

Polaris Holdings (3010)

Staying on track and well capitalised

Share price: ¥69

Market cap: ¥6.3bn

Q3 FY3/2022 results update

- **Remaining focused for the recovery** – with challenging conditions continuing in the hospitality sector, Polaris Holdings has experienced a fall in utilisation and pricing for its hotel operations. Despite this backdrop, the company continues to position for a recovery with measured new hotel openings, ongoing cost reductions and ensuring a sound capital base.
- **Cost reductions** – the company saw Q3 YTD operating margins improve YoY from -49% to -36% through a combination of sales increase from new hotel openings and sustained efforts at reducing costs which include negotiating down rents, staff expenses and temporary hotel closures.

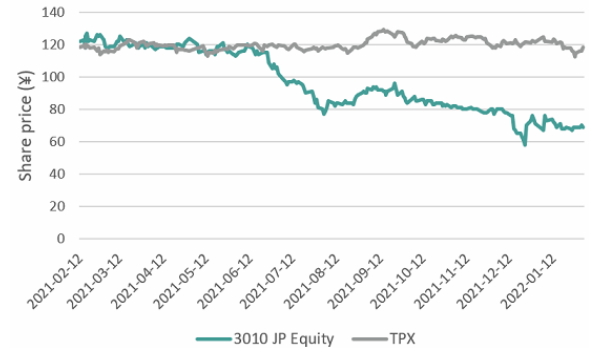
Strong capital base, to operate six new additional hotels

- **Funding sources available** – management has sourced funding from diversified providers in order to ensure the company remains a solid going concern. It has commitment lines worth a total of ¥1.5 billion and a subordinated loan acting as quasi-equity worth ¥0.95 billion. The company has technically breached covenants on a debt of only ¥240 million, but the provider has agreed not to incur a penalty given the company's robust business and capital planning. Other current borrowings are being refinanced to extend loan terms. Overall, the company remains well-capitalised for a recovery in business demand and continues to receive full support from its sponsor Star Asia Group.
- **6 additional hotels** – Polaris has signed a MOU with sponsor Star Asia Group to manage 6 new additional hotels under fee-based management contracts. After completion Polaris will have 31 hotels under management totalling 5,706 rooms (+26% growth from previous). This was announced on 14th February 2022.
- **Valuations** – The shares are trading on an estimated FY3/2024 free cash flow yield of 36.0% (22.4% on a fully diluted basis).

Year end	3/2020	3/2021	3/2022E	3/2023E	3/2024E
Sales (¥bn)	5.45	2.97	3.59	4.82	12.03
OP (¥bn)	(0.18)	(1.63)	(1.44)	(0.87)	1.93
NP (¥bn)	(0.19)	(2.10)	(1.67)	(1.06)	1.68
EPS (¥)	(3.56)	(37.83)	(18.20)	(11.55)	18.31
DPS (¥)	-	-	-	-	-
Sales growth YoY (%)	+7.2	-45.5	+20.8	+34.2	+149.7
OP growth YoY (%)	N/A	N/A	N/A	N/A	N/A
NP growth YoY (%)	N/A	N/A	N/A	N/A	N/A
EPS growth YoY (%)	N/A	N/A	N/A	N/A	N/A
PER (x)	N/A	N/A	N/A	N/A	3.8
EV/EBITDA (x)	(320.4)	(8.6)	(10.2)	(20.9)	5.6
EV/Sales (x)	2.3	4.3	3.5	2.6	1.1
PBR (x)	9.7	(8.1)	3.5	4.0	1.5
ROE (%)	(29.3)	267.9	(92.2)	(67.4)	41.0
ROCE (%)	(7.9)	(52.1)	(13.5)	(6.7)	10.8
FCF yield (%)	2.7	(52.0)	(115.0)	(12.9)	36.0
Dividend yield (%)	-	-	-	-	-

Note: EPS and FCF yield calculations are undiluted

16 February 2022



Source: Bloomberg

Price performance

	YTD	1mth	3mth	12mth
Abs (%)	-5.5	-6.8	-13.8	-41.5
Rel (%)	-3.3	-4.8	-9.7	-41.1

Company sector

Real Estate Management/Services
Hotels, Restaurants & Leisure (GICS)

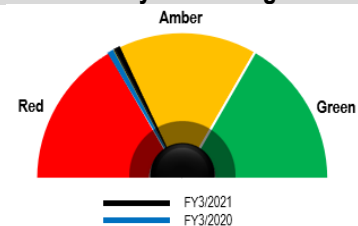
Stock data

Price (¥)	69
Mkt cap (¥bn)	6.3
Mkt cap (\$m)	54.6
52-week range (¥)	58-149
Shares O/S (m)	91.6
Average daily value (\$m)	0.1
Free float (%)	22.4
Foreign shareholding (%)	78.7
Ticker	3010
Exchange	Tokyo 2nd
Net Debt/Equity (x)	N/A
FFO leverage (x)	N/A
BBG BUY HOLD SELL	0 0 0

Business Overview

Polaris Holdings is a hotel operator with three key franchises - Best Western Japan, KOKO HOTEL and Value The Hotel. It is shifting its business model towards low risk management contracts and as an owner/operator.

Astris-Sustainability ESG rating



Next events

Q4 FY3/2022 results May 2022

Tel: +81 3 6868 8762

Email: Corporateresearch@astrisadvisory.com

This report has been commissioned and paid for by the company

Recent results

Q3 YTD FY3/2022 results

Key financials

JPY (millions)	Q3 YTD FY3/2021	Q3 YTD FY3/2022	Growth YoY (%)
Sales	2,159	2,800	+29.7
Operating profit/(loss)	(1,057)	(1,005)	N/A
Operating margins	-49%	-36%	
Recurring profit/(loss)	(1,110)	(1,252)	N/A
Net income attributable to parent	(1,212)	(1,348)	N/A

Source: Company

Per business segment (pre-elimination)

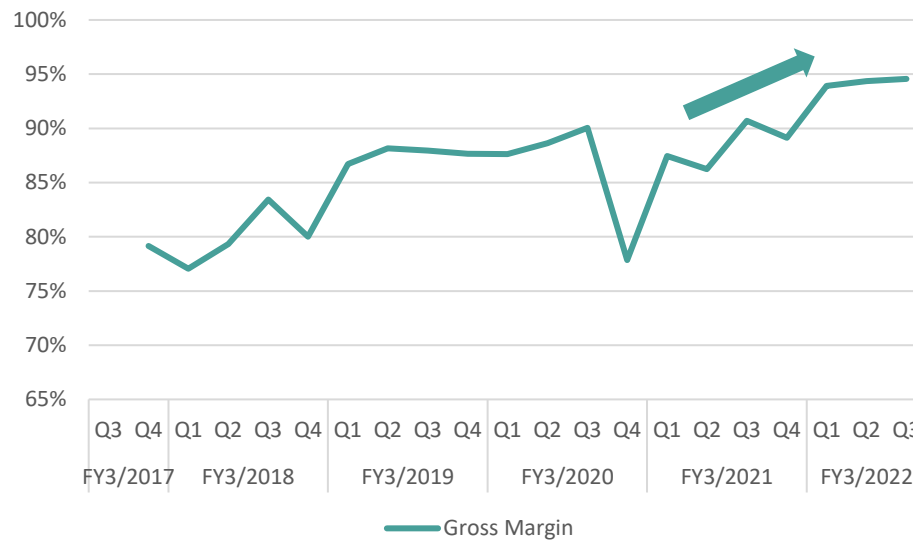
JPY (millions)	Q3 YTD FY3/2021	Q3 YTD FY3/2022	Growth YoY (%)
Sales			
Hotel operations	2,024	2,761	+36.4
Real estate	134	38	-71
Operating profit/(loss)			
Hotel operations	(900)	(790)	N/A
Real estate	18	8	-53.4
Operating margins			
Hotel operations	-44.4%	-28.6%	
Real estate	13.4%	21.0%	

Source: Company

Q3 FY3/2022 results highlighted the following:

- Hotel operations – sales grew 36.4% YoY from the positive impact of 9 new hotels (4 Best Western and 5 KOKO HOTEL) added YoY, with two new KOKO HOTEL opening during Q3 YTD FY3/2022. Operating losses declined YoY despite new hotel opening costs, through a combination of renegotiating leases with hotel owners, cost reduction efforts including staff expenses and hotel temporary closures.
- Management's recovery efforts continue to include:
 - Establishing new sales channels such as tie-ups with airlines.
 - Joining a benefits program to attract new customers.
 - Formulating plans related to the pandemic for medical workers and teleworking staff.
 - Outsourcing restaurant operations.
 - Negotiating down leases.
 - Efforts to reduce costs at head office, such as staff attendance management and re-negotiating service contracts for building maintenance and cleaning.

Figure 1: Gross margin trend – quarterly basis



Source: Company

Strengthened capital base

The company continues to navigate the challenging conditions of the pandemic by executing sound strategy over business model transformation and cost reductions. We believe management have conducted extensive recapitalisation, consequently placing the business in positive stead for the medium to long term.

The following measures are in place to ensure the company has a strong capital base:

- An agreement with its main bank for a ¥600 million fixed term loan commitment line signed in September 2020.
- A commitment line worth ¥900 million is available from parent company Star Asia Group.
- A subordinated loan worth ¥950 million (repayable in September 2040) was raised from the Japan Finance Corporation. This can be classified as equity for financial audit purposes for financial institutions.
- Borrowings worth only ¥240 million has technically breached its debt covenants. However, management has explained both business and capital planning to the provider resulting in an agreement there will be no penalties incurred for the period in question.
- For current borrowings due for repayment, the company is undergoing refinancing to extend loan terms. In addition, the company raised ¥536 million debt in June 2021.
- Out of the ¥1.5 billion convertible bonds issued in July 2020, ¥600 million has been converted. Conversion of the remaining ¥900 million balance will boost shareholders' equity.
- Exercise of warrants issued in 2020 will increase net assets by ¥1.442 billion.

- Exercise of warrants issued in November 2021 will boost equity by ¥3.127 billion.

Star Asia Group LLC is a holding company and ultimate 73.05% owner of Polaris Holdings. It acts as sponsor to Polaris, providing significant financial and management resources. We believe as sponsor Star Asia Group are committed to the business with plans to open new hotels and leveraging the strengths of both parties. Management believes there is no significant uncertainty with regards to Polaris Holdings as a going concern.

Announcement to operate 6 new additional hotels

Announced on 14th February 2022, Polaris has executed a Memorandum of Understanding (MOU) with its sponsor Star Asia Group to operate 6 new additional hotels under a fee-based management agreement. This is a positive development as it allows Polaris to gain access to competitive assets in key business metropolitan cities including Tokyo, Osaka and Nagoya as well as major regional sites popular with business and tourist visitors alike such as Kanazawa, Kumamoto and Kobe. The hotels have around 200 rooms on average and is an ideal size to benefit from economies of scale.

With the addition of these hotels, Polaris will have 31 hotels under management totalling 5,706 rooms, an increase of 26%. The company is making steady headway towards its target of operating 6,396 rooms by FY3/2024. By leveraging its relationship with its sponsor Star Asia Group, Polaris had already increased the number of rooms under operation by approximately 1.5x from the end of FY3/2022 to December 2021.

Detail of hotels

Name of hotel	Location	Number of rooms
Hotel Trusty Kanazawa Korinbo	Kanazawa	207
Hotel Trusty Shinsaibashi	Osaka	211
Hotel Trusty Nagoya Sakae	Nagoya	204
Hotel Trusty Premier Kumamoto	Kumamoto	205
Hotel Trusty Premier Nihombashi Hamacho	Tokyo	223
Hotel Trusty Kobe Kyukyoryuchi	Kobe	141
Total		1,191

Source: Company

This MOU was concluded on 14th February 2022, and the management contracts are set to be concluded in April 2022 with hotel operations set to commence from July 2022.

FY3/2022 outlook

The company is said to issue FY3/2022 guidance when it is possible to do so.

Summary

Polaris Holdings is a domestic hotel operator with three franchises – Best Western Japan, KOKO HOTEL and Value The Hotel. It has undergone significant capital raising and is positioned to capitalize on the recovering hotel demand in a post-pandemic environment.

Under the sponsorship of Star Asia Group, Polaris has undergone significant reforms with the key thematic to effectively utilise resources, to take advantage of the dislocated hotel market, and to target stable earnings growth.

The core element of this is **to strategically shift the hotel operator model:**

Shifting hotel operator model to higher return formats

- from the domestic legacy model involving long term fixed rent leases towards low risk **“Fee-For-Service”** management contracts.
- Another facet is to further scale the **owner/operator model** taking advantage of the dislocated hotel market as well as Star Asia Group’s extensive experience, a capital intensive method that allows for high current returns and potential sizeable capital gains for Polaris as the hotel owner without paying rent or management fees.

We estimate that Polaris Holdings will experience major growth in FY3/2024 driven by the following factors:

- The business environment will return to similar levels seen in CY2019.
- Consequent improving demand and sales mix will drive TRevPAR recovery.
- The lowered fixed cost base will allow for greater operating leverage. We estimate an operating margin of 16%.

The shares are trading on an estimated FY3/2024 free cash flow yield of 36.0% (fully diluted 22.4%).

Company description

Overview

Polaris Holdings is a group company of Star Asia Group LLC (an independent investment group), its core business currently operating 25 hotels. It operates three domestic hotel franchises:

- **Best Western Japan** – 11 sites targeting accommodations for leisure and business travellers, the global brand originally established in the United States in 1946.
- **KOKO HOTEL** – proprietary brand of 7 business hotels located in in-fill, metropolitan locations. 5 out of 7 assets are formerly HOTEL UNIZO owned by real estate fund Lone Star (which acquired Unizo Holdings in April 2020). Business commenced in September 2020 via management contracts from Star Asia Group (which acquired these hotels at deep discounts in the 3rd quarter 2020 during the COVID pandemic).
- **Value The Hotel** – 5 hotels based in the Tohoku area, designed for medium to long term stays originally intended for people involved in local regeneration projects after the Tohoku earthquake.
- There are 2 other hotels operating under other brands (Kinuura Grand Hotel and Fino Hotel Sapporo Odori).

With the addition of 6 hotels announced on 14th February 2022, Polaris will have 31 hotels under management totalling 5,706 rooms, an increase of 26% from previous.

Business segment details

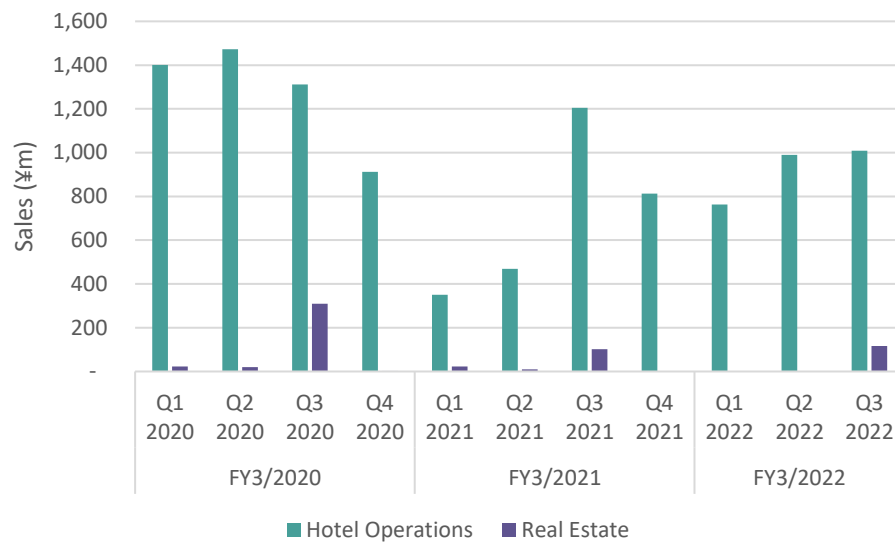
Polaris has two business segments – Hotel Operations and Real Estate.

Business segment details

Business segment	Key services	Description
Hotel Operations	<ul style="list-style-type: none"> • Management • Operations • Consulting • Franchise 	<ul style="list-style-type: none"> • Owner/operator of hotels • Operating hotels under lease or management contracts • Aiming to improve new openings or existing hotels • Memberships for the 'Best Western Hotel' franchise
Real Estate		

Source: Company

Figure 2: Recent quarterly sales trend per segment



Source: Company

Astris earnings estimates and key assumptions

Astris key earnings forecasts are as follows:

Earnings estimates

Year end	FY3/2022E	FY3/2023E	FY3/2024E
TrevPAR (¥)	2,370	3,318	5,226
Growth YoY (%)	-	+40.0	+57.5
Average No. of rooms	4,150	3,979	6,396
Growth YoY (%)	+21.8	-4.1	+60.7
Sales (¥bn)	3.59	4.82	12.03
Growth YoY (%)	+20.8	+34.2	+149.7
OP (¥bn)	(1.44)	(0.87)	1.93
OPM (%)	-40.0	-18.0	16.0
EBITDA (¥bn)	(1.24)	(0.61)	2.26
FCF (¥bn)	(7.26)	(0.82)	2.27
FCF margin (%)	-202.4	-16.9	18.9
FCF conversion (%)	N/A	N/A	135.6
FCF yield (%)	(115.0)	(12.9)	36.0
Diluted FCF yield (%)	(71.6)	(8.0)	22.4

Source: Astris Advisory

The core assumptions to these estimates are as follows:

- **A sustained recovery in business environment** – we estimate that in FY3/2024 both domestic and inbound demand will recover to a comparable level to demand experienced in CY2019 pre-pandemic.
- **TrevPAR** (total revenue per available room) – we estimate sustained double-digit growth as guest traffic begins to normalise and occupancy rates increase. The improvement in sales mix via contract types will also drive this increase.
- **Operating profit margins** – to recover to positive territory in FY3/2024 as rising sales volumes and changed sales mix as well as reduced cost structure results in reater profitability.
- **Free cash flow generation to turn positive** – we estimate that FY3/2024 will see a start to the company generating some positive free cash flow. However, this will be dependent on the size of purchase of hotel assets to increase exposure to the owner/operator model.

We are not estimating any one-time gains from sale of tradeable real estate assets.

Company information

Management

48 years of experience in the hospitality industry and is a director at 11 hotel groups across Japan

Executive Chairman	Shigeru Takakura
Shareholding (direct)	0.14%
Career history	
Prior	Various executive level roles at Hilton International
2005	Appointed General Manager at Solare Hotels & Resorts
2011	Appointed General Manager and director of Rembrandt Holdings
2013	Joined Polaris Holdings in Sales and Marketing, appointed director
2014	Appointed President of Polaris Holdings
2020	Appointed Chairman

Over 30 years of experience in real estate development, construction, leasing and sales

President & CEO	Atsuo Umeki
Shareholding (direct)	0.03%
Career history	
1986	Joined Tomen Corp in real estate development
2006	Appointed President at Meiho Enterprises Co. Ltd (8927)
2009	Appointed director of Meiho Properties
2015	Appointed director at House Saison Enterprise KK
2017	Appointed President and CEO at Star Asia Sogo Kaihatsu Co Ltd
2019	Joined Polaris Holdings as Principal & Chairman
2020	Appointed President & CEO of Polaris Holdings

Director, COO & CFO	Satoshi Hosono
Shareholding (direct)	0.07%
Career history	
2003	Joined Daiwa Securities Co Ltd
2006	Joined Mizuho Securities Ltd Securities Co Ltd Real Estate Finance
2012	Appointed manager at Xymax Corporation
2015	Appointed Director at Star Asia Management Japan
2018	Joined Polaris Holdings as Corporate Officer
2019	Appointed CFO/IR and director of Polaris Holdings
2020	Appointed COO in addition to existing duties

Executive Officer - Head of Hotel Business	Yohei Taguchi
Shareholding (direct)	0.02%
Career history	
2007	Joined Accenture Japan as Consultant
2016	Joined Ichigo Investment Advisors in Hotel REIT Asset management
2020	Joined Star Asia Management Japan in Hotel Investment
2021	Appointed Head of Hotel Operations at Polaris Holdings

Co-founder of Star Asia Group

Director	Malcolm F. MacLean IV
Shareholding (direct)	1.71%
Career history	
1992	Appointed Vice President Kidder Peabody & Co.
1995	Appointed Senior Vice President PaineWebber Incorporated
2000	President and Portfolio Manager Mercury Real Estate Advisors LLC
2006	Star Asia Group Founder and Managing Partner
2019	Appointed Director of Polaris Holdings



Co-founder of Star
Asia Group

Director	Taro Masuyama
Shareholding (direct)	1.71%
Career history	
1990	Joined Accenture Japan as Consultant
1994	Appointed Vice President Bankers Trust Company
1999	Appointed Managing Director Merrill Lynch
2007	Star Asia Group Founder and Managing Partner
2019	Appointed Director of Polaris Holdings

Director	Ryutaro Hashimoto
Shareholding (direct)	0.17%
2008	Joined Merrill Lynch Japan Securities
2010	Joined Blackstone Group Japan
2015	Appointed Managing Director Star Asia Management Japan
2019	Joined Polaris Holdings and appointed Director
2020	Appointed Director of SAGL Advisors

Contact details

Yamazaki Kyodo Building
1-12-3, Iwamotocho, Chiyoda-ku
Tokyo 101-0032
Japan
www.polaris-holdings.com

IR Contact: Satoshi Hosono
Tel: +81 (3) 5822 3010

Source: Company

Summary history

Key corporate timeline	
September 1912	Established a silk plying factory in Gunma Prefecture as Jomoneshi
April 1961	IPO on the Tokyo Stock Exchange 2nd Section
April 1972	Commence real estate-related operations
October 2006	Change affiliated sector on TSE from 'textiles' to 'real estate'.
April 2008	Establishes Asarigawa Onsen Development
October 2008	Acquire Fino Hotels and convert into subsidiary
	Change name to Kachikaihatsu
January 2009	Establishes Best Western Hotel Japan
December 2009	Establishes Kinuura Grand Hotel
July 2015	Change affiliated sector on TSE from 'real estate' to 'services'.
March 2019	Star Asia Opportunity III LP invests in the company
May 2021	Change company name from Kachikaihatsu to Polaris Holdings

Source: Company

Shareholders details

Major shareholders	Stake (%)
Star Asia Management Ltd.	73.49
Four Quadrant Global Real Estate Partners	4.29
MacLean Malcolm Fraser IV	1.71
Masuyama Taro	1.71
Hazelview Global Real Estate Fund	1.43
EVO FUND	1.10
Charlestown Energy Partners LLC	0.70
Murayama Shinya	0.52
Ochiai Koichi	0.28
Yamada Kyo	0.22

Source: Factset

Areas of discussion

Highlighting key topics for investors

We believe the following will be key areas for discussion with investors:

1. Financing requirements
 - a. Is there currently sufficient capital to execute the growth strategy target for FY3/2024?
 - b. In the event the outstanding warrants are not exercised, will this have an impact on financing plans going forwards?
2. Contract mix
 - a. Has Star Asia Group as sponsor lined up assets for sale to Polaris to boost its owner/operator model?
 - b. Is the company readying any more exits from fixed lease contracts?
 - c. How will the KOKO HOTEL franchise be grown?
3. Unrealised gains on hotel assets
 - a. How does management view current and future unrealised gains on its owner/operator hotel assets?
 - b. What would trigger a sale?
4. Overseas guest volumes
 - a. How reliant on overseas visitors are the three key franchises?
 - b. Will the planned increase in hotel rooms target overseas guest business or domestic?
5. Outlook for TrevPAR growth in the medium term

JGAAP Financials

	FY	FY	FY	FY	FY
(¥bn)	3/20	3/21	3/22E	3/23E	3/24E
Sales	5.45	2.97	3.59	4.82	12.03
COGS	0.78	0.29	0.22	0.24	0.48
Gross profit	4.67	2.68	3.37	4.58	11.55
Gross profit margin (%)	85.6	90.3	94.0	95.0	96.0
Total OP	(0.18)	(1.63)	(1.44)	(0.87)	1.93
OP margin (%)	(3.3)	(54.7)	(40.0)	(18.0)	16.0
Non-operating income	0.00	0.07	0.04	0.06	0.05
Non-operating expense	(0.12)	(0.13)	(0.20)	(0.25)	(0.29)
Recurring profit	(0.30)	(1.68)	(1.59)	(1.06)	1.68
Extraordinary gains	-	-	-	-	-
Extraordinary losses	(0.01)	(0.40)	-	-	-
Pre-tax profit	(0.17)	(2.08)	(1.59)	(1.06)	1.68
Tax	0.019	0.016	0.07	-	-
Effective tax rate (%)	(10.9)	(0.8)	(4.57)	-	-
Net income	(0.19)	(2.10)	(1.67)	(1.06)	1.68
Non-controlling NI	-	-	-	-	-
Parent attributable NI	(0.19)	(2.10)	(1.67)	(1.06)	1.68
Sales growth YoY (%)	+7.2	-45.5	+20.8	+34.2	+149.7
OP growth YoY (%)	N/A	N/A	N/A	N/A	N/A
NI growth YoY (%)	N/A	N/A	N/A	N/A	N/A

Balance sheet	FY	FY	FY	FY	FY
(¥bn)	3/20	3/21	3/22E	3/23E	3/24E
Cash & equivalents	1.05	1.84	3.46	5.52	10.73
Trade debtors	0.17	0.33	0.33	0.33	0.33
Stock	0.13	0.06	5.24	5.24	5.24
Other	0.05	0.28	0.28	0.28	0.28
Current assets	1.40	2.51	9.31	11.37	16.59
Tangible assets	1.23	1.21	1.44	1.61	1.73
Intangible assets	0.03	0.02	0.07	0.12	0.15
Investment & others	1.33	1.26	1.26	1.26	1.26
Fixed assets	2.59	2.48	2.77	2.99	3.14
Total assets	3.99	5.00	12.08	14.36	19.73
Short term borrowing	1.14	1.08	1.08	1.08	1.08
Trade creditors	0.00	0.00	0.00	0.00	0.00
Other	0.56	0.79	0.34	0.38	0.75
Current liabilities	1.70	1.87	1.41	1.45	1.83
Long term borrowing	1.43	3.76	8.71	11.19	13.67
Other LT liabilities	0.22	0.15	0.15	0.15	0.15
Long term liabilities	1.64	3.91	8.86	11.34	13.82
Shareholder's equity	0.65	(0.78)	1.81	1.57	4.09
Non-controlling interests	-	-	-	-	-
Total net assets	0.65	(0.78)	1.81	1.57	4.09
Total liabilities & net assets	3.99	5.00	12.08	14.36	19.73

Cash flow statement	FY	FY	FY	FY	FY
(¥bn)	3/20	3/21	3/22E	3/23E	3/24E
Net income/pre-tax profit	(0.19)	(2.10)	(1.67)	(1.06)	1.68
Depreciation/amortization	0.14	0.16	0.20	0.26	0.33
Other non-cash items	0.14	0.52	0.33	0.42	0.38
Changes in working capital	0.05	(0.09)	(5.64)	0.04	0.37
Cash from Operating Activities	0.14	(1.51)	(6.78)	(0.33)	2.76
Capex	(0.04)	(0.48)	(0.48)	(0.48)	(0.48)
Acquisition of business	-	-	-	-	-
Other investing cash flow	0.37	(0.17)	0.10	(0.03)	0.03
Cash from Investing Activities	0.33	(0.65)	(0.38)	(0.52)	(0.45)
Total cash dividends paid	-	-	-	-	-
Debt issuance/(retirement)	(0.95)	2.06	4.95	2.48	2.48
Equity financing	-	0.06	2.80	-	-
Other	(0.08)	0.83	1.03	0.43	0.43
Cash from Financing Activities	(1.03)	2.95	8.78	2.91	2.91
FX impact	-	-	-	-	-
Net cash flow	(0.56)	0.79	1.62	2.06	5.22
Free cash flow	0.10	(1.99)	(7.26)	(0.82)	2.27
Free cash flow margin (%)	1.8	-67.0	-202.4	-16.9	18.9
Free cash flow conversion (%)	-52.4	N/A	N/A	N/A	135.6
Capex/sales (%)	0.7	16.2	13.4	10.0	4.0
Capex/depreciation (%)	26.8	299.0	247.5	184.4	145.9
CFO margin (%)	2.5	-50.8	-188.9	-6.9	22.9

Key metrics	FY	FY	FY	FY	FY
	3/20	3/21	3/22E	3/23E	3/24E
Profitability					
Gross margin (%)	85.6	90.3	94.0	95.0	96.0
Operating margin (%)	(3.3)	(54.7)	(40.0)	(18.0)	16.0
Net margin (%)	(3.5)	(70.7)	(46.4)	(21.9)	13.9
ROA (%)	(4.8)	(42.0)	(13.8)	(7.4)	8.5
ROE (%)	(29.3)	267.9	(92.2)	(67.4)	41.0
ROCE (%)	(7.9)	(52.1)	(13.5)	(6.7)	10.8
ROIC (%)	(5.3)	(45.1)	(19.2)	(6.8)	11.8
Liquidity					
Current ratio (x)	0.8	1.3	6.6	7.8	9.1
Quick ratio (x)	0.7	1.3	2.9	4.2	6.2
Leverage					
Debt/Equity ratio (x)	3.9	(6.2)	5.4	7.8	3.6
Net Debt/Equity ratio (x)	2.3	N/A	3.5	4.3	1.0
Equity ratio (x)	0.2	(0.2)	0.1	0.1	0.2
Interest cover (x)	(2.1)	(14.9)	(7.3)	(3.5)	6.5
Net Debt/EBITDA (x)	-38.2	-2.0	-5.1	-11.1	1.8
Valuation					
EPS reported (¥)	(3.56)	(37.8)	(18.2)	(11.5)	18.3
PER (x)	N/A	N/A	N/A	N/A	3.8
DPS (¥)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Free cash flow yield (%)	2.7	(52.0)	(115.0)	(12.9)	36.0
Diluted FCF yield (%)	N/A	(32.4)	(71.6)	(8.0)	22.4
PBR (x)	9.7	(8.1)	3.5	4.0	1.5
EV/sales (x)	2.3	4.3	3.5	2.6	1.1
EV/EBITDA (x)	(320.4)	(8.6)	(10.2)	(20.9)	5.6
EV/EBIT (x)	(69.8)	(7.8)	(8.8)	(14.6)	6.6
EV/FCF (x)	126.5	N/A	N/A	N/A	5.6



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