

## Company Report

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Strategy Advisors Inc.  
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## FY3/26 Q1 Financial Results: Though it Appears to be Slow, an Actually Strong Start That Exceeded Company Expectations

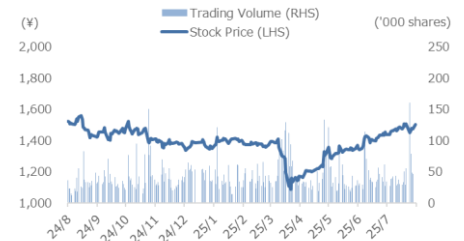
INNOTECH reported lower sales and profits for the first quarter of FY3/26 (April-June), with sales down 7.4% YoY to ¥9.46 billion and operating profit down 45.9% to ¥230 million. Compared to the previous Q4 (January-March), when performance recovered sharply, sales were down 21.5% QoQ and operating profit was down 67.6%, showing a slowdown again. Progress against the full-year forecast announced in May 2013 remains low, at 21.7% for sales and 9.0% for operating profit. However, the Company had originally forecasted a low level of performance for Q1, and the actual Q1 figures exceeded the Company's expectations. Hence, this marks a strong start to FY3/26.

The reasons for the strong Q1 results include front-loaded demand from Testers' overseas customers for Test Solutions business and strong performance of embedded systems in System/Services business. For Test Solutions business, the company had predicted extremely low progress rates in both sales and operating profit in Q1 as of May, due to a weak recovery in demand from Testers' major Japanese customers and a temporary slowdown, including seasonal factors, at Taiwanese subsidiary STAr Technologies. However, results exceeded expectations.

The company's FY3/26 forecast remains unchanged from the initial forecast for sales of ¥43.5 billion (+3.6% YoY) and operating profit of ¥2.6 billion (+37.8% YoY). The overperformance of the Testers business in Q1 could be conservatively attributed to overseas customers simply being brought forward in orders. Meanwhile, the outlook for the Semiconductor Design-Related business, where EDA is performing strongly, and the System/Services business, where embedded systems are performing well, appears stable. Given the above, if there is a substantial increase in demand for Testers from overseas customers and a recovery in demand from major Japanese customers becomes apparent, there is a good chance that FY3/26 results will exceed the company's forecast.

The company is currently in the second year of its 3-year plan (ending FY3/27). While progress against the full-year forecast in Q1 was slow, progress is being made on initiatives such as Testers' expansion into overseas customers. While the stock price has risen since bottoming out in April amid a general improvement in sentiment toward semiconductor-related stocks, it remains low at a PER of 11.6 and PBR of 0.8.

### Stock Price and Trading Volume (Past Year)



Source: Strategy Advisors

### Key Indicators

Stock Price (8/18/25)	1,501
52-Week High (9/2/24)	1,558
52-Week Low (4/9/25)	1,085
All-Time High (3/8/24)	2,129
All-Time Low (10/27/08)	182
# of Shares on Issue (mn)	13.7
Market Capitalization (¥bn)	20.6
Equity Ratio (3/25)	54.1
ROE (3/25 Actual, %)	4.8
PER (3/26 CoE, Times)	11.6
PBR (3/25 Actual, Times)	0.8
Yield (3/26 CoE, %)	

Source: Strategy Advisors

# INNOTECH CORPORATION | 9880 (TSE Prime)

Our view of the company's equity story is that "its technical and sales capabilities supporting electronics design and verification will increase its customer base and product lineup, expanding its growth potential" (see our initiation report, entitled "[INNOTECH CORPORATION \(9880\): Transformation From Electronics Trading Company to Manufacturer. Although Cyclical, Semiconductor Equipment is Growing Mainly in Cutting-Edge Fields. Stable Expansion of System & Service Will Boost Profits](#)" on December 24, 2024). If the NAND flash memory market recovers, the feasibility of the equity story will increase, creating room for the stock price to rise.

## Japanese GAAP

FY	Sales	YoY	Operating Profit	YoY	Ordinary Profit	YoY	Net Profit	YoY	EPS	DPS
	(¥mn)	(%)	(¥mn)	(%)	(¥mn)	(%)	(¥mn)	(%)	(¥)	(¥)
3/25Q1	10,218	17.6	434	329.0	733	125.6	434	128.8	32.3	-
3/26Q1	9,457	-7.4	234	-45.9	407	-44.4	185	-57.3	14.2	-
3/23	38,629	3.7	2,319	-10.3	2,480	-16.9	1,666	-24.1	127.0	70.0
3/24	41,358	7.1	2,474	6.7	2,880	16.1	1,477	-11.3	110.6	70.0
3/25	41,977	1.5	1,887	-23.7	1,755	-39.1	1,200	-18.8	89.5	70.0
3/26	43,500	3.6	2,600	37.8	2,600	48.2	1,700	41.6	129.1	70.0

Source: Company Data. Created by Strategy Advisors.

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## 1. Overview of FY3/26Q1 Financial Results

### Q1 Financial Results Show Declines in Both Revenue and Profit Both YoY & QoQ, but Results Exceeded Company Expectations

In the Q1 financial results announced on August 8, sales were -7.4% YoY to ¥9.46 billion and operating profit was -45.9% YoY to ¥230 million. Progress against the company's full-year forecast was low, with sales at 21.7% and operating profit at 9.0%. However, the company had already anticipated a low progress rate for Q1 as of May, and actual results exceeded the company's expectations. Furthermore, progress against past sales results as of Q1 was 21.0% in FY3/24 and 24.3% in FY3/25. Meanwhile, compared to the previous Q4 (January-March), sales were -21.5% and operating profit was -67.6%, reflecting a seasonal slowdown. The company also recorded a non-operating loss of ¥100 million on equity-method investments.

Figure 1. Summary of FY3/26Q1 Financial Results (¥mn)

FY	3/25 Q1	Q2	Q3	Q4	3/26 Q1	3/25 FY	3/26CoE FY
Net Sales	10,218	10,590	9,114	12,055	9,457	41,977	43,500
YoY	17.6%	-1.8%	-16.0%	9.3%	-7.4%	1.5%	3.6%
Test Solutions	3,234	3,819	2,553	5,371	2,671	14,977	15,030
YoY	32.8%	-14.8%	-42.3%	18.1%	-17.4%	-5.7%	0.4%
Semiconductor Design-Related	3,361	3,261	3,139	3,231	3,278	12,992	13,530
YoY	5.3%	2.8%	-0.3%	-4.2%	-2.5%	0.8%	4.1%
System / Services	3,622	3,510	3,422	3,451	3,507	14,005	14,940
YoY	18.4%	12.2%	4.1%	10.9%	-3.2%	11.2%	6.7%
Gross Profit	3,111	3,246	2,635	3,657	2,803	12,649	13,340
YoY	18.3%	-3.6%	-30.1%	7.8%	-9.9%	-3.9%	5.5%
Margin over Sales	30.4%	30.7%	28.9%	30.3%	29.6%	30.1%	30.7%
Test Solution	1,148	1,340	852	1,840	925	5,180	5,540
YoY	17.1%	-19.6%	-56.7%	18.1%	-19.4%	-16.1%	6.9%
Margin over Sales	35.5%	35.1%	33.4%	34.3%	34.6%	34.6%	36.9%
Semiconductor Design-Related	791	737	671	711	764	2,910	3,040
YoY	5.2%	-1.3%	0.0%	-3.3%	-3.4%	0.2%	4.5%
Margin over Sales	23.5%	22.6%	21.4%	22.0%	23.3%	22.4%	22.5%
System and Service	1,171	1,170	1,112	1,105	1,114	4,558	4,760
YoY	30.5%	22.5%	-1.6%	0.6%	-4.9%	11.7%	4.4%
Margin over Sales	32.3%	33.3%	32.5%	32.0%	31.8%	32.5%	31.9%
Operating Profit	434	464	266	721	234	1,887	2,600
YoY	329.0%	-38.4%	-73.0%	13.9%	-45.9%	-23.7%	37.8%
Margin over Sales	4.2%	4.4%	2.9%	6.0%	2.5%	4.5%	6.0%
Test Solution	-212	-198	-244	342	-264	-312	0
YoY	-	-	-	-8.8%	-	-	-
Margin over Sales	-	-	-	6.4%	-	-	-
Semiconductor Design-Related	169	118	68	102	139	457	0
YoY	4.3%	-19.2%	-9.3%	-46.9%	-17.8%	-20.5%	-
Margin over Sales	5.0%	3.6%	2.2%	3.2%	4.2%	3.5%	-
System and Service	522	542	416	319	407	1,799	0
YoY	81.9%	42.3%	-13.5%	-31.7%	-22.0%	11.3%	-
Margin over Sales	14.4%	15.4%	12.2%	9.2%	11.6%	12.8%	-
Adjustment	-44	1	29	-43	-47	-57	0

Note: The allocation of operating profit by segment has changed since Q1 of FY3/2025 and YoY comparisons are not possible.  
Source: Company Data. Created by Strategy Advisors.

**Progress Rate of Test Solutions Business is Low. However, Exceeded Company Expectations**

In terms of sales progress rate by division (compared to the full-year company forecast), Test Solutions business was at a low level of 17.8% due to sluggish performance of both testers and STAr. However, it exceeded the company's expectations. On the other hand, Semiconductor Design Related business was at 24.2%, mainly due to solid EDA and the Systems & Services business was at 23.5%, thanks to the strong performance of INNOTECH's embedded systems, etc. Overall, progress was generally in line with the company's expectations.

**Maintains Company Forecast Announced in May**

The company maintained its full-year forecast for FY3/26 announced in May. Although Q1 results got off to a slow start, progress was faster than expected. However, due to the uncertainty regarding the business environment from Q2 onwards, the company decided not to revise its forecasts at this time.

## 2. Trends by Sector

### 1) Test Solutions Business

**Aiming to Return to Operating Profit in FY3/26**

Test Solutions business comprises testers from INNOTECH and probe cards and reliability-evaluation equipment from its Taiwanese subsidiary, STAr Technologies. Although the company experienced poor performance in FY3/25, falling into the red and posting an operating loss, the company expects sales to increase and operating profit return to the black in FY3/26. The company aims to turn around its performance after hitting bottom last year.

**Testers' Quarterly Sales Have Started to Increase, but are Still at a Low Level**

The company's main business is testers for NAND flash memory, with major Japanese semiconductor manufacturers serving as its main customers. Quarterly sales trends bottomed out in Q3 FY3/25, then began to increase in Q4 and continued to grow QoQ in Q1 FY3/26. However, considering that tester quarterly sales exceeded ¥2 billion during favorable times, Q1 sales of ¥550 million remain at an extremely low level and it is a long way from a full-scale recovery. However, while there was no movement in demand from major Japanese customers for NAND testers, demand from new overseas customers, which was initially expected to begin in Q2, began to pick up, albeit on a smaller scale, from Q1, which is seen as a positive sign for the future.

**STAr Technologies Was Sluggish in Q1 Due to Seasonal Factors, but is Expected to Improve from Q2 Onwards**

STAr Technologies' quarterly sales trend fluctuated significantly, with Q3 sluggish due to a delay in the delivery timing of reliability evaluation equipment in the second half of FY3/25, followed by a strong rebound in Q4. FY3/26Q1 (April-June: January-March in CY25 due to a shift in the fiscal year-end) saw shipments again start low due to seasonal factors. However, from FY3/26Q2 (July-September: April-June in CY25 due to a shift in the fiscal year-end) onward, demand is expected to pick up for both R&D probe cards and reliability evaluation equipment.

This is expected to be driven in particular by robust demand from major Taiwanese customers. Furthermore, the U.S. reciprocal tariff policy will

provide a tailwind for the company's reliability evaluation equipment business, which may be a positive factor not factored into the forecast.

**Figure 2. Revenue Trends in Test Solutions Business**

(¥mn)	3/25 Q1	Q2	Q3	Q4	3/26 Q1	3/25 FY	3/26CoE FY
<b>Net Sales</b>	<b>3,234</b>	<b>3,819</b>	<b>2,553</b>	<b>5,371</b>	<b>2,671</b>	<b>14,977</b>	<b>15,030</b>
Testers	879	263	118	453	<b>554</b>	1,713	<b>3,450</b>
STAr Technologies	2,354	3,556	2,435	4,919	<b>2,117</b>	13,264	<b>11,580</b>
<b>Operating Profit</b>	<b>-212</b>	<b>-198</b>	<b>-244</b>	<b>342</b>	<b>-264</b>	<b>-312</b>	<b>NA</b>
Testers	43	-220	-278	-112	<b>-56</b>	-567	<b>NA</b>
STAr Technologies	-255	22	34	454	<b>-208</b>	255	<b>NA</b>
<b>OP Margin</b>	<b>-6.6%</b>	<b>-5.2%</b>	<b>-9.6%</b>	<b>6.4%</b>	<b>-9.9%</b>	<b>-2.1%</b>	<b>NA</b>
Testers	4.9%	-83.7%	-235.6%	-24.7%	<b>-10.1%</b>	-33.1%	<b>NA</b>
STAr Technologies	-10.8%	0.6%	1.4%	9.2%	<b>-9.8%</b>	1.9%	<b>NA</b>

Note: Sales breakdown is based on segment information. Operating profit breakdown is based on segment information and briefing materials. Tester operating profit is calculated by subtracting STAr operating profit from division operating profit. Source: Company Data. Created by Strategy Advisors.

## The Nand Flash Memory Market is Beginning to Recover

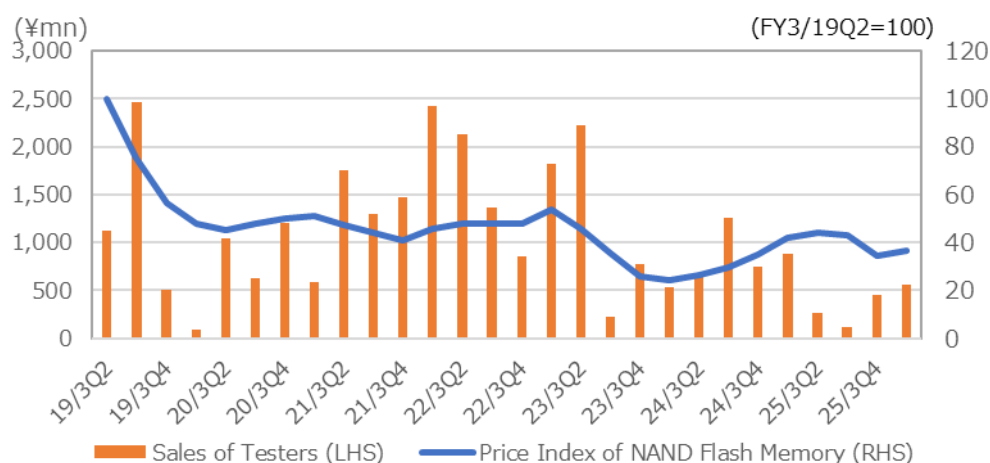
Kioxia Holdings Corporation (TSE Prime 285A), which announced its FY3/25 Q1 financial results on August 8, said the NAND flash memory market is recovering, with the company's average selling price increasing by 5-10% QoQ for the April-June quarter of 2025. Kioxia Holdings forecasts sales of ¥420-470 billion for the July-September quarter of 2025, a significant increase from ¥342.8 billion in the previous quarter. The company also commented that pricing will continue to improve. While it is closely monitoring the impact of U.S. tariff policies, it does not expect them to have a significant impact on its July-September quarter results.

## The Testers Business is Expected to Recover from the Second Half Onwards

Demand for NAND flash memory for smartphones and PC's appears to have started to recover from Q1, with smartphone and PC-related customers completing inventory adjustments in FY3/25. Demand for SSD's for enterprise data centers remains strong, and the adoption of AI servers is accelerating, so demand is expected to continue expanding. While the NAND flash memory industry is currently in the early stages of a cyclical recovery, it appears that the industry is maintaining discipline by considering the supply-demand balance and avoiding excessive increases in capacity utilization. Therefore, the company's Testers business is likely to see a recovery among major domestic NAND customers. Furthermore, in line with its policy to expand its customer base, demand from overseas NAND customers is expected to increase further from Q2 onward. The Testers business is expected to recover in the second half of the year, driven in part by factors unique to the company.



**Figure 3. NAND Flash Memory Market Conditions & INNOTECH CORPORATION's Testers Sales**



Note: Prepared by Strategy Advisors based on Kioxia Holdings' financial results presentation materials.

Source: Company Data. Created by Strategy Advisors.

## 2) Semiconductor Design-Related Business

### Despite the Impact of the Semiconductor Market, the Business Remains Stable

Semiconductor Design-Related business consists of SANEI HYTECHS, which imports and sells EDA and for which INNOTECH itself acts as an agent, semiconductor design and software development, and MoDeCH, which creates simulation models for semiconductor devices. Despite the sluggish semiconductor market in FY3/25, the company's performance can be summarized as remaining solid. The company's forecasts for FY3/26 are for sales and operating profit to be roughly flat. Given the uncertainty in the market environment, the company is taking a cautious stance.

### EDA is Strong

EDA remained strong throughout the fiscal year. The company sells EDA developed by US company Cadence to Japanese electronic components and industrial machinery manufacturers and continues to provide follow-up services. It operates a so-called stock-based business model and its strength lies in stable sales. In FY3/26, the number of renewals of multi-year contracts with customers was limited, leaving few factors that could cause fluctuations in earnings. Q1 results were also strong, in line with the company's forecasts. Business is expected to remain strong from Q2 onwards.

### SANEI HYTECHS' Operating Rate is Slowly Recovering

SANEI HYTECHS' semiconductor design business saw a slowdown in design demand for analog semiconductors for automobiles and industrial machinery in the second half of FY3/25, resulting in sluggish sales and operating profit for the full year. The company is assuming that design utilization rates will gradually improve in FY3/26. Q1 results indeed showed a gradual recovery in utilization rates.

While performance from existing customers, primarily in the automotive industry, is somewhat sluggish, a solid recovery in line with the company's

expectations is expected from Q2 onwards, supported by the continuation of new projects from other customers.

## No Change in MoDeCH's Business Environment

MoDeCH's simulation model product sales business saw no major changes in the business environment. In Q1, sales remained at the same level as in the same period last year, mainly in the automotive industry. From Q2 onwards, the company aims to maintain stable business development by diversifying its customer base.

**Figure 4. Revenue Trends in Semiconductor Design-Related Business**

(¥mn)	3/25 Q1	Q2	Q3	Q4	3/26 Q1	3/25 FY	3/26CoE FY
<b>Sales</b>	<b>3,361</b>	<b>3,261</b>	<b>3,139</b>	<b>3,231</b>	<b>3,278</b>	<b>12,992</b>	<b>13,530</b>
EDA	2,316	2,271	2,214	2,288	2,264	9,089	9,370
SANEI HYTECHS	971	951	871	885	951	3,678	3,900
MoDeCH	73	39	53	59	62	224	260
<b>Operating profit</b>	<b>169</b>	<b>118</b>	<b>68</b>	<b>102</b>	<b>139</b>	<b>457</b>	<b>NA</b>
EDA	64	60	49	91	69	264	NA
SANEI HYTECHS	99	65	28	13	65	205	NA
MoDeCH	6	-7	-9	-2	5	-12	NA
<b>OP Margin</b>	<b>5.0%</b>	<b>3.6%</b>	<b>2.2%</b>	<b>3.2%</b>	<b>4.2%</b>	<b>3.5%</b>	<b>NA</b>
EDA	2.8%	2.6%	2.2%	4.0%	3.0%	2.9%	NA
SANEI HYTECHS	10.2%	6.8%	3.2%	1.5%	6.8%	5.6%	NA
MoDeCH	8.2%	-17.9%	-17.0%	-3.4%	8.1%	-5.4%	NA

Note: Sales breakdown is based on segment information. Operating profit breakdown is based on segment information and presentation materials. EDA's operating profit is the division operating profit minus that of SANEI HYTECHS and MoDeCH. Source: Company Data. Created by Strategy Advisors.

## 3) System/Services Business

### Overall System/Services Revenues Remained Strong

Systems / Services business comprises INNOTECH CORPORATION's embedded systems, GAIO Technology, which sells and provides contract services for automotive verification tools, IT Access, develops cashless payment terminals and software; and Regulus, which provides image-processing solutions. In FY3/25, growth in each business, led by GAIO Technology, led to increases in both sales and profits YoY. The company's forecast for FY3/26 is for a slight increase in both sales and operating profit. Given the uncertainty in the market environment, the company is taking a cautious stance in formulating its plans. While there are some concerns regarding GAIO Technology and IT Access compared to expectations, this is thought to be more than offset by the strong performance of the company's embedded systems.

### INNOTECH Corporation's Embedded Systems Are Doing Well in Defense & Infrastructure-Related Areas

INNOTECH CORPORATION's embedded systems saw growth in sales of its in-house manufactured CPU boards and box-type computers for defense, infrastructure-related (including disaster prevention applications) and ships, and Q1 results were stronger than expected. Demand is showing signs of continuity and the favorable business environment is expected to continue from Q2 onwards.

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## GAIO Technology Is Performing Somewhat Sluggishly

GAIO Technology's Q1 results were weaker than the company's forecast in May, despite YoY sales growth from its automotive verification tools and engineering services. Meanwhile, the company secured outsourced personnel to handle new orders and increased outsourcing costs, but profitability declined in Q1 due to a decline in outsourced personnel utilization. The Japanese automotive industry is currently facing uncertainty about its future due to Trump's mutual tariff policy. Demand from the company's Japanese customers varies, and the overall slump is expected to continue from Q2 onwards. The company plans to improve profitability from Q2 onwards by controlling outsourcing costs in line with demand.

## IT Access Faces the Risk that the Pace of Slowdown in Demand from Some Customers Will Accelerate in the Future

IT Access saw a YoY decline in sales and profits in Q1 due to a loss of demand for payment terminals as some customers switched to in-house production and the termination of some licenses. However, this was within the company's expectations and Q2 is expected to progress in line with expectations. On the other hand, there is a risk that the pace of slowdown in payment terminals (including payment services) due to some customers switching to in-house production may accelerate more than expected from Q3 onwards. Going forward, from a medium to long-term perspective, the company plans to strengthen sales of payment terminals, which are the foundation for expanding payment services (by launching low-cost versions for vending machines and accelerating the expansion of applications).

## Regulus is Doing Well in Construction Machinery

Regulus' Q1 results were solid overall, with image processing systems for construction machinery offsetting sluggish sales for forklifts. Performance is expected to be in line with the company's expectations from Q2 onwards.

**Figure 5. Revenue Trends in System/Services Business**

(¥mn)	3/25 Q1	Q2	Q3	Q4	3/26 Q1	3/25 FY	3/26CoE FY
<b>Net Sales</b>	<b>3,622</b>	<b>3,510</b>	<b>3,422</b>	<b>3,451</b>	<b>3,507</b>	<b>14,005</b>	<b>14,940</b>
INNOTECH	735	936	751	653	914	3,075	3,260
IT Access	1,656	1,171	1,274	1,291	1,322	5,392	6,100
GAIO Technology	1,127	1,286	1,281	1,309	1,170	5,003	4,900
Regulus	102	118	116	199	99	535	680
<b>Operating Profit</b>	<b>522</b>	<b>542</b>	<b>416</b>	<b>319</b>	<b>407</b>	<b>1,799</b>	<b>NA</b>
INNOTECH	74	116	32	24	102	246	NA
IT Access	212	122	133	68	161	535	NA
GAIO Technology	258	301	256	183	150	998	NA
Regulus	-22	3	-5	44	-6	20	NA
<b>OP Margin</b>	<b>14.4%</b>	<b>15.4%</b>	<b>12.2%</b>	<b>9.2%</b>	<b>11.6%</b>	<b>12.8%</b>	<b>NA</b>
INNOTECH	10.1%	12.4%	4.3%	3.7%	11.2%	8.0%	NA
IT Access	12.8%	10.4%	10.4%	5.3%	12.2%	9.9%	NA
GAIO Technology	22.9%	23.4%	20.0%	14.0%	12.8%	19.9%	NA
Regulus	-21.6%	2.5%	-4.3%	22.1%	-6.1%	3.7%	NA

Note: Sales breakdown is based on segment information. Operating profit breakdown is based on segment information and briefing materials. INNOTECH's embedded systems operating profit is calculated by subtracting the operating profits of IT Access, GAIO Technology and Regulus from the division's operating profit.

Source: Company Data. Created by Strategy Advisors.



## 3. Outlook and Progress of the Medium-Term Plan

### **The Company Expects Increased Sales and Profits in FY3/26**

For the full fiscal year ending March 26, the company forecasts sales of ¥43.5 billion, +3.6% YoY, and operating profit of ¥2.6 billion, +37.8% YoY. On a quarterly basis, Q1 (April-June) saw a slow start due to seasonally low demand for Test Solutions business. The company expects performance to improve from Q2 onwards.

### **We Believe there is a High Probability of Achieving the Plan**

The company's forecasts were not originally based on assumptions that excessively expected a recovery in the semiconductor market. As Q1 results exceeded the company's expectations, we believe that the probability of achieving the targets is high at this point. If the business environment improves further as the semiconductor market (particularly NAND flash memory) improves, we can fully expect figures to exceed the company's forecasts.

On the other hand, one risk to earnings this fiscal year could be worse-than-expected performance at GAIO Technology and IT Access in Systems/Services business. However, given that the current business environment does not appear to be slowing down too rapidly and the company's embedded systems business is performing well, it is likely to perform better than expected from Q2 onwards, so the downside for the "Systems / Services" business as a whole is likely to be limited.

### **To Achieve the Medium-Term Management Plan, a Recovery in Performance in FY3/26 is Essential**

The company has set targets of 10% ROE and 8% ROIC. In its medium-term management plan (FY3/25-FY3/27), the company aims for an operating profit ratio of 7-8% and a record operating profit of ¥3.33 billion in FY3/08 as performance targets for the final year. In FY3/25, the first year of the plan, the actual results were an operating profit ratio of 4.5% (ROE of 4.8%), a significant deviation from the target. While the company's performance is expected to bottom out in FY3/25 and begin to recover, achieving the mid-term plan's targets will require a recovery in FY3/26. Meanwhile, ignoring changes in the external environment, the company appears to be making steady progress with the measures outlined in the plan to improve performance.

### **Test Solutions Business: Promoting Development of Overseas Customers**

In the Test Solutions business, in order to move away from a focus on major domestic NAND customers for Testers (products developed in-house by INNOTECH CORPORATION), the company is promoting the development of overseas NAND customers and has gotten off to a good start by capturing demand ahead of schedule from Q1. In addition, the development of DRAM-compatible products is progressing as planned and the steady progress towards commercialization is also a positive factor for the future. As for STAR Technologies we will be keeping a close eye on their future as US tariff policies may provide a tailwind for reliability evaluation equipment.

**Semiconductor Design-Related Business: Providing High Value-Added Solutions Through Collaboration Within the Group**

In Semiconductor Design-related business, the company aims to provide high value-added solutions through collaboration with SANEI HYTECHS and MoDeCH within the group in EDA (domestic distributor business for Cadence products handled by INNOTECH itself). We look forward to new developments in the fiscal year ending March 2026.

**System/Services Business: Strengthening Sales Expansion of Embedded Systems & Cloud Payment Terminals**

In the Systems / Services business, embedded systems (products developed in-house by INNOTECH CORPORATION) are being deployed in the areas of social infrastructure and defense, with the aim of developing "INNINGS" for industrial machinery, while also developing new small products that will lead to reduced environmental impact. IT Access is attempting to vertically expand its cloud payment terminals for beverage vending machines, not only to high-utilization machines, but also to low-utilization machines by introducing lower-cost versions. At the same time, horizontal expansion is also being carried out to non-beverage vending machines, offices, convenience stores, parking lots, etc.

**Figure 6. Income Statement (Quarterly, ¥mn)**

FY	3/25 Q1	Q2	Q3	Q4	3/26 Q1	3/26 CoE
<b>Net Sales</b>	<b>10,218</b>	<b>10,590</b>	<b>9,114</b>	<b>12,054</b>	<b>9,457</b>	<b>43,500</b>
(YoY)	17.6%	-1.8%	-16.0%	9.3%	-7.4%	3.6%
Cost of Sales	0	0	0	0	0	30,160
Gross Profit	3,111	3,246	2,635	3,656	2,803	13,340
(Gross Profit Margin)	30.4%	30.7%	28.9%	30.3%	29.6%	30.7%
SG&A Expenses	2,677	2,782	2,369	2,934	2,569	10,740
<b>Operating Profit</b>	<b>434</b>	<b>464</b>	<b>266</b>	<b>721</b>	<b>234</b>	<b>2,600</b>
(YoY)	329.0%	-38.4%	-73.0%	13.9%	-45.9%	37.8%
(OP Margin)	4.2%	4.4%	2.9%	6.0%	2.5%	6.0%
Non-Operating Income	444	-148	415	141	403	-
Non-Operating Expenses	146	298	153	390	230	-
<b>Ordinary Profit</b>	<b>733</b>	<b>17</b>	<b>529</b>	<b>474</b>	<b>407</b>	<b>2,600</b>
(YoY)	125.6%	-98.1%	-45.7%	-32.0%	-44.4%	48.2%
(OP Margin)	7.2%	0.2%	5.8%	3.9%	4.3%	6.0%
Extraordinary Income	-	0	318	19	0	-
Extraordinary Loss	-	-	-	75	-	-
Profit Before Income Taxes	733	18	848	418	408	-
(YoY)	125.5%	-98.0%	104.8%	-42.4%	-44.3%	-
(Pretax Profit Margin)	7.2%	0.2%	9.3%	3.5%	4.3%	-
Income Taxes	296	-20	256	180	223	-
(Effective Tax Rate)	40.4%	-111.1%	30.2%	43.1%	54.7%	-
Profit	436	38	591	237	185	-
Profit Attributable to Non-Controlling Interests	2	13	55	32	0	-
<b>Profit Attributable to Owners of Parent</b>	<b>434</b>	<b>24</b>	<b>536</b>	<b>204</b>	<b>185</b>	<b>1,700</b>
(YoY)	128.8%	-96.3%	232.9%	-57.7%	-57.3%	41.6%
(Net Profit Margin)	4.2%	0.2%	5.9%	1.7%	2.0%	3.9%

Source: Company Data. Created by Strategy Advisors.

## 4. Stock Price and Valuation

### The Stock Price is Currently Between ¥1,450 & ¥1,500

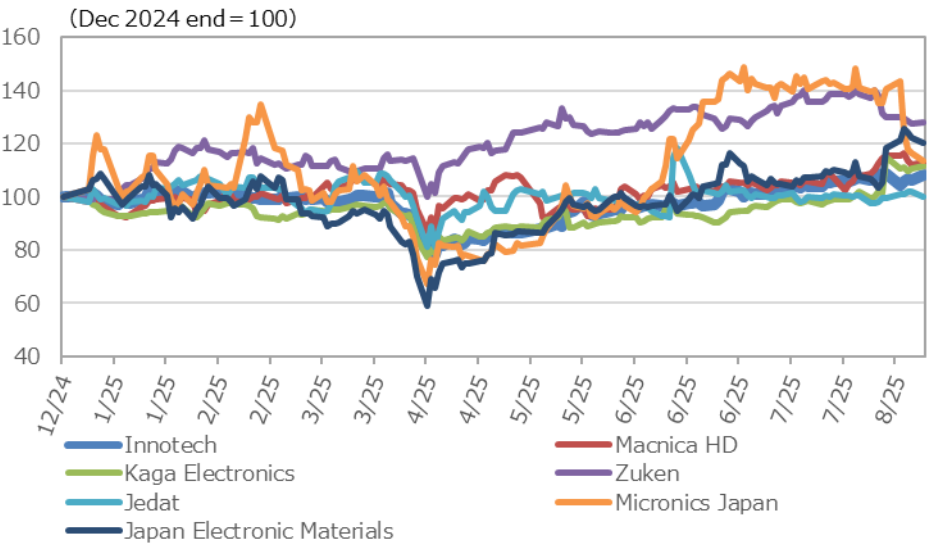
INNOTECH stock price fluctuated within a range of ¥1,350 to ¥1,400 from January to March 2025, but fell sharply after President Trump's remarks on April 2 regarding the imposition of reciprocal tariffs. After hitting bottom at ¥1,070 in intraday trading on April 7, the stock price then gradually recovered, returning to around ¥1,200 before the earnings announcement. The results announced on May 13 were well-received and so the stock price rose further, hitting ¥1,509 in intraday trading on August 8, the day of the Q1 earnings announcement, on raised expectations.

Performance Comparison  
with Semiconductor Trading  
Companies, Eda & Probe  
Card Companies

Then after the earnings announcement, the stock price fell slightly due to concerns about the slow progress of Q1 earnings and is currently trading between ¥1,450 and ¥1,500.

Looking at the stock price trends of semiconductor trading companies, EDA, and probe card peers, we see a recovery trend from the short-term bottom caused by the general stock price decline following the Trump tariff shock in early April 2025. Comparing the stock prices of probe card manufacturers Micronics Japan and Japan Electronic Materials, Japan Electronic Materials' stock price rose after announcing strong Q1 earnings on August 7, while Micronics Japan's stock price fell after announcing Q2 earnings on August 8 due to concerns about future product shipment delays. Like electronics trading companies Macnica Holdings and Kaga Electronics, the company's stock price has recovered somewhat weakly from its bottom with the results of its Q2 earnings report have not acted as a catalyst for a rise in the stock price. Meanwhile, EDA-related companies Zuken and Jedat appear to be relatively less susceptible to the semiconductor market, suppressing share price fluctuations.

Figure 7. Comparison of Stock Prices between INNOTECH & Semiconductor-Related Companies

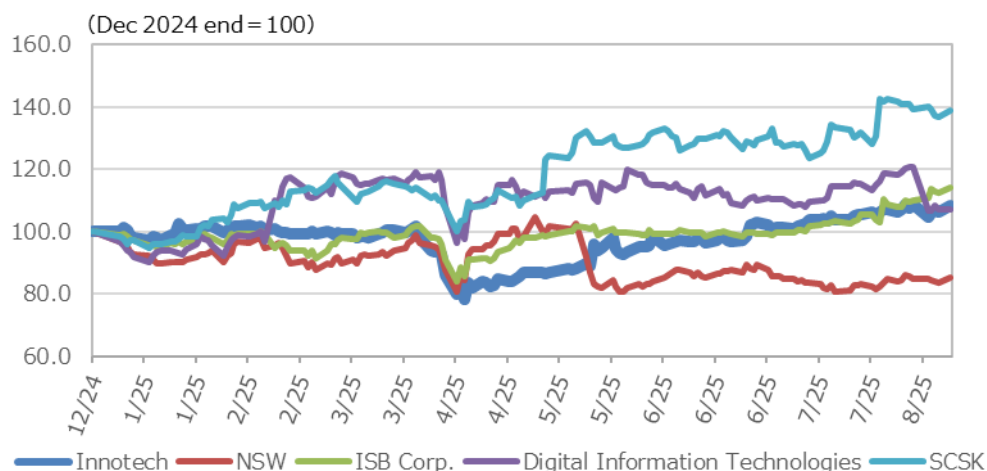


Source: Strategy Advisors

Performance Comparison  
with Systems-Related  
Companies

Next, looking at the stock prices of systems-related companies, there are large differences between them. Stock price reactions during this financial results announcement period were mixed. On August 7, ISB announced solid Q2 results, an upward revision of its FY12/25 forecast and an increase in dividends, leading to a rise in its stock price. On the other hand, Digital Information Technologies' stock price fell after it announced strong full-year FY6/25 results on August 8, but its FY6/26 company forecast showed only a slight increase in operating profit. Although the company's stock price fell slightly, it was a relatively small movement.

**Figure 8. Comparison of Stock Prices between INNOTECH & Embedded Systems-Related Companies**



Source: Strategy Advisors

**Figure 9. Profitability Comparison with Other Companies in the Same Industry (¥mn)**

Company	Code	FY	Sales	Operating Profit	OP Margin	ROE	ROIC	Equity Ratio
<b>INNOTECH</b>	<b>9880</b>	<b>3/25</b>	<b>41,977</b>	<b>1,887</b>	<b>4.5%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>54.1%</b>
Macnica Holdings	3132	3/25	1,034,180	39,649	3.8%	10.2%	10.1%	45.4%
Kaga Electronics	8154	3/25	547,779	23,601	4.3%	10.8%	14.5%	54.4%
Zuken	6947	3/25	40,736	5,392	13.2%	13.0%	47.6%	63.1%
Jedat	3841	3/25	2,063	257	12.5%	6.0%	NA	84.1%
Micronics Japan	6871	12/24	55,643	12,572	22.6%	19.4%	27.1%	62.1%
Japan Electronic Materials	6855	3/25	23,829	4,585	19.2%	13.1%	17.2%	70.0%
NSW	9739	3/25	50,028	6,116	12.2%	10.7%	23.6%	75.1%
ISB	9702	12/24	33,955	2,800	8.2%	16.0%	32.9%	68.2%
Digital Information Technologies	3916	6/25	24,159	3,014	12.5%	29.0%	56.8%	71.6%
SCSK	9719	3/25	596,065	66,121	11.1%	15.2%	11.6%	32.9%

Note: ROIC is calculated by dividing NOPAT by the average of business assets (fixed assets + net working capital) during the period. Jedat is listed as NA because business assets are negative.

Source: Company Data. Created by Strategy Advisors.



# INNOTECH CORPORATION | 9880 (TSE Prime)

**Figure 10. Valuation Comparison with Peer Companies (¥mn, Multiple & %)**

Company	Code	FY	Stock Price (Aug. 18)	Market Cap.	PER CoE	PBR Actual	EV/ EBITDA	Dividend Yield CoE	ROE CoE
<b>INNOTECH</b>	<b>9880</b>	<b>3/25</b>	<b>1,501</b>	<b>20,564</b>	<b>11.6</b>	<b>0.78</b>	<b>5.9</b>	<b>4.7%</b>	<b>6.9%</b>
Macnica Holdings	3132	3/25	2,086.5	373,634	13.8	1.47	10.4	3.4%	10.8%
Kaga Electronics	8154	3/25	3,225	185,129	6.6	1.02	4.9	3.7%	14.5%
Zuken	6947	3/25	5,310	118,146	25.4	2.88	13.9	1.9%	11.3%
Jedat	3841	3/25	1,328	5,192	23.2	1.42	8.2	3.0%	6.3%
Micronics Japan	6871	12/24	4,290	171,709	18.0	3.33	8.4	1.7%	17.7%
Japan Electronic Materials	6855	3/25	2,611	33,022	13.2	1.18	5.4	1.9%	8.9%
NSW	9739	3/25	2,645	39,411	11.1	1.11	3.5	3.2%	10.0%
ISB	9702	12/24	1,560	17,882	10.6	1.32	3.1	3.5%	12.3%
Digital Information Technologies	3916	6/25	2,321	35,980	15.5	4.23	9.3	3.2%	27.3%
SCSK	9719	3/25	4,621	1,445,796	22.7	4.96	14.7	2.0%	21.9%

Note: ROE (company forecast) is calculated by dividing the company's forecast net profit for the current period by the equity capital at the end of the most recent quarterly fiscal period. EBITDA in EV/EBITDA is calculated by adding the company's full-year forecast operating profit to the depreciation expenses of the most recent full-year results.

Source: Company Data. Created by Strategy Advisors.

## Valuations Remain Low

Although the company's stock price has recovered slightly, its value remains low. The company's forecast PER is 11.6x and its PBR based on FY3/25 actual BPS is 0.8x. The dividend yield for this fiscal year is expected to be 4.7%. The PBR is the lowest among these companies, but the dividend yield is the highest.

## 3 Reasons

The following 3-points are thought to be reasons why the company's stock price has remained low.

- (1) The semiconductor cycle is stagnating, with some exceptions, such as AI-related products
- (2) ROE is the lowest among comparable companies.
- (3) It is believed that the stock has not been able to break away from the view that it is electronics trading company stock.

## Expectations are High for a Recovery in the NAND Market & INNOTECH Corporation's Unique Initiatives

Regarding the semiconductor cycle (1), although it will be affected by US tariff policies, the NAND market is expected to show signs of improvement in the second half of FY3/26. Regarding the increase in ROE (2) and the move away from electronics trading company stocks (3), we expect Testers to expand its business scale through increased demand from new customers and the development of new products, and STAr Technologies This can be achieved by promoting the unique strategies outlined in the company's medium-term plan, including growth in its foundry business, strengthening embedded systems, efficiency measures such as group restructuring and strengthening shareholder returns.

## **Implementing the Medium-Term Plan Will Increase the Feasibility of the Equity Story**

Currently, concerns remain about the company's failure to meet its FY3/26 forecast due to the low progress rate in Q1 results against its full-year forecast. Therefore, we believe the company lacks confidence in its ability to realize its equity story. Our view of the equity story is that "its technical and sales capabilities supporting electronics design and verification will increase its customer base and product lineup, expanding its growth potential" (see our initial report, "[INNOTECH CORPORATION \(9880\): Transformation From Electronics Trading Company to Manufacturer. Although Cyclical, Semiconductor Equipment is Growing Mainly in Cutting-Edge Fields. Stable Expansion of System & Service Will Boost Profits](#)" on December 24, 2024). Of the 3 factors cited above as contributing to the stock price slump, we believe (2) raising ROE and (3) moving away from being electronics trading company will be eliminated by implementing the measures in the medium-term plan and then the feasibility of the equity story will gradually increase.

## **Q1 Results: Operating Profit Secured Thanks to the Effects of Measures Outlined in the Medium-Term Plan**

For the stock price to rise sustainably in the future, it will be necessary to grow EPS and overcome the low valuation through improved realization of the equity story. Despite a significant drop in shipments to existing NAND customers at Testers, which is heavily impacted by the semiconductor market, the company avoided an operating loss and achieved a stable profit. This indicates that the measures outlined in the medium-term plan, such as increased demand from new customers at Testers and strong performance in embedded systems are beginning to contribute. If the market and demand for NAND flash memory enter a recovery phase and the equity story becomes more likely to be realized, there will be room for the stock price to rise.

# INNOTECH CORPORATION | 9880 (TSE Prime)

**Figure 11. Income Statement**

(¥mn)

	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26 CoE
<b>Net Sales</b>	<b>28,735</b>	<b>29,804</b>	<b>31,161</b>	<b>32,536</b>	<b>37,238</b>	<b>38,629</b>	<b>41,358</b>	<b>41,977</b>	<b>43,500</b>
(YoY)	-0.4%	3.7%	4.6%	4.4%	14.5%	3.7%	7.1%	1.5%	3.6%
Cost of Sales	20,345	20,329	21,566	22,581	26,018	26,387	28,198	29,327	30,160
Gross Profit	8,390	9,475	9,595	9,954	11,219	12,242	13,160	12,650	13,340
(Gross Profit Margin)	29.2%	31.8%	30.8%	30.6%	30.1%	31.7%	31.8%	30.1%	30.7%
SG&A Expenses	7,145	7,519	7,925	8,000	8,634	9,922	10,685	10,762	10,740
<b>Operating Profit</b>	<b>1,244</b>	<b>1,955</b>	<b>1,670</b>	<b>1,954</b>	<b>2,585</b>	<b>2,319</b>	<b>2,474</b>	<b>1,887</b>	<b>2,600</b>
(YoY)	24.5%	57.2%	-14.6%	17.0%	32.3%	-10.3%	6.7%	-23.7%	37.8%
(Operating Profit Margin)	4.3%	6.6%	5.4%	6.0%	6.9%	6.0%	6.0%	4.5%	6.0%
Non-Operating Income	527	892	594	902	908	719	898	854	-
Non-Operating Expenses	563	388	369	397	509	558	492	987	-
<b>Ordinary Profit</b>	<b>1,208</b>	<b>2,459</b>	<b>1,896</b>	<b>2,460</b>	<b>2,984</b>	<b>2,480</b>	<b>2,880</b>	<b>1,755</b>	<b>2,600</b>
(YoY)	-3.4%	103.6%	-22.9%	29.7%	21.3%	-16.9%	16.1%	-39.1%	48.1%
(OP Margin)	4.2%	8.3%	6.1%	7.6%	8.0%	6.4%	7.0%	4.2%	6.0%
<b>Extraordinary Income</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>7</b>	<b>72</b>	<b>2</b>	<b>3</b>	<b>339</b>	<b>-</b>
<b>Extraordinary Loss</b>	<b>0</b>	<b>203</b>	<b>0</b>	<b>10</b>	<b>81</b>	<b>0</b>	<b>534</b>	<b>76</b>	<b>-</b>
<b>Profit Before Income Taxes</b>	<b>1,209</b>	<b>2,256</b>	<b>1,895</b>	<b>2,458</b>	<b>2,976</b>	<b>2,482</b>	<b>2,349</b>	<b>2,018</b>	<b>-</b>
(YoY)	-1.5%	86.6%	-16.0%	29.7%	21.1%	-16.6%	-5.4%	-14.1%	-
(Pretax Profit Margin)	4.2%	7.6%	6.1%	7.6%	8.0%	6.4%	5.7%	4.8%	-
<b>Income Taxes</b>	<b>444</b>	<b>676</b>	<b>600</b>	<b>827</b>	<b>693</b>	<b>767</b>	<b>817</b>	<b>714</b>	<b>-</b>
(Effective Tax Rate)	36.7%	30.0%	31.7%	33.6%	23.3%	30.9%	34.8%	35.4%	-
Profit	764	1,580	1,294	1,630	2,283	1,714	1,532	1,304	-
Profit Attributable to Non-Controlling Interests	43	86	126	95	88	48	54	104	-
<b>Profit Attributable to Owners of Parent</b>	<b>721</b>	<b>1,493</b>	<b>1,168</b>	<b>1,534</b>	<b>2,194</b>	<b>1,666</b>	<b>1,477</b>	<b>1,200</b>	<b>1,700</b>
(YoY)	-10.5%	107.1%	-21.8%	31.3%	43.0%	-24.1%	-11.3%	-18.8%	41.7%
(Net Profit Margin)	2.5%	5.0%	3.7%	4.7%	5.9%	4.3%	3.6%	2.9%	3.9%
<b>EPS (¥)</b>	<b>41.0</b>	<b>93.5</b>	<b>81.0</b>	<b>120.7</b>	<b>168.7</b>	<b>127.0</b>	<b>110.6</b>	<b>89.5</b>	<b>129.1</b>

**Source:** Company Data. Compiled by Strategy Advisors

# INNOTECH CORPORATION | 9880 (TSE Prime)

**Figure 12. Balance Sheet**

(¥mn)

	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25
<b>Current Assets</b>	<b>17,963</b>	<b>17,400</b>	<b>19,243</b>	<b>20,476</b>	<b>23,189</b>	<b>25,957</b>	<b>30,305</b>	<b>29,712</b>
Cash And Deposits	5,763	4,498	6,335	5,626	6,664	6,598	8,876	6,532
Accounts Receivable	7,119	7,428	7,392	8,550	8,773	9,566	10,034	10,609
Inventory	2,524	3,922	3,874	4,793	6,101	8,105	9,181	9,355
Other Current Assets	2,557	1,552	1,642	1,507	1,651	1,688	2,214	3,215
<b>Fixed Assets</b>	<b>14,598</b>	<b>15,480</b>	<b>15,723</b>	<b>17,203</b>	<b>17,351</b>	<b>17,671</b>	<b>17,528</b>	<b>17,297</b>
Tangible Fixed Assets	10,235	10,370	10,565	10,713	10,842	11,463	11,630	10,593
Intangible Fixed Assets	1,488	1,489	1,372	2,224	2,424	2,236	2,066	1,873
Investments & Other Assets	2,874	3,620	3,785	4,266	4,085	3,971	3,831	4,831
Investment Securities	1,383	1,850	2,013	2,059	1,771	1,734	1,479	2,648
Deferred Tax Assets	65	288	266	388	420	501	498	353
Others	1,426	1,482	1,506	1,819	1,894	1,736	1,854	1,830
<b>Total Assets</b>	<b>32,562</b>	<b>32,880</b>	<b>34,967</b>	<b>37,680</b>	<b>40,541</b>	<b>43,629</b>	<b>47,833</b>	<b>47,008</b>
<b>Current Liabilities</b>	<b>6,862</b>	<b>7,155</b>	<b>10,120</b>	<b>12,183</b>	<b>13,612</b>	<b>17,068</b>	<b>20,260</b>	<b>19,167</b>
Trade Payables	2,024	1,637	2,408	1,947	2,333	3,053	2,778	3,198
Interest-Bearing Debt	0	727	3,339	5,111	5,649	8,070	10,139	8,766
Others	4,838	4,791	4,373	5,125	5,630	5,945	7,343	7,203
<b>Fixed Liabilities</b>	<b>630</b>	<b>3,810</b>	<b>4,427</b>	<b>4,369</b>	<b>3,761</b>	<b>1,970</b>	<b>2,250</b>	<b>1,709</b>
Interest-Bearing Debt	0	3,158	3,591	3,433	2,953	1,073	1,280	850
Deferred Tax Liabilities	0	0	0	0	0	0	0	0
Others	630	652	836	936	808	897	970	859
<b>Net Assets</b>	<b>25,068</b>	<b>21,915</b>	<b>20,418</b>	<b>21,127</b>	<b>23,167</b>	<b>24,589</b>	<b>25,322</b>	<b>26,133</b>
Shareholders' Equity	24,001	21,017	19,454	20,478	22,015	22,805	23,528	23,407
Capital	10,517	10,517	10,517	10,517	10,517	10,517	10,517	10,517
Capital Surplus	7,328	4,506	4,506	4,468	4,228	4,242	4,044	4,069
Retained Earnings	6,784	7,261	5,580	6,606	7,950	8,697	9,242	9,497
Accumulated Others Comprehensive Income	199	-7	-38	-384	198	799	1,176	2,016
Stock Acquisition Rights	290	278	277	273	128	128	21	22
Non-Controlling Interests	576	627	724	759	824	855	596	688
<b>Liabilities &amp; Net Assets</b>	<b>32,562</b>	<b>32,880</b>	<b>34,967</b>	<b>37,680</b>	<b>40,541</b>	<b>43,629</b>	<b>47,833</b>	<b>47,008</b>
<b>Equity Capital</b>	<b>24,201</b>	<b>21,009</b>	<b>19,416</b>	<b>20,094</b>	<b>22,213</b>	<b>23,605</b>	<b>24,704</b>	<b>25,423</b>
<b>BPS (¥)</b>	<b>1,396.5</b>	<b>1,430.4</b>	<b>1,528.5</b>	<b>1,578.2</b>	<b>1,694.7</b>	<b>1,796.3</b>	<b>1,835.6</b>	<b>1,930.8</b>

**Source:** Company Data. Compiled by Strategy Advisors

**Figure 13. Cash Flow Statement**

(¥mn)

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25
<b>Cash Flows from Operating Activities</b>								
Profit Before Income Taxes	1,209	2,256	1,865	2,458	2,976	2,482	2,349	2,018
Depreciation & Goodwill	600	768	985	993	1,058	1,197	1,289	1,317
Amortization								
Increase/Decrease in Accounts Receivable	-1,021	-351	85	-1,060	-49	-730	-235	-813
Increase/Decrease in Accounts Payable	475	-359	766	-494	285	683	-377	348.35
Increase Or Decrease in Inventory	-664	-604	240	-856	-949	-1,946	-999	-600
Receipt Of Interest and Dividends	9	11	11	13	19	18	39	57
Interest Payment	-2	-7	-13	-28	-32	-51	-89	-138
Corporate Tax Paid	-289	-622	-729	-469	-962	-976	-863	-796
Others	1,696	17	-94	279	125	1,003	1,507	319
<b>Total</b>	<b>2,013</b>	<b>1,109</b>	<b>3,116</b>	<b>836</b>	<b>2,471</b>	<b>1,680</b>	<b>2,621</b>	<b>1,712</b>
<b>Cash Flows from Investing Activities</b>								
Purchases of Property, Plant & Equipment	-677	-611	-678	-662	-639	-1,076	-705	-591
Purchase of Intangible Assets	-304	-436	-473	-377	-639	-493	-499	-605
Purchase of Investment Securities	-313	-391	-470	-80	-100	-50	0	0
Proceeds From Sales of Investment Securities	-	-	-	-	41	-	-	-
Others	403	-137	-92	-1,088	187	-73	-241	786
<b>Total</b>	<b>-891</b>	<b>-1,575</b>	<b>-1,713</b>	<b>-2,207</b>	<b>-1,150</b>	<b>-1,692</b>	<b>-1,445</b>	<b>-410</b>
<b>Cash Flows from Financing Activities</b>								
Net Increase/Decrease in Short-Term Borrowings	-50	361	2,409	1,801	454	6	4,055	-1,274
Net Increase/Decrease in Long-Term Borrowings	-23	3,526	634	-509	-521	470	-1,963	-690
Expenditures For Acquisition of Treasury Stock	-404	-3,871	-2,203	-	-	-	0	-433
Dividend Payment	-315	-646	-551	-640	-847	-992	-960	-978
Others	259	-19	-1	33	14	-1	-323	-9
<b>Total</b>	<b>-533</b>	<b>-649</b>	<b>288</b>	<b>685</b>	<b>-900</b>	<b>-517</b>	<b>809</b>	<b>-3,383</b>
Effect Of Exchange Rate Changes on Cash & Cash Equivalents	20	-50	-11	-56	356	183	123	178
Increase In Cash & Cash Equivalents	608	-1,164	1,680	-741	1,047	-346	2,108	-1,903
Cash & Cash Equivalents at Beginning of Period	4,844	5,453	4,288	6,174	5,432	6,480	6,135	8,243
Cash & Cash Equivalents at End of Period	5,453	4,288	6,175	5,432	6,480	6,134	8,243	6,340
Free Cash Flow	1,122	-466	1,403	-1,371	1,321	-12	1,176	1,302

Source: Company Data. Compiled by Strategy Advisors



**Figure 14. Key Indicators**

	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25
EPS (¥)	41.0	93.5	81.0	120.7	168.7	127.0	110.6	89.5
BPS (¥)	1,396.5	1,430.4	1,528.5	1,578.2	1,694.7	1,796.3	1,835.6	1,930.8
DPS (¥)	30.0	40.0	40.0	50.0	65.0	70.0	70.0	70.0
Dividend Payout Ratio	73.1%	42.8%	49.4%	41.4%	38.5%	55.1%	63.3%	78.2%
# of Shares Issued ('000)	18,219	15,700	13,700	13,700	13,700	13,700	13,700	13,700
Treasury Stock ('000)	888	1,012	997	967	592	559	242	533
# of Shares (excl. Treasury Stock, '000)	17,330	14,688	12,703	12,733	13,108	13,141	13,458	13,167
Average # of Shares (excl. Treasury Stock, '000)	17,579	15,973	14,430	12,712	13,013	13,128	13,366	13,404
Equity Ratio	74.3%	63.9%	55.5%	53.3%	54.8%	54.1%	51.6%	54.1%
Interest-Bearing Debt (¥mn)	0	3,885	6,930	8,544	8,602	9,143	11,420	9,616
Net Interest-Bearing Debt (¥mn)	-5,763	-613	595	2,918	1,938	2,545	2,543	3,084
D/E Ratio	0.00	0.18	0.36	0.43	0.39	0.39	0.46	0.38
Net D/E Ratio	-0.24	-0.03	0.03	0.15	0.09	0.11	0.10	0.12
Operating Profit Margin	4.3%	6.6%	5.4%	6.0%	6.9%	6.0%	6.0%	4.5%
EBITDA (¥mn)	1,844	2,723	2,655	2,947	3,643	3,516	3,763	3,204
EBITDA Margin	6.4%	9.1%	8.5%	9.1%	9.8%	9.1%	9.1%	7.6%
ROE	3.0%	6.6%	5.8%	7.8%	10.4%	7.3%	6.1%	4.8%
ROIC	4.5%	7.4%	6.0%	6.4%	8.8%	6.6%	6.3%	4.5%
Number of Employees	1,174	1,257	1,428	1,539	1,642	1,728	1,775	NA

**Note:** ROIC is calculated as NOPAT/(average of business assets during the period)

**Source:** Company Data. Compiled by Strategy Advisors

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