current position)
April 2016	Adviser, Fujitsu Research Institute
June 2017	External Director, PE&HR Co., Ltd. (current position) External Director (current position), Takara Leben Co., Ltd. (now known as MIRARTH HOLDINGS Inc.).
June 2018	External Auditor, Konishi, Co., Ltd.
June 2021	External Director (Audit and Supervisory Committee Member), Konishi, Co., Ltd. (current position)
Sep 2022	Director, METRIKA Co., Ltd. (current position)

Director (External)	Chiaki Tsuji
Year of birth	1953
Shareholding	0.01%
Career history	
Oct 1976	Passed the bar examination
April 1979	Registered as lawyer with the Tokyo Bar Association Joined Yamamoto Eisoku Law Office
Oct 1988	Studied in Germany to research judiciary systems
Oct 1990	Qualified as lawyer in Germany (Japanese law)
Oct 1990	Joined Peter Beyer Law Firm in Germany as partner lawyer
April 1993	Lecturer (law, constitution), Bunka Women's University (currently Bunka Gakuen University)
July 2001	Opened Yoshioka & Tsuji Law Office as partner lawyer
April 2004	Professor (civil affairs), Department of Law, Graduate School, Yamanashi Gakuin University
April 2011	Member of Certified Evaluation and Accreditation for Law Schools, Japan University Accreditation Association
June 2017	External Director, Yorozu Corporation (Audit and Supervisory Committee Member) (current position)
April 2018	Visiting professor, Department of Law, Yamanashi Gakuin University
June 2019	External Director, Keihin Corporation (currently Hitachi Astemo, Ltd.)
July 2019	Partner Lawyer, Kinorr Tokyo Law Office (current position)
June 2021	External Director (current position), Takara Leben Co., Ltd. (now known as MIRARTH HOLDINGS Inc.).
June 2022	External Audit and Supervisory Board Member, Moriroku Holdings Company, Ltd. (current position)

Director (External)	Keiko Yamahira
Year of birth	1960
Shareholding	--
Career history	
April 1983	Joined Kubota House Co. Ltd. (currently Sanyo Homes Corporation)
April 2010	Executive Officer, Sanyo Homes Corporation
June 2011	Director and Managing Director/Executive Officer, Sanyo Homes Corporation
June 2012	Director, Sanyo Reform Co., Ltd. (concurrent)
June 2013	Director, Senior Managing Director, and Executive Officer, Sanyo Homes Corporation Director, SunAdvance, Inc. (concurrent)
June 2015	Director, Sanyo Homes Community Corporation (concurrent) Director, President, and Executive Officer, Sanyo Homes Corporation

April 2017	Representative Director and Chairman, Sanyo Homes Community Corporation
June 2019	External Director, Joshin Denki Co., Ltd. (current position) External Director, Fujitec Co., Ltd.
June 2021	External Director (current position), Takara Leben Co., Ltd. (now known as MIRARTH HOLDINGS Inc.).
June 2022	External Director, Shinagawa Refractories Co., Ltd. (current position)
Director (External) Naohito Yamagishi	
Year of birth	1961
Shareholding	0.01%
Career history	
April 1986	Joined the National Police Agency
Apr 1990	Chief, Investigation Division 2, Criminal Investigation Department, Kagawa Prefectural Police Headquarters
Aug 1991	Chief, First Public Safety Division, Security Department, Saitama Prefectural Police Headquarters
Aug 1993	Assistant Director, Traffic Regulation Division, Traffic Bureau, National Police Agency
Aug 1994	Assistant Director, Road Policy Division, Bureau of Public Roads, Ministry of Construction (now Ministry of Land, Infrastructure, Transport and Tourism)
Sep 1996	Assistant Director, Driver's License Division, Traffic Bureau, National Police Agency
Aug 1998	Chief of Police, Nara Prefectural Police Headquarters
Aug 2000	Director, Security Department, Hyogo Prefectural Police Headquarters
Aug 2002	Security Division Director, Security Bureau, National Police Agency
Aug 2004	Security Services Bureau (Cabinet Intelligence and Research Office), National Police Agency
Sep 2006	Director, Security Department, Kanagawa Prefectural Police Headquarters
Aug 2008	HR, Ministry of Internal Affairs and Communications, and Pension Bureau Counsellor
Aug 2010	Chief, Wakayama Prefectural Police Headquarters
Aug 2012	Chief of Police, Kanagawa Prefectural Police Headquarters
Aug 2013	Director, Driver's License Division, Traffic Bureau, National Police Agency
June 2014	Deputy Director of the Imperial Guard Headquarters
Feb 2016	Chief, Niigata Prefectural Police Headquarters
March 2018	Director, International Police Center, National Police Academy and Deputy Director-General, National Police Agency (in charge of care for victims of crimes)
Jan 2019	Chief, Hokkaido Prefectural Police Headquarters
Jan 2021	Advisor, Mitsui Sumitomo Insurance Co., Ltd.
June 2022	External Director (current position), Takara Leben Co., Ltd. (now known as MIRARTH HOLDINGS Inc.).
Dec 2022	National Association of Road Sign and Marking Businesses (Counsellor)
May 2023	National Association of Road Sign and Marking Businesses (Executive Director) (current position)
June 2023	Auditor (part-time), UTMS Association (current position)

J GAAP Financial statements

Income statement (¥bn)	FY 3/21	FY 3/22	FY 3/23
Sales	148.39	162.74	153.47
COGS	118.5	129.6	121.8
Gross profit	29.9	33.1	31.7
Gross profit margin (%)	20.2	20.3	20.7
Operating expense	19.1	21.2	24.7
Total OP	10.79	11.88	7.03
OP margin (%)	7.3	7.3	4.6
Non-Op Income (Loss)	3.6	2.4	1.3
Pretax Income	7.2	9.4	5.7
Tax	2.5	3.2	1.3
Effective tax rate (%)	34.6	33.6	22.0
Net income	4.69	6.21	4.58

Cash flow statement (¥bn)	FY 3/21	FY 3/22	FY 3/23
Net income/pre-tax profit	4.7	6.2	4.6
Depreciation/amortization	2.0	3.2	3.4
Other non-cash items	-0.4	0.3	(0.2)
Changes in working capital	20.0	16.3	-7.0
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Operating Activities	26.3	23.2	-0.7
Change in fixed * intangible assets	-25.0	-25.7	-17.6
Net change in long-term investments	0.0	-0.6	-1.8
Net cash from acquisitions * divestitures	-0.1	-2.7	-26.9
Other investing activities	0.0	1.1	0.0
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Investing Activities	-25.1	-27.9	-46.4
Dividends paid	-1.8	-1.5	-2.0
Cash from (repayment) debt	4.5	0.4	63.6
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
Cash from Financing Activities	2.7	-1.1	61.5
FX impact	0.0	0.0	0.0
Net cash flow	3.9	-5.8	14.5
Free cash flow	0.6	-2.1	-20.1
EBITDA	12.8	15.0	10.4

Balance sheet (¥bn)	FY 3/21	FY 3/22	FY 3/23
Cash * equivalents	37.3	33.4	47.9
Accounts * notes receivable	2.1	2.6	3.2
Inventories	73.0	91.7	120.2
Other short-term assets	13.3	14.9	17.4
Current assets	125.7	142.6	188.7
Property, plant * equipment (net of depreciation)	64.1	63.7	125.4
Long term investments * receivables	5.2	5.8	3.2
Other long-term assets	9.4	11.3	24.4
Total non-current assets	78.6	80.8	152.9
Total assets	204.3	223.5	341.7
Payables * accruals	15.6	17.5	20.7
Short-term debt	26.9	41.7	118.3
Other short-term liabilities	13.2	15.8	23.2
Total current liabilities	55.6	75.0	162.2
Long term debt	91.7	86.3	109.1
Other long-term liabilities	2.3	2.6	5.3
Total non-current liabilities	94.0	88.9	114.4
Total liabilities	149.7	163.9	276.5
Share capital * APIC	9.8	9.8	9.9
Treasury stock	4.6	4.5	4.2
Retained earnings	48.7	53.4	56.0
Other equity	0.5	0.5	-0.1
Equity before minority interest	54.4	59.3	61.6
Total equity	54.6	59.6	65.1
Total liabilities * equity	204.3	223.5	341.7

Key metrics	FY 3/21	FY 3/22	FY 3/23
Profitability			
Gross margin (%)	20.2	20.3	20.7
Operating margin (%)	7.3	7.3	4.6
Net margin (%)	3.2	3.8	3.0
ROIC (%)	4.3	4.4	2.3
Liquidity			
Current ratio (x)	2.3	1.9	1.2
Quick ratio (x)	0.7	0.5	0.3
Leverage			
Debt/Equity ratio	218.0	215.8	369.1
Net Debt/Equity ratio	145.3	158.6	275.6

DISCLAIMER

This report has been commissioned by Mirarth & prepared & issued by Storm Corporate in consideration of a fee payable by Mirarth. All information 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. The information provided by us should also not be construed by any subscriber or prospective subscriber as Storm Corporate's solicitation to effect, or attempt to effect, any transaction in a security.

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