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ASTRIS CORPORATE ADVISORY JAPAN

Wacom (6727)

Profitable momentum building

14 November 2025

Q2 FY3/26 results update

- **Entering a renewed growth phase** – Two consecutive profitable quarters at the Branded Business signal Wacom's transition to a sustainable growth phase in our view. After the structural reforms implemented in FY3/25, the ongoing improvement in profitability demonstrates that Wacom's turnaround is progressing as planned, reinforcing the outlook for steady, sustainable growth and improved earnings quality. Pending FX and US tariff impacts, we believe the H2 FY3/26 outlook is for profitability to continue improving YoY. New product launches earlier this FY, together with additional releases planned, are expected to support sales growth across both the Branded Products and Technology Solutions businesses.

FY guidance maintained

- **Recovery proceeding as planned** – We believe earnings visibility is improving YoY, and the unchanged FY3/26 guidance points to the company's recovery being both tangible and on track, albeit with prudent oversight. For Wacom, the immediate priority is to achieve a period of stable results through disciplined strategic execution, thereby building a track record of greater earnings predictability. By doing so, we believe it can rebuild investor confidence.
- **Valuations** – We have maintained our earnings estimates; the shares are trading at a PER FY3/27 of 11.9x and a free cash flow yield of 6.3%. Our estimated total shareholder return is 4.3%, based on a 50% total payout ratio; the company aims for a total payout ratio above 50%.

Year-end	3/24	3/25	3/26E	3/27E	3/28E
Sales (¥bn)	118.79	115.68	117.14	122.38	129.03
OP (¥bn)	7.06	10.21	12.40	13.02	13.63
NI (¥bn)	4.56	5.22	9.05	9.50	9.95
EPS (¥)	29.64	36.97	64.07	67.25	70.39
DPS (¥)	20.00	22.00	22.00	24.00	26.00
Sales growth YoY (%)	+5.4	-2.6	+1.3	+4.5	+5.4
OP growth YoY (%)	+250.6	+44.7	+21.5	+5.0	+4.7
NP growth YoY (%)	+154.5	+14.5	+73.3	+5.0	+4.7
EPS growth YoY (%)	+161.5	+24.7	+73.3	+5.0	+4.7
PER (x)	27.0	21.7	12.5	11.9	11.4
EV/EBITDA (x)	10.0	7.8	6.5	6.2	5.9
EV/Sales (x)	0.8	0.8	0.8	0.8	0.7
PBR (x)	3.0	3.5	2.9	2.4	2.1
ROE (%)	11.9	15.6	26.4	23.2	20.7
ROCE (%)	15.4	25.7	26.6	24.5	22.5
FCF yield (%)	14.0	6.7	5.7	6.3	6.5
Dividend yield (%)	2.5	2.7	2.7	3.0	3.2
Total shareholder returns (%)	9.4	9.7	4.1	4.3	4.4

Source: Company, Astris Advisory (estimates)

Share price: ¥801 Market cap: ¥108.1bn

Source: Bloomberg

Price Performance

	YTD	1M	3M	12M
Abs (%)	+10.5	+2.7	+8.5	+11.6
Rel (%)	-8.4	-4.2	-1.2	-10.3

Company sector

Electronic Components – Misc.
Technology Hardware, Storage & Peripherals

Stock data

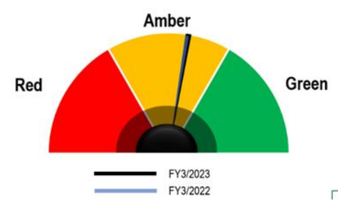
Price (¥)	801
Mkt cap (¥bn)	108.1
Mkt cap ($m)	698.9
52-week range (¥)	449-869
Shares O/S (m)	135.0
Average daily value ($m)	2.4
Free float (%)	86.6
Foreign shareholding (%)	42.4
Ticker	6727
Exchange	Tokyo Prime
Net Debt/Equity (x)	N/A
FFO leverage (x)	N/A
BBG BUY │ HOLD │ SELL	2│0│0

Source: Bloomberg

Business Overview

Wacom specializes in the development of graphics tablets, pen displays, and related digital interface solutions.

Astris-Sustainability ESG rating



Reference Ratings	
MSCI	N/A
Sustainalytics	28.8
Refinitiv	N/A
S&P Global	32.0
Bloomberg	1.53
CDP	B

Next events

Q3 FY3/26 results, January 2026

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This report has been commissioned and paid for by the company.

Recent results

Q1-2 FY3/26 results

Results in line, with FY guidance unchanged

Key financials

(¥bn)	Q1-2 FY3/25	Q1-2 FY3/26	YoY (%)	FY3/26 guidance	YoY (%)
Sales	**57.32**	**51.39**	**-10.3**	**110.00**	**-4.9**
Gross profit/(loss)	20.10	19.06	-5.2	-	
Gross margins (%)	***35.1***	***37.1***		-	
SG&A costs	14.63	13.21	-9.7	-	
Operating profit/(loss)	**5.48**	**5.85**	**+6.9**	**11.50**	**+12.6**
Operating margins (%)	***9.6***	***11.4***		***10.5***	
Recurring profit	4.79	5.84	+22.0	11.50	+10.6
Net income attributable to the parent	3.47	4.14	+19.2	8.50	+62.7
Average FX rate					
USD	152.30	146.57	-3.8	140.00	-8.2
EUR	165.46	N/A	N/A	N/A	

Source: Company

Branded Business records positive interim segmental profit – the first time in four FYs

Per business segment (pre-elimination)

(¥bn)	Q1-2 FY3/25	Q1-2 FY3/26	YoY (%)
Sales			
Branded Business	14.82	14.48	-2.3
Technology Solution Business	42.49	36.91	-13.1
Segmental profit/(loss)			
Branded Business	(1.11)	0.92	N/A
Technology Solution Business	9.32	7.56	-18.9
Adjustments	(2.74)	(2.63)	
Segmental profit margins (%)			
Branded Business	-7.5	6.4	
Technology Solution Business	21.9	20.5	

Source: Company

Indications of a sustainable recovery with two consecutive quarters of positive segmental profit at the Branded Business

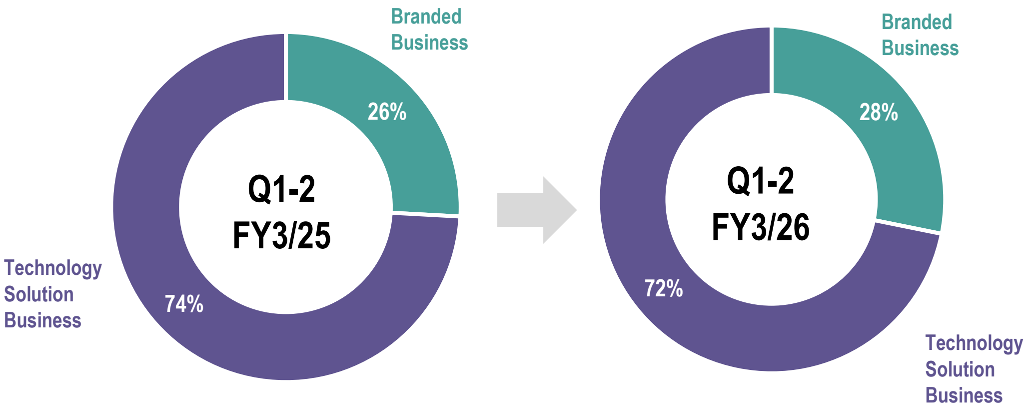
Per business segment (pre-elimination)

(¥bn)	Q1 FY3/25	Q2 FY3/25	Q3 FY3/25	Q4 FY3/25	Q1 FY3/26	Q2 FY3/26
Sales						
Branded Business	7.44	7.38	8.42	5.50	6.53	7.95
Technology Solution Business	21.73	20.76	21.78	22.67	17.97	18.94
Segmental profit/(loss)						
Branded Business	(0.88)	(0.22)	(0.54)	(1.23)	0.45	0.48
Technology Solution Business	4.84	4.49	3.95	5.22	3.59	3.97
Adjustments	(1.43)	(1.31)	(1.29)	(1.38)	(1.32)	(1.31)
Segmental profit margins (%)						
Branded Business	-11.9	-3.0	-6.4	-22.4	**6.8**	**6.0**
Technology Solution Business	22.3	21.6	18.2	23.0	20.0	20.9

Source: Company

No significant change in sales mix YoY

Business segment sales mix



Source: Company

Key highlights

With the Branded Business reporting two consecutive quarters of segmental profit, we believe the **key takeaway is that Wacom is entering a renewed growth phase** after structural reforms, with this segment growing Q2 FY3/26 earnings YoY.

We believe Wacom's return to profitability in the Branded Business underscores management execution and cost control. The structural reforms undertaken in FY3/25 have established a leaner operating base, enhancing earnings leverage and improving the quality of earnings. While top-line recovery will depend on end-market demand, we believe the company is now better positioned to deliver stable and sustainable earnings growth.

The Technology Solutions Business remains the key earnings driver. Due to changes in demand trends among OEM customers, particularly from major clients and for electronic paper applications, we note that sales continue to fall for EMR (Electro Magnetic Resonance) products (-19.6% YoY), which are targeted for professional applications, versus sales growth in AES (Active Electrostatic) products (+2.3% YoY), which enable cross-device standardization and are designed for mainstream tablet and PC makers.

Overall, despite a 10.3% YoY decline in sales, OP increased 6.9% YoY, primarily through SG&A cost reductions (-9.7% YoY). The impact of the US tariff policy appears not to be materializing as expected.

We highlight the following:

- **Sales decline YoY** – Approximately half of the 10.3% reported sales decline YoY was due to external factors (-4.4%); a stronger yen (-3.0%) and US tariffs policy impacting demand from OEM clients (-1.4%) for the Technology Solution Business. Hence, the underlying sales decline of 5.9% YoY is more modest, primarily stemming from falling sales in the Technology Solutions Business for EMR (Electro Magnetic Resonance) products.
- **OP increase YoY** – The reported 6.9% YoY increase in OP stems from business restructuring, which lowered fixed costs (primarily staff, IT system costs, and

others) in the Branded Business, which positively contributed to OP growth YoY. If we ignore the external factors (FX and tariffs), OP grew by a firm 16.2% YoY.

Underlying OP growth trend illustrates sustained recovery YoY

Adjusting reported Q1-2 FY3/26 sales and OP for external factors (FX and tariffs)

(¥bn)	Q1-2 FY3/25	Q1-2 FY3/26	YoY/ *implied YoY impact (%)
Sales	**57.32**	**51.39**	**-10.3**
Add external factors:			
FX		1.74	
Tariffs		0.83	
Underlying sales		**53.96**	**-5.9**
Reconciling back YoY changes to reported sales			
FX		(1.74)	*-3.0
Tariffs		(0.83)	*-1.4
Technology Solutions		(3.31)	*-5.8
Branded		(0.05)	*-0.1
Reported sales		**51.39**	
OP	**5.48**	**5.85**	**+6.9**
Add external factors:			
FX		0.28	
Tariffs		0.24	
Underlying OP		**6.37**	**+16.2**
Reconciling back YoY changes to reported OP			
FX		(0.28)	*-5.1
Tariffs		(0.24)	*-4.4
Technology Solutions		(1.14)	*-20.8
Branded		1.96	*+35.8
Other		0.08	*+1.5
Reported OP		**5.85**	

Source: Company

The company has maintained FY3/26 guidance – we look at the key assumptions and cross-reference to Q1-2 FY3/26 results:

- **Sales** – Negative FX impact should improve with the current yen depreciation since the start of the FY. However, the 4.9% YoY decline in FY sales guidance may pose a challenge, though contribution from the pipeline of product launches in the Branded Business (such as the new "Portable Creative" category) and supplying the next generation Technology Solutions products (Samsung's new smartphone product, and the continued adoption of digital pens for Montblanc) could change the outlook.

- **OP** – FY OP guidance includes negative forex and US tariff policy impact of ¥1.5bn each (¥3.0bn in total impact YoY). With the yen currently weaker than the FY assumption of ¥140/USD and depending on FY sales volume being reached and the effects of tariffs being lower than expected, we believe there is upside risk to OP.

FY3/26 guidance and 'Wacom Chapter 4' medium-term plan

New targets and KPIs

We view the key message from the 'Wacom Chapter 4' medium-term plan as **to generate corporate value by becoming a "true instrument craftsman for the ultimate inking experience", diversifying into multiple use cases that harness its technology, and developing effective solutions and successful delivery**. Sales and operating profit targets for FY3/29 remain in line with the previous guidance issued in May 2023.

Use cases mentioned are 1) **Creation**, 2) **Learn/Teach**, 3) **Work/Play and beyond**, and 4) **Well-being**. A plan was outlined to consolidate its two business segments, dubbed the "Inking Experience Support Group." Wacom will deliver value through technological innovation and community co-creation, providing a solution portfolio of products and technical modules that support growth in developing new sales segments.

FY3/25 actual results, FY3/26 guidance and key KPIs related to the FY3/29 medium-term plan

(¥bn)	FY3/25	FY3/26 guidance	FY3/29 MTP target	CAGR (FY3/25-29)
Sales	**115.68**	**110.00**	**150.00**	**+6.7**
Growth YoY (%)	-2.6	-4.9	-	
Branded Business	28.75	-	*40.50	+8.9
Technology Solution Business (existing)	86.94	-	*94.50	+2.1
Technology Solution Business (new)	-	-	*15.00	-
FX rates:				
USD	152.48	140.00	140.00	
EUR	163.62	N/A	N/A	
USD change YoY (%)	+5.6	-8.2	N/A	
EUR change YoY (%)	+4.3	N/A	N/A	
OP	**10.21**	**11.50**	**15.00**	**+10.1**
Growth YoY (%)	+44.7	+12.6	-	
Branded Business	(2.88)	0.30	N/A	-
Technology Solution Business (existing)	18.50	17.00	N/A	-
Technology Solution Business (new)	-	-	1.50	-
Eliminations	(5.41)	(5.80)	N/A	
OPM (%)	**8.8**	**10.5**	**10.0**	
Branded Business	-10.0	N/A	N/A	
Technology Solution Business (existing)	21.3	N/A	N/A	
Technology Solution Business (new)	-	-	10.0	
R&D spend	8.69	9.50	10.00	+3.6
% of sales	7.5	8.6	6.7	
Capex spend	1.41	5.40	5.90	+43.0
% of sales	1.2	4.9	3.9	
Shareholder returns				
DPS (¥)	22.0	22.0	-	
Share buyback (¥bn)	7.50	TBD	-	
Dividend yield (%)	3.7	3.7	-	
Total shareholder returns (%)**	12.5	5.2	6.4	
Total payout ratio (%)	203.2	**50.0	***50.0	
Returns				
ROE (%)	15.6	N/A	Over 20.0	
ROIC (%)	16.3	N/A	Over 18.0	

Source: Company, Astris Advisory

Note: *sales calculated from disclosed sales split, **implied 50% total shareholder ratio, ***net income calculated on 27% effective tax rate

Our observations for the planned company trajectory to FY3/29 are as follows:

- **Sales growth to be driven by Branded Business and new areas** – The company expects growth to be back on track with a strengthened product portfolio in the Branded Business. In addition to stable growth in the existing business, new use cases in the Technology Solutions Business are planned to have a material sales impact of ¥15bn in FY3/29.
- **Measured operating profit growth and margin expansion** – Expectations of OP growth into FY3/26 and beyond appear relatively moderate, with OPM set to be around 10%. FX impact from a strengthening Japanese yen and US tariffs has been factored in to a certain extent. R&D spending is expected to increase in FY3/26, and capital expenditure is anticipated to rise significantly, resulting in higher depreciation. There may be some limits to achieving margin expansion.
- **New shareholder returns policy** – The company has introduced a progressive dividend policy up to FY3/29, with ¥22 DPS as the floor, with an interim dividend payment. As a key performance indicator (KPI), the company is aiming for a 50% total shareholder payout ratio, balanced with investment in growth opportunities.
- **ROE and ROIC** – The company has demonstrated improvement in profitability and increased shareholder returns, which should lead to sustained improvements.
- **Capital allocation to technological alliances** – The company is prioritizing technology and capital alliances over large-scale M&A, as ¥12 billion has been earmarked.

Astris earnings estimates and key assumptions

We have maintained our earnings estimates for FY3/26 and beyond. Estimates reflect more moderate growth

Astris Advisory earnings estimates

Year-end	FY3/26 guidance	FY3/26E	FY3/27E	FY3/28E
Sales	**110.00**	**117.14**	**122.38**	**129.03**
Growth YoY (%)	-4.9	+1.3	+4.5	+5.4
OP (¥bn)	**11.50**	**12.40**	**13.02**	**13.63**
OPM (%)	10.5	10.6	10.6	10.6
EBITDA (¥bn)	-	**14.75**	**15.47**	**16.21**
EBITDA margins (%)	-	12.6	12.6	12.6
FCF (¥bn)	-	**5.97**	**6.91**	**6.94**
FCF margin (%)	-	5.1	5.6	5.4
FCF conversion (%)	-	48.2	53.1	50.9
FCF yield (%)	-	**6.9**	**8.0**	**8.1**
DPS (¥)	**22.00**	**22.00**	**24.00**	**26.00**
Dividend payout ratio (%)	34.8	34.3	35.7	36.9
Dividend yield (%)	**2.7**	**2.7**	**3.0**	**3.2**
Total shareholder returns (%)*	**TBD**	**4.1**	**4.3**	**4.4**

Source: Astris Advisory
Note: FCF conversion is FCF/Pre-tax Profit. *implied at 50% total shareholder payout ratio

The core assumptions of our estimates are as follows:

- **Sales growth** – The core drivers are the bottoming out and revitalization of the Branded Business, as well as a moderate increase in the Technology Solutions Business.
- **Profitability** – OPM is expected to remain relatively stable as the business strikes a balance between growth and investment.
- **Positive free cash flow generation** – We estimate lower free cash flow generation as capital intensity is expected to increase than previously expected, although this has yet to manifest fully.

Based on the capital policy, our estimates of shareholder returns

- Dividends – We forecast a DPS of ¥22 for FY3/26, with a steady increase thereafter, reflecting the newly introduced progressive dividend policy.
- Buybacks – Wacom has conducted buybacks on an annual basis from FY3/22. We believe buybacks are set to continue, with the company now **targeting a total shareholder payout ratio of above 50%**. Wacom remains well-capitalized with a ¥12.36bn net cash balance in FY3/25, together with long-term investments of ¥3.17bn (totaling 50.3% of total net assets).
- In the new medium-term management plan, the cash flow for shareholder returns will be generated through a combination of operating cash flow (before R&D deductions) and debt financing. The company aims to maintain financial soundness by adhering to principles such as keeping an equity ratio of 45% to 55% and holding a minimum cash balance of ¥20bn (approximately equivalent to two months of sales).

Summary

Wacom specializes in the development of pen tablets, display products, and related digital ink solutions. It offers two primary products: market-leading in-house solutions under the Branded Business and OEM solutions for major electronics brands, including Samsung, Lenovo, and HP, under the Technology Solution Business.

The company has completed a **strategic business transformation towards a new growth stage,** which commenced in FY3/26 with the 'Wacom Chapter 4' new medium-term plan. The key objectives are:

Key objectives are 1) expand the digital writing market, 2) turnaround of Branded Business segment and 3) implement new growth engines

- **Sustainable growth in the digital inking market** through technological advancements and increasing adoption.
- **Turnaround of the Branded Business** through product portfolio renewal. The in-house brand segment has a strong professional market following, stimulating engagement with the OEM market.
- **The implementation of new growth engines**. This will involve a combination of activities in 1) Creation, 2) Learn/Teach, 3) Work/Play and beyond, and 4) Well-being, aimed at business domain expansion and delivering recurring revenues and improving **the quality of earnings**.

The company's new medium-term plan, 'Wacom Chapter 4', has the following key targets for FY3/29:

- Total sales of ¥150bn.
- OPM level at 10%.
- ROE is over 20%, and ROIC above 18%.

Astris Advisory estimates Wacom will drive medium-term growth via the following factors:

- **Sales growth** – The core drivers are the revitalization of the Branded Business and a steady increase in the Technology Solutions Business.
- **Profitability** – OPM is expected to remain relatively stable as the business strikes a balance between growth and investment.

Based on our estimates, the shares are trading at a PER of FY3/27 11.9x, a free cash flow yield of 6.3%, and a total shareholder return of 4.3%.

Company description

Overview

Wacom is a leading name in the field of digital pen and tablet technology

Established in 1983, Wacom specializes in the development of pen tablets, display products, and related digital ink solutions. It produces its in-house brand of products, spanning entry-level and professional models. It provides OEM solutions to major electronics and PC brands, including Samsung, Lenovo, HP, and Fujitsu. The company has a strong brand, recognized for its high-quality products, which are used and endorsed by artists, designers, and creative professionals worldwide.

Wacom's key technologies include digital pen technology that uses both EMR (electromagnetic induction) and Active ES (electrostatic), as well as the 'Universal Ink Model' digital ink technology represented by WILL, where digital stroke data is optimally formatted for conversion into services. This patented IP can be applied to handwriting analysis, for example, visualizing creative input and tracking progress being made in learning.

A key technology is the patented Universal Ink Model

The company has **expanded into the EdTech sector** in partnership with Z-Kai (Zoshinkai Holdings Inc.), a prominent Japanese educational services company operating tablet-based online courses. **Utilizing knowledge graph (AI) based learning experiences and analyzing pen stroke data offers students improved user interactions, personalized learning, and advanced analytics**. Access to raw handwriting data gives Wacom an upstream competitive advantage versus other peers who are active in EdTech offering learning management systems (LMS), such as Moodle and Google Classroom.

Expansion into EdTech

Key objectives targeted by the company are:

- To grow the digital ink and drawing market through technological advancements and increasing adoption.
- Growth of the Branded Business through product portfolio renewal and introduction of the 'Portable Creative' line; the in-house brand segment has a strong professional market following, stimulating engagement with the OEM market.
- The implementation of new growth engines, as guided in the 'Wacom Chapter 4' medium-term plan covering FY3/26 – FY3/29.

Key objectives are 1) expand the digital ink market, 2) establish a profitable Branded Business segment and 3) implement new growth engines

We view Wacom as a company that strives for positive change and implements new growth initiatives via product and service diversification. The introduction of services and license income is expected to improve the sales mix, with recurring revenues providing greater earnings stability.

The company currently has two core business segments:

- **Branded Business** – Wacom-branded products and solutions for creative users and enterprises.
- **Technology Solution Business** – Technology solution for OEM partners of smartphones, tablet PCs, laptop PCs, eBooks, and other devices.

Long track record in the digital ink and drawing industry

Timeline summary

Key dates	Details
July 1983	Established Wacom in Ageo City, Japan.
April 1984	Released the WT series, the world's first pen tablet with cordless cursors.
September 1987	Released SD series, the world's first cordless pen tablet.
April 2002	Entry into the pen sensor component field (the Technology Solution Business).
April 2003	**IPO on the JASDAQ Exchange.**
December 2005	**Listed in the First Section of the Tokyo Stock Exchange.**
May 2021	Release of 'Wacom Chapter 3' medium-term direction (FY3/22-FY3/25)
April 2022	Transferred to the Prime Market of the Tokyo Stock Exchange.
May 2025	**Release of the latest 'Wacom Chapter 4' medium-term plan (FY3/26-FY3/29)**

Source: Company, Refinitiv

Business segment data

Wacom has two core business segments.

Current segment details

Business segment	Description	Product line
Brand Business	Wacom-branded products and solutions for creative users and enterprises.	- Display - Pen tablet - LCD signature pen tablet
Technology Solution Business	Technology solution for OEM partners of smartphones, tablets, laptops, and other devices.	AES (active electrostatic)/EMR® (Electro-Magnetic Resonance) digital pen technology solutions.

Source: Company

JGAAP Financial Summary

Income statement (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Sales	118.79	115.68	117.14	122.38	129.03
COGS	82.03	75.54	76.73	80.16	84.51
Gross profit	36.77	40.15	40.41	42.22	44.51
Gross profit margin (%)	30.9	34.7	34.5	34.5	34.5
Operating profit	7.06	10.21	12.40	13.02	13.63
OP margin (%)	5.9	8.8	10.6	10.6	10.6
Non-operating income	2.99	0.33	0.08	0.08	0.20
Non-operating expenses	(0.19)	(0.15)	(0.08)	(0.08)	(0.20)
Recurring profit	9.85	10.39	12.40	13.02	13.63
Extraordinary gains	0.15	0.01	-	-	-
Extraordinary losses	(4.09)	(3.53)	-	-	-
Pre-tax profit	5.91	6.87	12.40	13.02	13.63
Tax	(1.35)	(1.65)	(3.35)	(3.52)	(3.68)
Effective tax rate (%)	13.7	15.8	27.0	27.0	27.0
Net income	4.56	5.22	9.05	9.50	9.95
Non-controlling NI	-	-	-	-	-
Parent attributable NI	4.56	5.22	9.05	9.50	9.95
Sales growth YoY (%)	+5.4	-2.6	+1.3	+4.5	+5.4
OP growth YoY (%)	+250.6	+44.7	+21.5	+5.0	+4.7
Pre-tax profit YoY (%)	+169.6	+16.2	+80.5	+5.0	+4.7
NI growth YoY (%)	+154.5	+14.5	+73.3	+5.0	+4.7

Balance sheet (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Cash & equivalents	31.66	24.36	26.58	28.41	30.59
Inventory	13.09	13.08	13.25	13.84	14.59
Accounts receivables	12.86	11.59	11.73	12.26	12.92
Other	7.07	7.46	7.56	7.90	8.32
Current assets	64.68	56.50	59.12	62.40	66.43
Tangible assets	5.72	4.37	6.65	9.04	11.43
Goodwill	-	-	-	-	-
Intangible assets	1.53	1.33	3.62	6.00	8.39
Investment	1.61	3.17	3.17	3.17	3.17
Other	6.08	5.41	5.41	5.41	5.41
Fixed assets	14.94	14.27	18.84	23.61	28.39
Total assets	79.62	70.77	77.96	86.02	94.82
Short term borrowing	7.80	5.00	5.00	5.00	5.00
Trade creditors	11.48	11.11	11.57	12.09	12.74
Other	14.62	14.92	14.78	15.84	16.49
Current liabilities	33.90	31.03	31.35	32.92	34.23
Long term borrowing	7.00	7.00	7.00	7.00	7.00
Other LT liabilities	2.75	1.88	1.88	1.88	1.88
Long term liabilities	9.75	8.88	8.88	8.88	8.88
Shareholder's equity	35.97	30.86	37.72	44.21	51.70
Share acquisitions rights	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Total net assets	35.97	30.86	37.72	44.21	51.70
Total liabilities & net assets	79.62	70.77	77.96	86.02	94.82

Source: Company, Astris Advisory (estimates)

Cash flow statement (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Profit before tax	5.91	6.87	12.40	13.02	13.63
Depreciation/amortization	2.57	2.11	2.34	2.45	2.58
Changes in working capital	9.32	(0.78)	0.08	0.71	0.21
Other non-cash items	1.68	0.65	-	-	-
Tax paid	(2.00)	(0.52)	(3.35)	(3.52)	(3.68)
Cash from Operating Activities	17.48	8.33	11.48	12.66	12.74
Capex	(2.32)	(1.03)	(5.51)	(5.75)	(5.81)
Acquisitions/increase stakes	-	-	-	-	-
Other investing cash flow	0.04	(1.24)	(0.60)	(0.92)	(0.76)
Cash from Investing Activities	(2.28)	(2.27)	(6.11)	(6.67)	(6.57)
Total cash dividends paid	(3.12)	(2.90)	(3.11)	(3.39)	(3.67)
Debt issuance/(retirement)	4.21	(2.76)	-	-	-
Equity financing/(buybacks)	(7.51)	(7.51)	(1.42)	(1.36)	(1.30)
Other	-	-	-	-	-
Cash from Financing Activities	(6.43)	(13.17)	(4.53)	(4.75)	(4.97)
FX impact	2.92	(0.18)	1.37	0.59	0.98
Net cash flow	11.68	(7.30)	2.21	1.83	2.18
Free cash flow	15.16	7.30	5.97	6.91	6.94
EBITDA	9.63	12.32	14.75	15.47	16.21
EBITDA margins (%)	8.1	10.7	12.6	12.6	12.6
Free cash flow margin (%)	12.8	6.3	5.1	5.6	5.4
Free cash flow conversion (%)	256.4	106.2	48.2	53.1	50.9
Capex/sales (%)	2.0	0.9	4.7	4.7	4.5
Capex/depreciation (%)	90.4	48.9	235.0	235.0	225.0
CFO margin (%)	14.7	7.2	9.8	10.3	9.9

Key metrics	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Profitability					
Gross margin (%)	30.9	34.7	34.5	34.5	34.5
Operating margin (%)	5.9	8.8	10.6	10.6	10.6
Net margin (%)	3.8	4.5	7.7	7.8	7.7
ROA (%)	5.9	6.9	12.2	11.6	11.0
ROE (%)	11.9	15.6	26.4	23.2	20.7
ROCE (%)	15.4	25.7	26.6	24.5	22.5
ROIC (%)	12.1	18.4	19.6	17.9	16.6
Liquidity					
Current ratio (x)	1.9	1.8	1.9	1.9	1.9
Quick ratio (x)	1.5	1.4	1.5	1.5	1.5
Leverage					
Debt/Equity ratio (x)	0.4	0.4	0.3	0.3	0.2
Net Debt/Equity ratio (x)	net cash	net cash	net cash	net cash	net cash
Equity ratio (x)	0.5	0.4	0.5	0.5	0.5
Interest cover (x)	76.0	82.1	147.7	155.0	66.8
Net Debt/EBITDA (x)	N/A	N/A	N/A	N/A	N/A
Valuation					
EPS reported (¥)	29.6	37.0	64.1	67.3	70.4
PER (x)	**27.0**	**21.7**	**12.5**	**11.9**	**11.4**
Diluted PER (x)	**27.0**	**21.7**	**12.5**	**11.9**	**11.4**
DPS (¥)	20.0	22.0	22.0	24.0	26.0
Dividend payout ratio (%)	67.5	59.5	34.3	35.7	36.9
Dividend yield (%)	**2.5**	**2.7**	**2.7**	**3.0**	**3.2**
Total shareholder return (%)	**9.4**	**9.7**	**4.1**	**4.3**	**4.4**
Free cash flow yield (%)	**14.0**	**6.7**	**5.7**	**6.3**	**6.5**
Diluted free cash flow yield (%)	**14.0**	**6.7**	**5.7**	**6.3**	**6.5**
PBR (x)	**3.0**	**3.5**	**2.9**	**2.4**	**2.1**
EV/sales (x)	0.8	0.8	0.8	0.8	0.7
EV/EBITDA (x)	10.0	7.8	6.5	6.2	5.9
EV/EBIT (x)	13.6	9.4	7.8	7.4	7.1
EV/FCF (x)	6.4	13.2	15.5	14.2	13.8

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