Kasumigaseki Capital | 3498 (TSE Prime)

Company Report

February 16, 2026

Strategy Advisors Co., Ltd.
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Q1 FY08/26 Results: Generally Steady

Kasumigaseki Capital reported its Q1 FY08/26 results: net sales increased 86.5% YoY to ¥28.46 billion, operating profit decreased 5.2% to ¥2.81 billion and profit attributable to owners of the parent increased 1.6% YoY to ¥2.03 billion. While sales grew significantly, profit growth was modest. Progress against the full-year FY08/26 company forecast stands at 19.0% for sales and 10.6% for operating profit, but this is seen as progressing in line with the company's forecast.

The company's FY08/26 plan targets net sales of ¥150.0 billion (+55.4% YoY), operating profit of ¥26.5 billion (+40.0% YoY), and profit attributable to owners of the parent of ¥16.5 billion (+61.0% YoY). As of the Q1 results announcement, the initial plan for the fiscal year remained unchanged.

Inventory assets increased from ¥53.3 billion at the end of FY08/25 to ¥59.9 billion at the end of Q1. Prepayments, consisting of deposits for properties prior to contract, rose from ¥3.19 billion to ¥3.72 billion during this period, indicating steady growth in land and property acquisitions.

The company's stock price after 2025 fluctuated significantly, influenced not only by its own performance trends but also by sudden changes in the external environment and events related to capital policy. Notably, when the public offering was announced in October 2025, the stock price entered a correction phase. This phase appears to have been influenced more by supply-demand factors surrounding capital policy than by the company's actual performance trends. This public offering diluted shares by approximately 24% compared to pre-offering levels, but the approximately ¥34.5 billion raised is slated for property acquisitions and other purposes within FY08/26.

The company's stock price may be subject to short-term fluctuations influenced by broader market conditions, driven by economic policies and interest rate trends in Japan and the US. However, the view remains unchanged that the company's performance structure is relatively resilient to external environmental impacts. This resilience stems from the fact that the majority of its existing businesses are domestically oriented, coupled with multiple unique growth drivers such as frozen & chilled warehouses and hotels.

Current valuations appear less elevated compared to historical ranges or peer comparisons, partly due to recent share price adjustments stemming from dilution concerns related to the November 2025 financing.

Looking ahead, given the strong individual characteristics of the company's stock, the key focus for future stock price performance will likely be the certainty of achieving the net profit of ¥16.5 billion projected for FY08/26, rather than overall market trends. As confidence in achieving this

Stock Price & Trading Volume (1-Year)

Source: Strategy Advisors.

Key Indicators

Stock Price (February 16,	7,390
52-Week High (10/22/25)	10,060
52-Week Low (4/7/25)	4,795
All-Time High (10/22/25)	10,060
All-Time Low (12/26/18)	297
Number of Shares Issued	24.5
Market Capitalization	181.1
EV (¥bn)	227.5
Equity Ratio (FY08/25, %)	29.7
ROE (FY08/25, %)	32.5
PER (FY08/26 CoE, x)	11.0
PBR (FY08/25, x)	4.0

Note: High and low prices are based on closing prices. A 1-for-2 stock split was conducted in September 2025. The stock price is adjusted accordingly.
Source: Strategy Advisors.

performance grows through disclosures regarding the sale of development land and project progress, the currently adjusted stock price could enter a phase of revaluation.

Japanese GAAP - Consolidated

FY	Sales (¥)	YoY (%)	Operating Profit (¥)	YoY (%)	Ordinary Profit (¥)	YoY (%)	Net Income (¥)	YoY (%)	EPS (¥)	DPS (¥)
Q1 08/25	15,264	26.2	2,970	355.3	2,882	632.6	2,002	790.3	101.78	-
Q1 08/26	**28,465**	**86.5**	**2,814**	**-5.2**	**2,974**	**3.2**	**2,034**	**1.6**	**98.76**	**-**
FY08/22	20,780	45.4	2,141	61.2	1,732	67.0	1,018	28.3	66.4	15.0
FY08/23	37,282	79.4	4,442	107.4	4,119	137.8	2,050	101.4	126.6	30.0
FY08/24	65,685	76.2	8,537	92.2	7,860	90.8	5,020	144.8	270.8	85.0
FY08/25	96,501	46.9	18,933	121.8	17,134	118.0	10,250	104.2	520.4	120.0
FY08/26 CoE	150,000	55.4	26,500	40.0	24,000	40.1	16,500	61.0	694.4	165.0

Note: A 1:2 stock split was conducted in September 2021. EPS and DPS are adjusted.

Source: Company Data. Compiled by Strategy Advisors.

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1. Q1 FY08/26 Results Overview

Progress Against FY08/26 Targets Appears Low. Overall Progress is Steady

Kasumigaseki Capital reported Q1 FY08/26 results: net sales increased 86.5% YoY to ¥28.46 billion, operating profit decreased 5.2% YoY to ¥2.81 billion, and profit attributable to owners of the parent up 1.6% YoY to ¥2.03 billion. While net sales grew significantly, profit growth was modest.

Progress against the full-year FY08/26 company forecast stood at 19.0% for sales and 10.6% for operating profit. In FY08/25, Q1 progress against the initial plan was 16.1% for sales and 18.0% for operating profit, with the full-year results subsequently exceeding the initial plan. The company anticipates that FY08/26 will see earnings more heavily weighted toward the fourth quarter (Q4) than in typical years. Considering this, there is no need for excessive concern regarding the apparent progress rate.

Figure 1. Q1 FY08/26 Summary

(¥mn)	Q1 08/25	Progress Rate	**Q1 08/26 (A)**	**YoY**	**Progress Rate (A)/(B)**	08/26 CoE (B)	YoY
Net Sales	15,264	15.8%	**28,465**	**86.5%**	**19.0%**	150,000	55.4%
Gross Profit	6,460	17.7%	**8,217**	**27.2%**	**-**	-	-
Gross Margin	42.3%	-	**28.9%**	**-**	**-**	-	-
SG&A Expenses	3,490	19.9%	**5,402**	**54.8%**	**-**	-	-
Operating Profit	2,970	15.7%	**2,814**	**-5.2%**	**10.6%**	26,500	40.0%
OP Margin	19.5%	-	**9.9%**	**-**	**-**	17.7%	-
Ordinary Profit	2,882	16.8%	**2,974**	**3.2%**	**12.4%**	24,000	40.1%
Profit Attributable to Owners of Parent	2,002	19.5%	**2,034**	**1.6%**	**12.3%**	16,500	61.0%

Note: The progress rate for Q1 of FY08/25 represents the ratio against the actual results for FY08/25. It is not the progress rate against the company initial plan.
Source: Company Data. Compiled by Strategy Advisors.

Due to Changes in the Asset Mix, Q1 Gross Profit Increased Significantly YoY, but the Gross Profit Margin Declined

Q1 gross profit of ¥8.21 billion expanded significantly, +27.2% YoY, but the gross profit margin was 28.9%, -13.4 ppt from the 42.3% recorded in the same period last year.

The company's gross profit margin fluctuates significantly quarter-to-quarter. This is largely influenced by the type of assets sold during that quarter. For the company, hotel-related sales tend to have relatively higher gross profit margins, while logistics-related sales tend to have relatively lower gross profit margins (though they tend to be larger in scale).

While Q1 FY08/25 saw a higher proportion of hotel-related sales, this Q1 featured a greater weight of logistics-related sales. Consequently, although the gross profit amount for Q1 increased YoY, the gross profit margin declined.

The major properties released by the company that contributed to Q1's gross profit are believed to be as shown in Figure 2. These include the sale of the hotel development site in Osaka Nippombashi for the hotel business, the sale of the land portion of an existing business hotel acquired in Naka Ward, Nagoya, and the sale of a residential development site in Dubai for the overseas business. Additionally, it appears there was a sale of a non-disclosed logistics project.

Figure 2. Major Properties That Are Thought to Have Contributed to Gross Profit

	Release	Event	Business
Q1 FY08/26	2025/9/19	Land Sale for Development Business Project 'Emerald Hills' in Dubai	Overseas
	2025/10/15	Land Sale for Hotel Development Site for Osaka Nippombashi Hotel Project	Hotel
	2025/11/28	Land Sale for Business Hotel for Nagoya Rebrand Project II	Hotel

Source: Company Data. Compiled by Strategy Advisors.

In Overseas Business, 1 Sale Occurred in Dubai

Regarding overseas business, just one sale of a residential development site occurred in Dubai during Q1.

Significant Increase in SG&A Expenses Was Primarily Due to Increased Staffing

SG&A expenses increased 54.8% YoY to ¥5.40 billion (¥3.49 billion in the same period last year). The main factors were increased personnel expenses due to hiring and higher rent costs from expanding office space. Advertising expenses appear to have been on par with the same period last year.

Foreign Exchange Gains Occurred Due to the Weakening Yen

Foreign exchange gains of ¥670 million were recorded as non-operating income (compared to ¥260 million in foreign exchange gains in the same period last year). Foreign exchange gains and losses are primarily influenced by the revaluation of Dubai assets at the quarter-end exchange rate. It is estimated that the yen's depreciation in the latter half of 2025 led to an expansion of these gains.

Furthermore, the effective tax rate on income taxes was 31.0%, slightly up from 30.2% in the same period last year but remains at a normal level.

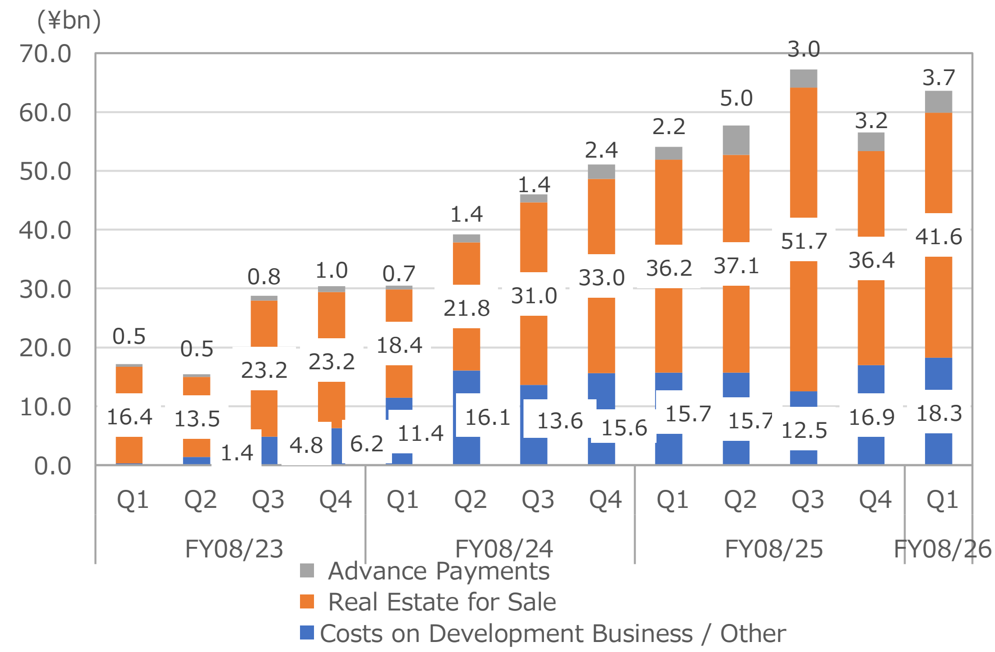
Inventories Increased Steadily, Including Substantive Components

Inventories at the end of Q1 FY08/26 totaled ¥59.91 billion (including ¥41.63 billion in real estate for sale and ¥18.28 billion in expenditures for development projects, etc.), an increase of ¥6.59 billion from ¥53.32 billion at the end of FY08/25 (¥36.38 billion and ¥16.94 billion, respectively). Additionally, prepaid expenses, consisting mainly of deposits paid for properties with a high likelihood of closing, reached ¥3.72 billion, an increase of ¥520 million from ¥3.19 billion at the end of FY08/25. This is expected to support future growth in inventory assets.

According to the company, approximately ¥10 billion of the ¥15.8 billion in tangible fixed assets at the end of Q1 FY08/26 is effectively real estate held for sale (compared to approximately ¥9 billion of the ¥12.9 billion in tangible fixed assets at the end of FY08/25).This arises from hotel renovation projects where the company purchases land and buildings together. To accelerate capital recovery, it sometimes sells only the land and retains the remaining building for its own use during the renovation period. Since these buildings are also intended for sale after renovation, they should be considered substantive inventory assets.

Furthermore, the company's disclosed pipeline/AUM amount reached ¥663.6 billion at the end of FY08/25, representing a ¥65.4 billion increase over the six months from ¥598.2 billion at the end of Q2 FY08/25. Considering the company's release, it is inferred that the acquisition of development sites and subsequent development activities remain on track.

Figure 3. Changes in Inventory & Advance Payments (Qtly)



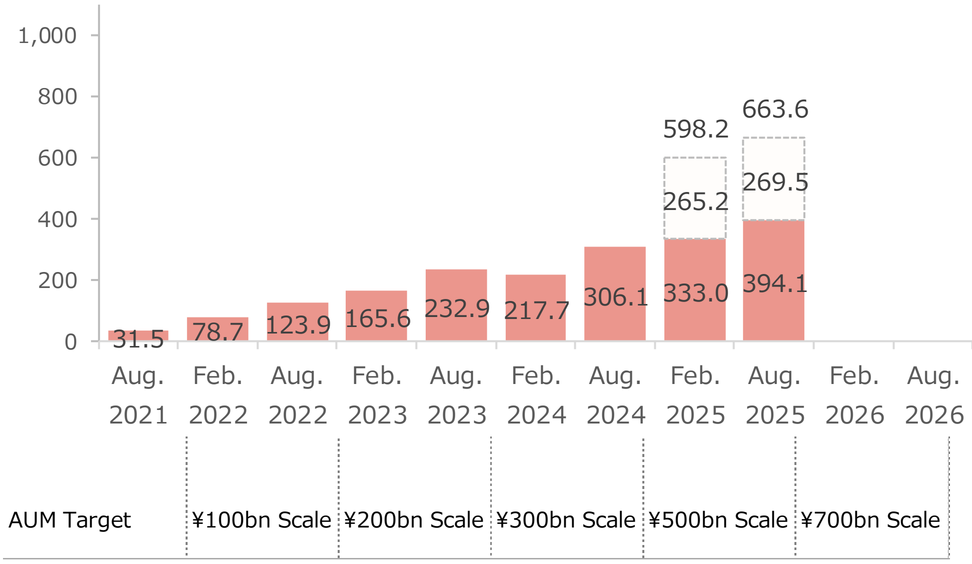
Source: Company Data. Compiled by Strategy Advisors.

Figure 4. Trends in Project Pipeline and AUM

(¥bn)		As of August 31, 2024			As of August 31, 2025			Change Amount	% Change
		Number of Projects	Project Value	Project Value Per Project	Number of Projects	Project Value	Project Value Per Project		
Logistics		19	247.5	13.0	24	341.1	14.2	93.6	37.8%
Hotel		44	158.0	3.6	56	246.5	4.4	88.5	56.0%
Healthcare		15	37.0	2.5	17	45.1	2.7	8.1	21.9%
Alternative Investment	Overseas Business	8	15.6	2.0	9	25.7	2.9	10.1	64.7%
	Residential Funds	13	33.4	2.6	6	5.1	0.9	-28.3	-84.7%
		(4 funds)	-	-	(1 fund)	-	-	-	
Total		99	491.6	5.0	112	663.6	5.9	172.0	35.0%

Source: Company Data. Compiled by Strategy Advisors.

Figure 5. Project Pipeline: Progress of AUM (¥bn)



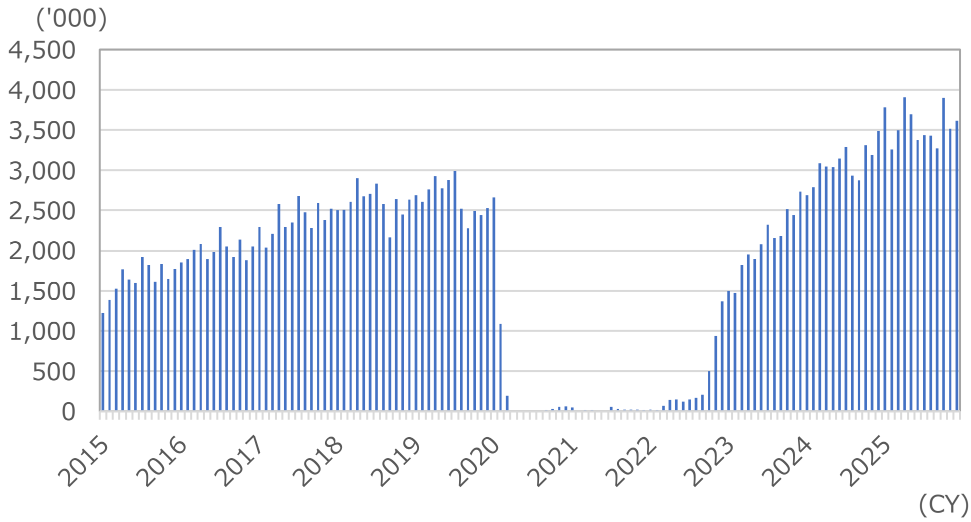
Source: Company Data.

2. Recent Trends in Major Businesses

Favorable Fundamentals Surrounding the Hotel Business Remain Unchanged

According to the Japan National Tourism Organization (JNTO), the cumulative number of international visitors to Japan from January to December 2025 reached 42.68 million, a 15.8% increase YoY, continuing at record-high levels. Even in December, when concerns existed about the impact of the Chinese government's travel advisory to Japan, the figure increased by 3.7% YoY, setting a new record. Barring significant yen appreciation, the favorable fundamentals surrounding the hotel business are expected to persist. The company develops hotels with distinctive concepts, such as multi-occupancy hotels and pursuing self-hospitality through digital transformation (DX). Occupancy rates at newly opened hotels are also estimated to be rising steadily.

Figure 6. Trends in the Number of Foreign Visitors to Japan (Monthly, until Dec. 2025)



Source: Compiled by Strategy Advisors based on Japan Tourism Agency data

Kasumigaseki Hotel REIT Investment Corporation, Listed on J-REIT, is Operating Steadily

Kasumigaseki Hotel REIT Investment Corporation (401A), listed on the Tokyo Stock Exchange REIT Market in August 2025, commenced operations with 15 properties and assets totaling ¥49.2 billion. The incorporated hotels are performing steadily.

For the 5-month period from August to December 2025, the occupancy rate was 78.3%, the ADR (Average Daily Rate) was ¥26,640, and the RevPAR (Revenue Per Available Room) was ¥20,945 (all figures represent the simple monthly average of actual data from the 11 properties where variable rent has been implemented).These figures exceed all pre-incorporation metrics from April 2024 to March 2025 (ADR: ¥25,858, occupancy rate: 65.4%, RevPAR: ¥16,911), indicating an upward trajectory.

The company's subsidiary has been entrusted with asset management services by Kasumigaseki Hotel REIT Investment Corporation. Consequently, in addition to success fees upon incorporating new properties, stable asset management fees are also expected going forward.

Formation of a Private Fund Specializing in Cold Storage Warehouses in the Previous Fiscal Period Signifies the Completion of the Business Model in the Logistics Segment

In the logistics business, the company established the "Cold Storage Fund No. 1 LLC", a private fund specializing in environmentally conscious cold storage warehouses, which began operations on May 30, 2025. The portfolio includes 5 cold storage warehouses, 2 multi-temperature warehouses, and 1 automated cold storage warehouse. With an asset size of ¥82 billion, it is one of the largest funds in Japan focused primarily on cold storage warehouses. The company has been entrusted with the asset management services for this fund, enabling it to receive stable, long-term asset management fees going forward.

A key feature of the company's business model is the four revenue streams: proceeds from sales to development funds, project management fees from overseeing construction, success fees from sales to core funds, and subsequent asset management fees. The operation of this fund signifies that the company's business model in the logistics sector, similar to its hotel business with the Kasumigaseki Hotel REIT Investment Corporation, has been successfully established with a proven track record. It also heightens expectations that similar funds will be formed going forward, contributing to the company's growth.

Figure 7. AUM for Cold Storage Fund No. 1, Which Focused on Frozen and Chilled Warehouses

Facilities	LOGI FLAG COLD Funabashi I	LOGI FLAG COLD Yokohama Kohoku I	LOGI FLAG Fresh Kyoto I	LOGI FLAG DRY & COLD Fukuoka Koga I	LOGI FLAG DRY & COLD Sendai Izumi I	LOGI FLAG TECH Tokorozawa I	LOGI FLAG COLD Atsugi I	LOGI FLAG COLD Osaka Ibaraki I
Asset Type	Frozen/ Chilled	Frozen/ Chilled	Chilled	3 Temperature Zones	3 Temperature Zone	Automated Frozen	Frozen/ Chilled	Frozen/ Chilled
Location	Funabashi City, Chiba	Yokohama Kohoku Area	Kyoto City, Kyoto	Koga City, Fukuoka	Sendai City, Miyagi	Saitama Iruma Area	Atsugi City, Kanagawa	Ibaraki City, Osaka
Structure	Steel-framed, 5-story Building	Steel-framed, 5-story building	Steel-framed, 2-story building	Steel-framed, 3-story building	Steel-framed, partially steel-framed reinforced concrete, 4-story building	Steel-framed, 2-story building	Steel-framed, 5-story building	Steel-framed, 5-story building
Site Area (㎡)	3,736.58	5,804.73	10,917.23	23,849.8	17,991.25	4,793.73	7,293.44	15,135.31
Floor Area (㎡)	6,959.95	10,978.57	12,012.23	35,901.07	36,758.14	4,170.16	14,256.52	28,488.34
Completion	Jan-2023	Jun-2023	Mar-2024	Jun-2024	Jun-2024	Aug-2024	Jun-2024	Jan-2025
Occupancy Rates	100%	100%	100%	100%	100%	100%	100%	100%

Note: Occupancy rates are as of May 30, 2025. Area is from official records.
Source: Company Data. Compiled by Strategy Advisors.

Logistics Business Initiatives (1): Logistics Business in Malaysia

Additionally, two initiatives are currently underway in the logistics business.

One is the launch of a logistics business in Kuala Lumpur, Malaysia. As part of its expansion into ASEAN, the company signed a land purchase agreement with a major Malaysian developer in August 2025 and has commenced a development project for automated cold storage warehouses. The site area is planned at 12,262 m^2, with a total floor area of 11,453 m^2. Development is scheduled to begin in October 2026, with completion and sale planned for December 2028 or later.

Logistics Business Initiatives (2): "Factory & Logistics Park"

Another initiative is the development of an integrated factory and warehouse facility, tentatively named "Factory & Logistics Park." This project aims to enhance tenant profitability by co-locating leased factories and leased warehouses. Tenants are expected to benefit from reduced delivery costs and lead times between locations, increased efficiency through shared management resources between factories and warehouses and maximized production lines through consolidated warehouse sections. This is also expected to contribute to reduced environmental impact.

While the company envisions nationwide expansion, it has signed a cooperation agreement with Hakodate City to establish a regional co-creation model utilizing the "(Provisional Name) Factory & Logistics Park" as its first initiative.

3. Business Outlook

FY08/26 Plans for Significant Revenue and Profit Growth

The company's FY08/26 plan targets sales of ¥150.0 billion (+55.4% YoY), operating profit of ¥26.5 billion (+40.0% YoY), ordinary profit of ¥24.0 billion (+40.1% YoY), and profit attributable to owners of the parent of ¥16.5 billion (+61.0% YoY).

Steadily Accumulating Procurement to Contribute to Future Sales Expansion

While sales and profits by business segment are not disclosed, operations will be based on the total business scale of ¥663.6 billion (112 projects, +35.0% increase from the previous fiscal year-end), which is the sum of AUM and the project pipeline (cost basis) as of the end of FY08/25. The target for AUM is to reach a scale of ¥700.0 billion. As shown in Figure 5, the company's disclosed project acquisitions are steadily increasing. After the company handles the design and planning for these projects, they are sold to external capital for development, which is expected to drive the company's sales growth.

Size Per Project is Expanding

As seen in Figure 4, the business scale per project is also increasing. The average project size per deal was ¥4.97 billion at the end of FY08/24, expanding to ¥5.93 billion at the end of FY08/25. While business scale and profitability are not necessarily directly linked, it is inferred that larger projects generally tend to be more efficient, leading to improved profitability.

FY08/26 is Not Expected to Generate as Much in Success Fees as FY08/25

However, FY08/26 is not expected to generate as much success fees as FY08/25, as multiple fund formations planned for FY08/25 are not scheduled for FY08/26. Consequently, although specific figures are not disclosed, the proportion of success fees within gross profit (28.6% in FY08/25) and the overall gross profit margin (37.8% in FY08/25) are expected to decline.

In other words, as the proportion of land sale gains in gross profit is expected to rise, FY08/26 is anticipated to be a period where profits are generated through either faster turnover from purchase to sale or increased transaction volume by boosting purchase amounts.

Targets for the Final Year of the Mid-Term Plan, FY08/29, are AUM of ¥1.5 trillion and Net Income of ¥50 billion

The company announced its second mid-term management plan in October 2024, covering the period from 2025 to 2029. According to this plan, the target AUM for FY08/29 is ¥1.5 trillion (actual for FY08/25: ¥394.1 billion; target for FY08/26: ¥700 billion), and the target net income for FY08/29 is ¥50 billion (actual for FY08/25: ¥10.2 billion; target for FY08/26: ¥16.5 billion).

Figure 8. Main Property Acquisition Status

	Release	Real Estate Acquisition	Business
Q1 FY08/26	2025/10/15	Osaka Nippombashi Hotel Project Development Site	Hotel
	2025/11/17	Automated Frozen Warehouses Development Site in Saitama	Logistics
	2025/11/21	Automated Frozen Warehouses Development Site in Kanagawa	Logistics
	2025/11/25	Dry Warehouses in Saitama	Logistics
	2025/11/28	Land and a Building in Nagoya City	Hotel
Q2 FY08/26	2025/12/12	Hakata Station South Hotel Project Development Site	Hotel
	2025/12/23	Okayama Hinase Hotel Project Development Site	Hotel
	2025/12/23	Miyazaki Aoshima Hotel Project Development Site	Hotel
	2026/1/23	Frozen & Chilled Warehouses Development Site in Kyoto	Logistics

Source: Company Data. Compiled by Strategy Advisors.

Figure 9. Quarterly Revenue Trends (¥mn)

FY	08/24				08/25				26/8
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net Sales	**12,094**	**8,723**	**12,778**	**32,090**	**15,264**	**18,486**	**16,799**	**45,952**	**28,465**
Cost of Sales	9,482	5,039	8,711	23,893	8,803	12,453	8,094	30,715	20,247
Gross Profit	2,611	3,685	4,066	8,197	6,460	6,033	8,706	15,237	8,217
Gross Profit Margin	21.6%	42.2%	31.8%	25.5%	42.3%	32.6%	51.8%	33.2%	28.9%
SG&A Expenses	1,958	2,346	2,415	3,303	3,490	4,197	4,141	5,674	5,402
SG&A Expenses Ratio	16.2%	26.9%	18.9%	10.3%	22.9%	22.7%	24.7%	12.3%	19.0%
Operating Profit	**652**	**1,339**	**1,652**	**4,894**	**2,970**	**1,835**	**4,565**	**9,563**	**2,814**
OP Margin	5.4%	15.4%	12.9%	15.3%	19.5%	9.9%	27.2%	20.8%	9.9%
Non-Operating Income/Expenses	-259	207	271	-897	-88	-563	-821	-327	160
Financial Income/Losses	-132	-126	-170	-234	-253	-238	-262	-411	-462
Foreign Exchange Gains/Losses	-53	381	548	-569	261	-185	-497	254	678
Others	-74	-48	-107	-94	-96	-140	-62	-170	-56
Ordinary Profit	**393**	**1,547**	**1,921**	**3,999**	**2,882**	**1,272**	**3,744**	**9,236**	**2,974**
Ordinary Profit Margin	3.2%	17.7%	15.0%	12.5%	18.9%	6.9%	22.3%	20.1%	10.4%
Extraordinary Income	19	237	8	234	92	-4	0	6	5
Extraordinary Loss	0	0	0	312	0	3	20	46	51
Profit before Tax	413	1,783	1,929	3,920	2,974	1,265	3,724	9,196	2,928
Total Corporate Taxes	157	653	470	1,347	898	798	1,139	2,966	908
(Corporate Tax Rate)	38.0%	36.6%	24.4%	34.4%	30.2%	63.1%	30.6%	32.3%	31.0%
Profit Attributable to Owners of Parent	**224**	**1,068**	**1,335**	**2,393**	**2,002**	**451**	**1,600**	**6,197**	**2,034**
Net Profit Margin	1.9%	12.2%	10.4%	7.5%	13.1%	2.4%	9.5%	13.5%	7.1%

Source: Company Data. Compiled by Strategy Advisors.

4. Recent Topics

The company announced it will conduct a public offering on October 24, 2025 (closing price: ¥9,890). Details include the issuance of 4,000,000 new shares and the issuance of new shares (third-party allotment) associated with the sale of 691,500 shares through an over-allotment (OA). Additionally, the sale of 350,000 shares held by Chairman, Hiroyuki Ogawa, and 260,000 shares held by President, Koshiro Komoto, was also conducted.

The offering and sale price was set at ¥7,718 per share, calculated by applying a 4.00% discount rate to the closing price of ¥8,040 on November 5. This resulted in approximately 24% dilution compared to the pre-offering share count.

The funds raised through this financing will be used for future growth. This includes the third-party allotment capital increase accompanying the OA, the total funds raised (estimated maximum net proceeds) amounted to ¥34.51 billion, which is scheduled to be used for property acquisitions and other purposes during FY08/26.The breakdown is as follows: hotel business ¥15.91 billion, logistics business ¥9.92 billion, healthcare business ¥1.57 billion, with the remainder allocated to overseas business (land acquisition, development, and residence acquisition). This timing for the financing is considered strategic, as the business model, which completed its management phase in the previous fiscal period, is now in a positive cycle. Responding to growing demand from real estate development investors, the company aims to further strengthen its procurement activities, which will contribute to future earnings.

The company also strengthened its financial foundation. Equity capital increased to ¥66.20 billion at the end of Q1 FY08/26 from ¥26.85 billion at the end of FY08/24 and ¥36.17 billion at the end of FY08/25. Consequently, the equity ratio rose to a peak of 40.3% at the end of Q1 FY08/26 from 34.6% at the end of FY08/24 and 29.7% at the end of FY08/25.

5. Stock Price Trends and Outlook

Stock Price Fluctuates Significantly in 2025

Since the start of 2025, the company's stock price has fluctuated significantly, influenced not only by its own performance trends but also by sudden changes in the external environment and events related to capital policy.

In early April 2025, the entire domestic stock market experienced a sharp decline following the announcement of reciprocal tariffs by the Trump administration in the US. For the company, this coincided immediately after the announcement of its Q2 FY08/25 cumulative results on April 3rd. The combination of the overall market decline and this specific news led to a significant adjustment in the stock price. On April 7, while the TOPIX fell 7.9% from the previous day, the company's stock price dropped 12.5% to ¥4,795 (The company conducted a 1:2 stock split with an effective date of August 31, 2025; the quoted stock price is based on the post-split share count. The same applies below).

Primary Factor Behind April 2025 Decline Was Concern Over Short-Term Earnings Performance

The company's stock price fell significantly compared to the overall market, partly because the market judged its Q2 cumulative earnings results to be somewhat disappointing. The reasons for this perceived shortfall are likely two-fold: (1) Gross profit and operating profit for Q2 (3-months) declined compared to Q1, and (2) Concerns arose that purchasing activity was slowing, as inventory at the end of Q2 showed only a modest increase compared to the end of Q1.

However, (1) reflects the quarterly fluctuations inherent in the company's revenue structure, which is centered on flow income. Regarding (2), considering factors like prepayments, the acquisition of development land was progressing largely according to plan. Consequently, the actual risk to full-year performance appears limited.

Market Calm and Eased Performance Concerns Drive Share Price Recovery; Mid-2025 Sees Renewed Upward Trend

Subsequently, as the overall market stabilized, these concerns gradually receded, and the company's stock price entered a phase of autonomous recovery. It temporarily recovered to the ¥7,000 range in June. Following the disclosure of the Q3 FY08/25 earnings on July 3rd, uncertainty regarding performance was largely resolved. The next day, July 4th, the stock price surged to ¥8,070, reflecting a clear improvement in the market's assessment of performance progress.

Following the Q3 earnings release, the stock price generally trended upward, albeit with some volatility. As business progress was confirmed, the company's medium-to-long-term growth expectations were reaffirmed, leading to a temporary rise above the ¥10,000 level in October.

Announcement of Public Offering on October 24, 2025, Triggers Price Adjustment

However, when the public offering was announced on October 24 (closing price: ¥9,890), the short-term dilution of shares was met with negative sentiment, sending the stock price into a correction phase. From the final week of October through November, the stock traded primarily in the ¥8,000 range. This period can be characterized as one where supply and demand factors surrounding capital policy, rather than the actual earnings trend itself, influenced stock price formation.

Valuation Based on PER is Not High

The PER, calculated using EPS based on the company's FY08/26 forecast net income divided by the fully diluted share count after October 2024 Euro-Yen CB issuance, is approximately 12.2x.

During the stock price rise prior to the announcement of the October 2025 financing, the company's PER had clearly broken out of the bottom range of its historical PER band. Conversely, after the financing announcement, the stock price adjusted due to short-term aversion to the dilution of shares, resulting in the PER level falling back to near the lower end of the historical range, or even below it.

Considering that the company historically traded at a higher PER compared to peers, reflecting its strong profit growth, even accounting for the dilution impact of the financing, the current valuation is not considered high relative to its historical range or peer comparisons.

Structure Relatively Resilient to Global Economic Trends

Regarding the macro environment, the possibility remains that the overall stock market could fluctuate due to domestic and international political/economic events and monetary policy trends. Factors such as the economic policies and interest rate trends of the Trump administration in the US, and a correction in the overheated sentiment surrounding AI-related stocks that have seen significant price increases, could impact sentiment for Japanese stocks overall. The company's stock is also expected to be affected by these factors in the short term.

The company's overseas operations are currently limited to Dubai, with the majority of its existing business centered on domestic demand. Going forward, as the expansion of its hotel business into the US and its logistics business into ASEAN gains momentum, the degree to which it is directly affected by fluctuations in the global economy is expected to gradually increase. However, considering that domestic operations currently form the core of its performance and that it possesses multiple unique growth drivers such as frozen & chilled warehouses and hotels, the company's performance structure is thought to remain relatively resilient to external environmental impacts.

Interest Rate Trends May Have a Certain Impact on Profitability

Given the company's business structure, the factor requiring particular attention within the macro environment is likely interest rate trends, rather than overall global economic movements. As a company primarily focused on real estate development, it employs a business model that leverages interest-bearing debt to expand its scale and enhance its return on equity. Consequently, changes in interest rate levels could exert a certain impact on profitability.

Profit Growth Expected in Falling Interest Rate Environment

Should economic slowdown concerns intensify domestically and internationally, creating an environment conducive to monetary easing, downward pressure on interest rates could emerge. In such a scenario, reduced funding costs would create an environment favorable for the company to leverage its financial position for business expansion, potentially contributing to earnings growth over the medium to long term.

Business Structure Resilient to Rising Interest Rates

Conversely, even if current interest rates remain elevated for a period, the company possesses a business structure that allows it to control revenue opportunities through its pipeline of projects, primarily in Japan. Its ability to adjust the timing from acquiring development land to selling it provides a degree of flexibility in responding to changes in the interest rate environment, a key feature of its business model.

Interest Rate and Exchange Rate Sensitivity May Increase Relatively with Overseas Business Expansion

As the proportion of overseas business increases going forward, the impact of exchange rates and interest rate trends in various countries on performance is also expected to become relatively greater. However, at present, domestic operations form the core of performance, and it is considered that the structure is not such that changes in the interest rate environment would immediately lead to significant fluctuations in performance.

Key Focus in Stock Valuation: Business Progress Over Interest Rate Levels

As described above, while interest rate trends are a factor that could potentially affect the company's profitability, the company possesses a certain degree of flexibility in responding to changes in the interest rate environment through its project pipeline management and timing of sales. Therefore, in evaluating the company's stock, the key judgment factor is likely to remain not short-term interest rate fluctuations themselves, but rather, given the prevailing interest rate environment, the extent to which the company can steadily build its project pipeline and generate profits according to plan.

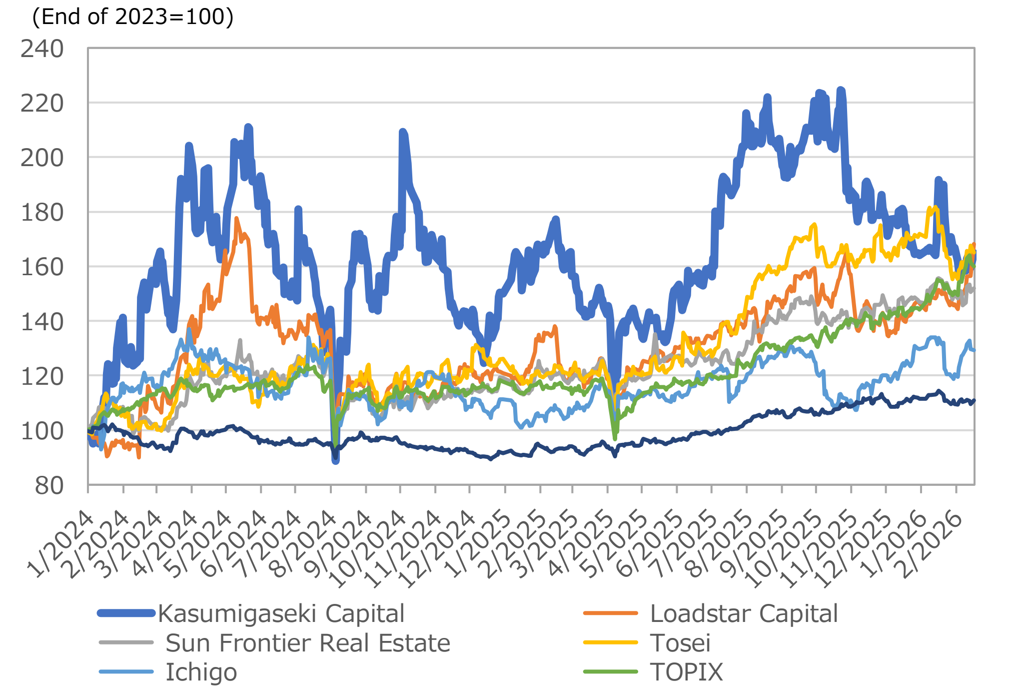
Next Stock Price Driver: Shifting Focus to Confidence in Earnings Progress

Given the strong individual characteristics of the company's stock, the certainty of progress toward achieving the FY08/26 company forecast will be a more important focus for future stock price formation than short-term overall stock market trends.

Following the financing, the stock price is in an adjustment phase amid concerns about dilution. However, market attention is expected to gradually shift toward the certainty of achieving the net profit of ¥16.5 billion projected for FY08/26.

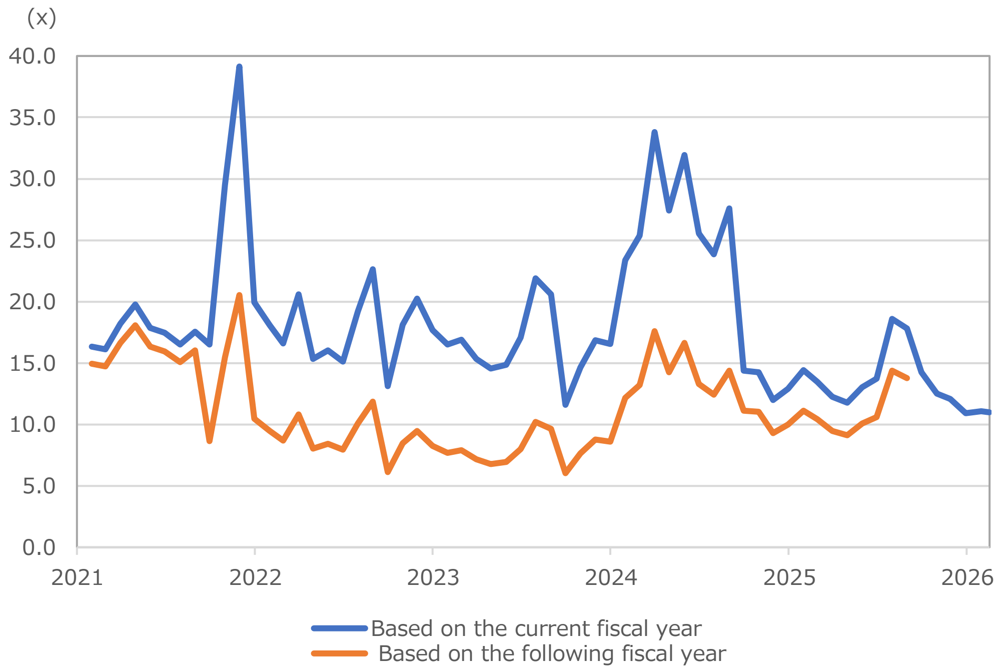
For the time being, the phase of confirming progress toward meeting the company's forecast is expected to continue, driven by disclosures regarding the sale of development land and project progress. Should this cumulative progress enhance market confidence in the company's ability to achieve its targets, there remains room for the stock price, which has been adjusting since the financing, to enter a phase of revaluation.

Figure10 . Real Estate Investment Companies Stock Price Trends



Source: Strategy Advisors.

Figure 11. Trends in PER



Source: Strategy Advisors.

Figure 12. Profitability Comparison with Competitors

Code	Company Name	FY	Sales (¥bn)	Gross Profit Margin (%)	OP Margin (%)	Net Profit Margin (%)	ROE (%)	ROA (%)	Leverage (x)	Total Asset Turnover (x)
3498	**Kasumigaseki Capital**	**08/25**	**96.5**	**37.8**	**19.6**	**10.6**	**32.5**	**10.3**	**3.3**	**0.97**
Real Estate Investment										
2337	Ichigo	02/25	83.6	30.5	19.5	18.2	14.0	3.9	3.6	0.22
3482	Loadstar Capital	12/24	44.6	34.6	30.1	17.9	27.2	6.9	3.8	0.39
8923	Tosei	11/25	94.7	42.1	23.6	15.6	15.3	5.1	3.0	0.32
8934	Sun Frontier Real Estate	03/25	103.2	31.2	20.6	13.7	14.7	7.0	2.1	0.51
	Average			35.7	24.2	16.9	18.6	5.9	3.2	0.36
Major Developers										
3003	Hulic	12/25	727.4	38.1	25.7	15.7	13.1	3.5	3.8	0.22
8801	Mitsui Fudosan	03/25	2,625.4	24.2	14.2	9.5	8.0	2.6	3.1	0.27
8802	Mitsubishi Estate	03/25	1,579.8	26.5	19.6	12.0	7.6	2.4	3.1	0.20
	Average			29.6	19.8	12.4	9.6	2.8	3.4	0.23
Hotel			Hotel							
4681	Resorttrust	03/25	249.3	77.5	10.6	8.1	14.7	4.2	3.4	0.52
9616	Kyoritsu Maintenance	03/25	228.9	24.4	9.0	6.4	15.7	5.1	3.0	0.80
9722	FUJITA KANKO	12/24	82.0	22.0	16.8	11.3	29.8	9.6	2.7	0.85
	Average			41.0	11.9	8.8	21.9	6.3	3.4	0.71
Healthcare										
7061	Japan Hospice Holdings	12/24	14.2	13.4	6.0	2.0	7.8	1.5	5.2	0.76
7071	Amvis Holdings	09/25	49.2	30.1	12.5	7.4	10.6	4.7	2.2	0.63
9158	CUC	03/25	47.0	49.3	11.4	6.7	11.0	4.2	2.9	0.64
	Average			32.3	11.5	6.5	14.1	4.3	3.4	0.66

Source: Company Data. Compiled by Strategy Advisors.

Figure 13. Valuation Comparison with Competitors

Code	Company	Price (2/16) (¥)	Market Cap. (¥bn)	PER (CoE) (x)	PBR (x)	ROE (%)	Dividend Yield (CoE) (%)	EV/EBITDA (x)
3498	**Kasumigaseki Capital**	**7,390**	**181.1**	**11.0**	**4.0**	**32.5**	**2.2**	**8.3**
Real Estate Investment								
2337	Ichigo	437	166.6	11.5	1.7	14.0	2.6	16.3
3482	Loadstar Capital	3,460	58.3	6.3	1.8	27.2	2.8	6.5
8923	Tosei	1,648	159.8	10.5	1.6	15.3	3.3	11.5
8934	Sun Frontier Real Estate	2,480	120.4	7.8	1.2	14.7	3.1	6.3
	Average	1.2		9.0	1.6	17.8	3.0	10.2
Major Developers								
3003	Hulic	1,998.0	1,517.1	12.5	1.7	13.1	3.4	15.8
8801	Mitsui Fudosan	2,035.0	5,578.9	20.9	1.8	8.0	1.7	18.8
8802	Mitsubishi Estate	4,837.0	5,865.3	26.6	2.4	7.6	1.0	20.8
	Average			20.0	1.9	9.6	2.0	18.5
Hotel								
4681	Resorttrust	1,855	393.8	19.4	2.7	14.7	1.8	10.3
9616	Kyoritsu Maintenance	2,721.0	238.7	12.7	2.1	15.7	1.7	10.9
9722	FUJITA KANKO	2,386	143.0	12.4	3.9	29.8	0.8	9.8
	Average	0.8		14.9	2.9	20.1	1.5	10.3
Healthcare								
7061	Japan Hospice Holdings	934	7.9	13.1	2.1	7.8	2.7	9.1
7071	Amvis Holdings	483	47.1	22.4	1.3	10.6	0.8	11.6
9158	CUC	935	27.4	9.5	0.9	11.0	0.0	6.3
	Average			15.0	1.5	9.8	1.2	9.0

Note: Kasumigaseki Capital's PER (company forecast) is calculated as EPS, which is the company's forecast net income for the current period divided by the number of diluted shares. EBITDA in EV/EBITDA is calculated by adding the company's full-year forecast operating profit to the depreciation expenses of the most recent full-year results.
Source: Company Data. Compiled by Strategy Advisors.

6. Equity Story

Equity Story Component 1: A Feasible Management Strategy That Captures Demand Arising from Social Issues Through a Unique Business Model

Strategy Advisors believe an equity story consists of 1) a feasible and detailed management strategy, and 2) investor expectations for high growth potential or replicable success.

The company's winning formula focuses on the demand-supply gap created by societal challenges, deploying its unique business model in growing markets. Each of its current core areas - the hotel business, logistics business (frozen & chilled warehouses), and healthcare business (hospice housing) - operates in markets with sustained medium-term growth prospects. Furthermore, the company's first-mover advantage appears unlikely to be shaken in the near term. Therefore, we believe the company's high profit growth is likely to continue. This is the fundamental basis for the expectation of the company's sustained stock price appreciation, rooted in the "achievable and meticulous management strategy" that forms part of its equity story.

Equity Story Component 2: Expectations for Reproducible Success – Maintaining Competitive Advantages in New Areas, Asset Types, & Overseas

In addition to its existing domains, there is reason to expect that the company can establish the same level of competitive advantage not only in existing domains but also when expanding into adjacent fields, other asset types, and overseas markets. For instance, some projects are already emerging, such as the "(tentative name) Factory & Logistics Park" in logistics and the development of frozen & chilled warehouses in ASEAN. Others, like the hotel business in the US, have just begun. Establishing similar advantages in these new domains represents the very essence of replicating success. As the likelihood of these initiatives tangibly contributing to performance increases, investor expectations - and consequently valuations - may also rise.

Diversification of the Revenue Structure, Driven by Factors Such as Increased Success Fees, Has the Potential to Lead to a Valuation Uplift in the Medium Term

Furthermore, on the quantitative side, expectations for diversification of the revenue structure are notable. While land sale profits previously accounted for a large portion of gross profit, the contribution of land sale profits to gross profit fell below 60% in FY08/25 due to an increase in success fees. Furthermore, stable asset management income is expected to flow in from funds, including the Kasumigaseki Hotel REIT Investment Corporation. This indicates the company can now generate earnings without significantly increasing inventory assets. This "diversification of the revenue structure" is also considered one of the investor expectations that could lead to an upward revision in valuation.

Success fees will fluctuate depending on whether funds are raised. For FY08/26, where fund raising is not planned to the same extent as FY08/25, the contribution from land sale gains is expected to increase again. The impact of this "change in revenue generation" on valuation upgrades is expected to be reflected starting in FY08/27 and beyond.

Figure 14. Hotel Business Pipeline

	Project Name	Status	# of Rooms	Opening
	【Opened】			
1	fav Takamatsu	Transferred to Listed REIT	41	Nov-2020
2	fav Hidatakayama	Transferred to Listed REIT	38	Oct-2020
3	fav Kumamoto	Transferred to Listed REIT	67	Nov-2021
4	fav Ise	Transferred to Listed REIT	36	Dec-2021
5	fav Hiroshima Stadium	Transferred to Listed REIT	33	Aug-2022
6	fav Hakodate	Transferred to Listed REIT	30	Aug-2022
7	fav Kagoshima Chuo	Transferred to Listed REIT	51	Nov-2022
8	fav Hiroshima Peace Boulevard	Transferred to Listed REIT	51	Dec-2022
9	fav Tokyo Nishi-nippori	Transferred to Listed REIT	24	Dec-2022
10	fav Tokyo Ryogoku	Transferred to Listed REIT	19	Mar-2023
11	FAV LUX Hidatakayama	Transferred to Listed REIT	53	Aug-2023
12	FAV LUX Nagasaki	Transferred to Listed REIT	52	Feb-2024
13	seven x seven Itoshima	Transferred to Listed REIT	47	Apr-2024
14	FAV LUX Kagoshima Tenmonkan	Transferred to Listed REIT	63	Dec-2024
15	seven x seven Ishigaki	Transferred to Listed REIT	121	Sep-2024
16	FAV LUX Sapporo Susukino	Investor Transition/Sold	84	Jul-2025
17	BASE LAYER HOTEL NAGOYA	Investor Transition/Sold	186	Jul-2025
18	edit x seven FUJI GOTEMBA	Investor Transition/Sold	49	Sep-2025

	Project Name	Status	# of Rooms	Scheduled Opening
	【Under Development】			
19	edit x seven Setouchi Shodoshima	Investor Transition/Sold	45	Mar-2026
20	HOTEL FORK & KNIFE Miyajima	Investor Transition/Sold	34	Mar-2026
21	BASE LAYER HOTEL Fukuoka	Investor Transition/Sold	126	Apr-2026
22	FAV LUX Miyazaki	—	41	Summer 2026
23	Kobe Hotel Rebranding Project	Investor Transition/Sold	Planning	Summer 2026
24	Nagoya Naka Ward Hotel	Investor Transition/Sold	Planning	Winter 2026
25	Roppongi Hotel Rebranding Project	Investor Transition/Sold	Planning	Winter 2026
26	Ujiyamada Hotel Project	Investor Transition/Sold	49	Winter 2026
27	Nagasaki Hotel Rebranding Project	Investor Transition/Sold	Planning	Winter 2027
28	Yufuin Hotel Project	Investor Transition/Sold	39	Spring 2027
29	Awajishima Sumoto Hotel Project	Investor Transition/Sold	59	Spring 2027
30	Nagoya Marunouchi Hotel Project	Investor Transition/Sold	59	Spring 2027
31	Shibuya-ward Hotel Project	Investor Transition/Sold	23	Spring 2027
32	Kanazawa City Katamachi Hotel	Investor Transition/Sold	59	Spring 2027
33	Asahikawa Hotel Project	Investor Transition/Sold	64	Summer 2027
34	Osaka Nippombashi Hotel Project	Investor Transition/Sold	54	Fall 2027
35	Kamakura Yukinoshita Hotel Project	Investor Transition/Sold	44	Winter 2027
36	Matsuyama Ichiban-cho Hotel	Investor Transition/Sold	66	Winter 2027
37	Shimane Izumo Hotel PKJ	Investor Transition/Sold	96	Winter 2028
38	Sendai Aoba-Dori Hotel Project	Investor Transition/Sold	70	Winter 2028
39	Asakusa Kaminarimon Hotel Project	Investor Transition/Sold	32	Summer 2028
40	Atami Ginzacho Hotel Project	Investor Transition/Sold	46	Summer 2028
41	Osaka Honmachi Hotel Project	Investor Transition/Sold	117	Summer 2028
42	Ginza 8 Hotel Project	Investor Transition/Sold	28	Fall 2028

(Continued)

	Project Name	Status	# of Rooms	Scheduled Opening
	【Under Planning】			
43	Shodoshimakobe Hotel Project	Planning	Planning	Planning
44	Hakonegora Hotel Project	Planning	Planning	Planning
45	Miyako Nishihama Beach Hotel	Planning	Planning	Planning
46	Fujikawaguchiko Hotel Project	Planning	Planning	Planning
47	Miyako Irabujima Hotel Project	Planning	Planning	Planning
48	Gunma Kusatsu Hotel Project	Planning	Planning	Planning
49	Naha City Higawa Hotel Project	Planning	Planning	Planning
50	Nanki-Shirahama Hotel Project	Planning	Planning	Planning
51	Nagoya Naka Ward Hotel	Planning	Planning	Planning
52	Hakata Station South Hotel Project	Planning	Planning	Planning
53	Okayama Hinase Hotel Project	Planning	Planning	Planning
54	Miyazaki Aoshima Hotel Project	Planning	Planning	Planning

Note: "PJ" stands for project. The unit for the number of guest rooms is room. Schedule, total floor area, and number of rooms are subject to change depending on the development status.
Source: Company Data. Compiled by Strategy Advisors.

Figure 15. Logistics Business Pipeline

	Location	Asset Type	Floor Area (m²)	Expected Construction	Completion
	【Completed】				
1	LOGI FLAG COLD Ichikawa I	Frozen & chilled	8,609	-	Sep-2022
2	LOGI FLAG COLD Funabashi I	Frozen & chilled	6,960	-	Jan-2023
3	LOGI FLAG COLD Yokohama Kohoku	Frozen & chilled	10,979	-	Jun-2023
4	LOGI FLAG Fresh Kyoto I	Frozen & chilled	12,012	-	Mar-2024
5	LOGI FLAG COLD Atsugi I	Frozen & chilled	14,257	-	Jun-2024
6	LOGI FLAG DRY & COLD Fukuoka	3 temperature	35,901	-	Jun-2024
7	LOGI FLAG DRY & COLD Sendai	3 temperature	36,758	-	Jun-2024
8	LOGI FLAG TECH Tokorozawa I	Automated	9,579	-	Aug-2024
9	LOGI FLAG TECH Hachinohe I	Automated	15,918	-	Oct-2024
10	LOGI FLAG COLD Osaka Ibaraki I	Frozen & chilled	28,487	-	Jan-2025
	Location	**Asset Type**	**Floor Area (m²)**	**Expected Construction**	**Expected Completion**
	【Planned Completion of Construction】				
11	Narashino City, Chiba	Frozen & chilled	8,441	Started	Apr-2026
12	Nagoya City, Aichi	Automated	20,345	Started	May 2026
13	Kawasaki City, Kanagawa (1)	Automated	20,777	Started	Summer 2026
14	Koshigaya City, Saitama	Automated	14,362	Started	May 2027
15	Kanagawa	Automated	5,000	Spring 2026	Summer to Fall 2027
16	Osaka Nanko Area	Automated	25,247	Started	Oct-2027
17	Kawasaki City, Kanagawa (2)	Automated	25,863	Started	Winter 2027
18	Kobe City, Hyogo	Automated	19,238	Spring 2026	Winter 2027
19	Kyoto City, Kyoto	Frozen & chilled	39,700	Summer 2026	Spring to Summer
20	Fukuroi City, Shizuoka	Automated	74,000	Spring 2026	Winter 2028
21	Iruma, Saitama	Automated	36,212	Summer 2026	Winter to Spring 2029
22	Atsugi City, Kanagawa	Automated	19,814	Early 2027	Spring to Summer
23	Sakado City, Saitama	Dry	23,202	-	Completed

Note: Total floor area is rounded off to the nearest whole number. Schedule, total floor area, and number of rooms are subject to change depending on the development status. Since the automated warehouse has an open-ceiling structure and no floors, the total floor area is the area of the virtual floor. The 3-temperature zones are logistics facilities that can handle 3 temperature zones: frozen, chilled & dry.
Source: Company Data. Compiled by Strategy Advisors.

Figure 16. Hospice Housing Pipeline

	Location	Facility Name	Status	Floor Area (㎡)	# of Rooms	Opening
1	Minami Ward, Sapporo	Sumikawa Hospice	Completed	1,539	37	Jul-2022
2	Chofu City, Tokyo	CLASWELL Sengawa	Completed	3,019	69	Jul-2023
3	Chuo Ward, Sapporo City	Sapporo Chuo Hospice	Completed	2,982	60	Apr-2024
4	Itabashi Ward, Tokyo	CLASWELL Kotake-Mukaihara	Completed	2,286	59	Nov-2024
5	Shinjuku Ward, Tokyo	CLASWELL Shinanomachi	Completed	1,763	48	Feb-2025
6	Nerima Ward, Tokyo	CLASWELL Shimo-Shakujii	Completed	2,059	50	Mar-2025
7	Minato Ward, Tokyo	CLASWELL Shirokanedai	Completed	1,806	45	Nov-2025
8	Fuchu City, Tokyo	CLASWELL Fuchu-Nakagawara	Completed	2,356	47	Dec-2025
9	Saitama City, Saitama	CLASWELL Omiya	Completed	2,992	58	Jan-2026
10	Toyonaka City, Osaka	CLASWELL Toyonaka Kita Sakurazuka	Completed	2,435	56	Feb-2026
11	Saitama City, Saitama	-	Under Development	2,628	60	Spring 2026
12	Suita City, Osaka	-	Under Development	2,128	56	Spring to Summer 2026
13	Fukuoka City, Fukuoka	-	Under Development	2,369	51	Summer to Fall 2026
14	Nerima Ward, Tokyo	-	Under Development	2,363	57	Fall 2026
15	Suginami Ward, Tokyo	-	Under Development	2,149	50	Fall 2026
16	Nishinomiya City, Hyogo	-	Under Development	2,201	44	Fall to Winter 2026
17	Yokohama City,	-	Under Development	2,555	51	Fall 2027

Note: Total floor area is rounded off to the nearest whole number. Schedule, total floor area, and number of rooms are subject to change depending on the development status.
Source: Company Data. Compiled by Strategy Advisors.

Figure 17. Income Statement (Full-Year Base, ¥mn)

FY	08/20	08/21	08/22	08/23	08/24	08/25	08/26 CoE
Net Sales	**8,008**	**14,295**	**20,780**	**37,282**	**65,685**	**96,501**	**150,000**
YoY	49.6%	78.5%	45.4%	79.4%	76.2%	46.9%	55.4%
Cost of Sales	5,693	9,885	14,601	27,183	47,125	60,065	
Gross Profit	2,315	4,410	6,178	10,099	18,559	36,436	
Gross Profit Margin	28.9%	30.8%	29.7%	27.1%	28.3%	37.8%	
SG&A Expenses	1,989	3,081	4,036	5,656	10,022	17,502	
Operating Profit	**326**	**1,328**	**2,141**	**4,442**	**8,537**	**18,933**	**26,500**
YoY	-53.4%	307.4%	61.2%	107.5%	92.2%	121.8%	40.0%
OP Margin	4.1%	9.3%	10.3%	11.9%	13.0%	19.6%	17.7%
Non-Operating Income	8	7	84	249	347	237	
Interest and Dividend Income	3	0	3	3	5	150	
Non-Operating Expenses	154	299	493	572	1,025	2,036	
Interest Expense and Discount	83	175	337	370	667	1,314	
Ordinary Profit	**180**	**1,037**	**1,732**	**4,119**	**7,860**	**17,134**	**24,000**
YoY	-71.8%	476.1%	67.0%	137.8%	90.8%	118.0%	40.1%
Ordinary Profit Margin	2.2%	7.3%	8.3%	11.0%	12.0%	17.8%	16.0%
Extraordinary Income	218	675	89	45	498	94	
Extraordinary Loss	201	676	275	191	312	69	
Profit before Income Taxes	197	1,035	1,546	3,973	8,045	17,159	
YoY	-69.2%	425.4%	49.4%	157.0%	102.5%	113.3%	
Pretax Profit Margin	2.5%	7.2%	7.4%	10.7%	12.2%	17.8%	
Total Income Taxes	73	245	508	1,487	2,627	5,800	
(Corporate Tax Rate)	37.1%	23.7%	32.9%	37.4%	32.7%	33.8%	
Profit	123	789	1,038	2,486	5,417	11,359	
Profit Attributable to Non-Controlling Interests	0	0	20	435	397	1,109	
Profit Attributable to Owners of Parent	**134**	**793**	**1,018**	**2,050**	**5,020**	**10,250**	**16,500**
YoY	-69.2%	491.8%	28.4%	101.4%	144.9%	104.2%	61.0%
Net Profit Margin	1.7%	5.5%	4.9%	5.5%	7.6%	10.6%	11.0%
EPS (¥)	**10.8**	**60.7**	**66.4**	**126.6**	**270.8**	**520.4**	**694.4**

Source: Company Data. Compiled by Strategy Advisors.

Figure 18. Balance Sheet (Full-Year Base, ¥mn)

FY	08/20	08/21	08/22	08/23	08/24	08/25
Current Assets	**7,125**	**10,705**	**25,759**	**37,350**	**67,066**	**87,339**
Cash & Deposits	2,179	3,607	5,393	5,897	11,064	24,016
Accounts Receivable	29	137	233	265	1,203	1,417
Inventory	3,920	5,141	18,704	29,410	48,670	53,321
Allowance for Doubtful Accounts	0	0	-8	-13	-16	-26
Other Current Assets	997	1,820	1,437	1,791	6,145	8,611
Non-Current Assets	**1,312**	**4,321**	**4,666**	**6,418**	**10,474**	**34,241**
Tangible Fixed Assets	774	3,276	3,236	2,382	4,488	12,914
Intangible Fixed Assets	21	76	74	78	778	798
Investments & Other Assets	517	968	1,356	3,956	5,207	20,528
Total Assets	**8,440**	**15,040**	**30,437**	**43,780**	**77,549**	**121,688**
Current Liabilities	**2,593**	**4,139**	**13,889**	**16,166**	**22,130**	**40,005**
Trade Payables	0	0	0	0	0	0
Interest-Bearing Debt	2,054	2,726	11,874	13,023	16,227	27,630
Others	539	1,413	2,015	3,143	5,903	12,375
Non-Current Liabilities	**1,973**	**5,994**	**7,187**	**15,932**	**27,678**	**43,488**
Interest-Bearing Debt	1,920	4,779	6,532	15,260	25,660	41,238
Deferred Tax Liabilities	0	398	348	358	1,177	436
Others	53	817	307	314	841	1,814
Net Assets	**3,873**	**4,906**	**9,360**	**11,681**	**27,739**	**38,193**
Shareholders' Equity	3,863	4,833	9,218	11,106	27,125	36,210
Share Capital	1,586	1,643	3,514	3,549	9,287	9,523
Capital Surplus	1,495	1,561	3,438	3,453	9,206	9,478
Retained Earnings	914	1,644	2,529	4,145	8,673	17,251
Accumulated Other Comprehensive Income	-3	-1	-21	-56	-274	-39
Share Acquisition Rights	12	46	80	134	180	442
Non-Controlling Interests	0	28	82	496	708	1,580
Total Liabilities & Net Assets	**8,440**	**15,040**	**30,437**	**43,780**	**77,549**	**121,688**
Equity Capital	**3,860**	**4,832**	**9,197**	**11,050**	**26,851**	**36,171**

Source: Company Data. Compiled by Strategy Advisors.

Figure 19. Cash Flow Statement (Full-Year Base, ¥mn)

FY	08/20	08/21	08/22	08/23	08/24	08/25
Cash Flows from Operating Activities						
Profit before Income Taxes	197	1,035	1,546	3,973	8,045	17,159
Depreciation and Amortization of Goodwill	148	199	269	300	536	979
Increase/Decrease in Trade Receivables	104	-106	-96	-31	-636	-196
Increase/Decrease in Inventory	376	322	-12,812	-9,399	-10,014	-2,641
Other Operating Cash Flows	-540	-478	-596	-2,576	-6,377	-8,408
Total	**285**	**972**	**-11,689**	**-7,733**	**-8,446**	**6,893**
Cash Flows from Investing Activities						
Purchase of Property, Plant and Equipment	-109	-1,664	-203	-465	-1,899	-6,497
Proceeds from Sales of Property, Plant and Equipment	8	0	9	15	54	511
Purchase of Intangible Assets	-10	-8	-4	-15	-249	-151
Purchase of Investment Securities	-76	-61	-264	-702	-2,419	-5,526
Proceeds from Sales of Investment Securities	0	0	0	8	386	9
Other Investment Cash Flow	-259	92	26	6	-682	-6,904
Total	**-446**	**-1,641**	**-436**	**-1,153**	**-4,809**	**-18,557**
Cash Flows from Financing Activities						
Net Increase/Decrease in Short-Term Interest-Bearing Debt	1,138	46	1,526	3,126	4,367	2,832
Net Increase/Decrease in Long-Term Interest-Bearing Debt	-1,525	2,060	9,343	6,920	4,137	-533
Proceeds from Issuance of Shares	2,312	0	3,568	0	10,894	0
Purchase of Treasury Shares	-199	0	-321	-178	0	0
Dividend Paid	-55	-63	-132	-240	-489	-1,671
Other Financing Activities Cash Flow	-3	152	-83	-318	-496	24,070
Total	**1,668**	**2,195**	**13,901**	**9,310**	**18,413**	**24,698**
Effect of Exchange Rate Change on Cash and Cash Equivalents	-4	0	10	79	4	-78
Net Increase/Decrease in Cash and Cash Equivalents	1,503	1,527	1,786	502	5,163	12,955
Cash and Cash Equivalents at Beginning of Period	572	2,075	3,603	5,390	5,893	11,056
Impact of Changes in Scope of Consolidation	0	0	0	0	0	0
Cash and Cash Equivalents at End of Period	**2,075**	**3,603**	**5,390**	**5,892**	**11,056**	**24,011**
Free Cash Flow	-161	-669	-12,125	-8,886	-13,255	-11,664

Source: Company Data. Compiled by Strategy Advisors.

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