Kasumigaseki Capital | 3498 (TSE Prime)

Company Report

July 24, 2026

Strategy Advisors Co., Ltd.
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Leveraging Capital Raised to Shift Land Acquisition into High Gear

Kasumigaseki Capital reported FY08/26 Q3 with net sales of ¥88.47 billion (+75.0% YoY) and operating profit of ¥8.20 billion (-12.5% YoY), higher sales but lower profit. Progress against villas along the ocean's full-year forecast stands at 59.0% for net sales and 31.0% for operating profit, which may appear low. But FY08/26 is expected to be even more heavily weighted toward Q4 than in prior years, so there is no cause for concern. Working backward from the company's forecast, Q4 results are expected to come in at net sales of ¥61.52 billion and operating profit of ¥18.29 billion, with the company expecting to achieve its full-year plan mainly on the strength of its existing pipeline.

The most important point in this earnings report is that acquisition activity has continued to trend favorably, with inventory (the sum of inventory assets, advance payments and tangible fixed assets) increasing steadily to ¥115.5 billion (+45.4% YoY). Inventory assets (costs on development business and real estate for sale) totaled ¥89.25 billion, up ¥32.83 billion from the end of Q2. In addition to advance payments for the U.S. project being reclassified into inventory assets, the company acquired 9 properties in the hotel business and 1 property in the logistics business. Of the 9 hotel properties, roughly half were regional properties, a sign that the company's robust, nationwide acquisition structure is paying off.

The company aims to achieve 1.5x annual growth (1.2x in the number of projects and 1.2x in business scale) each fiscal year in order to realize the ¥50 billion in net income targeted for FY08/29 under its medium-term management plan. In assessing the company's performance from FY08/27 onward, Strategy Advisors is focusing on 1) the expansion of business scale driven by stronger acquisition of hotel sites nationwide, 2) the aggressive development of automated frozen warehouses, an asset class for which demand is expected to expand further going forward and 3) the progress of hotel development in major U.S. cities, starting with the company's 1st U.S. project.

The stock price has continued to trend downward since the public offering conducted in November 2025. This is attributable to a combination of factors, including dilution resulting from the public offering, rising interest rates driven by fiscal concerns and the war in Iran, a somewhat weak build-up of inventory in the 1H, and the fact that the Q3 standalone gross margin temporarily declined due to the deal mix.

Stock Price & Trading Volume (1 Year)

Source: Strategy Advisors.

Key Indicators

Stock Price (7/23/26)	6,870
52-Week High (10/22/25)	10,06
52-Week Low (6/4/26)	5,550
All-Time High (10/22/25)	10,06
All-Time Low (12/26/18)	297
Number of Shares Issued (mn)	24.5
Market Capitalization (¥bn)	168.6
EV (¥bn)	195.6
Equity Ratio (FY08/25, %)	29.7
ROE (FY08/25, %)	32.5
PER (FY08/26 CoE, x)	10.2
PBR (FY08/25, x)	3.8
Yield (FY08/26 CoE, %)	2.4

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.

The PER of mid-sized developers has been trading at around 5x-8x, a relatively high valuation. Strategy Advisors believes that, given the company's high gross profit margin and its short inventory turnover period stemming from its off-balance-sheet model, a relatively high PER can reasonably be assigned to the company's business model. If the market comes to price in the likelihood of the company achieving its FY08/29 net income target of ¥50 billion, there is ample potential for the market capitalization to rise to somewhere in the range of ¥400 billion to ¥500 billion.

Japanese GAAP - Consolidated

FY	Sales (¥)	YoY (%)	Operating Profit (¥)	YoY (%)	Ordinary Profit (¥)	YoY (%)	Net Income (¥)	YoY (%)	EPS (¥)	DPS (¥)
FY08/25 Q1-Q3	50,549	50.5	9,370	157.2	7,898	104.5	4,053	54.3	202.7	-
FY08/26 Q1-Q3	**88,476**	**75.0**	**8,202**	**-12.5**	**7,050**	**-10.7**	**4,555**	**12.4**	**194.1**	**-**
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	672.4	165.0

Note: A 1-for-2 stock split was conducted in September 2025. EPS and DPS are adjusted.
Net Income refers to "Profit Attributable to Owners of Parent (Quarterly Net Income/Annual Net Income)."
Source: Company Data. Compiled by Strategy Advisors.

1. Q3 Results Show a Profit Decline. Acquisition Remains Robust, Led by the Hotel Business

Progress is Broadly In-Line with the Company's Plan, Reflecting a Q4-Weighted Schedule

Kasumigaseki Capital reported results for FY08/26 Q3 with net sales of ¥88.47 billion (+75.0% YoY) and operating profit of ¥8.2 billion (-12.5% YoY), higher sales but lower profit. Progress against the company's full-year forecast stands at 59.0% for net sales and 31.0% for operating profit, which may appear low, but this fiscal year is expected to be even more heavily weighted toward Q4 than in prior years. Working backward from the company's forecast, Q4 results are expected to come in at net sales of ¥61.52 billion and operating profit of ¥18.29 billion, and the company expects to achieve its full-year plan mainly on the strength of its existing pipeline.

Q3 standalone net sales totaled ¥27.36 billion (+62.9% YoY) and operating profit totaled ¥137 million (-97.0% YoY). The company had planned 3 sales in the Dubai business, but as 1 of these sales slipped into next fiscal year or later, results appear to have come in somewhat weaker than expected. In addition, the Q3 gross profit margin fell to 24.5%, reflecting low profitability on the sale of hotel-business land requiring tenant relocation to a bridge investor, together with a strategic sale in the Dubai business at a price close to book value.

Excluding the impact of these items, profitability came in as expected, and it is reassuring that no impact from rising material costs or interest rates was observed at this stage. Strategy Advisors also believe there is no need for excessive concern about the impact of rising construction material costs. As wages rise, it has become easier than before to raise room rates and rents, meaning it remains entirely feasible to deliver the returns expected by real estate funds and other ultimate buyers. Compared with residential and commercial facilities, hotels and logistics can be considered asset classes where cost increases are relatively easy to pass through.

Figure 1. FY08/26 Q3 Summary

(¥mn)	**FY08/26 Q1-Q3 Cum. (A)**	**YoY**	**Progress (A)/(B)**	FY08/25 Q1	FY08/26 Q2	**FY08/26 Q3**	**YoY**	FY08/26 CoE (B)	YoY
Net Sales	**88,476**	**75.0%**	**59.0%**	28,465	32,651	27,360	**62.9%**	150,000	55.4%
Gross Profit	**26,382**	**24.4%**	**-**	8,217	11,458	6,707	**-23.0%**	-	-
GP Margin	**29.8%**	**-**	**-**	28.9%	35.1%	24.5%	**-**	-	-
SG&A Expenses	**18,179**	**53.7%**	**-**	5,402	6,208	6,569	**58.6%**	-	-
Operating Profit	**8,202**	**-12.5%**	**31.0%**	2,814	5,251	137	**-97.0%**	26,500	40.0%
OP Margin	**9.3%**	**-**	**-**	9.9%	16.1%	0.5%	**-**	17.7%	-
Ordinary Profit	**7,050**	**-10.7%**	**29.4%**	2,974	4,461	-385	**-**	24,000	40.1%
Profit Attributable to Owners of Parent	**4,555**	**12.4%**	**27.6%**	2,034	2,917	-396	**-**	16,500	61.0%

Source: Company Data. Compiled by Strategy Advisors.

Acquisitions Continues to Trend Favorably

Acquisitions (the sum of inventory assets, advance payments and tangible fixed assets), the company's most important KPI, totaled ¥115.5 billion (+45.4% YoY), an extremely robust trend. Inventory assets (costs on development business and real estate for sale) totaled ¥89.25 billion (+¥32.83 billion QoQ). In addition to advance payments for the U.S. project being reclassified into inventory assets, the company purchased 9 properties in the hotel business and 1 property in the logistics business. Of the 9 hotel properties, roughly half were in major cities and roughly half were regional properties.

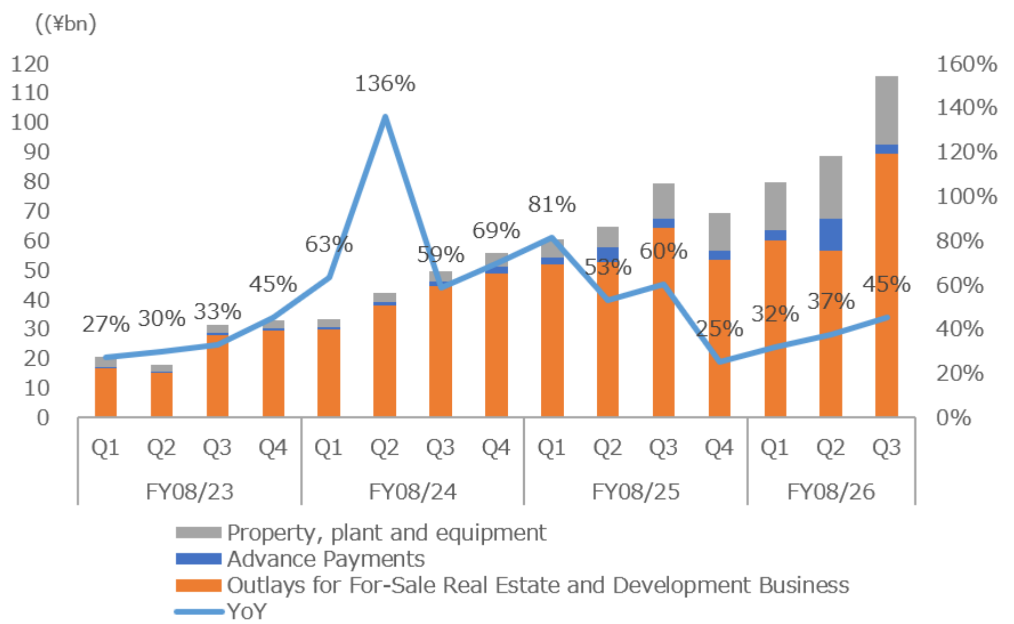
Strategy Advisors is focused on the fact that acquisition of hotel sites located in regional cities has been trending favorably. Given the strong potential for room-rate improvement driven by expanding inbound demand and the fact that land acquisition costs are lower than in the Tokyo metropolitan area – pointing to higher expected profitability – there is significant room for future growth.

The Company is also able to secure sufficient profitability by leveraging its strengths, such as operating multiple branded hotels and its labor-saving operations.

For example, "HOTEL FORK & KNIFE", launched in Miyajimaguchi, Hiroshima Prefecture, is a brand built around "food", featuring a restaurant that finishes local ingredients over an open fire. By developing branded hotels that reflect each region's distinctive culture and local specialties in this way and contributing to regional revitalization, the company can expect to see an increase in referrals from regional banks and leading local companies going forward.

In the logistics business, the company acquired 1 automated frozen warehouse development site in Kanagawa Prefecture. Recently, against the backdrop of rising construction material costs, there have reportedly been cases in which sites acquired for dry warehouse development did not achieve sufficient profitability and were instead sold to companies that develop frozen & chilled warehouses, such as this company, and demand can be said to be robust. Compared with dry warehouses, rents for frozen & chilled warehouses are expected to be more than double. In addition to domestic consumption of frozen foods growing at an annual rate of around 3.5%, warehouse occupancy rates (the proportion of storage capacity actually being used for cargo) have exceeded 100% in the 6 largest cities, indicating that supply is falling short of demand. The company is expected to continue acquiring properties aggressively going forward.

Figure 2. Changes in Inventory Assets, Advance Payments & Tangible Fixed Assets (Qtly)



Source: Company Data. Compiled by Strategy Advisors.

Figure 3. Main Property Acquisition Status in Q3

	Release	Real Estate Acquisition	Business
FY08/26 Q3	2026/3/23	Automated Frozen Warehouses Development Site in Kanagawa	Logistics
	2026/3/27	Izusan Hotel Project Development Site	Hotel
	2026/3/30	Nasu Yumoto Hotel Project Development Site	Hotel
	2026/4/2	Shiga Kusatsu Hotel Renovation Project	Hotel
		BLOCK C EAST Project Development Site in Miami, US	Overseas
	2026/4/15	Kinshicho Hotel Project Development Site	Hotel
	2026/4/30	Land and a Building for Sapporo-Chuo Hotel Rebranding Project	Hotel
	2026/5/18	fav Hakodate Annex Project Development Site	Hotel
	2026/5/29	Naha-Shi Matsuo Hotel Project Development Site	Hotel

Source: Company Data. Compiled by Strategy Advisors.

2. From FY08/27 Onward, Expectations Turn to Accelerating Overseas Expansion Alongside Hotels & Logistics

Growth Expected in Logistics & the US, in Addition to Hotels

The company aims to achieve 1.5x annual growth (1.2x in the number of projects and 1.2x in business scale) each fiscal year in order to realize the ¥50 billion in net income targeted for FY08/29 under its medium-term management plan. In assessing the company's performance from FY08/27 onward, Strategy Advisors is focusing on: 1) the expansion of business scale driven by stronger acquisition of hotel sites nationwide, 2) the aggressive development of automated frozen warehouses, an asset class for which demand is expected to expand further going forward, and 3) the progress of hotel development in major U.S. cities, starting with the company's first U.S. project.

Regional Growth Potential Remains High

In the greater Tokyo metropolitan area, hotel developments with around 20-30 rooms are common, but in regional areas, including major cities, there are a certain number of large-scale hotel development projects with around 100 rooms. In fact, the average size per hotel project as of the end of February 2026 increased 20.5% compared with the end of August 2025, and business scale is expanding through two complementary drivers: urban hotel development, which commands high room rates and large project scale, and regional projects, which can also support large-scale hotel development.

The Japan Tourism Agency projects that the number of international visitors to Japan will reach 60 million by 2030, and the number of repeat visitors making their second or third trip to Japan is also expected to increase going forward. If this occurs, the flow of visitors is expected to expand beyond Tokyo, Osaka and Kyoto to major regional cities as well, meaning regional hotels have significant room for growth.

The site area of the Nasu Yumoto project, disclosed on March 30th, is approximately 20,000m^2. This is an extremely large parcel compared with the company's previous hotel sites, and large-scale regional projects of this kind are expected to contribute to the expansion of business scale.

Figure 4. Hotel Pipeline

Opened (22 projects: ¥71.0 bn scale)

	Project name	No. of rooms
1	fav Takamatsu	41 rooms
2	fav Hidatakayama	38 rooms
3	fav Kumamoto	67 rooms
4	fav Ise	36 rooms
5	fav Hiroshima Stadium	33 rooms
6	fav Hakodate	30 rooms
7	fav Kagoshimachuo	51 rooms
8	fav Hiroshimaheiwaodori	51 rooms
9	fav Tokyo Nishi-Nippori	24 rooms
10	fav Tokyo Ryogoku	19 rooms
11	FAV LUX Hidatakayama	53 rooms
12	FAV LUX Nagasaki	52 rooms
13	seven x seven Itoshima	47 rooms
14	FAV LUX Kagoshima Tenmonkan	63 rooms
15	seven x seven Ishigaki	121 rooms
16	FAV LUX Sapporo Susukino	84 rooms
17	BASE LAYER HOTEL NAGOYA NISHIKI	186 rooms
18	**edit x seven Fuji Gotemba**	**49 rooms**
19	**edit x seven Setouchi Shodoshima**	**45 rooms**
20	**HOTEL FORK & KNIFE Miyajima**	**34 rooms**
21	**BASE LAYER HOTEL FUKUOKA**	**126 rooms**
22	**FAV LUX Miyazaki**	**41 rooms**
		Total 1,291 rooms

Transferred to listed REIT
Investor transition / sold

Under development (23 projects: ¥105.4 bn scale)

	Project name	Number of rooms	Scheduled opening
23	**BASE LAYER HOTEL KOBE SANNOMIYA**	**82 rooms**	**November 2026**
24	Roppongi Hotel Rebranding PJ	Planning	Winter 2026
25	Ujiyamada Hotel PJ	49 rooms	Winter 2026
26	Nagoya Naka-ku Hotel Rebranding PJ	Planning	Winter 2027
27	Nagasaki Hotel Rebranding PJ	Planning	Winter 2027
28	Yufuin Hotel PJ	39 rooms	Spring 2027
29	Awajishima Sumoto Hotel PJ	59 rooms	Spring 2027
30	Nagoya Marunouchi Hotel PJ	59 rooms	Spring 2027
31	Shibuya-ku Hotel PJ	23 rooms	Spring 2027
32	Kanazawa-shi Katamachi Hotel PJ	59 rooms	Spring 2027
33	Asahikawa Hotel PJ	64 rooms	Summer 2027
34	Osaka Nippombashi Hotel PJ	54 rooms	Fall 2027
35	Kamakura Yukinoshita Hotel PJ	44 rooms	Winter 2027
36	Matsuyama Ichiban-cho Hotel PJ	66 rooms	Winter 2027
37	Nanki-Shirahama Hotel PJ	74 rooms	Winter 2027
38	Shimane Izumo Hotel PJ	97 rooms	Winter 2028
39	Sendai Aoba-dori Hotel PJ	70 rooms	Winter 2028
40	Fujikawaguchiko Hotel PJ	63 rooms	Spring 2028
41	Asakusa Kaminarimon Hotel PJ	32 rooms	Spring 2028
42	Atami Ginza-cho Hotel PJ	46 rooms	Summer 2028
43	Osaka Honmachi Hotel PJ	117 rooms	Summer 2028
44	Ginza 8 Hotel PJ	28 rooms	Fall 2028
45	Ginza EAST Hotel PJ	Planning	Planning

* Scheduled to open in August 2026 is in bold
** The schedule and number of rooms may change depending on the development status.

Under planning (18 projects: ¥112.3 bn scale)

	Project name	
46	Shodoshimakobe Hotel PJ	Planning
47	Miyako Nishihama Beach Hotel PJ	Planning
48	Miyako Irabujima Hotel PJ	Planning
49	Gunma Kusatsu Hotel PJ	Planning
50	Naha-shi Higawa Hotel PJ	Planning
51	Nagoya Naka-ku Hotel Rebranding PJ II	Planning
52	Hakata-eki Minami Hotel PJ	Planning
53	Okayama Hinase Hotel PJ	Planning
54	Miyazaki Aoshima Hotel PJ	Planning
55	Asama Onsen Hotel PJ	Planning
56	Izusan Hotel PJ	Planning
57	Nasu Yumoto Hotel PJ	Planning
58	Shiga Kusatsu Hotel Renovation PJ	Planning
59	Kinshicho Hotel PJ	Planning
60	Sapporo-chuo Hotel Rebranding PJ	Planning
61	Fav Hakodate Annex PJ	Planning
62	Naha-shi Matsuo Hotel PJ	Planning
63	Yamanakako Hotel PJ	Planning

Source: Company Data.

Demand for Frozen & Chilled Warehouses Is Expected to Continue Expanding

Growing demand for frozen & chilled warehouses is also worth watching. As noted above, in addition to steady growth in domestic consumption of frozen foods, there is a need for conversion to natural refrigerants, and with frozen & chilled warehouses aged 20 years or older accounting for more than 70% of the total, aggressive new supply is required.

In the company's case, it also has strengths in operations, as in the hotel business, enabling it to offer automated warehouses. Strategy Advisors is focused on the company's ongoing capture of demand for rebuilding warehouses that use specified or alternative chlorofluorocarbons; as well as its efforts to enhance added value by leveraging scale, such as by establishing relay transport hubs and operating scheduled inter-warehouse transport services.

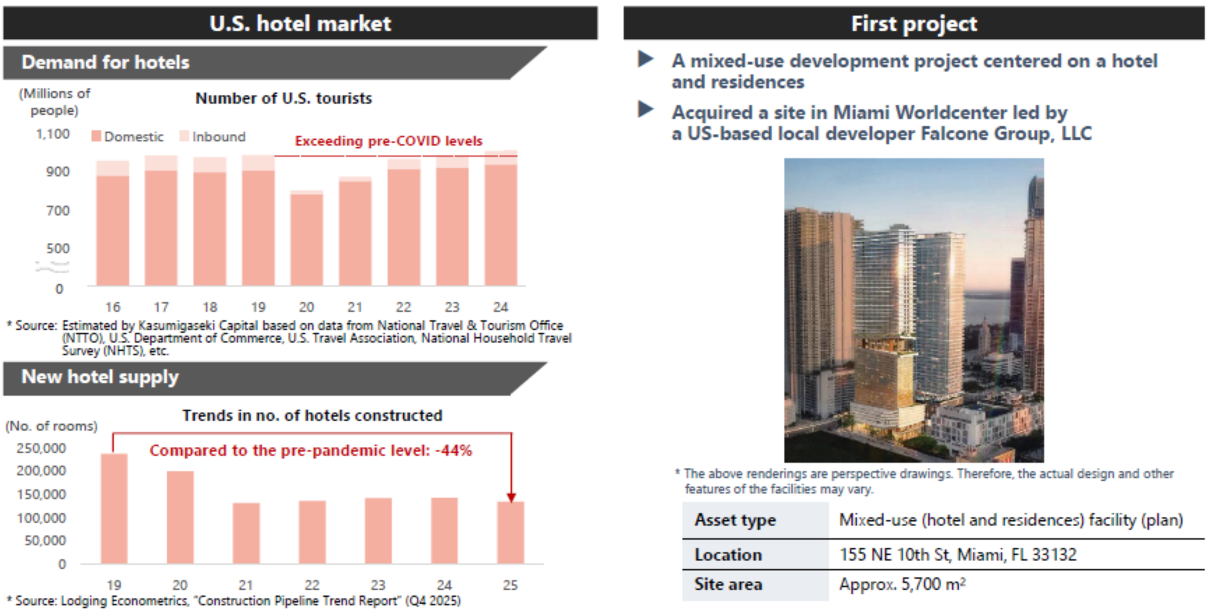
Given that providing frozen & chilled warehouses is also expected to help resolve social challenges facing the Japanese economy, such as food loss and the shortage of truck drivers, we look forward to the company continuing to expand its business scale through aggressive acquisitions going forward. In addition to offering its own developed warehouses, by also entering the value-up business for existing dry warehouses, the company can be expected to attract even more information on warehouse sites than before.

Expectations for the Caravan Teams in the US

We also look forward to an acceleration of hotel development in the US. As its first U.S. project, the company acquired a development site for a mixed-use hotel and residence facility in Miami. This is a large-scale project (approximately 5,700m^2) in a prime location favored by high-net-worth individuals and is also expected to raise the company’s profile in the U.S. This project alone is reportedly expected to eventually generate roughly ¥10 billion in gross profit. Given that a sale to a development fund or real estate fund is likely, the project is expected to take several years to complete, but it stands as a promising project set to drive the company’s overseas business.

In the U.S., as in Japan, the company has been conducting caravan-team activities in Dallas, Las Vegas and Los Angeles, gathering information with a view to actively acquiring sites focused mainly on hotels. The major cities noted above are areas with direct flights from Japan and are also expected to see demand from Japanese business travelers. Although the number of U.S. travelers has remained above pre-COVID levels, new hotel supply is down 44% compared with pre-COVID levels, as new supply has slowed against a backdrop of sharply rising U.S. interest rates. This is a business that captures the kind of supply-demand gap the company excels at, and it will be worth watching whether the company, as a Japanese firm, can achieve success in the U.S.

Figure 5. Overseas Business (US)



Source: Company Data.

3. The Stock Price Hinges on Whether the Market Prices in ¥50 Billion in FY08/29 Net Income

The Stock Price Could Turn Upward if Confidence Grows in Achieving ¥50 Billion in FY08/29 Net Income

The stock price has continued to trend downward since the public offering conducted in November 2025. This is attributable to a combination of factors, including dilution resulting from the public offering, rising interest rates driven by fiscal concerns and the war in Iran, a somewhat weak build-up of inventory in the 1H and a YoY slowdown in profitability.

Strategy Advisors believe that, given the nature of the real estate development business, a public offering is essential in order to achieve high growth. In fact, TASUKI Holdings (166A, TSE Prime), a mid-sized developer, raised capital through the issuance of share warrants. And while its stock price fell temporarily, it has since gone on to hit new highs. For the stock price to rise again, it will be important whether the company can use the funds raised through the public offering to raise the likelihood of achieving the performance target set out in its medium-term management plan (¥50 billion in net income for FY08/29).

In addition, concurrent with its earnings announcement, the company disclosed a “Notice Concerning Growth Strategy Utilizing M&A”, setting a target return on equity (ROE) of 25%-30% for FY08/29. If the company achieves its FY08/29 net income target of ¥50 billion, this will be a fully achievable level. The disclosure of this target also suggests that the company’s reliance on public offerings for fundraising is set to decline compared with before.

As part of its M&A activities, the company announced the acquisition of shares in UMITO, which is expected to become an equity-method affiliate. UMITO develops small luxury hotels under the concept of “villas along the ocean”. For Kasumigaseki Capital, this share acquisition can be seen as diversifying its exit options for selling penthouse-type rooms. Compared with standard twin rooms with bunk beds, penthouse-type luxury hotel rooms command a higher price per guest but have faced the challenge of being harder to keep at high occupancy. By acquiring shares in UMITO, the company can expect synergies through securing an additional exit route for penthouse-type luxury rooms.

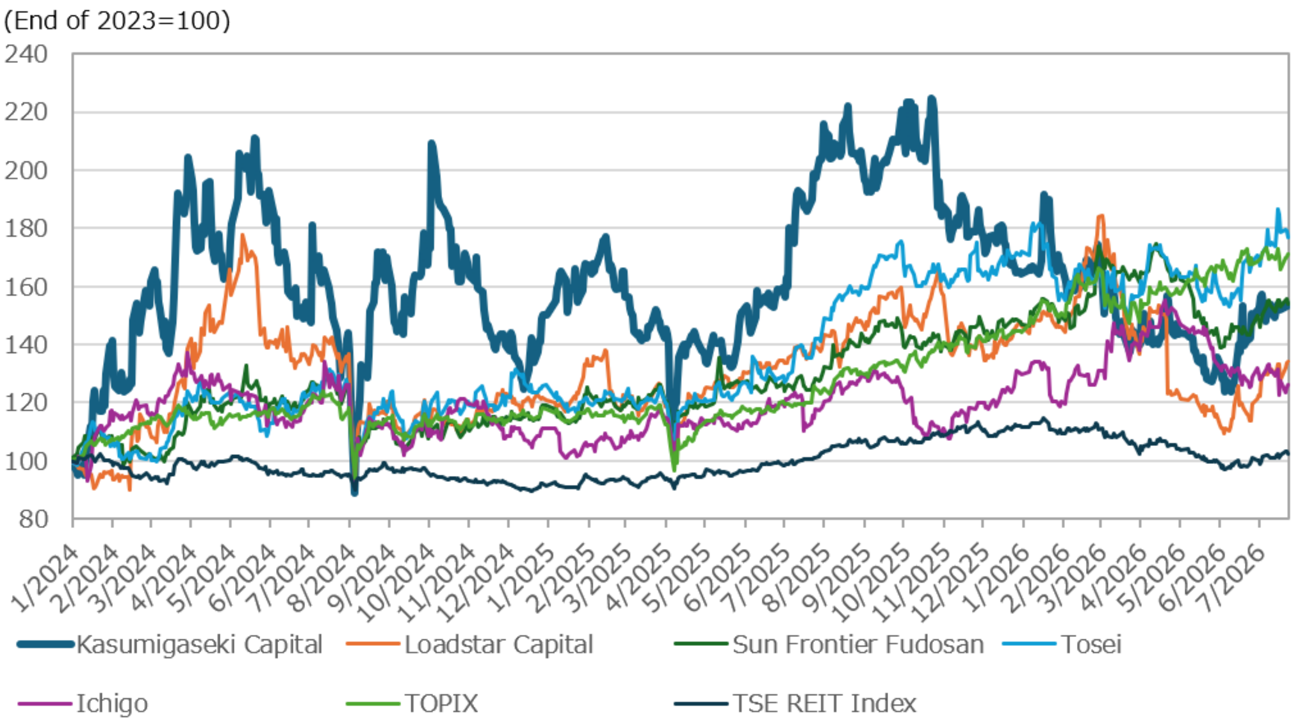
The Company’s High-Margin, High-Turnover Business Model is Highly Regarded

With the stock price under pressure, the PER fell to around 10x. Although results have remained solid, the decline in the PER – which had been around 15x-20x – is the main cause of the stock price decline. Meanwhile, the PER of mid-sized developers has been trading at around 5x-8x, meaning the company’s relative valuation remains high.

The company handles asset classes in which the supply-demand gap is large and rents are easy to raise, giving it a high gross profit margin. In addition, because it uses development funds to move properties off its balance sheet at an early stage, its inventory turnover period is also short relative to other developers. This is a strength of the company's business model and can be considered support for assigning it a relatively high PER. Strategy Advisors believe that if the market comes to price in the likelihood of the company achieving its FY08/29 net income target of ¥50 billion, there is ample potential for the market capitalization to rise to somewhere in the range of ¥400 billion to ¥500 billion.

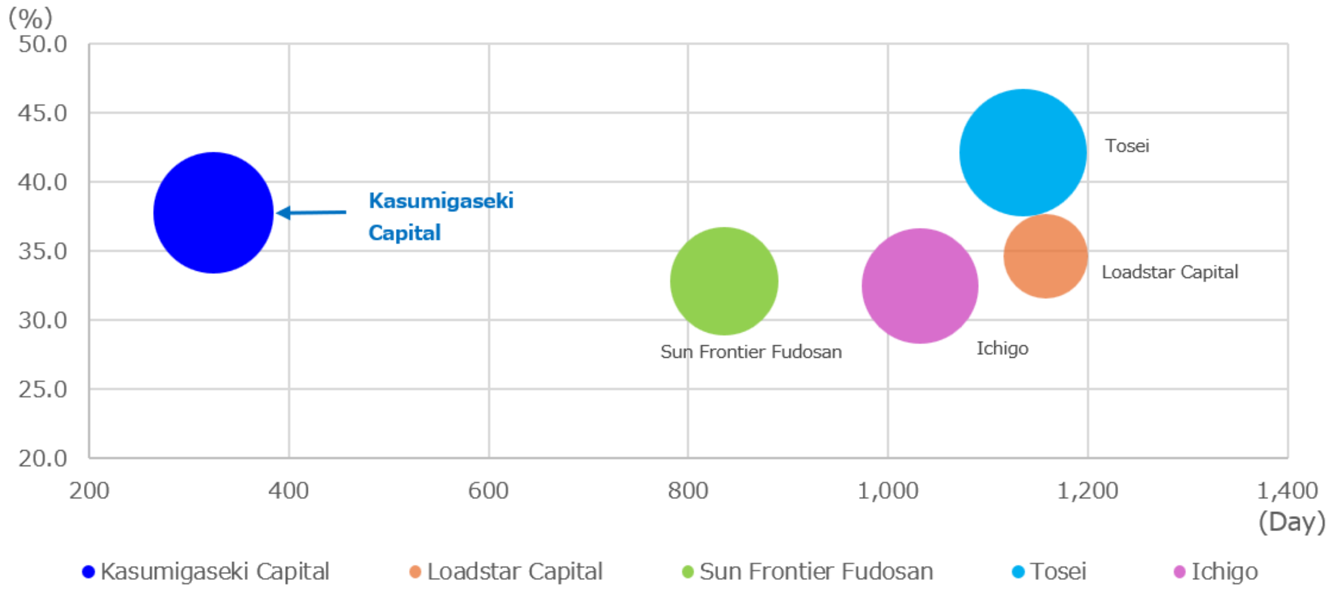
The company's equity story is "focusing on the supply-demand gap created by social issues and developing a unique business model in growth markets". In addition to accelerating the growth of its existing businesses, we look forward to the company putting new growth drivers – such as frozen & chilled warehouse development in ASEAN and hotel development in the US – on track, and demonstrating growth potential beyond its core domestic hotel business. Annual growth of 1.5x is well within reach, and the company's further progress warrants continued attention.

Figure 6. Real Estate Investment Companies Stock Price Trends



Source: Speeda. Compiled by Strategy Advisors.

Figure 7. Real Estate Investment Companies:
Gross Profit Margin (Y-Axis), Inventory Turnover Period (X-Axis) & PER Bubble Chart



Source: Speeda. Compiled by Strategy Advisors.

Figure 8. Comparison with Peer Companies

Company	Stock Price (7/23)	Market Cap.	PER (CoE)	PBR	ROE	Dividend Yield (CoE)	EV/ EBITDA	Sales	Gross Margin	OP Margin	ROE	NP Margin	Leverage	Total Assets Turnover	ROA	FY
	¥	¥Bn	x	x	%	%	x	¥Bn	%	%	%	%	Times	Times	%	
Kasumigaseki Capital	**6,870**	**168.6**	**10.2**	**3.8**	**32.5**	**2.4**	**7.8**	**96.5**	**37.8**	**19.6**	**32.5**	**10.6**	**3.3**	**0.97**	**10.3**	**08/25**
Real Estate Investment																
Ichigo	427	171.7	9.5	1.5	14.6	3.6	16.7	92.7	32.5	22.1	14.6	17.9	3.7	0.22	3.9	02/26
Loadstar Capital	2,758	46.5	5.1	1.4	27.2	3.6	5.8	44.6	34.6	30.1	27.2	17.9	3.8	0.39	6.9	12/25
Tosei	1,766	171.3	11.3	1.7	15.3	3.1	12.0	94.7	42.1	23.6	15.3	15.6	3.0	0.32	5.1	11/25
Sun Frontier Fudosan	2,511	129.8	8.3	1.1	14.4	3.2	6.5	116.1	32.8	21.8	14.4	13.8	2.2	0.48	6.6	03/26
Average			8.5	1.4	17.9	3.4	10.3		35.5	24.4	17.9	16.3	3.2	0.35	5.6	
Major Developers																
Hulic	1,777.5	1,349.0	11.2	1.5	13.1	3.8	14.7	727.4	38.1	25.7	13.1	15.7	3.8	0.22	3.5	12/25
Mitsui Fudosan	1,550	4,212.2	14.7	1.3	8.7	2.4	16.2	2,709.7	24.9	14.7	8.7	10.3	3.1	0.27	2.8	03/26
Mitsubishi Estate	4,060	4,898.3	20.7	1.8	8.5	1.2	15.1	1,746.1	26.0	18.9	8.5	12.7	3.2	0.21	2.7	03/26
Average			15.5	1.5	10.1	2.5	15.3		29.7	19.7	10.1	12.9	3.4	0.23	3.0	
Hotel																
Resorttrust	1,700	361.0	17.2	2.3	13.7	2.1	8.5	263.0	77.8	11.1	13.7	8.0	3.3	0.52	4.1	03/26
Kyoritsu Maintenance	3,090	280.9	15.6	1.9	15.3	1.5	10.6	275.2	23.6	9.0	15.3	6.8	2.2	0.89	6.1	03/26
FUJITA KANKO	1,934	115.9	10.1	3.1	29.7	1.0	8.1	82.0	22.0	16.8	29.7	11.3	2.7	0.85	9.6	12/25
Average			14.3	2.4	19.6	1.5	9.1		41.1	12.3	19.6	8.7	2.7	0.75	6.6	
Japan Hospice Holdings	572	4.8	8.0	1.3	7.8	4.4	7.7	14.2	13.4	6.0	7.8	2.0	5.1	0.76	1.5	12/25
Amvis Holdings	370	36.3	17.2	1.0	10.6	1.1	9.5	49.2	30.1	12.5	10.6	7.4	2.3	0.63	4.7	09/25
CUC	806	23.6	21.5	0.7	9.0	0.0	7.0	54.4	46.8	10.6	9.0	5.3	2.9	0.59	3.1	03/26
Average			15.6	1.0	9.1	1.8	8.1		30.1	9.7	9.1	4.9	3.5	0.66	3.1	

Note: Kasumigaseki Capital's PER (company forecast) does not take into account the dilution resulting from the conversion of the Euro-Yen CB issued in October 2024.
The EBITDA used for EV/EBITDA is calculated by adding the company's projected operating profit to the most recent actual depreciation expense.
Source: Speeda. Compiled by Strategy Advisors.

Figure 9. 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**	**672.4**

Source: Company Data. Compiled by Strategy Advisors.

Figure 10. 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 11. 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.

Figure 12. Qtly Revenue Trends (¥mn)

	08/25 Q1	Q2	Q3	Q4	08/26 Q1	Q2	Q3
Net Sales	**15,264**	**18,486**	**16,799**	**45,952**	**28,465**	**32,651**	**27,360**
YoY	26.2%	111.9%	31.5%	43.2%	86.5%	76.6%	62.9%
Cost of Sales	8,803	12,453	8,094	30,715	20,247	21,193	20,654
Gross Profit	6,460	6,033	8,706	15,237	8,217	11,458	6,707
Gross Profit Margin	42.3%	32.6%	51.8%	33.2%	28.9%	35.1%	24.5%
SG&A Expenses	3,490	4,197	4,141	5,674	5,402	6,208	6,569
SG&A Expenses Ratio	22.9%	22.7%	24.7%	12.3%	19.0%	19.0%	24.0%
Operating Profit	**2,970**	**1,835**	**4,565**	**9,563**	**2,814**	**5,251**	**137**
YoY	355.5%	37.0%	176.3%	95.4%	-5.3%	186.2%	-97.0%
OP Margin	19.5%	9.9%	27.2%	20.8%	9.9%	16.1%	0.5%
Non-Operating Income/Expenses	-88	-563	-821	-327	160	-790	-522
Financial Income/Losses	-253	-238	-262	-411	-462	-425	-645
Foreign Exchange Gains/Losses	261	-185	-497	254	678	-48	306
Others	-96	-140	-62	-170	-56	-317	-183
Ordinary Profit	**2,882**	**1,272**	**3,744**	**9,236**	**2,974**	**4,461**	**-385**
YoY	633.3%	-17.8%	94.9%	131.0%	3.2%	250.7%	NA
Ordinary Profit Margin	18.9%	6.9%	22.3%	20.1%	10.4%	13.7%	-1.4%
Extraordinary Income	92	-4	0	6	5	0	4
Extraordinary Loss	0	3	20	46	51	1	45
Profit before Income Taxes	2,974	1,265	3,724	9,196	2,928	4,459	-425
Total Income Taxes	898	798	1,139	2,966	908	1,525	-12
(Corporate Tax Rate)	30.2%	63.1%	30.6%	32.3%	31.0%	34.2%	2.8%
Profit Attributable to Owners of Parent	**2,002**	**451**	**1,600**	**6,197**	**2,034**	**2,917**	**-396**
YoY	793.8%	-57.8%	19.9%	159.0%	1.6%	546.8%	NA
Net Profit Margin	13.1%	2.4%	9.5%	13.5%	7.1%	8.9%	-1.4%

Source: Speeda. Compiled by Strategy Advisors.

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