Daikokuya Holdings | 6993 (TSE Standard)

Company Report

November 20, 2025

Strategy Advisors Inc.
Team Coverage

1H FY3/26 Results: Continued Losses Due to Poor Performance in Pre-Owned Luxury Item Stock Build-Up. Full-Year Forecast Also Revised Downward. Awaiting Effects of Various Measures & Results from Capital and Business Alliance with Keystone Partners and Others

Daikokuya Holding reported 1H FY3/26 results with revenue down to ¥4.976 bn (-0.5% YoY), an operating loss of ¥444 mn (-¥364 million YoY), an ordinary loss of ¥446 mn (-¥474 million YoY) and a net loss attributable to owners of parent of ¥449 mn (-¥448 million YoY). As of May 15, 2025, the company had projected a return to profitability for both 1H and the Full Year. However, on October 31, it revised these forecasts downward to losses for both periods. The primary reason was the poor performance of stock accumulation for pre-owned goods at its major subsidiary, Daikokuya Co., Ltd.

The pawn shop and pre-owned luxury goods business, which accounts for the majority of sales, saw sales remain nearly flat compared to YoY. Segment profit deteriorated from a loss of ¥170 mn in YoY basis to a loss of ¥240 mn. Factors included the inability to invest funds in Q1, keeping pre-owned goods stocks at an average low of ¥1.26 bn; delays in the planned rollout of Otegaru AI and other initiatives and weak in-store sales (to domestic customers and overseas travelers) due to the strong yen. The electronics business maintained profitability despite a challenging environment, including soaring material costs and industry-wide labor shortages.

The company announced on October 31, 2025, that it had secured funding from S Bank LLC, significantly strengthening its financial position. Following partnerships with LY Corporation and Mercari, Inc. since 2023, and the implementation of Stripe, this funding round is expected to enhance the likelihood of entering a virtuous cycle of increasing pre-owned goods stock and expanding sales revenue. Alongside the funding announcement, the company also disclosed the signing of a capital and business alliance agreement with Keystone Partners Co., Ltd., whose largest shareholder is SBI GROUP, and S BANK. The alliance includes business expansion for the company group through collaboration with the entire SBI GROUP. The stock price level has not shown significant change since the funding announcement, suggesting the market is awaiting the materialization of effects from various initiatives and the outcomes of the capital and business alliance.

Stock Price & Trading Volumes

Source: Strategy Advisors

Key Indicators

Stock Price (11/19/2025)	58
52-Week High (6/30/2025)	89
52-Week Low (4/07/2025)	19
All-Time High (4/27/1984)	22,323.53
All-Time Low (3/16/2020)	17
# of Shares Issued (mn)	222.8
Market Capitalization (¥ bn)	12.9
EV (¥ bn)	48.1
Equity Ratio (FY3/25, %)	6.8
ROE (FY3/25 Actual, %)	-228.4
PER (FY3/26 CoE, Times)	–
PBR (FY3/25 Actual, Times)	24.8
Yield (FY3/26 CoE, %)	0.0

Source: Strategy Advisors

Japanese GAAP - Consolidated

FY	Net Sales (¥ mn)	YoY (%)	Operating Profit (¥ mn)	YoY (%)	Ordinary Profit (¥ mn)	YoY (%)	Net Profit (¥ mn)	YoY (%)	EPS (¥)	DPS (¥)
3/25 H1	5,000	-9.3	-364	-	-474	-	-448	-	-3.41	0.0
3/26 H1	**4,976**	**-0.5**	**-444**	**-**	**-506**	**-**	**-449**	**-**	**-2.28**	**0.0**
3/23	12,452	28.4	129	103.0	-31	-	-275	-	-2.35	0.0
3/24	10,967	-11.9	-143	-	-446	-	-539	-	-4.60	0.0
3/25	10,232	-6.7	-904	-	-1,076	-	-968	-	-6.58	0.0
3/26 CoE	10,415	1.8	-600	-	-723	-	-677	-	-3.23	0.0

Source: Company Data. Compiled by Strategy Advisors.

Table of Contents

1. 1H FY3/26 Earnings Summary

Failed to Return to Profitability in 1H. Full-Year Earnings Forecast Also Revised Downward to a Loss

Daikokuya Holdings reported 1H FY3/26 results with revenues down to ¥4.976 bn (-0.5% YoY), an operating loss of ¥444 mn (-¥364 mn YoY), an ordinary loss of ¥506 mn (-¥474 mn YoY) and a net loss attributable to owners of parent of ¥449 mn (-¥448 mn YoY). As of May 15, 2025, the Company had projected a return to profitability for both 1H and the Full Year. However, on October 31, it revised both forecasts downward to losses (Figure 1).

Figure 1. Summary of 1H FY3/26 Financial Results

(¥ mn)	3/24 1H	3/24 2H	3/24 FY	3/25 1H	3/25 2H	3/25 FY	3/26 1H	FY Initial (CE)	FY Revised (CE)
Income Statement									
Net Sales	5,514	5,453	10,967	5,000	5,232	10,232	**4,976**	17,107	10,415
Cost Of Sales	3,854	3,840	7,693	3,439	3,737	7,175	**3,564**		
Gross Profit	1,660	1,613	3,273	1,561	1,495	3,056	**1,412**		
Gross Profit Margin	30.1%	29.6%	29.8%	31.2%	28.6%	29.9%	**28.4%**		
SG&A Expenses	1,669	1,748	3,417	1,926	2,035	3,960	**1,857**		
SG&A Expense Ratio	30.3%	32.1%	31.2%	38.5%	38.9%	38.7%	**37.3%**		
Operating Profit	-9	-135	-143	-364	-540	-904	**-444**	879	-600
Operating Profit Margin	-0.2%	-2.5%	-1.3%	-7.3%	-10.3%	-8.8%	**-8.9%**	5.1%	—
Non-Operating Income	23	7	30	6	10	16	**2**		
Non-Operating Expenses	79	254	333	115	73	188	**64**		
Ordinary Profit	-65	-382	-446	-474	-603	-1076	**-506**	655	-723
Ordinary Profit Margin	-1.2%	-7.0%	-4.1%	-9.5%	-11.5%	-10.5%	**-10.2%**	3.8%	—
Extraordinary Profit	0	0	0	0	0	0	**0**		
Extraordinary Losses	13	92	106	27	19	47	**7**		
Profit Before Income Taxes	-78	-474	-552	-502	-622	-1,123	**-514**		
Cooperate Taxes	74	-89	-15	-39	-82	-120	**-50**		
(Corporate Tax Rate)	-93.9%	18.7%	2.7%	7.8%	13.1%	10.7%	**9.8%**		
Profit Attributable to Owners of Parent	-165	-375	-539	-449	-519	-968	**-449**	148	-677
Net Profit Margin	-3.0%	-6.9%	-4.9%	-9.0%	-9.9%	-9.5%	**-9.0%**	0.9%	—

(CE): Company Estimate
Source: SPEEDA. Created by Strategy Advisors.

The Pre-owned Luxury Goods Business Remained Sluggish, Primarily Due to Keeping Pre-Owned Goods Stock at Low Levels

The company's segment-specific sales and operating profit are as shown in Figure 2. The pawn shop and pre-owned luxury goods business, which accounts for the majority of sales, saw sales remain nearly flat compared to YoY. Segment profit expanded its loss from ¥170 mn to ¥240 mn YoY. This was due to the inability to invest funds in Q1, keeping pre-owned goods stocks at a low average of ¥1.26 bn (Figure 3), delays in the planned rollout of Otegaru AI and other initiatives and weak in-store sales (to domestic customers and overseas travelers) as a result of the strong yen. The pawn shop and pre-owned luxury goods business consists of pawn shop operations and the pre-owned luxury goods business. In pawn shop operations, outstanding loans remained stable in the low ¥2 bn range and pawn revenue increased 3.5% YoY. The pre-owned luxury goods business is the primary driver of this segment's performance.

Daikokuya Reports Lower Revenue and Profit Than Forecast

Compared to Daikokuya's initial earnings forecast, store sales decreased by ¥1.697 bn (-35.8%) to ¥3.039 bn, while head office merchandise sales (sales to secondhand dealers' markets) decreased by ¥603 mn (-32.1%) to ¥1.273 bn. Gross profit decreased by ¥723 mn (-34.9%) to ¥1.346 bn and the gross profit margin decreased by 0.9% to 28%. This indicates that sales growth stalled and profitability declined due to insufficient accumulation of pre-owned goods stocks. Furthermore, since selling, general and administrative expenses remained largely flat, the decrease in gross profit directly impacted on the operating result, resulting in a loss of ¥504 mn(-¥689 mn).

The Electrical Equipment segment, accounting for approximately 3% of sales, saw sales decrease by 12.0% YoY and segment profit decrease by 16.1% YoY. Despite a challenging environment including soaring material costs and industry-wide labor shortages, the segment-maintained profitability.

Figure 2. Sales and Operating Profit by Segment (¥ mn)

FY	Sales	By Segment						(Pawn Shop Business Indicator)	
		Electrical Business	Sales Share	Pawn Shop, Pre-owned Luxury Goods Business	Sales Share	Others	Sales Share	(Operating Loans)	(Pawn Revenue)
3/23 1H	6,687	135	2.0%	6,552	98.0%	–	–	2,040	419
3/23 2H	5,759	142	2.5%	5,617	97.5%	–	–	2,137	426
3/24 1H	5,514	136	2.5%	5,377	97.5%	–	–	2,136	438
3/24 2H	5,453	158	2.9%	5,294	97.1%	–	–	2,108	441
3/25 1H	5,000	181	3.6%	4,819	96.4%	–	–	1,973	431
3/25 2H	5,231	149	2.9%	5,082	97.1%	–	–	2,118	409
3/26 1H	4,976	159	3.2%	4,816	96.8%	–	–	2,096	447

FY	Operating Profit	By Segment						
		Electrical Business	Profit Margin	Pawn Shop, Pre-owned Luxury Goods Business	Profit Margin	Others	Profit Margin	Adj.
3/23 1H	-32	27	20.6%	161	2.5%	-23	-	-197
3/23 2H	156	35	24.7%	296	5.3%	-21	-	-153
3/24 1H	-8	31	23.4%	178	3.3%	-20	-	-199
3/24 2H	-134	45	28.4%	13	0.3%	-20	-	-173
3/25 1H	-364	66	36.6%	-173	-3.6%	-20	-	-236
3/25 2H	-540	46	31.3%	-344	-6.8%	-24	-	-217
3/26 1H	-444	55	34.9%	-248	-5.2%	-20	-	-230

Source: Company Data. Compiled by Strategy Advisors.

Figure 3. Changes in "Merchandise and Goods" Balance (Unit: ¥ mn)

3/23Q1	3/23Q2	3/23Q3	3/23Q4	3/24Q1	3/24Q2	3/24Q3	3/24Q4	3/25Q1	3/25Q2	3/25Q3	3/25Q4	3/26Q1	3/26Q2
2,122	1,965	1,457	1,567	1,489	1,770	1,575	1,315	1,311	1,510	1,303	1,440	1,328	1,649

Note: "Merchandise and Goods" primarily consists of pre-owned goods stock in the Pre-owned luxury goods business, but also includes merchandise and goods from the electronics business and other segments.

Source: Company Data. Compiled by Strategy Advisors.

Daikokuya Revises Full-Year Earnings Forecast Downwards

The outline of Daikokuya's revised full-year earnings forecast is shown in Figure 4. For the full year, the company expects a sluggish performance due to pre-owned goods stocks remaining at low levels through June, delays in the planned rollout of Otegaru AI and other initiatives, and a decline in per capita spending by inbound tourists caused by the strong yen and price increases for luxury brand goods.

For sales revenue, the forecast has been lowered to ¥6.711 bn for store sales (-¥4.525 bn from the initial forecast) and to ¥2.427 bn for head office merchandise sales (-¥2.102 bn). Consequently, gross profit has also been lowered to ¥2.77 bn (-¥1.931 bn). The gross profit margin has been lowered by 0.6%, from 27.9% to 27.3%. The impact of the gross profit margin decline in 1H FY3/26 will persist into the full year. While SG&A expenses are expected to decrease by ¥4 bn, from ¥38.6 bn to ¥34.6 bn, this reduction is insufficient to offset the decline in gross profit, resulting in an expected operating loss.

Figure 4. Overview of Full-Year Earnings Forecast Revision

<FY3/26 Full-Year Revision>

(¥ mn)	Initial CoE	Revised CoE	Reason
Net Sales	16,837	10,121	Failure to allocate funds for stock buildup in Q1. Otegaru AI and other initiatives did not progress as planned. The yen-dollar exchange rate remained at a high-level YoY (April-September) at 4.3% (¥152.2 → ¥145.99). Decrease in per capita spending by inbound tourists. Price increases for luxury brand goods.
Gross Profit	4,701	2,770	Decrease in merchandise sales
Operating Profit	833	△697	

Source: Company Data. Compiled by Strategy Advisors.

2. Medium to Long-Term Outlook

Resolved a Third-Party Allotment Capital Increase to S BANK on October 31, 2025, Raising Approximately ¥4.3 bn

On October 31, 2025, a resolution was passed for a third-party allotment of new shares to S BANK. Subject to approval at the extraordinary shareholders' meeting scheduled for December 10, 2025, approximately ¥4.3 bn will be raised. S BANK is an entity in which a fund managed and operated by Keystone Partners, whose largest shareholder is SBI GROUP, has invested as a limited partner. Additionally, the company has entered into a capital and business alliance agreement with Keystone Partners and S BANK.

The outline of the third-party allotment capital increase and business alliance, along with the major shareholder status after the allotment, is shown in Figure 5. Capital stock and capital reserves are projected to increase by a total of ¥4.36 bn, with ¥2.45 bn allocated for purchasing pre-owned goods stocks. Average stock for 1H FY3/26 was in the ¥1.2 bn range. With approximately double that amount being invested, pre-owned goods stocks could significantly increase by 2026. Additionally, ¥1.337 bn is allocated for M&A, capital, and business alliance expenses. The business alliance stipulates "Keystone Partners introducing, sharing and providing opportunities for joint investment consideration of investment project information to the Company" and "Keystone Group financing for the Company's investments". Keystone has already commenced M&A discussions with multiple resale industry-related companies. Discussions have begun with one resale company, and interest/intent has been confirmed from approximately 3 other companies, with potential for further introductions. The business alliance also stipulates "expanding the company group's business through collaboration between the company group and the entire SBI GROUP". Regarding major shareholders, S BANK holds approximately 68% of the shares, suggesting potential for future new developments.

Figure 5. Overview of Third-Party Allotment and Business Alliance

<Outline of Third-Party Allotment of New Shares>

Resolution Fate	October 31, 2025
# of Newly Issued Shares	485,055,672 shares
Issue Price	¥9 (closing price on the resolution date: ¥40)
Total issue price	¥4,365,501,048 (closing market cap on the resolution date: ¥8.91 bn)
Allocated to	S Bank LLC
Use of proceeds	Estimated proceeds: ¥4.337 bn -Repayment of a term loan from financial institutions by Daikokuya : ¥550 mn -Working Capital (for Stock Purchase): ¥2.450 bn -M&A and Alliance-Related Expenses: ¥1.337 bn

<Summary of Business Alliance>

① Keystone Partners and S Bank provide support for the establishment and operation of the company's management system.

② Keystone Partners and S Bank will introduce and share information about. investment opportunities for the company and provide opportunities for joint investment consideration.

③ Keystone Group's financing for the investments planned by the company group.

④ Expanding the Group's business through collaboration between the Group and the SBI Group as a whole.

Source: Company Data. Compiled by Strategy Advisors.

Figure 6. Half-Year/Quarterly Performance Trends (¥ mn)

FY	3/23		3/24		3/25		3/26
	1H	2H	1H	2H	1H	2H	1H
Income Statement							
Net Sales	6,688	5,760	5,514	5,453	5,000	5,232	**4,976**
Cost of Sales	4,972	3,995	3,854	3,840	3,439	3,737	**3,564**
Gross Profit	1,716	1,765	1,660	1,613	1,561	1,495	**1,412**
Gross Profit Margin	25.7%	30.6%	30.1%	29.6%	31.2%	28.6%	**28.4%**
SG&A Expenses	1,748	1,609	1,669	1,748	1,926	2,035	**1,857**
Sales to SG&A Expenses	26.1%	27.9%	30.3%	32.1%	38.5%	38.9%	**37.3%**
Operating Profit	-32	157	-9	-135	-364	-540	**-444**
OP Margin	-0.5%	2.7%	-0.2%	-2.5%	-7.3%	-10.3%	**-8.9%**
Non-Operating Income/ Expenses	-78	-81	-55	-246	-109	-62	**-61**
Profit Before Income Taxes	-111	75	-65	-382	-474	-603	**-506**
Pretax Income Margin	-1.7%	1.3%	-1.2%	-7.0%	-9.5%	-11.5%	**-10.2%**
Extraordinary Profit/Losses	-14	-20	-13	-92	-27	-18	**-7**
Profit Before Income Taxes	-125	55	-78	-474	-502	-622	**-514**
Cooperate Taxes	73	109	74	-89	-39	-82	**-50**
(Corporate Tax Rate)	-58.5%	200.1%	-93.9%	18.7%	7.8%	13.1%	**9.8%**
Profit Attributable to Owners of Parent	-208	-71	-165	-375	-449	-519	**-449**
Net Profit Margin	-3.1%	-1.2%	-3.0%	-6.9%	-9.0%	-9.9%	**-9.0%**

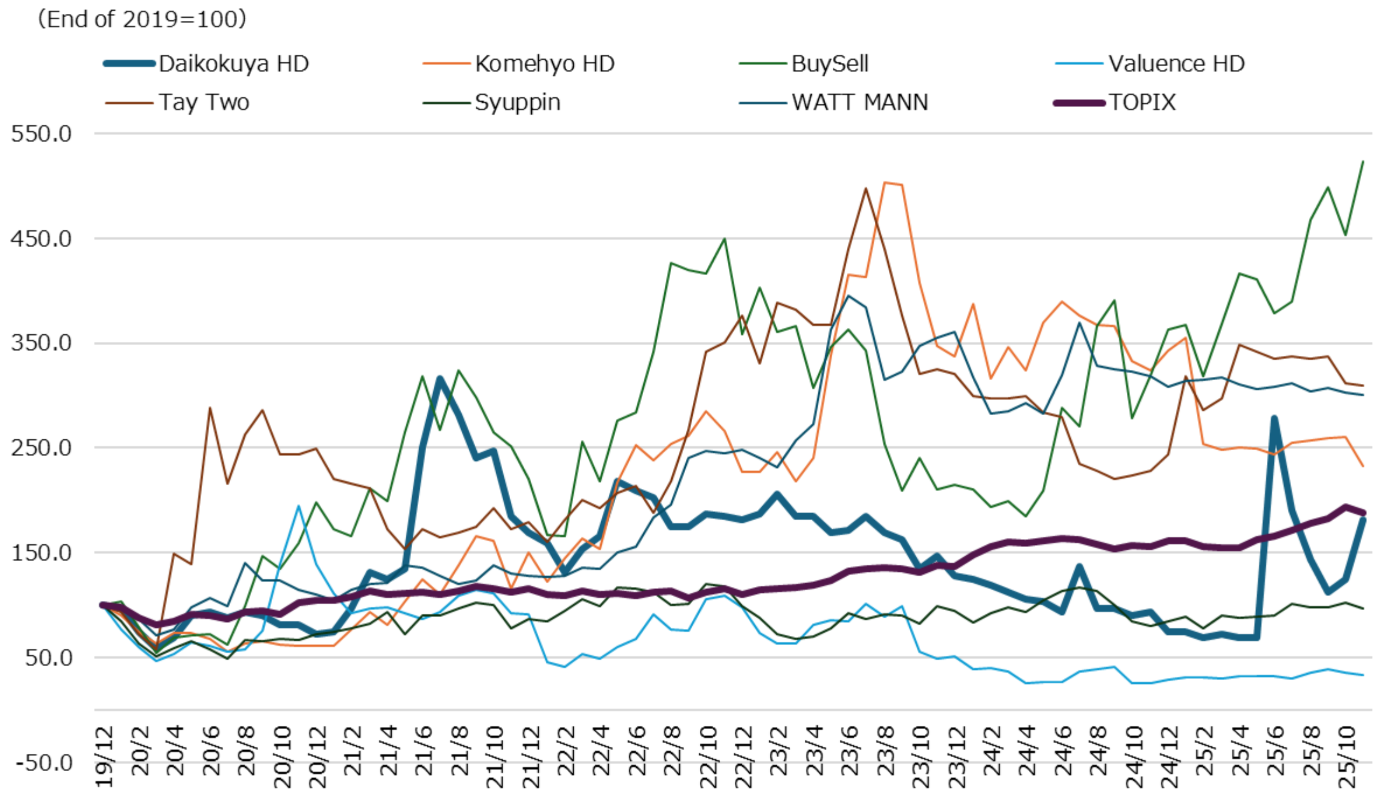
FY	3/24				3/25				3/26	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Income Statement										
Net Sales	2,865	2,649	2,941	2,512	2,655	2,346	2,751	2,481	2,459	**2,517**
Cost of Sales	1,985	1,869	2,064	1,776	1,849	1,590	2,013	1,723	1,764	**1,800**
Gross Profit	880	780	877	736	805	756	738	758	695	**717**
Gross Profit Margin	30.7%	29.4%	29.8%	29.3%	30.3%	32.2%	26.8%	30.5%	28.3%	**28.5%**
SG&A Expenses	836	833	870	878	969	957	1,012	1,023	978	**879**
Sales to SG&A Expenses	29.2%	31.4%	29.6%	35.0%	36.5%	40.8%	36.8%	41.2%	39.8%	**34.9%**
Operating Profit	44	-53	7	-142	-163	-201	-275	-265	-283	**-162**
OP Margin	1.5%	-2.0%	0.2%	-5.7%	-6.2%	-8.6%	-10.0%	-10.7%	-11.5%	**-6.4%**
Non-Operating Income/ Expenses	-25	-30	-228	-18	-20	-89	-32	-30	-27	**-34**
Profit Before Income Taxes	18	-83	-221	-161	-184	-290	-307	-296	-310	**-196**
Pretax Income Margin	0.6%	-3.1%	-7.5%	-6.4%	-6.9%	-12.4%	-11.2%	-11.9%	-12.6%	**-7.8%**
Extraordinary Profit/Losses	-10	-2	-76	-16	-16	-11	0	-19	-3	**-3**
Profit Before Income Taxes	7	-86	-297	-177	-201	-301	-306	-315	-314	**-200**
Cooperate Taxes	83	-10	-75	-13	-2	-37	-31	-51	-41	**-9**
(Corporate Tax Rate)	1163.9%	11.2%	25.4%	7.6%	1.1%	12.2%	10.0%	16.1%	13.1%	**4.6%**
Profit Attributable to Owners of Parent	-84	-81	-213	-161	-196	-253	-265	-254	-262	**-261**
Net Profit Margin	-2.9%	-3.1%	-7.3%	-6.4%	-7.4%	-10.8%	-9.6%	-10.2%	-10.7%	**-10.4%**

Source: Company Data. Compiled by Strategy Advisors.

3. Stock Price Trends and Valuation

Figure 7 shows the relative stock price trends of peer companies and TOPIX (Tokyo Stock Price Index), where the year-end 2019 stock price is set to 100.

Figure 7. Stock Price Trends of Competitors (Since 2020)



Source: Strategy Advisors.

Given the Deterioration in Performance, the Current Valuation is Not Particularly Indicative

In terms of valuation, while the company's performance has been disappointing, its PER was around 70x and PBR around 25x prior to the October 31, 2025 third-party allotment capital increase resolution, representing extremely high levels. Historically, the wide fluctuations in EPS levels meant there was no clear equilibrium point for PER or PBR. The average for peer companies excluding this company stands at a PER of 13.8x and a PBR of 2.8x (Figure 8). Even after the resolution for the third-party allotment capital increase, the stock price has remained largely unchanged.

Figure 8. Valuation Comparison with Peers

Company Name	Ticker	FY	Stock Price (Nov. 19) (¥)	Market Cap (¥ mn)	PER (CE) (times)	PBR Results (times)	Dividend Yield (CE) (%)	ROE Results (%)
Daikokuya HD	**6993**	**3/25**	**58**	**10,385**	**-**	**26.6**	**-**	**-494.7**
Komehyo HD	2780	3/25	2,681	29,382	6.4	0.9	4.0	15.6
BuySell Technologies	7685	12/24	3,915	120,700	23.4	9.4	0.6	22.8
Valuence HD	9270	8/24	911	11,979	16.4	1.6	1.6	-21.8
LIFE CREATE	216A	24/12	1,250	500	-	2.7	-	27.1
ZEROJAPAN	171A	6/25	2,167	1,734	-	2.6	-	14.4
Tay Two	7610	2/25	133	8,464	12.0	1.4	3.0	8.4
GT HD	5883	5/25	1,600	7,423	-	1.9	-	19.9
Syuppin	3179	3/25	1,213	26,173	11.5	2.6	3.9	21.9
WATT MANN	9927	3/25	750	6,562	13.2	1.9	2.7	10.4
Average (Excluding Daikokuya HD)					**13.8**	**2.8**		

Source: Strategy Advisors,

3 Key Points to Watch for Future Stock Price Movements

Regarding the future stock price for the company, the following 3 points are key points of focus.

First, it is crucial to get the stock market to recognize the company's projected profitability starting from FY3/27. Since FY3/22, the company has forecast annual net profits at the start of each fiscal year, but has ultimately posted losses, resulting in nine consecutive periods of net losses. For FY3/26, the company initially projected a profit but revised its forecast downward to a loss on October 31, 2025. The stock market's confidence in the company's earnings projections is considered low. With the capital increase completed and the structure now in place, it is necessary to gain market recognition of the projected profitability starting FY3/27.

Second is the removal of the "Going concern matters" disclosure. This disclosure likely excludes the company from consideration by some institutional and individual investors. It is essential to demonstrate that the company has improved its financial position through fundraising and profitability and has entered a cycle of expanding stock to increase sales.

Third, online procurement and sales must demonstrate actual high growth rates. Accelerating this growth through the capital and business alliance with Keystone Partners would be even more desirable. Daikokuya's performance has not yet achieved profitability in FY3/26. It is necessary to demonstrate that it has entered a growth trajectory starting in FY3/27 and beyond.

Figure 9. Consolidated Balance Sheet (¥ mn)

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26H1
Current Assets	**10,684**	**7,646**	**6,504**	**5,921**	**5,370**	**5,165**	**4,870**	**5,090**
Cash and Deposits	2,080	1,793	1,003	1,043	901	948	559	524
Accounts Receivable	609	377	430	372	382	444	411	505
Inventories	3,857	2,831	3,034	2,330	1,627	1,385	1,524	1,729
Short-Term Loans	3,049	1,963	1,615	1,802	2,136	2,108	2,118	2,095
Allowance for doubtful accounts	-47	-4	-3	-1	-1	-1	-1	-1
Others	1,136	686	425	375	325	281	259	238
Fixed Assets	**2,158**	**1,669**	**1,603**	**1,442**	**1,334**	**1,353**	**1,408**	**1,580**
Tangible Fixed Assets	428	309	263	247	217	249	215	205
Intangible Fixed Assets	559	476	432	395	361	326	294	304
Investments and Other Assets	1,170	883	906	798	756	776	898	1,070
Investment Securities	245	70	80	34	40	61	66	74
Security Deposit	770	701	674	672	630	606	588	696
Deferred Tax Assets	132	109	149	85	77	76	205	0
Others	23	3	3	7	9	33	39	300
Total Assets	**12,842**	**9,315**	**8,107**	**7,363**	**6,705**	**6,518**	**6,279**	**6,671**
Current Liabilities	**3,874**	**6,688**	**4,645**	**4,774**	**5,575**	**4,842**	**4,538**	**4,445**
Accounts Payable	356	69	49	36	47	66	35	53
Accounts payable - other	0	0	0	0	521	566	534	0
Interest-Bearing Debt	2,789	5,900	3,900	3,900	4,700	4,040	3,800	3,800
Short-Term Borrowings	2,399	3,000	3,500	3,500	3,500	3,890	3,500	3,500
Current Portion of Long-Term Borrowings	390	2,900	400	400	1,200	150	300	300
Unpaid Corporate Taxes	208	82	107	132	146	14	15	15
Advances received	0	0	0	0	0	0	0	1
Others	521	637	589	706	161	156	154	576
Non-Current Liabilities	**4,360**	**86**	**1,692**	**1,298**	**95**	**1,039**	**746**	**498**
Interest-Bearing Debt	4,265	0	1,600	1,200	0	850	550	400
Retirement benefit liabilities	0	0	0	3	8	13	18	20
Asset Retirement Obligations	15	15	16	16	16	16	16	16
Others	80	71	76	79	71	160	162	62
Total Net Assets	**4,607**	**2,541**	**1,769**	**1,289**	**1,034**	**635**	**994**	**1,727**
Shareholders' Equity	4,724	2,881	2,164	1,701	1,422	1,051	1,449	2,202
Share capital	2,955	2,955	2,955	2,955	2,955	3,039	3,722	4,323
Capital surplus	1,003	1,003	1,003	1,003	1,003	1,087	1,771	2,371
Treasury Shares	768	-1,075	-1,792	-2,254	-2,534	-3,073	-4,041	-4,491
Treasury Shares	-2	-2	-2	-2	-2	-2	-2	-2
Accumulated Other Comprehensive Income	-887	-965	-994	-1,017	-1,019	-1,053	-1,055	-1,058
Stock Acquisition Rights	25	24	24	24	24	32	29	27
Non-Controlling Interests	744	600	575	580	607	605	571	556
Total Liabilities and Net Assets	**12,842**	**9,315**	**8,107**	**7,363**	**6,705**	**6,518**	**6,279**	**6,671**
Interest-Bearing Debt	7,054	5,900	5,500	5,100	4,700	4,890	4,350	4,200
Capital Adequacy Ratio	36.8%	30.9%	26.7%	23.1%	21.2%	16.1%	23.1%	33.0%
D/E Ratio	1.5	2.0	2.5	3.0	3.3	4.7	3.0	1.9

Source: SPEEDA. Created by Strategy Advisors.

Figure 10. Consolidated Cash Flow Statement (¥ mn)

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26H1
Cash Flows from Operating Activities								
Profit Before Taxes	-740	-1,706	-771	-297	-70	-552	-1,123	-513
Depreciation	182	130	93	81	72	69	69	35
Equity in Earnings of Affiliates	79	156	3	0	0	0	0	0
Impairment losses	4	122	11	7	7	13	15	1
Working Capital	-548	-971	276	-749	-704	-199	137	281
Others	1,680	3,072	-10	1,380	949	239	-291	-741
Total	**657**	**803**	**-398**	**422**	**254**	**-430**	**-1,193**	**-937**
Cash Flows from Investing Activities								
Purchase/Sale of Tangible Assets	-8	51	-15	-33	-17	-77	-23	-12
Purchase/Sale of Intangible Assets	-3	0	0	0	-3	0	-1	-23
Purchase/Sale of Investment Securities	0	0	0	0	0	0	0	0
Others	-119	-1	14	39	20	74	4	-12
Total	**-130**	**50**	**-1**	**6**	**0**	**-3**	**-20**	**-47**
Cash Flows from Financing Activities								
Net Increase/Decrease in Short-Term Borrowings	-400	600	500	0	0	390	-390	0
Net Increase/Decrease in Long-Term Borrowings	-900	-1,755	-900	-400	-400	-200	-150	-150
Issuance of Shares	249	0	0	0	0	0	0	0
Expenditures for Acquisition of Treasury Stock	0	0	0	0	0	0	0	0
Others	1	0	0	0	0	276	1,364	1,099
Total	**-1,050**	**-1,155**	**-400**	**-400**	**-400**	**466**	**824**	**949**
Exchange Differences on Cash and Cash Equivalents	-79	13	10	10	4	14	0	1
Net Increase/Decrease in Cash and Cash Equivalents	-603	-287	-789	40	-142	46	-389	-34
Cash and Cash Equivalents at Beginning of Period	2,683	2,080	1,793	1,003	1,043	901	948	559
Cash and Cash Equivalents at End of Period	2,080	1,793	1,003	1,043	901	948	559	524
Free Cash Flow	527	853	-399	428	254	-433	-1,213	-984

Source: SPEEDA. Created by Strategy Advisors.

Disclaimer

This report is published by Strategy Advisors Inc. (hereinafter referred to as the "Publisher ") and was prepared primarily by external partner companies and analysts.

The purpose of this report is to introduce and explain the target companies using a different approach than usual. In principle, the issuer does not review or approve the contents of the report (however, the issuer will point out to the author only if there are obvious errors or inappropriate expressions).

The Issuer may have received compensation, directly or indirectly, from the Target Company for planning, proposing and providing the infrastructure for issuing this report.

The external partners and analysts who write this report may receive compensation directly or indirectly from the subject company for activities other than preparing this report. In addition, the external partners and analysts who write this report may have or may in the future have transactions in the securities of the subject company.

This report has been prepared solely for the purpose of providing information to serve as a reference for investment decisions and is not intended as a solicitation for securities or other transactions. Investors should make final decisions regarding securities and other transactions at their own discretion and responsibility.

In preparing this report, the authors received information through interviews with the target companies, etc. However, the hypotheses and opinions expressed in this report are not those of the target companies but are the result of the authors' analysis and evaluation.

This report is based on information that the author believes to be reliable, but does not guarantee its accuracy, completeness or timeliness. The views and forecasts contained in this report are the judgment of the author at the time of publication of this report and are subject to change without notice.

Neither the issuer nor the authors shall be liable for any direct, indirect, incidental or special damage which an investor may suffer as a result of placing reliance on the information or analysis contained in this report.

Strategy Advisors

Address: Central Building 703, 1-27-8 Ginza, Chuo-Ku, Tokyo 104-0061