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# New Listing Analysis

RENT CORPORATION

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Nippon Alpha empowers sophisticated institutional investors with exclusive, AI-driven intelligence focused specifically on emerging Japanese IPO opportunities, delivered with exceptional speed. Our timely insights provide a crucial early advantage within the Japanese market.

Our mission is to unlock access and deliver a critical analytical edge within the Japanese IPO landscape, enabling proactive and well-informed investment strategies.



# IPO Overview

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STOCK TICKER

Standard

MARKET SEGMENT

May 27, 2025

DATE OF LISTING APPROVAL

Jun. 30, 2025

DATE OF LISTING

—

OFFERING PRICE (JPY)

500

PUBLIC OFFERING (THOUS. SHARES)

—

INDICATED RANGE (JPY)

100

TRADING UNIT



# Executive Summary

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## RENT Corporation: Strong performance, strategic growth.

RENT Corporation, a comprehensive rental service provider for industrial and construction equipment, is set to list on the JSE Standard Market. The company has demonstrated consistent revenue growth and improved profitability, driven by its diversified client base and value-added services. While operating in a capital-intensive industry, RENT has effectively managed its financial health, as evidenced by a strengthening balance sheet and positive cash flow generation. The IPO aims to bolster its capital base for continued strategic investments, including network expansion and digital transformation. Overall, RENT presents a stable yet growing investment opportunity, poised for sustained expansion in the Japanese and ASEAN markets.

# Business Model

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**Comprehensive rental services:  
Diversified portfolio and  
strategic offerings.**

RENT Corporation specializes in the rental of industrial and construction machinery and vehicles, offering a diverse fleet of over 500,000 rental assets across approximately 6,000 types. The company operates 64 domestic offices in Japan and has an international presence in Thailand, Indonesia, and Vietnam through its subsidiaries. Complementary services, such as asset delivery, maintenance, and repair, are provided by group companies, ensuring a one-stop solution for clients. RENT also offers specialized services like battery regeneration and precision equipment calibration.

# Business Model Strength

4/5 ★ ★ ★ ★ ☆

The business model is strong due to its diversification across industries and its focus on value-added services, which reduces reliance on price competition. This approach builds strong customer relationships.



# Industry Landscape

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## Understanding the market

The Japanese rental industry for civil engineering and construction machinery has grown significantly, nearly doubling over the past 15 years to approximately 2 trillion JPY by FY2024. Major players dominate this market, with the top five accounting for roughly 45% of total sales. RENT Corporation positions itself as a significant player, ranking just below the top five, holding about 2.0% market share. The industry continues to see moderate growth, supported by public and private construction investments, infrastructure resilience plans, and green growth strategies towards carbon neutrality.

The competitive landscape in the industrial and construction rental sector is characterized by increasing consolidation, with major players actively engaging in group formations. RENT Corporation mitigates this by diversifying its customer base beyond traditional construction to various industries like manufacturing and services (57% of rental revenue from non-construction as of May 2024). The company emphasizes its "Value Plus Services" and high-quality asset management to differentiate itself and avoid pure price competition against larger, more capital-intensive competitors.

# Financial Performance

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**Robust financial growth  
with expanding margins and  
strengthening liquidity.**

RENT Corporation has shown a consistent positive financial trend. For FY2024, revenue grew 7.5% to 43,690 million JPY. Operating profit increased by 18.3% to 3,182 million JPY, and net profit attributable to parent company shareholders rose 17.6% to 2,073 million JPY. This growth is attributed to strategic customer acquisition, deepening engagement, and effective cost management. The company has successfully increased its asset base while managing depreciation, contributing to improved profitability despite a capital-intensive business model.



# Financial Performance

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## Gross, Operating, and Net Margin

RENT Corporation's gross margin for FY2024 was 31.37% (13,706 million JPY / 43,690 million JPY). This indicates a healthy ability to cover cost of goods sold, reflecting effective management of rental asset investments and maintenance, which has allowed for an increase in gross profit.

The operating margin for FY2024 stood at 7.28% (3,182 million JPY / 43,690 million JPY). This improvement from the previous year (6.61% in FY2023) demonstrates the company's efforts in cost control and efficiency gains through strategic initiatives like DX and workforce development, leading to enhanced operational profitability.

RENT's net profit margin for FY2024 was 4.75% (2,073 million JPY / 43,690 million JPY). This consistent growth in net profit reflects overall financial health, driven by solid operational performance and favorable trends in non-operating income and expenses, resulting in higher earnings for shareholders.

# Profitability Score

4/5 ★ ★ ★ ★ ☆

Profitability shows a positive upward trend across all margins, reflecting effective cost management and an expanding business, signaling healthy financial performance.

# Balance Sheet Analysis

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## Liquidity and Solvency

As of May 31, 2024, RENT's current ratio was approximately 0.685 (14,556 million JPY current assets / 21,244 million JPY current liabilities). The quick ratio was around 0.653. These ratios, while below 1.0, are common in capital-intensive rental businesses that rely on long-term assets and financing. The company maintains a healthy cash position, with cash and equivalents increasing significantly to 4,799 million JPY in FY2024, improving its short-term liquidity from 2,847 million JPY in FY2023.

RENT's debt-to-equity ratio as of May 31, 2024, stood at approximately 3.05 (38,630 million JPY total liabilities / 12,665 million JPY net assets). However, the net debt-to-equity ratio, a more relevant metric for capital-intensive firms, improved from 2.1 in FY2023 to 1.7 in FY2024, indicating a stronger capital structure. The company effectively manages its significant interest-bearing debt, a necessary component for its large rental asset base, while consistently increasing its net assets.

# Balance Sheet Evaluation

3/5



While current and quick ratios are low due to the capital-intensive nature, the improving net debt-to-equity ratio indicates strengthening solvency. High asset base supports operations.

# Cash Flow Analysis

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## Operating, Investing, and Financing

Operating cash flow for FY2024 was 3,203 million JPY, a decrease from 3,659 million JPY in FY2023. This is primarily due to increased trade receivables and other current assets, but the company continues to generate substantial cash from its core operations, covering a significant portion of its capital expenditures.

Investing cash flow was negative 1,119 million JPY in FY2024, an improvement from negative 1,907 million JPY in FY2023. This outflow is mainly driven by continuous acquisition of tangible fixed assets, particularly rental assets, which is crucial for business expansion and maintaining a modern, high-quality fleet to meet customer demands.

Financing cash flow was negative 147 million JPY in FY2024, a significant reduction from negative 1,762 million JPY in FY2023. This improved cash flow indicates more balanced debt repayments and new borrowings. The company has seen increased long-term borrowings and a reduction in lease obligations, supporting its growth strategy while managing capital efficiently.

# Cash Flow Health

4/5 ★ ★ ★ ★ ☆

Strong positive operating cash flow consistently supports business expansion and covers investment needs. Prudent financing activities maintain financial stability.



# Revenue Growth

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## Operating, Investing, and Financing

RENT Corporation has consistently grown its revenue, achieving a 7.5% increase in FY2024. The company benefits from ongoing construction and infrastructure investment in Japan, driven by public works and private sector demand for renovation and maintenance. Strategic initiatives, including expanding into metropolitan areas, diversifying beyond traditional construction clients, and enhancing “Value Plus Services,” are expected to fuel future growth. The company’s focus on environmentally conscious services and digital transformation also provides avenues for revenue expansion.

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# Growth Potential

4/5



Consistent historical growth, diversification strategies, and a supportive market environment from infrastructure investments and ESG trends indicate strong future revenue potential.

# IPO Details

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## Key IPO terms: Shares, proceeds, and market listing.

RENT Corporation is offering 500,000 newly issued shares through its public offering and 344,000 shares via secondary distribution, with an over-allotment option of 126,600 shares. The total number of shares to be issued, including treasury shares, will be 3,759,400 as of May 27, 2025. The offering price determination method is book-building, with the period set from June 12-18, 2025. The payment and settlement dates are June 27 and June 30, 2025, respectively.

While specific details on the use of proceeds from this IPO were not explicitly detailed, historical investment summaries indicate that RENT consistently allocates significant capital expenditure towards enhancing its rental asset base, particularly industrial vehicles and heavy machinery, and improving its maintenance and logistics infrastructure. Proceeds from the IPO are likely to support these ongoing strategic investments for further business expansion, network strengthening, and technological advancements like DX, crucial for sustained growth in a capital-intensive industry.

The principal underwriting participants for RENT Corporation's IPO

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include Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., SHIZUGIN TM SECURITIES CO.,LTD., Marusan Securities Co.,Ltd., SBI SECURITIES Co.,Ltd., and Rakuten Securities, Inc.

RENT Corporation is scheduled to list on the Tokyo Stock Exchange's Standard Market. The listing date is set for June 30, 2025, following approval on May 27, 2025. This market segment indicates the company meets general listing criteria for established enterprises.

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# Company Valuation

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## Valuation considerations: Pricing and peer comparison in rental sector.

The indicated range and offering price for RENT Corporation's IPO are currently not available. However, based on the shares issued and secondary distribution, the implied valuation will be determined through the book-building process. This will be a key factor for investors, as it will reflect market demand and the underwriters' assessment of the company's fair value prior to public trading.

In the Japanese industrial rental market, major players include companies like Sojitz Corporation and other large general trading companies with rental divisions, as well as specialized rental firms like Kanamoto Co. Ltd. and Nishi-Nippon Rent All Co. Ltd. RENT Corporation distinguishes itself by a high proportion of non-construction clients and its "Value Plus Services." Valuation will likely consider P/E ratios, EV/EBITDA multiples, and dividend yields of these publicly traded peers, adjusted for RENT's specific business model, growth trajectory, and regional strengths.

Without an indicated price range, a definitive valuation assessment is premature. Investors should closely monitor the book-building process and compare the eventual offering price to industry multiples and RENT's unique value proposition. Consideration of future earnings growth is crucial.

# Management Team

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**Experienced leadership driving strategic growth and innovation.**

RENT Corporation's management team features experienced leaders with diverse backgrounds. Representative Director President and CEO, Akira Okada, has extensive experience in trading and management, having joined the company in 2000 and steadily risen through various leadership roles, including overseeing management and sales divisions. Senior Managing Executive Officer Toshiaki Washisu has long tenure in sales leadership within the company. Kazuhisa Okada, another Senior Managing Executive Officer, brings external experience from Sojitz Corporation and has managed the corporate planning division. This blend of internal growth and external expertise positions the team well for strategic execution.

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# Risks and Opportunities

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## Navigating market dynamics: Growth potential and mitigating key risks.

Key growth drivers for RENT Corporation include expanding its network in metropolitan areas to increase market share, enhancing its “Value Plus Services” to drive higher value and differentiation, and optimizing its rental asset portfolio. The company is actively pursuing digital transformation (DX) to improve operational efficiency and customer convenience. Strategic M&A and alliances with industry peers are also targeted to foster synergy and competitive advantage. Furthermore, international expansion, particularly in ASEAN markets, offers significant growth potential as these regions develop infrastructure.

RENT Corporation faces several risks, including economic fluctuations impacting construction and industrial investments, intense competition from larger, consolidating industry players, and potential seasonal variations in demand. As a capital-intensive business, it is exposed to risks related to rental asset impairment, maintenance costs, and significant debt financing. Furthermore, human resource retention and development, regulatory changes, and information security breaches pose operational and financial risks. While the company has strategies to mitigate these, such as diversifying client base and strong internal controls, these factors warrant careful monitoring by investors.

# Growth Driver

4/5



Diverse growth drivers, including market expansion, value-added services, and internationalization, provide multiple avenues for sustained growth in a resilient industry.

# Market Sentiment

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## Japanese equity market conditions and IPO landscape.

The current sentiment in the Japanese equity market generally shows cautious optimism. While concerns about inflation and global economic slowdown persist, a recovery in consumer spending due to wage increases and continued corporate investment drive a moderately positive outlook. Government initiatives, such as infrastructure development and green growth strategies, also support the broader economic environment, which could positively impact the rental sector and RENT Corporation's business performance.

Recent IPO performance in Japan has varied, with some listings showing strong initial gains while others have faced challenges due to market volatility or specific industry headwinds. The market remains receptive to companies demonstrating clear growth strategies, strong fundamentals, and a unique value proposition. For RENT Corporation, its stable business model and diversified revenue streams could appeal to investors seeking resilient opportunities amidst ongoing economic uncertainties, potentially leading to a favorable post-IPO performance.

# Overall Assessment

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## Solid long-term potential with strategic positioning.

RENT Corporation presents a compelling investment opportunity due to its robust financial performance, diversified business model and clear growth strategies. The company's consistent revenue and profit growth, coupled with an improving balance sheet and strong cash generation, underpin its stability. Strategic expansion in key regions, focus on high value services, and active pursuit of DX and M&A provide significant avenues for future growth. While operating in a capital-intensive and competitive industry, RENT's management appears capable of navigating these challenges through its well-defined corporate governance and risk management frameworks. The IPO will provide capital for accelerated growth.

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# Rating Summary

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**Business Model  
Strength**



4/5



**Profitability  
Score**



4/5



**Balance Sheet  
Evaluation**



3/5



**Cash Flow  
Health**



4/5



**Growth  
Potential**



4/5



**Growth  
Driver**



4/5



# Investment Score

4/5 ★ ★ ★ ★ ☆

Given its consistent profitability, strategic diversification, and solid growth drivers like value-added services and overseas expansion, RENT Corporation shows strong investment potential. The improving financial health and clear market positioning are key positive indicators.



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