AS ONE (7476)

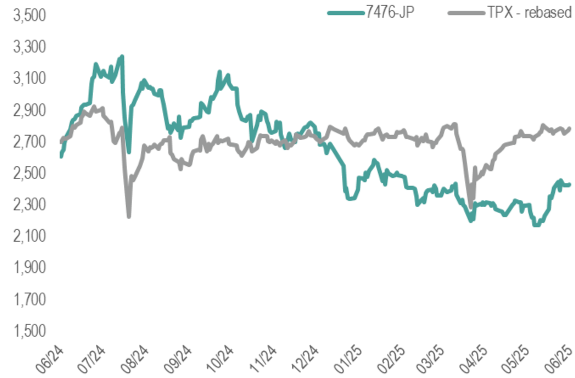
A royalty on Japan's scientific advancement

18 June 2025

Initiating coverage

- **Defensive with structural growth positioning –** As scientific progress increasingly depends on more complex equipment and precision instruments, we believe wholesaler and distributor AS ONE is well-positioned to capture demand through expanding its presence in the high-end segment. Demand for scientific supplies and lower-end scientific equipment remains stable, providing a resilient, recurring revenue base. The company's growth has consistently outpaced and shown limited correlation with national R&D spending. Growth is underpinned by a strong track record of financial discipline, as evidenced by the company's stable margins and steadily increasing ROE. We view AS ONE as a fundamentally defensive business positioned for sustainable, compounding returns.

Share price: ¥2,450 Market cap: ¥184.6bn



Source: Bloomberg

Forecasting steady growth ahead

- **Mid-term strategic plan outlines steady growth ahead** – We estimate AS ONE will continue to deliver mid to high single-digit revenue growth in the medium term, driven by its expanding product portfolio, increasing e-commerce penetration, and continued investment in its dealer network to deepen customer engagement. We forecast the Company's operating margin will remain stable at 11%, reflecting a deliberate strategy to balance profitability with ongoing investments in growth initiatives such as e-commerce expansion, private brand development, and logistics optimization.
- **Multiple catalysts for growth upside** – AS ONE has committed to prioritizing M&A, its emerging services business could deliver higher operating margins and its industry leading IT systems drive wallet expansion, all of which would be additive to AS ONE's growth.
- **ESG** – We score the company as '**Amber**' under our Astris-Sustainability model scorecard.
- **Valuations** – On our earnings estimates, the shares are trading on an estimated PER FY3/2026 of 19.6x (on +9.1% EPS growth YoY) and a free cash flow yield of 3.4%.

Year-end	3/24	3/25E	3/26E	3/27E	3/28E
Sales (¥bn)	95.54	103.75	112.48	121.04	129.94
OP (¥bn)	10.44	11.59	12.37	13.50	14.75
NI (¥bn)	7.50	8.23	8.93	9.71	10.58
EPS (¥)	103.65	114.85	125.28	137.05	150.16
DPS (¥)	56.00	62.00	63.00	69.00	75.00
Sales growth YoY (%)	+4.5	+8.6	+8.4	+7.6	+7.4
OP growth YoY (%)	-8.4	+11.1	+6.7	+9.1	+9.3
NP growth YoY (%)	-7.5	+9.7	+8.5	+8.8	+9.0
EPS growth YoY (%)	-5.3	+10.8	+9.1	+9.4	+9.6
PER (x)	23.6	21.3	19.6	17.9	16.3
EV/EBITDA (x)	13.0	11.9	10.9	10.0	9.2
EV/Sales (x)	1.7	1.5	1.4	1.3	1.2
PBR (x)	2.9	2.8	2.5	2.3	2.1
ROE (%)	11.7	12.5	12.8	12.7	12.6
ROCE (%)	15.0	15.7	15.5	15.5	15.6
FCF yield (%)	2.7	4.1	3.4	4.3	4.7
Dividend yield (%)	2.3	2.5	2.6	2.8	3.1

Source: Company, Astris Advisory (estimates)

Price Performance

	YTD	1M	3M	12M
Abs (%)	-8.3	+5.8	+2.9	-6.9
Rel (%)	-8.4	+4.1	+1.5	-10.2

Company sector

Medical Distributors
Health Care Equipment & Suppliers (GICS)

Stock data

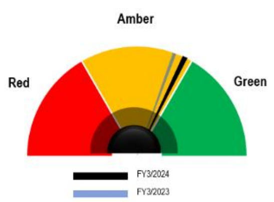
Price (¥)	2,450
Mkt cap (¥bn)	184.6
Mkt cap ($m)	1,271.5
52-week range (¥)	2,158 – 3,247
Shares O/S (m)	75.4
Average daily value ($m)	4.3
Free float (%)	72.6
Foreign shareholding (%)	27.1
Ticker	7476
Exchange	Tokyo Prime
Net Debt/Equity (x)	N/A
BBG BUY│HOLD│SELL	1│0│0

Source: Bloomberg

Business Overview

AS ONE is a wholesaler and distributor of equipment and consumable products used in the scientific and medical field.

Astris-Sustainability ESG rating



Reference Ratings	
MSCI	AA
Sustainalytics	16.9
Refinitiv	D+
S&P Global	74.0
Bloomberg	3.65
CDP	C

Next events

Q1 FY3/26 results July 2025

Tel: +81 3 6868 8797
Email: Corporateresearch@astrisadvisory.com

This report has been commissioned and paid for by the company

Contents

Summary

AS ONE is a wholesaler and distributor of equipment and consumable products used in the scientific and medical field.

AS ONE is a wholesaler and distributor of equipment and consumable products in the scientific and medical fields. The Company has a broad product catalogue, ranging from gloves and beakers to scientific freezers and electron microscopes. These are sold to end customers (universities, corporate R&D labs, and healthcare institutions) through a dealer model. AS ONE also has a growing portfolio of private brand products.

We view the Company as a royalty on Japan's scientific advancement. It rides on the secular trend of rising scientific R&D capex, as incremental gains in scientific advancement require increasingly complex equipment and instruments.

The following findings from our report underpin the thesis:

- Accelerating growth in the high-end scientific equipment and instrument segments, signalling success in expanding into a new market segment;
- AS ONE's growth has consistently remained faster than and not correlated with Japan's R&D spend;
- Established track record of financial discipline, reflected in very stable margins and continuous investment in organic growth; and
- There is potential for growth to accelerate as e-commerce penetration and investment in logistics capabilities drive an increase in customer wallet share.

We believe AS ONE's ROE would continue to trend higher given its capital light model.

Further, we believe the Company is a high-quality franchise, demonstrating many of the characteristics outlined on our high-quality franchise checklist.

Astris Advisory estimates AS ONE will drive medium-term growth through:

- Steady sales growth underpinned by an expanding product portfolio, increased e-commerce penetration, and investment into logistic capabilities and automation to enhance market reach and customer retention; and
- Sustaining an 11% operating margin, reflecting AS ONE's deliberate strategy to balance profitability with ongoing investments in growth initiatives such as e-commerce expansion, private brand development, and logistics optimization.

The shares are trading on an estimated PER FY3/2026 of 19.6x (on +9.1% EPS growth YoY) and a free cash flow yield of 3.4%.

Quality franchise checklist

Astris Advisory assessment

We characterize AS ONE as a high-quality franchise, based on the following checklist.

High-quality franchise checklist

Characteristics to identify compounders	Grade (H/M/L)	Details
1) Strong brand and network	▲ H	Established nationwide network of retailers and a robust logistics network in key R&D centres. AS ONE believes their products are so widely distributed and market penetration so deep that nearly every laboratory in Japan has purchased a product through AS ONE.
2) Focus on free cash flow generation	▲ H	AS ONE has been focused on maintaining its operating margins while balancing growth investments. The Company's margins have been stable with minimal variation over the years, demonstrating strong cost discipline.
3) Franchise resilience	▲ H	The leading player in Japan in a niche market, which in recent years has become a focus of national security, has managed and grown through multiple economic cycles since its founding in 1933.
4) Capital-light business model	► M	Building and maintaining the Company's logistics infrastructure is capital-intensive, but the Company has focused on capital efficiency by leasing warehouses and relying on retail partners for last-mile delivery.
5) Returns cash to shareholders	▲ H	AS ONE has consistently grown its dividend and delivered on its dividend payout target of 50%. The Company has also opportunistically repurchased its shares.
6) Strong balance sheet	▲ H	Business with low debt and sufficient capital strength.
7) Organic growth prospects	▲ H	Secular growth from rising investment in STEM R&D. Significant opportunity to increase market share given the fragmented scientific equipment and supply distribution market
8) Focus on returns on capital	▲ H	Capital efficiency is high with high and increasing ROIC and ROE.
9) Commitment to innovation and investment in franchises	▲ H	AS ONE is focused on customer satisfaction, and meeting evolving customer requirements has led the Company to innovate. The Company's strong focus on retail partner success further strengthens its relationship with partners and franchise value.
10) Sound ESG rating	► M	AS ONE is rated as 'amber' in our ESG scorecard.

Source: Company, Astris Advisory

Company description

Overview

Since its founding 1933, AS ONE has focused solely on serving the scientific and medical industries

The Company was founded in 1933 as "Iuchi Seieido Shōho" by Seiichi Iuchi in Kita-Ku, Osaka, which was then incorporated as Iuchi Seieido Co., Ltd. in 1962. Since the beginning, the Company has focused on the scientific and medical field, initially acting as a wholesaler of glass products for medical use. In time, the Company has become a leading wholesaler and distributor of medical and scientific products and equipment in Japan. The Company renamed itself from Iuchi Seieido to AS ONE in 2001.

AS ONE has digitalized its warehouse operations in 1990 and continues to invest in technology

In 1963, AS ONE started publishing catalogs of its products, which grew to become its primary sales channel and remains a hallmark of the Company. However, AS ONE recognized the importance of digitalization for its business and in 1990 implemented an integrated inventory, order processing, and warehouse management system, making it an early adopter of digital technology. In recent years, AS ONE has made a concerted effort to grow its e-commerce sales channel, which now accounts for 32.7% of revenue as of FY3/25.

AS ONE also provides ancillary services and sells certain, primarily consumable and general purpose instruments and tools, products under its own private brand and has made small acquisitions to grow its private brand product offering in recent years. Although currently not meaningfully contributing to earnings, there is potential for significant growth in the longer term.

Major transactions and corporate events

In 1999, AS ONE was listed on the Tokyo and Osaka Stock Exchanges. Following market reforms by the Tokyo Stock Exchange, it was listed on the PRIME section of the Tokyo Stock Exchange in 2022.

AS ONE has grown organically since its founding

The Company has grown organically and has not engaged in any large-scale transformative acquisitions or mergers throughout its history.

Timeline summary

Key dates	Details
1933	The Company was founded in Osaka
June 1962	Iuchi Seieido Co., Ltd. was incorporated at 57 Ichinocho, Kita-ku, Osaka
June 1982	Began selling cleanroom gloves and entered the semiconductor-related product market.
May 1985	Published a catalog for nursing supplies for hospitals and entered the hospital and nursing care market.
August 1990	Introduced company-wide online system, integrating order processing, inventory, and warehouse management systems.
December 1999	Listed on the Second Section of the Tokyo and Osaka Stock Exchanges.
August 2001	Changed company name from Iuchi Seieido Co., Ltd. to AS ONE Corporation.
January 2005	Acquired Ernst Hansen & Co. (now Nikko Hansen Co., Ltd.)
April 2007	Established Asuwan (Shanghai) Trading Co., Ltd. and expanded into the Chinese market
September 2016	Established AS ONE INTERNATIONAL, INC. in the U.S., expanding into the North American market
August 2018	Acquired Triumph 21 Co., Ltd.
May 2020	Opened Smart DC logistics hub in Inage-ku, Chiba City.
April 2023	Opened Hanshin DC logistics hub in Amagasaki City.
June 2023	Acquired Custom Co., Ltd.

Source: Company

Business segment data

AS ONE categorizes its business into three core segments:

Current segment details

Business segment	Description	Products
Laboratory	Sales of scientific equipment and supplies via retailers to universities, corporate R&D departments, and other STEM-related research institutions.	- General-purpose research equipment (e.g., stirrers, temperature control devices) - Analytical instruments - Scientific measuring instruments - Beakers, flasks, pipettes - Safety protective equipment - Cleanroom supplies
Industrial	Sales of scientific equipment and supplies via retailers to the manufacturing department within manufacturing companies in the semiconductor, chemical, machinery, food products, and other STEM-related sectors.	- Same as above, AS ONE offers the same broad catalogue to all customers.
Medical	Sales of medical and scientific supplies via retailers to hospitals, clinics, nursing homes and other medical institutions.	- Thermometer and other consumables - Storage cabinets and workbenches - Medication carts - Nursing chairs and tables - Medical diagnostic equipment and supplies

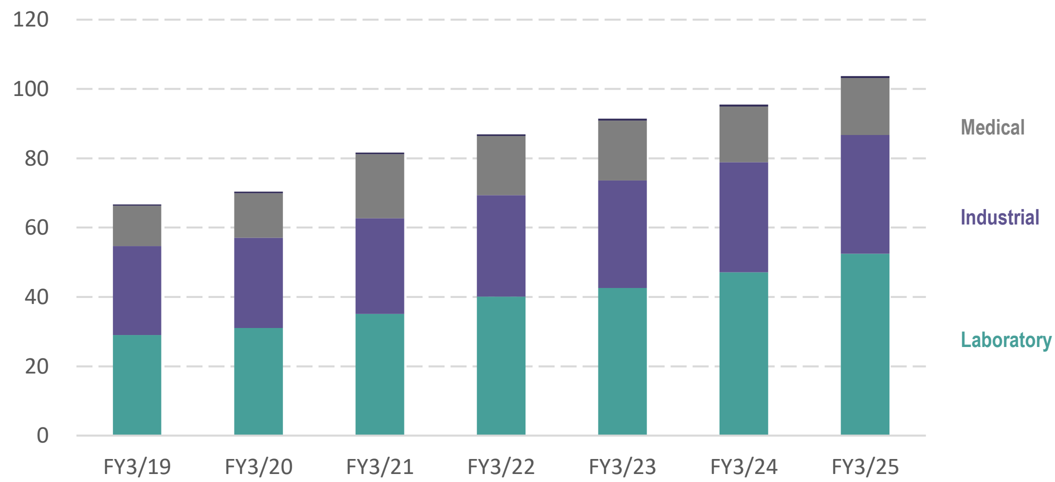
Source: Company

We note that although the Company segments its business based on the end user of the products, the Company does not directly sell products to the end user and instead sells its products to a retailer that caters to customers in the specific segment.

Sales by segment

The Company's sales have grown at a 7.6% CAGR between FY3/19 to FY3/25, with the Laboratory segment accounting for 62% of AS ONE's revenue in FY3/25, followed by the Industrial segment at 21% and the Medical segment at 16%.

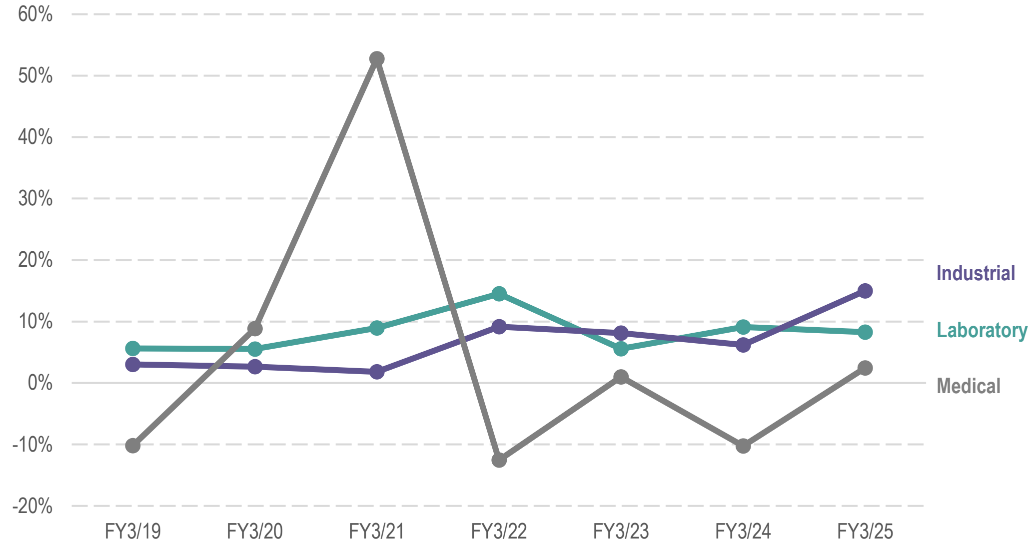
AS ONE's revenue saw accelerated growth during COIVD-19 Pandemic
Annual revenue (¥bn) by segment



Source: Astris Advisory, Company

AS ONE's core Laboratory and Industrial segment has generally delivered mid-high single-digit revenue growth over the past few years, largely in line with the growth of research and R&D spending within Japan. On the other hand, the Medical segment, which benefited significantly from the COVID-19 pandemic-driven increase in medical spending, saw revenue decline in recent years but has returned to growth in FY3/25.

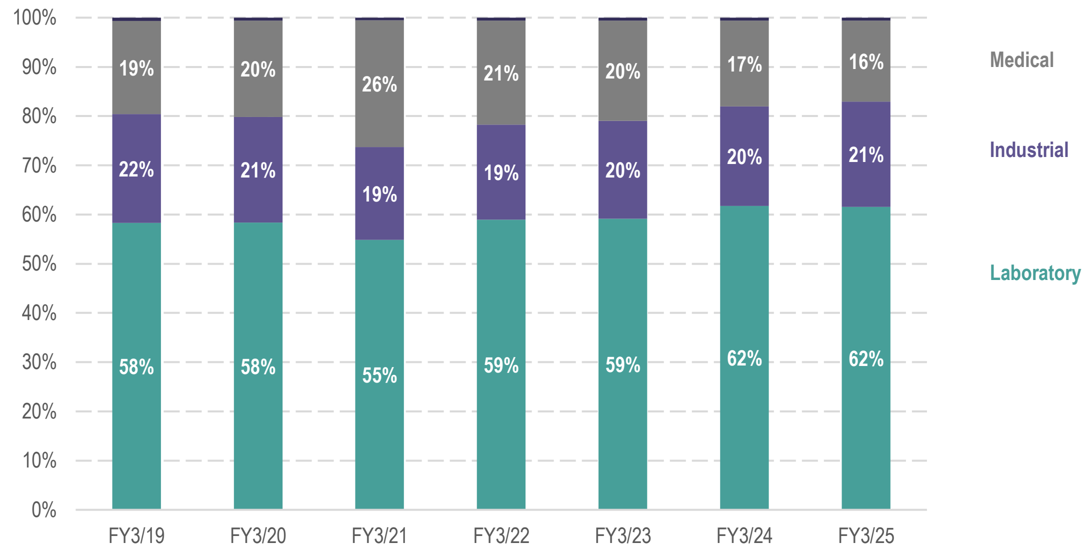
AS ONE delivered mid-high single-digit revenue growth over the past few years
Annual revenue growth by segment



Source: Astris Advisory, Company

However, AS ONE's core Laboratory segment has been the fastest growing segment within the Company, generating a revenue CAGR of +8.6% between FY3/2019 and FY3/2025, and represents an even more significant source of revenue for AS ONE.

The Laboratory segment grew from 58% of revenue in FY3/19 to 62% in FY3/25
Annual revenue composition (%) by segment



Source: Astris Advisory, Company

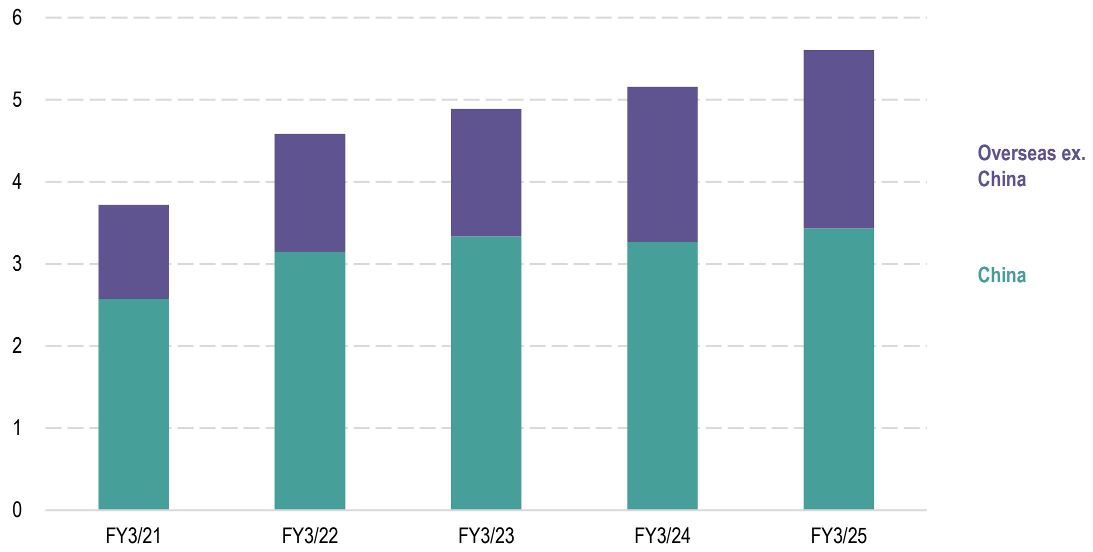
Revenue by Geography

The South East Asia market has significant potential, but will take time to develop and mature

AS ONE has made efforts to expand abroad over the years, initially focusing on the Chinese market and now expanding its presence in Southeast Asia. The competitive environment in China has been challenging, with high price sensitivity and many counterfeit/low-quality products, which drove AS ONE to focus on other overseas markets.

AS ONE's growth in the Chinese market has stalled, but Overseas excluding China, is growing rapidly

Annual overseas revenue (¥bn) by geography

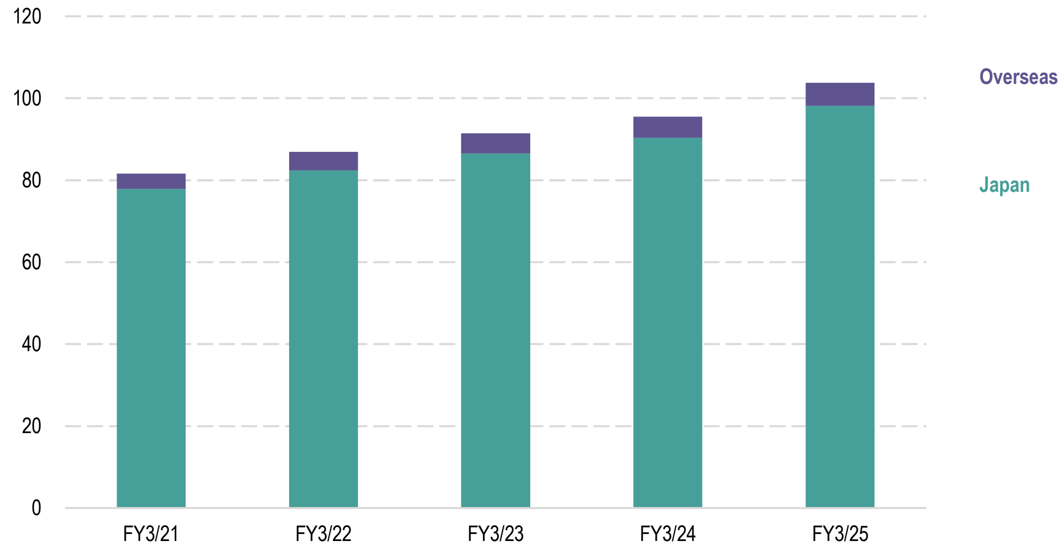


Source: Astris Advisory, Company

However, ~95% of AS ONE's revenue is still driven by the Japanese market. We think AS ONE's revenue and earnings will continue to be driven by the Japanese market for the foreseeable future.

Japan accounts for the vast majority (~95%) of AS ONE's revenue

Annual revenue by region



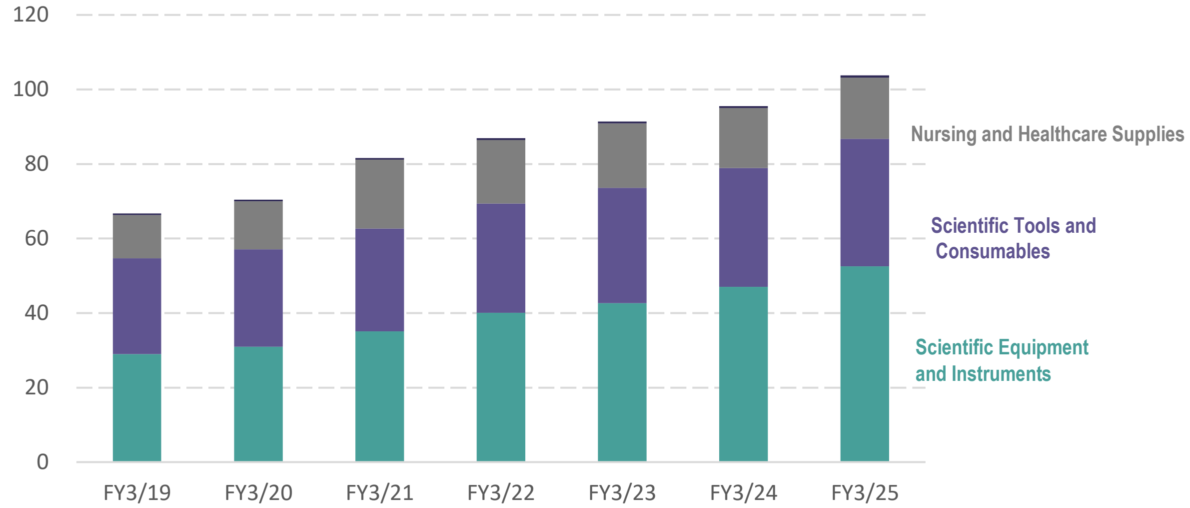
Source: Astris Advisory, Company

Revenue by Products

Most products available on AS ONE's platforms sell in minimal quantities with a few best sellers accounting for significant volume.

AS ONE carries ~12.4mln SKUs on its e-commerce platform and more than 100K SKUs in its catalogs, which span a spectrum of use cases, prices, and profitability. Analyzing AS ONE's revenue trend through the product lens could help investors better understand the Company's revenue growth drivers.

Scientific Equipment and Instruments is the fastest-growing product category
Annual revenue (¥bn) by product category

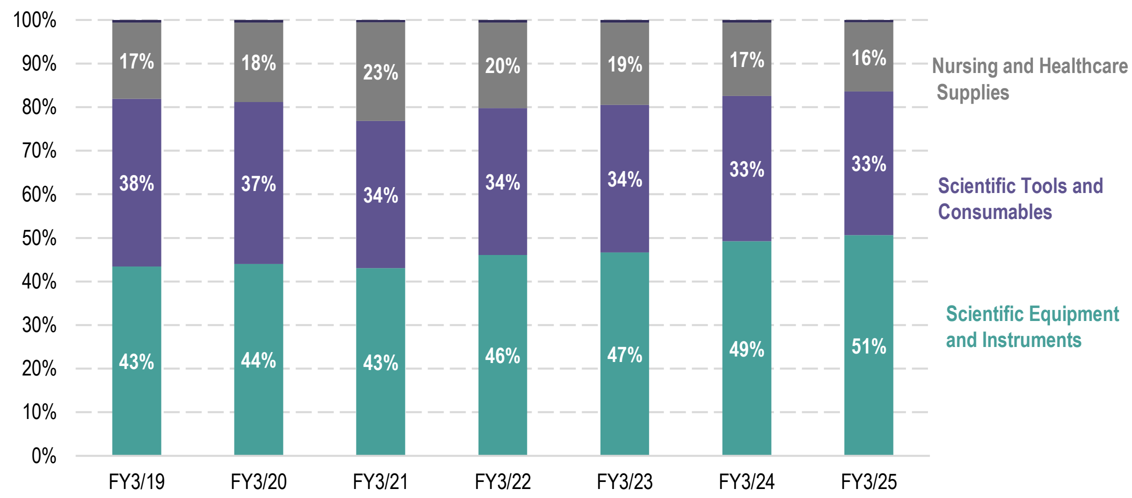


Source: Astris Advisory, Company

From the chart above, it is clear that the Scientific Equipment and Instruments product category is the fastest-growing among the group. It saw +10.4% revenue CAGR between FY3/19 and FY3/25, compared to +4.9% for the Scientific Tools and Consumables Category and +5.9% for the Nursing and Healthcare Supplies category.

From a sales mix perspective, AS ONE's revenue is increasingly driven by the Scientific Equipment and Instruments product category.

Scientific Equipment and Instruments products now account ~50% of revenue
Annual revenue composition by product category



Source: Astris Advisory, Company

The table below outlines, at a high level, the difference between the Scientific Equipment and Instruments products and the Scientific Tools and Consumables products.

Scientific Equipment and Instruments are high-value and complex products

Overview of AS ONE's two main product categories

	Scientific Equipment and Instruments	Scientific Tools and Consumables
What	Larger, more complex devices are used in experiments, analysis, or measurement.	Simple tools and materials that support day-to-day lab work are often disposable or regularly replaced.
Cost	High	Low to moderate
Examples	Centrifuges Spectrophotometers Incubators Chromatography systems	Beakers, containers, pipettes, flasks Petri dishes, test tubes Lab gloves, filter paper
Use case	Core experimental functions	Daily lab operations

Source: Astris Advisory, Company

Given the importance of the Scientific Equipment and Instruments product category for AS ONE's revenue growth, we think further analyzing the product sub-categories within the product group can help investors understand what drives the growth.

The table below outlines the differences between each product sub-category. Although not comprehensive, given the vast size of AS ONE's product shelf, it provides an idea of how AS ONE's sales mix is evolving and what its customers are demanding.

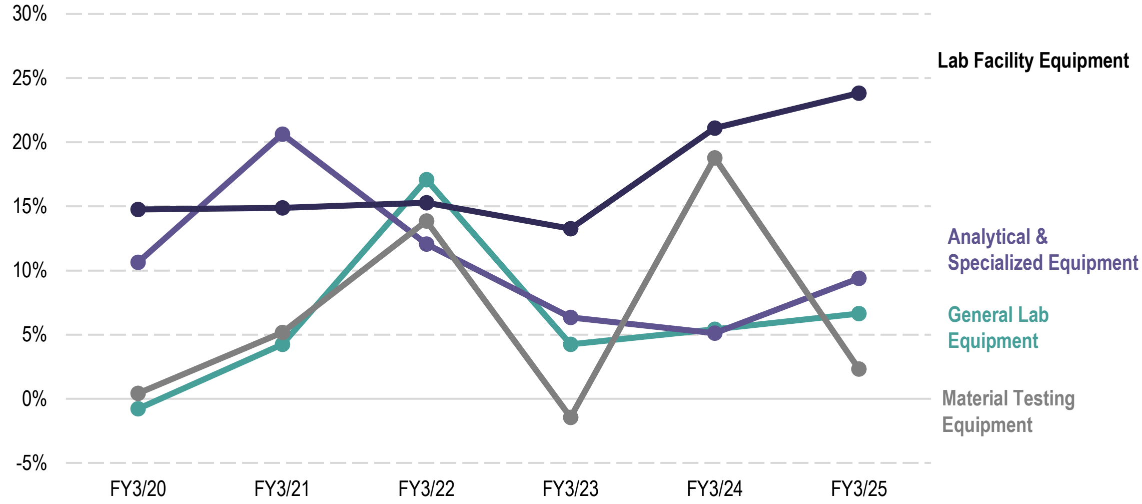
Overview of sub-categories within the Scientific Equipment and Instruments product category

	General Lab Equipment	Analytical & Specialized Equipment	Material Testing Equipment	Lab Facility Equipment
What	Versatile lab instruments used across fields	Precision instruments for measurement and analysis	Devices for testing mechanical and physical properties	Fixed installations supporting lab infrastructure
Cost	Medium to High	Medium to High	Medium to High	High to Very High
Examples	Centrifuges, stirrers, incubators	Spectrophotometers, gas chromatographs, dispensers	Tensile testers, viscometers	Precision storage, lab benches, lab safety equipment
Use Case	Daily lab operations and general experiments	Specialized research, diagnostics, quality control	R&D, material evaluation, performance testing	Lab setup, safety control, environmental management

Source: Astris Advisory, Company

Further analyzing AS ONE's disclosures on sales by product categories, there is a similar trend of strong revenue growth in product sub-categories that are higher value and more complex. One product sub-category that stands out with consistent above average double-digit growth is the Lab Facility Equipment product category, which saw sales revenue grow at +17.1% CAGR from ¥5.7bn in FY3/19 to ¥14.7bn in FY3/25.

Lab Facility Equipment was consistently the fastest growing product sub-category
Annual revenue growth (%) of sub-categories within Scientific Equipment and Instruments products



Source: Astris Advisory, Company

Putting it together, the recent growth of AS ONE has been driven by two factors:

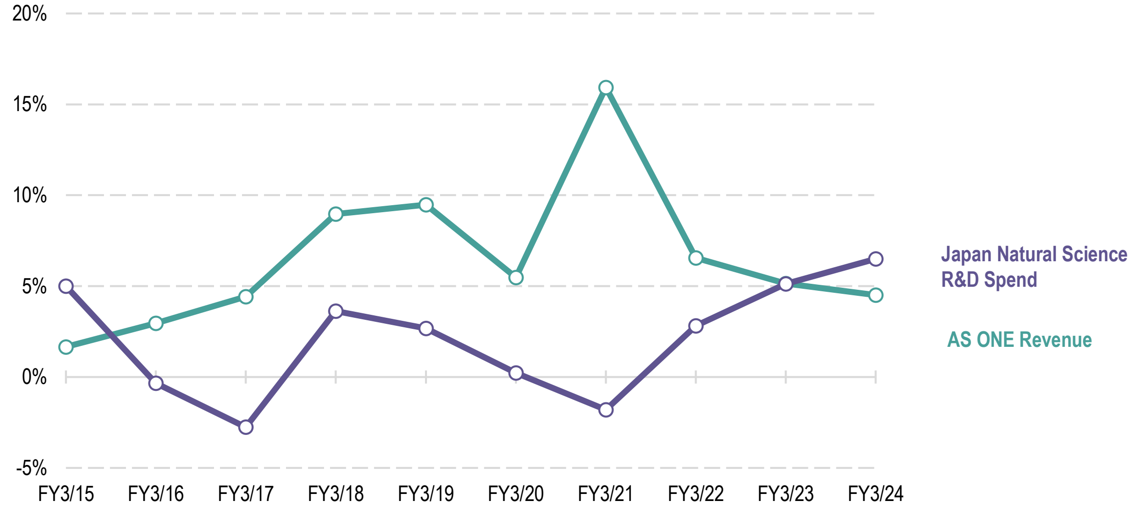
1) Consistent growth of the Laboratory segment driven by its growing SKU count; and

2) Growing its penetration into the high value and complex scientific equipment market, which is further upmarket from its core market of general and consumable scientific equipment and supplies.

Industry Landscape

At first glance, investors often associate AS ONE's revenue growth with the R&D budgets of Japanese corporations and research institutions, given the maturity of the Japanese R&D market/industry. However, historically, AS ONE's growth does not seem to correlate materially with Japan's national R&D spending.

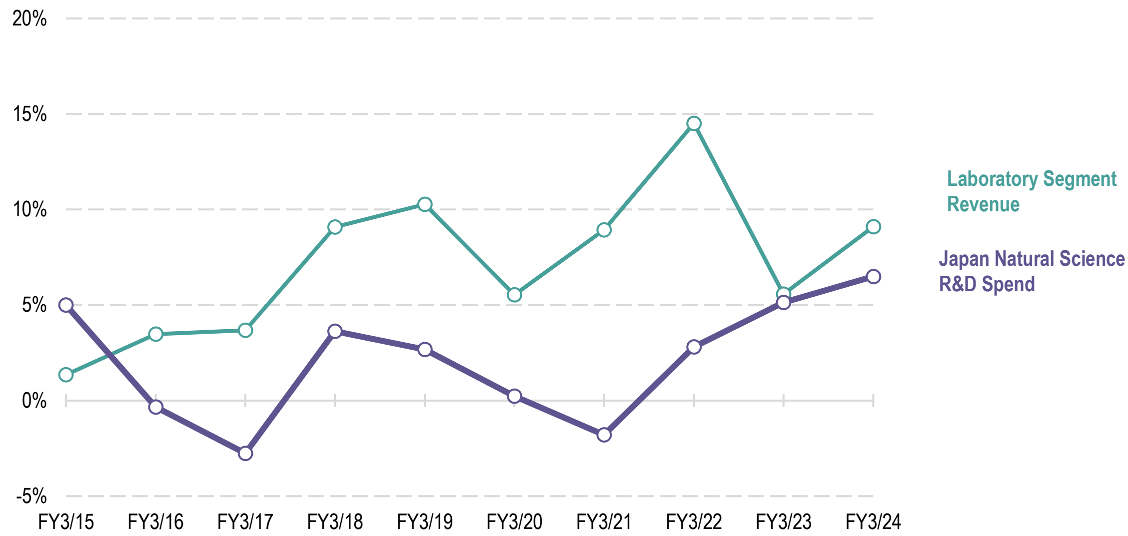
AS ONE's revenue grew even during periods of reduced R&D spending in Japan
Annual growth (%) of AS ONE's revenue compared to Japan's Natural Science R&D spending



Source: Astris Advisory, Company, Statistics Bureau of Japan

We recognize that AS ONE's revenue growth in relation to Japanese R&D spend may be distorted by AS ONE's medical division, which benefited significantly during the COVID-19 pandemic. As such, we compared the Laboratory segment's revenue growth with the national R&D spend in Japan, and saw a slightly stronger relationship but not meaningfully so.

Laboratory segment revenue grew much faster than Japan R&D spending
Annual growth (%) of AS ONE's Laboratory Segment revenue and Japan's R&D spending



Source: Astris Advisory, Company, Statistics Bureau of Japan

Our linear regression analysis, using data starting in FY3/15, showed that national R&D spending in Japan does not significantly correlate with AS ONE's revenue growth. Even in periods of reduced R&D spending, AS ONE has been able to sustain its revenue growth. This could be due to research organizations evaluating their spending patterns and opting to allocate their research equipment and supply budget towards a vendor that provides better service or a broader product shelf.

Our analysis showed no significant correlation between AS ONE's growth and Japan's R&D spending
Linear regression analysis between AS ONE's revenue growth and Japan R&D spending growth

	AS ONE revenue and Japanese Natural Science R&D spending growth	AS ONE Laboratory segment revenue and Japanese Natural Science R&D spending growth
Correlation	-0.33	0.11
R^2 (Causation)	0.17	0.03

Source: Astris Advisory, Company, Statistics Bureau of Japan

We think AS ONE's revenue growth is more secular than at first glance and driven by the structural trend that incremental scientific advancements increasingly require more complex and specialized equipment. We see the following themes driving demand:

- **Expansion in the medical devices market** – Growth is driven by increased research activities in the pharmaceutical and biotechnology industries and the rising need for effective and timely disease diagnosis. Japan's demographic shift, with nearly 30% of its population aged 65 and above, is a tailwind.

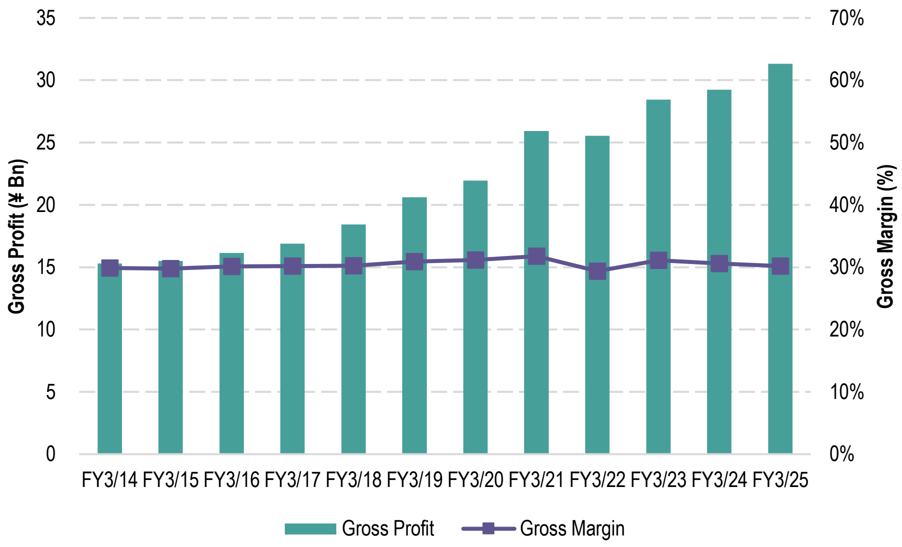
- **Continuing drive for innovation** – Core demand drivers include strong government support for R&D, rising demand from high-tech manufacturing and materials science, and continued investment in life sciences beyond healthcare. The shift toward data-driven research, including AI applications, fuels demand for integrated, high-performance lab systems. At the same time, environmental and clean tech research is expanding the need for specialized analytical instruments. These trends point to sustained, broad-based growth across academic, industrial, and institutional sectors.

AS ONE has positioned itself to capture this demand by expanding into higher-end scientific equipment and instruments, as noted above. The company's sales and support strategy and investment in e-commerce have resulted in market share gains, which is evident through the consistent increase in the sales of large-ticket and complex scientific products.

Profitability

AS ONE's gross margin has been very resilient and stable at the ~30% range for the past decade, reflecting the nature of its business as a distributor of specialized equipment and products. Although the Company has made efforts to expand its private-brand products offering, which we think carries a higher gross margin, the sales volume is not meaningful enough to have a material impact on gross margins. While the Company continues to grow its private-brand product shelf, AS ONE will instead focus on expanding its services business, as outlined in its FY3/28 medium term plan, which could deliver upside to gross margin as the services business gains scale.

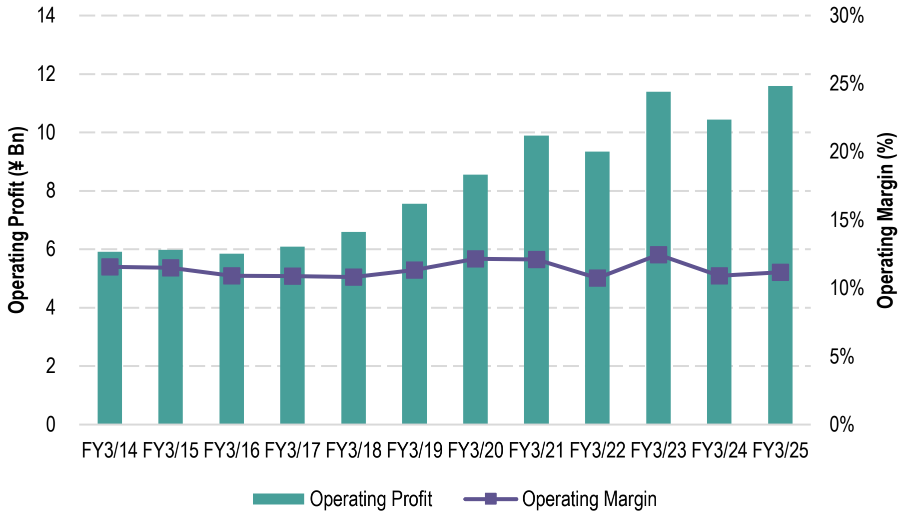
Gross margin has been remarkably resilient and stable at the ~30% range
AS ONE's annual gross profit (LHS) compared to gross margin (RHS)



Source: Astris Advisory, Company

Similar to gross margin, operating margin has been stable at ~11% since FY3/14. While the stable operating margin demonstrates cost discpline, it also means operating leverage has not materialized even as the Company's revenue and gross profit have almost doubled between FY3/14 and FY3/24.

Operating margins have remained at ~11% even as AS ONE scaled significantly
AS ONE's annual operating profit (LHS) compared to operating margin (RHS)



Source: Astris Advisory, Company

There are several factors that drove the flat operating margin even as the Company has gained more scale over the years:

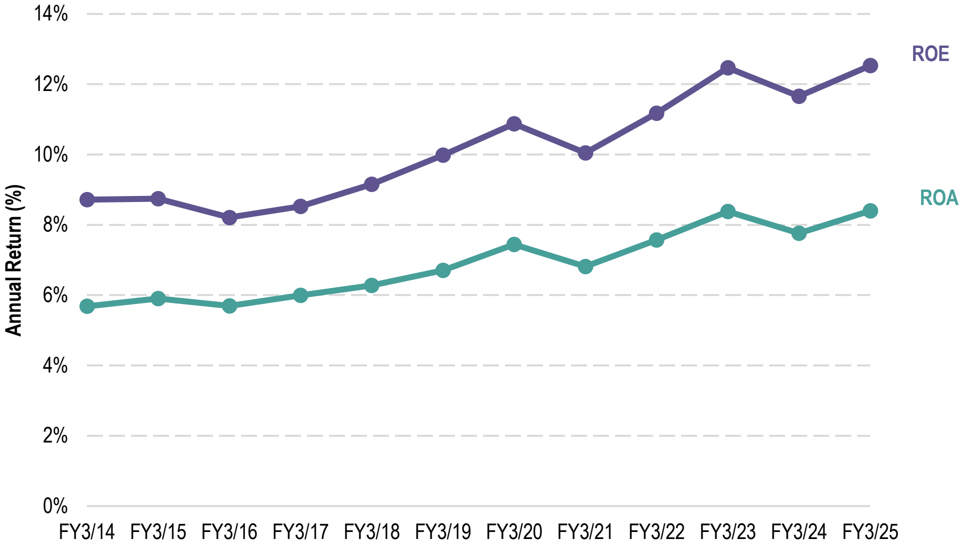
1) Logistics and fulfillment costs, which are a significant variable expense, are allocated to SG&A;

2) A material amount of growth capex into AS ONE's logistics facilities flows through into SG&A expense in the form of increased rent expense as the Company's logistics facilities are leased and increased personnel costs to drive efficiency initiatives; and

3) AS ONE's management limits its SG&A ratio to ~20% (implying at least 10 – 11% operating margin) while balancing investment in growth initiatives (personnel, marketing, automation / IT, etc.) with delivering proftability.

So, although operating margin has been flat, the Company's investment in growth and efficiency has resulted in a steady increase in ROA and ROE.

AS ONE's ROA and ROE have consistently trended higher over the years
Annual ROA (%) and ROE (%) since FY3/14



Source: Astris Advisory, Company

Group companies

AS ONE has 6 notable consolidated subsidiaries and one associate company.

Disclosed group companies in FY3/25

	Group company status	Stake (%)	Business description
AS ONE (Shanghai) Trading Co., Ltd.	Consolidated	100.0	Operating subsidiary for the Chinese market.
Nikko Hansen Corporation	Consolidated	100.0	Manufacture and sale of plastic containers, laboratory glassware, and equipment.
Iuchi Logistics Co., Ltd.	Consolidated	100.0	Warehouse management subsidiary, operates AS OONE's logistics warehouses.
AS ONE INTERNATIONAL, INC.	Consolidated	100.0	Export of North American products to Japan.
Triumph Twenty-One Co., Ltd.	Consolidated	100.0	Provides WEB system-based purchasing agency services.
Custom Corporation	Consolidated	100.0	Manufacture and sale of electronic measuring instruments and related products. Acquired in June 2023.
Labo Design Systems Co., Ltd.	Associate	20.0	Design, construction, and maintenance of medical and research facilities

Source: Company

Corporate mission

Management Philosophy

AS ONE has a clearly defined management philosophy**: "Innovation and Creation"**. This underlying philosophy drives the way the Company operates its business and engages with customers. The management philosophy serves as a guide on how to achieve its **ultimate goal of delivering on customer's needs and increase customer satisfaction.**

This philosophy has manifested itself in the way the Company has grown in recent years to deliver on customers' needs, which have grown increasingly complex:

- A continuously growing catalog of products;
- Deep focus on e-commerce and other digital sales channels; and
- Expanding its logistics network to support growing product shelf and new distribution channels.

AS ONE's focus on customer needs and satisfaction, and meeting those needs through "Innovation and Creation" has shaped the Company's current business. Although the Company may appear static, its long-term, stable growth is driven by the continuous, incremental improvement of its core business which gradually transforms into a more competitive business. Looking ahead, Company's future growth initiatives will continue to be guided by this philsophy.

Corporate Vision

AS ONE has a singular focus on being the leading equipment supplier and distributor to the scientific and medical industries, supporting its customers in achieving their goals.

We believe the Company's focus on the scientific and medical industries and concentrating on being an equipment supplier and distributor is important for investors for a number of reasons:

- AS ONE's capital allocation will be focused and predictable;
- Revenue and earnings drivers are solely driven by the scientific and medical industries; and
- Customers recognize and appreciate AS ONE's expertise in their field.

Business model

Key concepts and workflow

Typically, a specialty supplies and equipment distributor drives revenue and earnings by the following means:

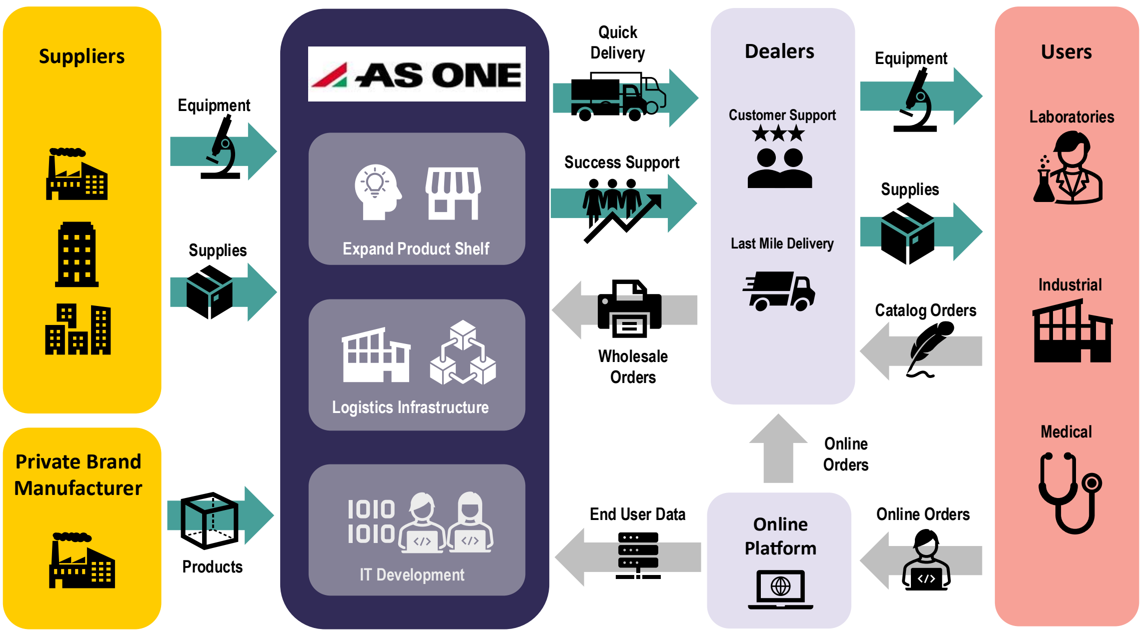
- A comprehensive product shelf, offering a wide and deep range of products, increases average order value, simplifies procurement for customers, and boosts customer retention.
- Customer service and expert post-sales support are important parts of the value proposition, given the specialized nature of the products being purchased by customers and retailers.
- The extensive retailer network, which requires a robust logistics system and broad industry relationships, allows end consumers to easily purchase the required equipment and supplies.

Workflow

The diagram below outlines where AS ONE fits within the supply chain of scientific equipment and supplies, from OEM manufacturers to end users.

We think it's important to reiterate that AS ONE has deliberately avoided direct sales to end customers in its workflow. Retailers play an important role in AS ONE's workflow, even as the Company has continued to increase its e-commerce capabilities and channel mix.

AS ONE has deliberately involved Dealers in its workflow as part of its strategy
High-level workflow overview



Source: Company, Astris Advisory

Competitive advantages

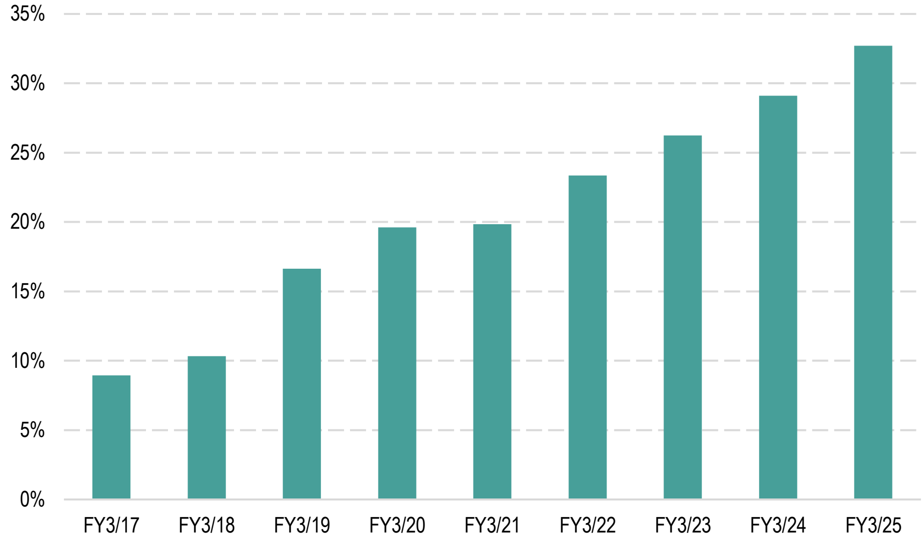
We think AS ONE's success to date is driven by the following key competitive advantages:

- **Seamless ordering process and an ever-growing product shelf and services,** available across both online and catalog channels, enable a one-stop products and services procurement experience and an opportunity for end customers to consolidate vendors.
- **Industry leading inventory database ("SHARE-DB") and IT systems,** providing procurement and inventory data, including OEM supplier's inventory, on 12.4 mln products. **Importantly, AS ONE's SHARE-DB can accommodate hazardous materials and 280 regulated or controlled items and associated compliance processes, something AS ONE believes only it can provide.**
- **A clear focus on enabling retailer success,** with a deliberate strategy to avoid direct-to-consumer sales, helps strengthen and deepen retailer relationships. Retailers provide high level of service and support to end consumers, further reinforcing the relationship.
- **Scale and increasing logistics capabilities** enable faster delivery times and broader product offerings, directly enhancing customer satisfaction and competitiveness.

Further, we think AS ONE's focus on e-commerce has differentiated it materially compared to other competitors in the sector due to the following factors:

- When orders are made using AS ONE's primary online e-commerce platform "ocean", although retailers are nominally involved, the order is simultaneously placed directly with AS ONE. This system ensures that there is no opportunity for the retailer to involve other wholesalers. Furthermore, it eliminates any need for customers to specifically request retailers to procure items through AS ONE, as the platform directly sends the order to AS ONE. This is an important differentiating factor as it grows AS ONE's share of wallet for end customers and improves customer retention.
- The Company's e-commerce platform has a much bigger product shelf compared to the paper catalog, where customers can also order. The significantly bigger product shelf helps position AS ONE as a one-stop solution for scientific equipment and supplies, thereby improving the customer experience and wallet share.
- AS ONE's wide product shelf (250x bigger than Sansyo, Japan's 2nd largest scientific instrument wholsaler), scale and continued investment in logistics capabilities, in concert with e-commerce efforts, have created a moat, which we believe will widen over time as the Company captures a greater share of customer spend. This will enable further reinvestment into logistics and IT infrastructure, which in turn supports additional growth.

AS ONE's rapid increase of sales mix through e-commerce signals strong demand
Annual mix (%) of revenue through online/e-commerce channels



Source: Company, Astris Advisory

Peer group analysis

We have selected the following peers to assess AS ONE's returns and valuations; we have selected companies from the medical equipment and services sector, as well as specialty distributor and wholesaler peers focusing on other sectors.

- **Domestic companies** – we have selected specialty distributors and suppliers focusing on the medical industry, scientific industry and industrial sector.
- **Overseas companies** – our selection includes global specialty distributors and suppliers with broader industry focus, including the medical industry, scientific industry, IT equipment and and industrial sector.

Domestic companies

Company	Description
Medipal Holdings (7459 JP)	Operates in the wholesale distribution of pharmaceutical products, cosmetics, daily necessities, and veterinary products
Ship Healthcare Holdings (3360 JP)	Provides comprehensive medical and nursing care support solutions, including consulting, sales, and leasing services related to medical equipment and facilities
Suzuken (9987 JP)	Major pharmaceutical distributor that provides logistics, wholesale, and related healthcare services to hospitals, pharmacies, and clinics.
Toho Holdings (8129 JP)	Leading pharmaceutical wholesaler in Japan, offering drug distribution, medical supply chain solutions, and healthcare IT systems.
Ci Medical Co., Ltd. (3540 JP)	Manufactures and distributes medical and laboratory equipment, including clinical diagnostic systems, and consumables, primarily to healthcare institutions and research laboratories.
Medius Holdings (3154 JP)	Wholesale distribution of medical devices, laboratory equipment, and scientific instruments, focusing on hospitals, clinics, and research institutions.
MonotaRO (3064 JP)	Operates an online store offering maintenance, repair, and operations (MRO) products, including safety equipment, tools, and consumables, to businesses in Japan and internationally
ASKUL (2678 JP)	Provides mail-order services for office supplies, including office automation products, personal computers, and furniture, primarily to small and medium-sized offices in Japan
Trusco Nakayama (9830 JP)	Engages in the wholesale distribution of professional tools, machine tools, consumables, and environmental safety equipment to various industries

Source: Companies, Bloomberg

Overseas companies

Company	Description
Thermo Fisher Scientific (TMO US)	Provides life sciences solutions, analytical instruments, specialty diagnostics, laboratory products, and biopharma services to various industries worldwide
Avantor (AVTR US)	Provides mission-critical products and services to customers in the biopharma, healthcare, education, and government sectors, including materials and consumables, equipment and instrumentation, and services
Sartorius AG (SRT GE)	Provides bioprocess solutions and laboratory products and services, serving the life science research and biopharmaceutical industries
Bruker Corporation (BRKR US)	Global manufacturer of high-performance scientific instruments and analytical solutions, serving life sciences, materials research, and industrial markets.
Bunzl plc (BNZL LN)	Operates as a distribution and services company supplying a range of non-food consumable products to various customer markets, including grocery, foodservice, cleaning, and safety
W.W. Grainger (GWW US)	Distributes maintenance, repair, and operating products and services, serving businesses and institutions primarily in North America, Japan, and the United Kingdom
MSC Industrial Direct Co (MSM US)	Distributes metalworking and maintenance, repair, and operations (MRO) products and services to industrial customers throughout North America
Genuine Parts Company (GPC US)	Distributes automotive and industrial replacement parts and provides value-added services globally
CDW Corporation (CDW US)	Leading IT distributor, including hardware, software, and also offers integrated IT services, to business, government, education, and healthcare customers in the United States, the United Kingdom, and Canada

Source: Companies, Bloomberg

Core findings

Profitability

Profitability among domestic peers is relatively stable—with a median LTM operating margin of 3.0%—there is considerable variability across individual companies. In contrast, overseas peers report a significantly higher median OPM of 10.8%, reflecting structural differences in competitive dynamics and regulatory environments.

AS ONE posted a last-twelve-month (LTM) OPM of 11.0%, which is well above the domestic peer median of 3.0%, and more in line with global peers such as Avantor (10.8%). Its 10-year average OPM (11.4%) shows stable profitability over time and is well above the domestic peer group median (2.6%).

Valuations

Median valuation multiples (EV/EBITDA and PER) for overseas peers (12.2x and 17.3x) are above that of domestic peers (5.7x and 13.6x), which we believe indicates higher growth potential for companies focused on larger markets (U.S. and Europe) as well as more aggressive capital management strategies than their Japanese counterparts.

AS ONE and Thermo Fisher, the global sector leader, both trade at similar forward PER (19.6x vs. 17.3x), but from an EV/EBITDA perspective, AS ONE trades at a significant discount to Thermo Fisher (10.9x vs 16.0x). This discount largely reflects AS ONE's much lower financial leverage, as the Company's organic growth strategy resulted in a conservative balance sheet with minimal debt, whereas Thermo Fisher's capital structure includes significant borrowings from its M&A-driven growth strategy.

Sustainability of earnings (5-year track record)

Over the past five years, domestic peers have delivered slightly stronger and more consistent earnings growth than overseas comparables, with a median EPS CAGR of +9.0% versus +8.5% for the international group. Japanese companies also show more stable trends in returns, with a modest median increase in ROE (+0.4%) and ROA (+0.2%), while overseas peers exhibit greater variability, including a median ROE decline of -2.9%.

Key Takeaways

- AS ONE's profitability is well above domestic peers and broadly in line with global leaders, reflecting a stable, high-margin business model despite operating in a lower-growth domestic market.
- Domestic peers have delivered slightly higher and more stable EPS growth over the past five years, with modest improvements in return metrics, while overseas peers show greater volatility, suggesting higher topline growth but less predictable earnings.
- Overseas peers are valued at a premium to domestic peers, despite lower earnings growth than domestic peers, indicating the market places a significant premium on future growth expectations.

We believe AS ONE's premium valuation relative to domestic peers is underpinned by its superior profitability (OPM of 11.0% vs. peer median of 3.0%), consistent track record of growth and improving ROE.

AS ONE trades at a premium valuation vs. domestic peers, which reflects its industry leading margins, ROE, and consistency

Peer analysis of key profitability and valuation metrics

Ticker	Company	Mkt Cap US$ (mm)	Profitability OPM LTM (%)	OPM 10-yr average (%)	ROE LTM (%)	ROIC 10-yr average (%)	Valuation EV/EBITDA 12M Fwd (x)	EV/Sales 12M Fwd (x)	Div yield 12M Fwd (%)	PER 12M Fwd (x)	PBR (x)
7476 JP	**AS ONE Corporation**	**1,269**	**11.0**	**11.4**	**12.5**	**9.1**	**10.9**	**1.4**	**2.6**	**19.6**	**2.5**
Domestic companies											
7459 JP	MEDIPAL HOLDINGS	**3,432**	1.5	1.4	8.1	4.9	3.9	0.1	2.6	13.4	0.8
3360 JP	Ship Healthcare Holdings, Inc.	**1,263**	3.7	4.1	12.0	7.2	4.3	0.2	3.1	11.0	1.2
9987 JP	Suzuken Co., Ltd.	**2,705**	1.6	1.0	8.2	3.9	5.4	0.1	1.8	12.3	1.0
8129 JP	TOHO HOLDINGS CO., LTD.	**2,010**	1.5	1.2	6.9	4.3	7.8	0.1	2.0	17.6	1.1
3540 JP	Ci Medical Co., Ltd.	**369**	3.7	8.4	27.2	14.3	9.2	0.6	0.8	13.6	2.0
3154 JP	Medius Holdings Co., Ltd.	**147**	0.5	0.7	5.2	2.7	23.9	0.1	2.0	19.8	1.0
3064 JP	MonotaRO Co., Ltd.	**9,902**	12.9	12.6	27.4	26.5	25.6	4.0	1.2	42.3	13.5
2678 JP	ASKUL Corporation	**986**	3.0	2.6	11.9	8.4	4.8	0.3	2.6	15.4	1.9
9830 JP	Trusco Nakayama Corporation	**942**	6.8	6.6	9.6	6.7	5.7	0.4	3.1	7.7	0.7
Median		**1,263**	**3.0**	**2.6**	**9.6**	**6.7**	**5.7**	**0.2**	**2.0**	**13.6**	**1.1**
Overseas companies											
TMO US	Thermo Fisher Scientific Inc.	**152,915**	17.9	18.4	13.3	8.9	16.0	4.0	0.4	17.3	3.1
AVTR US	Avantor, Inc.	**9,152**	10.8	9.7	12.6	6.9	10.6	1.9	0.0	12.5	1.5
SRT GE	Sartorius AG	**13,893**	17.1	20.1	3.1	11.0	14.1	4.2	0.5	30.5	4.4
BRKR US	Bruker Corporation	**5,922**	11.3	14.6	7.1	12.1	11.5	2.2	0.5	15.2	3.3
BNZL LN	Bunzl plc	**10,195**	6.9	6.2	17.4	10.1	8.4	0.8	3.3	12.8	2.7
GWW US	W.W. Grainger, Inc.	**51,488**	15.4	12.8	58.2	22.1	17.3	2.9	0.9	25.3	14.8
MSM US	MSC Industrial Direct Co., Inc.	**4,574**	9.2	12.3	15.5	14.6	12.2	1.3	4.4	21.3	3.4
GPC US	Genuine Parts Company	**16,724**	6.3	6.7	20.7	12.4	10.6	0.9	3.5	14.8	3.8
CDW US	CDW Corporation	**22,696**	7.9	6.7	48.0	16.0	13.1	1.3	1.5	17.3	9.8
Median		**13,893**	**10.8**	**12.3**	**15.5**	**12.1**	**12.2**	**1.9**	**0.9**	**17.3**	**3.4**

Source: FactSet, Bloomberg, Astris Advisory
Note: LTM is the last 12 months

EPS growth has outpaced sales growth, reflecting structural operating leverage embedded within the sector's business model

Peer analysis of track record – growth (5-year CAGR) and change (2019-2024)

		Growth 5-year CAGR (%)						Change over the last 5 years			
Stock	Name	Sales	EBIT	Net Income	EPS	BPS	Total assets growth	Chg. in GPM	Chg. in FCF margin	Chg. in ROE	Chg. in ROA
7779 JP	**AS ONE Corporation**	**7.4**	**6.8**	**7.3**	**8.0**	**4.8**	**4.0**	**-1.0**	**1.6**	**1.6**	**1.2**
Domestic											
7459 JP	MEDIPAL HOLDINGS	2.3	3.3	3.8	4.9	5.1	2.1	-0.3	0.3	0.4	0.3
3360 JP	Ship Healthcare	7.3	3.5	4.2	5.1	8.1	5.3	-0.4	0.0	0.0	0.6
9987 JP	Suzuken Co., Ltd.	2.3	-1.2	-0.8	2.1	4.1	0.7	-0.8	4.7	1.3	0.2
8129 JP	TOHO HOLDINGS	3.9	8.1	8.3	9.0	4.8	3.1	-0.9	3.9	-0.4	-0.2
3540 JP	Ci Medical Co., Ltd.	18.6	27.1	33.0	33.0	19.0	35.4	1.0	3.5	11.9	0.0
3154 JP	Medius Holdings	5.6	33.5	4.3	4.1	8.9	13.2	1.5	1.0	-5.0	-0.9
3064 JP	MonotaRO Co., Ltd.	17.0	19.0	19.1	19.1	22.8	19.6	-0.9	3.7	-6.5	-1.6
2678 JP	ASKUL Corporation	4.0	82.3	113.2	115.2	11.3	7.5	0.7	1.1	5.0	1.9
9830 JP	Trusco Nakayama	6.0	9.9	10.9	10.9	6.4	6.7	-0.2	-0.1	2.0	1.1
Median		**5.6**	**9.9**	**8.3**	**9.0**	**8.1**	**6.7**	**-0.3**	**1.1**	**0.4**	**0.2**
Overseas											
TMO US	Thermo Fisher Scientific	10.9	12.9	11.4	12.5	11.8	10.8	-1.8	2.5	0.3	0.1
AVTR US	Avantor, Inc.	2.3	19.7	79.9	85.0	28.0	4.4	-2.9	2.3	7.0	4.8
SRT GE	Sartorius AG	13.1	3.9	-11.7	-11.9	27.6	28.4	-6.6	3.0	-17.6	-5.1
BRKR US	Bruker Corporation	10.2	-3.0	-10.5	-9.7	14.8	15.9	1.6	-2.9	-12.3	-4.6
BNZL LN	Bunzl plc	4.8	9.4	7.5	7.4	10.1	10.2	2.8	0.4	-2.9	-0.7
GWW US	W.W. Grainger, Inc.	8.4	15.6	17.6	20.3	15.0	8.0	1.1	1.0	17.6	10.5
MSM US	MSC Industrial Direct Co.	2.6	-1.6	-2.2	-2.5	-1.4	1.3	-0.1	-1.9	-4.6	-2.7
GPC US	Genuine Parts Company	6.0	5.8	6.9	8.5	4.3	5.7	3.2	-0.2	3.5	0.6
CDW US	CDW Corporation	3.1	8.2	7.9	9.8	21.4	12.9	5.0	1.4	-34.8	-1.7
Median		**6.0**	**8.2**	**7.5**	**8.5**	**14.8**	**10.2**	**1.1**	**1.0**	**-2.9**	**-0.7**

Source: FactSet, Bloomberg
Note: figures are non-adjusted

Balance sheet

AS ONE maintains a robust balance sheet with high liquidity and minimal leverage, which is consistent with domestic industry peers. In contrast, overseas peers maintain higher levels of debt, driven in part by more aggressive M&A strategies. Across the global specialty wholesale and distribution sector, high liquidity levels are a consistent theme and are likely driven by the importance of flexibility in inventory management and responsiveness to supply chain dynamics.

Regarding AS ONE, we make the following observations:

- Liquidity – Strong liquidity, with both current (2.6x) and quick ratios (2.1x) at the top end of the domestic peer range and comparable to best-in-class overseas players such as W.W. Grainger (2.5x). This suggests ample short-term financial flexibility and prudent working capital management.
- Leverage – The company is essentially unlevered, with negative net debt to equity (-0.2x) and net debt to EBITDA (-0.8x), reflecting surplus cash. Its total debt to capital (3.8%) is among the lowest across both domestic and global peers. We believe this conservative capital structure reflects AS ONE's financial discipline and funding growth initiatives from internal cash generation.
- Efficiency –AS ONE's inventory turnover (6.1x) is solid, outperforming most overseas peers and indicating disciplined inventory management and reflecting AS ONE's strategy of only holding a minor portion of its 12.4mln SKU on balance sheet. The Company's inventory days (60.1) and a longer cash conversion cycle (80.6 days), which are higher than domestic peers, but lower than overseas peers, is likely driven by AS ONE's focus on accomodating dealers and broad product catalogue.

In non-current assets, the Company has a ¥20.43bn long-term investment portfolio consisting primarily of:

- Investment securitires - ¥14.57bn
- Real estate - ¥3.74bn

Overall, we think AS ONE has a robust balance sheet, ahead of both domestic and overseas peers, and is very well capitalized to weather economic cycles.

Balance sheet is robust

Liquidity, leverage, and capital efficiency

Company	Liquidity Current ratio (x)	Quick ratio (x)	Leverage Net debt to equity (x)	Net debt to EBITDA (x)	Total debt to capital (%)	Equity ratio (%)	Efficiency Asset turnover (x)	Inventory turnover (x)	Inventory days	Cash cycle (days)
AS ONE Corporation	**2.6**	**2.1**	**-0.2**	**-0.8**	**3.8**	**70.6**	**1.0**	**6.1**	**60.1**	**80.6**
Domestic										
MEDIPAL HOLDINGS	1.2	1.0	-0.3	-2.8	6.5	32.0	2.0	19.5	18.7	2.4
Ship Healthcare Holdings, Inc.	1.4	1.2	-0.3	-1.2	18.9	38.4	1.6	21.2	17.3	5.2
Suzuken Co., Ltd.	1.2	1.0	-0.4	-3.6	5.8	31.7	2.0	15.6	23.4	-9.5
TOHO HOLDINGS CO., LTD.	1.2	1.0	-0.4	-3.4	7.0	31.7	2.0	15.3	23.9	-2.6
Ci Medical Co., Ltd.	0.9	0.4	0.7	3.5	79.2	44.8	41.3	1.3	4.0	91.5
Medius Holdings Co., Ltd.	1.1	0.9	0.6	3.3	26.5	55.8	16.7	2.4	18.7	19.5
MonotaRO Co., Ltd.	2.6	2.0	-0.3	-0.7	1.3	71.1	2.1	10.6	34.4	52.0
ASKUL Corporation	1.4	1.2	-0.2	-0.7	29.9	33.3	2.0	15.4	23.6	-9.5
Trusco Nakayama	2.8	1.7	0.1	0.6	24.5	64.1	1.1	4.5	81.0	97.1
Median	**1.2**	**1.0**	**-0.3**	**-0.7**	**18.9**	**33.3**	**2.0**	**15.4**	**23.6**	**5.2**
Overseas companies										
Thermo Fisher Scientific Inc.	1.7	1.3	0.5	2.5	39.8	50.9	0.4	5.0	73.0	111.8
Avantor, Inc.	1.1	0.7	0.7	3.5	41.5	49.2	0.5	6.2	59.2	68.1
Sartorius AG	1.5	0.9	1.4	3.8	62.3	27.4	0.3	2.0	179.4	149.7
Bruker Corporation	1.6	0.8	1.2	3.7	55.8	30.7	0.7	1.7	217.9	245.5
Bunzl plc	1.2	0.8	0.8	1.9	57.2	28.7	1.3	5.9	61.8	60.8
W.W. Grainger, Inc.	2.5	1.5	0.6	0.7	48.7	38.0	2.0	4.6	79.6	93.6
MSC Industrial Direct Co., Inc.	1.9	0.9	0.4	1.3	30.3	55.1	1.5	3.3	111.1	115.2
Genuine Parts Company	1.2	0.5	1.3	3.0	58.4	22.5	1.3	3.0	121.1	41.4
CDW Corporation	1.3	1.2	2.4	2.9	73.1	16.0	1.5	25.8	14.2	38.9
Median	**1.5**	**0.9**	**0.8**	**2.9**	**55.8**	**30.7**	**1.3**	**4.6**	**79.6**	**93.6**

Source: Refinitiv, FactSet

Capital allocation

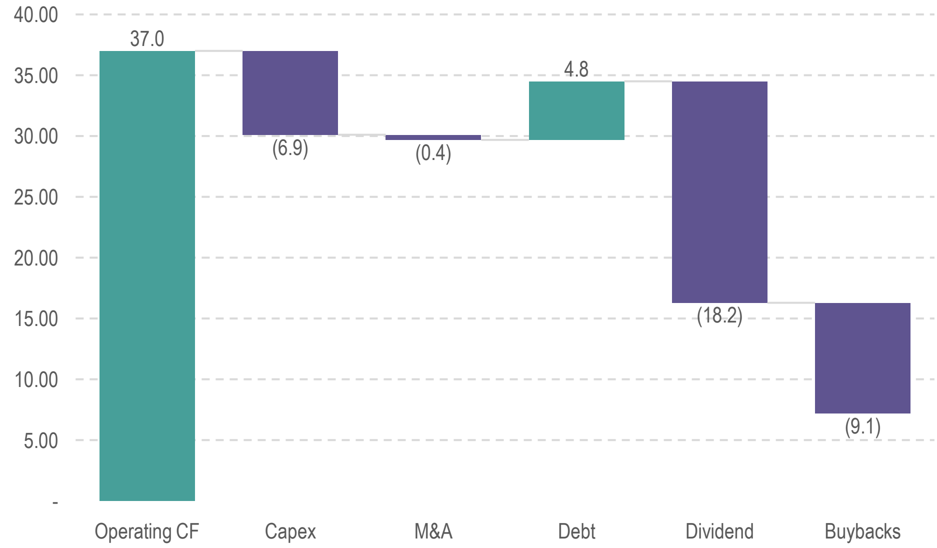
AS ONE has historically been very prudent in capital allocation, with a strong focus on dividend growth and organic cash flow generation. This is reflected in the Company's low M&A activity over the years, which is now changing as the Company is actively pursuing M&A as part of its growth strategy.

Over the five years between FY3/21 and FY3/25, the company's cumulative cash flow shows a cash inflow of ¥7.2bn, with AS ONE distributing the majority (74%) of the ¥37.0bn cashflow generated from operation during the period to investors via dividend (¥18.2bn) and stock buybacks (¥9.1bn).

M&A activity during the period was minimal, with AS ONE investing ¥0.41bn in a bolt-on acquisition to help expand its private brand business. The remaining cash flow generated during the period was invested in capex, which included opening a new warehouse facility in the Kantō region.

AS ONE returned the majority of the cash generated to shareholders

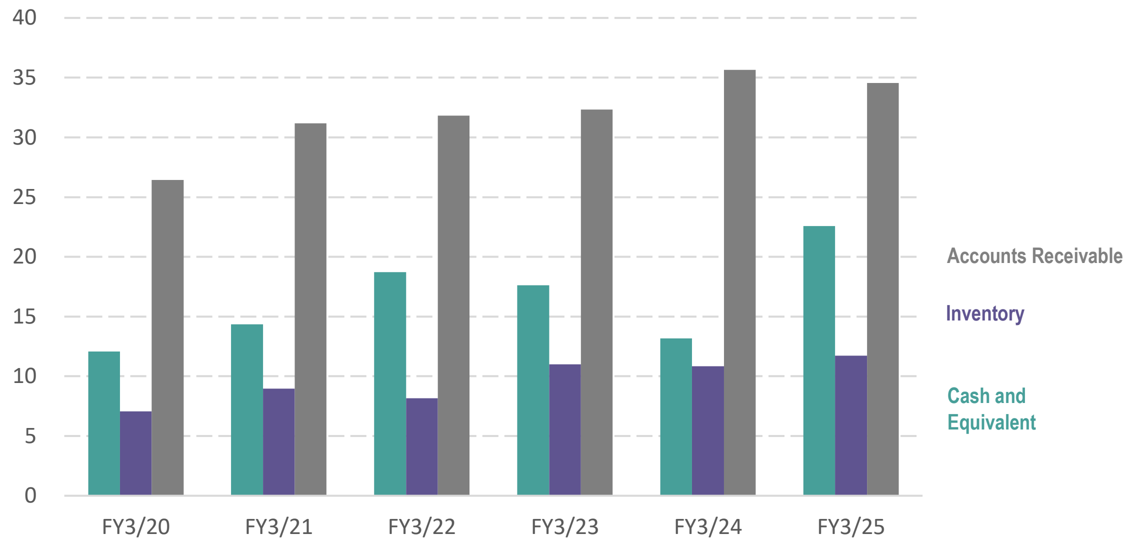
5-year cumulative capital generation and allocation (¥bn, FY3/21 – FY3/25)



Source: Company, Astris Advisory

The Company had a net cash balance of ¥22.6bn as of FY3/25, above historical levels. AS ONE has historically kept cash relatively stable and has consistently deployed excess cash into its working capital and capex. Given the nature of AS ONE's business, we think deploying cash towards working capital can be considered a growth investment as well.

AS ONE has consistently invested its excess cash into growth and working capital
Annual balance (¥bn) of key current assets



Source: Company, Astris Advisory

Outlook for capital allocation

AS ONE continues prioritizing organic growth through steady capital investment, particularly in logistics infrastructure and digital systems. These initiatives support the organic expansion of its core scientific equipment and supply distribution business, improving delivery and operational efficiency across its distribution network.

The company also invests in its e-commerce business by hiring dedicated personnel and upgrading incremental systems. This focus reflects management's intent to enhance the online ordering experience and deepen end customer engagement and retention.

Committed to shareholder returns

Shareholder returns remain a core priority. AS ONE has a track record of consistent dividend growth supported by stable cash flows and a disciplined capital allocation approach. AS ONE has committed to a **progressive dividend payout target of at least 50% of net income in FY3/26** (increased from 50% in prior years). Further, the **Company targets a total shareholder return target of 60%-75% through opportunistically repurchasing its shares while considering M&A and growth capex.**

M&A a priority, but transformative acquisition unlikely

M&A has not meaningfully contributed to AS ONE's growth in the past, but the Company's medium-term guidance outlines a more active focus on M&A, including increasing the capital allocated to M&A to ¥10.0bn between FY3/26 and FY3/28. However, we believe transformative acquisitions (¥50.0bn+) are not under consideration in the near and medium term. We think AS ONE will place a greater emphasis on M&A given its growth ambitions and strong relationships in the scientific equipment sector.

Recent results

Q1-4 FY3/25 results

FY3/25 results demonstrated AS ONE's operating leverage as profitability growth outpaced sales growth

Key financials

(¥bn)	Q1-4 FY3/24	Q1-4 FY3/25	YoY (%)
Sales	**95.53**	**103.75**	**+8.6**
Gross profit/(loss)	29.25	31.31	+7.0
Gross margins (%)	**30.6**	**30.2**	
SG&A costs	18.81	19.72	+4.8
Operating profit/(loss)	**10.43**	**11.59**	**+11.1**
Operating margins (%)	**10.9**	**11.2**	
Profit before tax	10.82	12.07	+11.5
Net income attributable to the parent	7.5	8.23	+9.7

Source: Company

Industrial segment saw accelerated growth in FY3/25

Sales per business segment (pre-elimination)

(¥bn)	Q1-4 FY3/25	Q1-4 FY3/25	YoY (%)
Laboratory	59.01	63.89	+8.3
Industrial	19.29	22.18	+15.0
Medical	16.68	17.09	+2.5
Other	0.55	0.59	+6.9

Source: Company

Key highlights

The key takeaways for FY3/25 results were as follows:

- **Sales continued to grow steadily.** Net sales increased by +8.6% YoY to ¥103.8bn, marking the 15th consecutive year of growth. Growth was supported by product lineup expansion (to 12.4 million items) and strong e-commerce sales (+21.9% YoY to ¥33.9bn).

- **Operating profit margin expanded slightly, demonstrating operating leverage.** Operating profit increased by +11.1% YoY to ¥11.6bn, with the operating margin improving to 11.2% (from 10.9% in FY3/24). This was achieved despite a slight dip in gross margin (to 30.2% from 30.6%), as SG&A expenses grew at a slower pace (+4.8% YoY) than sales, lowering the SG&A ratio to 19.0% (from 19.7%).

- **On a segmented basis, growth was led by the Industrial segment.** The industrial segment saw a +15.0% increase in sales while the Laboratory segment saw +8.3% growth YoY, reflecting healthy demand from manufacturers, research labs, and contribution from e-commerce channel expansion. The Medical Instruments Division grew by a more modest +2.5% YoY, facing headwinds from cost control efforts by medical institutions.

- **Overseas business sales increased by +8.5% YoY to ¥5.6bn**, with growth seen in both China (+5.1%) and other regions (+14.5%).

- **The annual dividend was increased for the 14th consecutive period to ¥62 per share, representing a 54.0% payout ratio.**

FY3/26 Guidance

AS ONE's FY3/26 financial guidance anticipates continued steady growth and increased investment in future growth and efficiency, building on the strong performance in FY3/25.

AS ONE noted that the positive outlook for FY3/26 is driven by tailwinds from global trends driving R&D spend, such as Green Transformation (GX), Bio Transformation (BX), and Digital Transformation (DX). However, strategic initiatives under the new medium-term plan (e-commerce, logistics investments, etc.) contributed to the lower operating margin.

FY3/26 guidance highlights sustained topline growth, but margins are impacted by growth and efficiency investments

Key financial guidance

(¥bn)	FY3/25 Actual	FY3/26 Targets	YoY (%)
Sales	**103.75**	**112.29**	**+8.2**
Gross profit/(loss)	31.31	33.73	+7.7
Gross margin (%)	**30.2**	**30.0**	
SG&A costs	19.72	21.44	+9.0
Operating profit/(loss)	**11.59**	**12.29**	**+6.0**
Operating margin (%)	**11.2**	**10.9**	
Profit before tax	12.07	12.69	+5.1
Net income attributable to the parent	8.23	8.75	+6.3
EPS	**116.47**	**122.12**	**+4.9**
Dividend per share	62.00	63.00	**+1.6**

Source: Company

Medium and long-term strategic plan

Reviewing the 2022 – 2025 medium-term strategic plan

AS ONE announced its 2022 – 2025 medium-term strategic plan in May 2022, when the COVID-19 pandemic drove significant macroeconomic uncertainty. The Company forecast that its medical segment's strong performance would continue through to FY3/25, which did not materialize as the COVID-19 pandemic subsided. This has led AS ONE to deliver revenue and operating profit results that were below its 2022 – 2025 Medium Strategic Plan targets. However, AS ONE's profitability did improve as expected and it has met the ROE targets laid out in its strategic plan.

Revenue growth was below plan, but margins and ROE were strong

2022 – 2025 Medium Term Strategic Plan financial targets plan vs. actual

	FY3/23		FY3/24		FY3/25	
	Plan	Actual	Plan	Actual	Plan	Actual
Sales (¥bn)	92.06	91.42	98.73	95.54	106.60	103.75
Operating Profit (¥bn)	10.01	11.40	10.69	10.44	12.50	11.59
Operating Margin (%)	10.9	12.5	10.8	10.9	11.7	11.2
ROE (%)	10.2	12.5	10.5	11.7	11.6	12.6

Source: Company, Astris Advisory

Importantly, AS ONE has significantly exceeded its cumulative shareholder capital return target of ¥11.50bn in its 2022 – 2025 Medium Term Strategic Plan, which it significantly exceeded by distributing ¥20.76bn of capital to shareholders during the period (¥12.11bn in dividends and ¥8.65bn in share buybacks).

2025 - 2027 medium-term strategic plan

AS ONE's new three-year Medium Term Strategic Plan for FY3/26 - FY3/28 focuses on sustaining its positive momentum and delivering steady and sustainable revenue growth while growing margins slightly through operating leverage and continued focus on efficiency. **We highlight that the financial targets outlined in the plan do not include growth through M&A.** If AS ONE were to execute accretive acquisitions, we expect to see upside to our growth targets.

Targeting sustained growth and expanding margins

2025 – 2027 Medium Term Strategic Plan financial targets

	FY3/25 Actual	FY3/28 Plan	Annual Growth (%)
Sales (¥bn)	103.8	130.0	+7.8
Operating Profit (¥bn)	11.6	14.8	+8.5
Operating Margin (%)	11.2	11.4	
ROE (%)	12.6	13.0	

Source: Company

There are 3 core pillars to the new Medium Term Strategic Plan.

Continuing to focus on e-commerce

- The Company believes it can continue to grow its e-commerce platform, targeting sales of ¥52.6bn by FY3/28, up +55% from ¥33.9bn in FY3/25 (+16% CAGR).
- Key initiatives include growing the already comprehensive product categories (e.g., reagents), expanding inventory management services for customers, and further penetrating the medical industry.

Supply chain optimization

- Investing ¥2.0bn in digital transformation initiatives, including data, inventory management, and automation systems to further increase efficiency. The goal is to connect inventory data across suppliers, distributors, and users.
- Investing ¥2.0bn to enhance logistics capabilities, including the construction of a new Kyushu Logistics Center (~7,377m², more than double the size of the current facility) and the integration of automated guided vehicles (AGVs) in existing facilities.

Expanding into new services and growing product offering:

- Grow private brand product sales to ¥42bn by FY3/28, up +26% from ¥33.4bn in FY3/25. AS ONE plans to introduce OEM co-developed and co-branded products to drive growth.
- AS ONE believes there is considerable opportunity to grow its Services business significantly to ¥5.3bn by FY3/28, up +33% from ¥4.0bn in FY3/25. The services business consists primarily of equipment rental and equipment calibration services, which are accretive to AS ONE’s margins. To support the growth, the Company will invest ¥2.8bn in a new Rental & Calibration Center (~6,000m²) scheduled for completion by the end of 2026.

Capital Allocation

AS ONE’s new Medium Term Plan also included a capital allocation outlook that, while strategically aligned with the prior plan, has shifted more towards a focus on growth, both organically and through M&A.

Capital allocation outlook targets significant M&A and Capex

2025 – 2027 Medium Term Strategic Plan capital allocation targets

(¥bn)	2021 – 2024 MTP Plan	2025 – 2027 MTP Plan	Change (%)
Shareholder Return	11.5	16.0	+39.1
Capital Expenditure	4.5	9.0	+100.0
M&A	**5.0**	**10.0**	**+100.0**

Source: Company

M&A in focus

The Company has budgeted ¥10.0bn for M&A in the plan, up +100% compared to the last period. Although AS ONE did not fully deploy the ¥5.0bn allocated for M&A last period, reflecting the Company's capital discipline and focus on cultural compatibility, we believe AS ONE could still deploy a meaningful amount of capital towards accretive acquisitions. Full deployment of the ¥10.0bn budgeted capital could meaningfully increase earnings.

We reiterate that AS ONE's Medium Term Plan financial targets do not include revenue or earnings contribution from M&A.

Progressive dividend policy and more buybacks

The new Medium Term Plan also has a stronger shareholder return focus vs. the prior plan, with the Company explicitly adopting a progressive dividend policy, aiming for increases annually (extending the 14 year growth streak). Targets include:

- **Dividend payout ratio of 50% or more** vs. 50% previously and progressive growth
- **Total shareholder return of 60-75%,** committing to opportunistically buy back shares to reach the total return target.

2035 long term strategic plan "AS ONE VISION 2035"

Along with the medium term strategic plan, AS ONE also released its long term strategic plan "AS ONE VISION 2035" with financial targets for FY3/35. Longer term it aims to be a "Visible, Connected, and Accessible" partner for its customers. The company believes "the collection of individual initiatives undertaken to expand the business is now converging to form a cohesive, broad-based strategy". **We think the strategy enhances the Company's defensiveness by integrating AS ONE deeper into customer workflows and thereby strengthening its competitive moat and also expanding its TAM.**

Targeting sustained growth and expanding margins long term

FY3/35 long term financial targets

	FY3/25 Actual	FY3/28 Plan	FY3/35 Target
Sales (¥bn)	103.8	130.0	200.0–300.0
ROE (%)	12.6	13.0	17.0

Source: Company

The longer-term financial target of ¥200bn-300bn of revenue and 17% ROE is achieved with a two-pronged approach:

- Continuous Growth – Continued growth in the core business, which AS ONE forecasts it should be on track to deliver ¥200bn of revenue if it can meet its new Medium Term Plan targets. Growth would be gradual and consistent with the current 8% CAGR.
- Non-Continuous Growth – M&A and entry into new business segments, such as more meaningful investments in equipment rental, high-value analytical instruments offerings, services, consulting, outsourcing, and laboratory design and construction as well as other opportunities that further embed AS ONE deeper into customer workflows. Growth driven by these initiatives would be inconsistent and variable.

Astris earnings estimates and key assumptions

Our core earnings estimates reflect the following key factors:

- Continued market share gain and product shelf expansion.
- AS ONE's established track record of financial and margin discipline.
- We have not factored in any M&A activity.

Astris Advisory earnings estimates

Year-end	FY3/26E	FY3/27E	FY3/28E
Sales	**112.48**	**121.04**	**129.94**
Growth YoY (%)	+8.4	+7.6	+7.4
OP (¥bn)	**12.37**	**13.50**	**14.75**
OPM (%)	11.0	11.0	11.0
EBITDA (¥bn)	**14.62**	**15.92**	**17.35**
EBITDA margins (%)	13.0	13.2	13.4
FCF (¥bn)	**6.32**	**7.93**	**8.76**
FCF margin (%)	5.6	6.5	6.7
FCF conversion (%)	49.2	56.7	57.5
FCF yield (%) (undiluted)	**3.4**	**4.3**	**4.7**
DPS (¥)	**63**	**69**	**75**
Dividend yield (%)	**2.6**	**2.8**	**3.1**

Source: Astris Advisory
Note: FCF conversion is FCF/Pre-tax Profit

The core assumptions of our estimates are as follows:

- **Sales growth** – We believe the Company will be able to sustain its high single digit revenue growth underpinned by an expanding product portfolio, increased e-commerce penetration, and investment into the dealer network to enhance market reach and customer retention
- **Profitability** – We forecast AS ONE will have an 11% operating margin, reflecting the company's deliberate strategy to balance profitability with ongoing investments in growth initiatives such as e-commerce expansion, private brand development, and logistics optimization.

Management and Board of Directors

8 members, 12.5% female ratio, 50.0% outside directors (Expected to have 9 members, 33.3% female ratio, 55.6% outside directors in late June)

Senior Management profiles

Takuji Iuchi – President, CEO, and Representative Director

Mr. Iuchi joined AS ONE Corporation in March 1994, having previously worked at Nittetsu Shoji Co., Ltd. (now Nippon Steel Trading Corporation). He was appointed to the Board of Directors in June 2005 and has held a range of senior leadership roles. He was appointed President and Representative Director of the Company in June 2009, a position he continues to hold. He also serves as Director of Inouchi Logistics Co., Ltd. He has no board or outside directorships at other listed companies and holds 309,900 shares.

Kazuhito Yamada – Director, COO and Head of Sales Division

Mr. Yamada joined the Company in March 1990, having previously worked at Toray Silicone Co., Ltd. (now DuPont-Toray Specialty Materials Co., Ltd.). He has held key leadership roles across sales, marketing, and strategic planning, including serving as General Manager of both East and West Japan Sales Departments, as well as Head of the Tokyo Office. He was appointed Director of AS ONE Corporation in June 2012, COO in April 2025 and has overseen the Sales Division since April 2022. He holds 111,300 shares and has no board or outside directorships at other listed companies.

Toshima Hara – Director, CIO

Mr. Hara joined AS ONE Corporation in June 2020 as an Outside Audit & Supervisory Board Member, following a long career in Japan's banking sector. He began his career at Kyowa Bank, Ltd. (now Resona Bank, Ltd.) in April 1982, later serving in senior executive positions, including Representative Director and Executive Vice President, at Resona Holdings, Inc., and Kansai Mirai Financial Group, Inc. Mr. Hara also served as the Representative Director and President of the listed IT company AGS. He was appointed Senior Managing Director of AS ONE Corporation in June 2023, overseeing the Accounting & Finance and DX Promotion Divisions. In April 2025, he was appointed CIO. He holds 2,700 shares and has no board or outside directorships at other listed companies.

Takeshi Nishikawa – Director, CFO and Head of Corporate Division

Mr. Nishikawa joined the Company in April 2000 and has held key roles in marketing and corporate planning. He was appointed Director in June 2020 and CFO in April 2025, and currently serves as Head of the Corporate Division and Officer Responsible for the IT Promotion Division. He also oversees the Sustainability Promotion Office and Health & Productivity Management. He holds 18,600 shares and has no board or outside directorships at other listed companies.

Director profiles

Kazuhiro Odaki – Outside Director

Mr. Odaki was appointed Outside Director of AS ONE Corporation in June 2018. A former official at the Ministry of Economy, Trade and Industry, he has held academic positions at Osaka University and Nihon University, where he is currently a Professor at the College of Economics. He holds 1,100 shares and has no board or outside directorships at other listed companies.

Kazutaka Suzuki – Outside Director and Member of Audit Committee

Mr. Suzuki joined AS ONE Corporation in June 2013 as an Outside Audit & Supervisory Board Member and became a Designated Audit & Supervisory Committee member in June 2023. He previously held various senior roles at Resona Bank, Ltd. and affiliated companies. He holds 2,700 shares and has no board or outside directorships at other listed companies.

Hideaki Mihara – Outside Director and Member of Audit Committee – Expected to resign on June 26

Mr. Mihara is a Certified Public Accountant and Licensed Tax Accountant. He established his own CPA office in 1996 after working at Ota Showa Audit Corporation (now Ernst & Young ShinNihon LLC). He has served as Outside Director and a member of AS ONE Corporation's Audit & Supervisory Committee since June 2021 and holds 1,400 shares. He also serves as an Outside Audit & Supervisory Board Member at Asahi Intelligence Service Co., Ltd. (TYO: 9799).

Michiko Kanai – Outside Director and Member of Audit Committee

Ms. Kanai has been a practicing attorney since 1990 and is a partner at Oh-Ebashi LPC & Partners. She brings extensive legal expertise and corporate governance experience to her roles. She joined AS ONE Corporation as an Outside Director in June 2020 and became a member of the Audit & Supervisory Committee in June 2023. Ms. Kanai also serves as an Outside Director (Audit & Supervisory Committee Member) at IDEC Corporation (TYO:6652), and as an Outside Director at Kondotec Inc (TYO:7438). She holds 3,200 shares in AS ONE Corporation.

Kumiyo Nakakouji – Outside Director – Expected to join the Board in late June

Ms. Nakakouji is a Professor at the School of Systems Information Science at Future University Hakodate, a position she has held since April 2019. Her prior academic career included serving as Visiting Associate Professor at Nara Institute of Science and Technology and Professor at the Research Center for Advanced Science and Technology at The University of Tokyo. She has served as an Outside Director of Nishio Holdings Co., Ltd. (TYO: 9699) since April 2023. She holds no shares in the Company.

Yuuko Miura – Outside Director and Member of Audit Committee – Expected to join the Board in late June

Ms. Miura was registered as a Certified Public Accountant in 2008. Her prior career includes experience at PwC Japan and Novartis Pharma K.K. She has served as a Outside Audit &

Supervisory Board Member at MIRARTH Holdings Co., Ltd. (TYO: 8897) since June 2020 and she also serves as an Outside Audit & Supervisory Board Member at Pacific Consultants Co., Ltd. since December 2023. She holds no shares in the Company.

Other Corporate Information

Contact details

Address
〒550-8527
2-1-27 Edobori, Nishi-ku, Osaka Japan
IR Dept.: asone_ir@so.as-1.co.jp

Source: Company

Shareholder details (as of March 2025)

Major shareholders	Stake (%)
IUCHI SHOEIDO	9.49
First Eagle Investment Management LLC	3.51
JPMorgan Asset Management (Japan) Ltd.	2.92
Nomura Asset Management Co., Ltd.	2.57
The Vanguard Group, Inc.	2.51
IUCHI IKUE	2.40
Fidelity Management & Research Co. LLC	1.98
IUCHI HIDEO	1.97
Northern Trust Investments, Inc. (Investment Management)	1.87

Source: Company, FactSet

Astris Quant Sheet

Share price chart and factor analysis (from April 2015)

Source: FactSet, Astris Advisory

Factors	2 Year Corr	5 Year Corr	10 Year Corr
Momentum: 12 Month - 1 Month Performance	-0.09	0.16	0.09
Quality: Free Cash Flow Yield	0.29	0.25	0.15
Growth: Operating Profit Growth	0.08	0.10	0.03
Value: Book to Market	-0.19	-0.07	-0.02

Source: FactSet

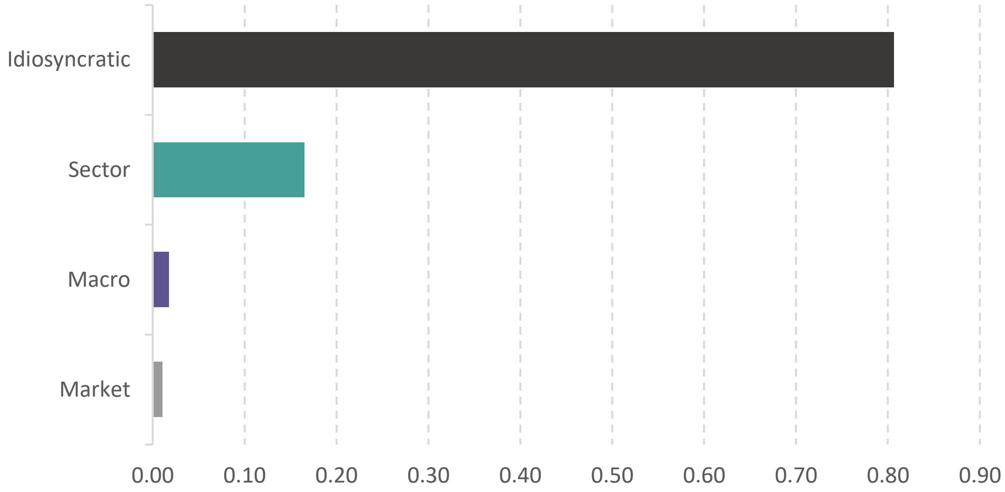
AS ONE's share price exhibits relatively low correlation with common equity market style factors over the long term, suggesting that its price movements are largely idiosyncratic rather than systematically factor-driven. Among the factors analyzed, the stock shows the strongest relationship with the Quality factor—measured by free cash flow yield—with a 2-year correlation of 0.29 and a 10-year correlation of 0.15. Conversely, it demonstrates a consistently negative correlation with the Value factor (book-to-market), particularly over the past two years (-0.19).

Calculation method and definition of factors in the time series

Universe	
TOPIX500	
Factor return calculation	
Quartile Range Analysis: Calculate the element return by subtracting the average performance of the lower quartile from the average performance of the upper quartile for each element forecasted for one month. This analysis is repeated monthly without considering transaction costs.	
Factor	
Momentum	
1-month return	
12-month return	Subtracting the most recent 1 month
Quality	
FCF yield (estimate)	
Growth	
Operating profit growth (estimate)	
Value	
Book-to-market ratio (actual)	

Source: FactSet

Drivers of stock price performance and multiple regression analysis (since April 2015)



Source: FactSet, Astris Advisory

AS ONE's share price is primarily driven by sector moves, notably the GICS Health Care sector which accounts for over 15% of share price movements. Macroeconomic factors exert very little impact, with the broader market being almost negligible.

Calculation method for multiple regression analysis

Multiple regression analysis
Perform regression analysis including all drivers, and conduct individual regression analysis by excluding one driver at a time. To quantify the specific impact of each driver, calculate the partial coefficient of determination (partial R-squared value) using the formula: (Residual Sum of Squares from regression analysis including all drivers - Residual Sum of Squares from regression analysis excluding one driver) / Residual Sum of Squares from regression analysis excluding one driver.

Source: FactSet

Multiple regression analysis results

Factors	2Y Corr	5Y Corr	10Y Corr
Market			
Topix 1st Section	0.30	0.49	0.45
Topix Small Cap Index	0.21	0.36	0.38
MSCI Japan	0.51	0.67	0.57
Sector			
Topix Precision Instruments	0.21	0.36	0.38
MSCI Japan Health Care	0.51	0.67	0.57
MSCI Japan Health Care Equipment & Services	0.26	0.46	0.42
Macro			
10Y JGB	-0.35	-0.25	-0.20
CPI Nationwide	-0.21	0.05	0.05
JPYUSD	0.21	0.09	-0.03
Industrial Production	-0.21	-0.11	-0.07
Eco Watchers Outlook	0.31	0.32	0.28

Source: FactSet

AS ONE shows a relatively strong correlation with the MSCI Japan Health Care Index (0.67 over 5 years), reflecting its exposure to the scientific and medical research sectors. In contrast, correlation with the Topix Small Cap Index is notably lower (0.36), suggesting limited alignment with broader small-cap trends. Overall, the stock appears more closely tied to healthcare sector dynamics than to general market or macroeconomic factors.

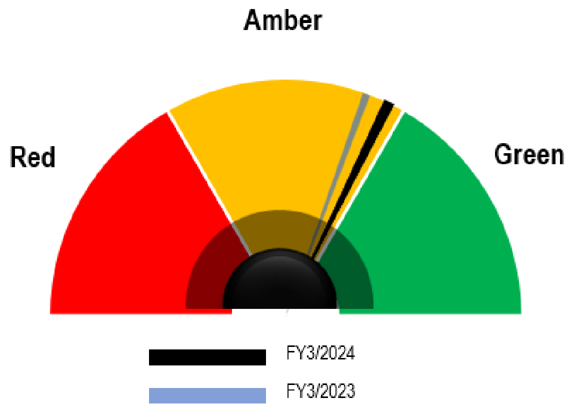
Astris-Sustainability ESG assessment

Ratings and scorecard

Our in-house Astris-Sustainability ESG model rates the company with a combined score of 63.6**%**, placing it in towards the high end of the 'Amber' rating of our assessment using data disclosures from FY3/24.

Our in-house methodology* takes what we have selected as core measurable ESG factors, ranking its performance versus its domestic GICS Health Care Equipment & Services peers with a market capitalization between ¥50bn to ¥500bn (a total of 28 companies).

Astris-Sustainability ESG model rating for AS ONE



Source: Astris Advisory (*Note – for details of our in-house rating system please contact Astris Corporate Advisory)

ESG scorecards

	FY3/23	FY3/24
Environmental (7 factors from a selected peer group)		
Astris Environmental score	**45.9**	**60.2**
Social (10 factors from a selected peer group)		
Astris Social score	**63.0**	**63.3**
Governance (36 factors from a selected peer group)		
Astris Governance score	**62.7**	**64.4**
TOTAL SCORE (Out of a total of 53 factors)	**60.6**	**63.6**

Source: Company, FactSet, Astris Corporate Advisory

Our methodology has highlighted the following key topics:

Environmental

AS ONE has provided a reasonable level of environmental disclosure, including data on greenhouse gas (GHG) emissions, water consumption, and waste generation. While there is room for improvement, the Company is demonstrating awareness of its environmental impact. Given that AS ONE operates as a distributor rather than manufactuer, its direct environmental impact is limited.

Social

The Company's core business—supporting scientific research and innovation—contributes positively to broader social value. Its ESG reporting places particular emphasis on gender diversity and employee well-being, indicating a focus on internal social sustainability. While there is scope to expand disclosure across a broader set of indicators, current efforts demonstrate a meaningful commitment to key social issues.

Governance

The corporate governance system at AS ONE is organized in the following manner:

- **Board of directors** – currently comprised of 9 board members led by CEO and Representative Director Takuji Iuchi, the senior management team (COO, CIO and CFO) and 5 independent directors, including 3 female directors. There are three outside auditors.
- **Audit and Supervisory Board meetings** – consisting of three outside Audit & Supervisory Board members. Each member conducts audits according to the annual plan and reports on the results and contents of these audits at Audit & Supervisory Board meetings held once a month (in principle).
- **Remuneration Committee** – comprised of 3 outside directors, the President and Representative Director acting as chair, and one internal director. Responsibilities include:
    - Nominations for and appointments of director candidates along with human resource policy proposals
    - Policy proposals for director compensation systems
    - Compensation condition proposals for directors (including calculation method)
    - Compensation condition proposals for individual directors (including calculation method)
    - Other matters requested by the President and Representative Director.

Controversies

We note we have been unable to find major recent controversies that may have significant financial or reputational repercussions for the company and its shareholders.

Areas of discussion

Highlighting key topics for investors

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

1. Medium-term strategic growth plan
    a. What are the factors or opportunities for AS ONE to exceed the medium-term targets?
    b. What risks could hinder sustainable growth over the medium to long term?
2. Geographic expansion
    a. Are overseas operations profitable? If not, is there a path towards profitability?
    b. Within the next 5 – 10 years, is it possible for the overseas business to contribute a more meaningful share of AS ONE's revenue?
3. Private Brand Strategy
    a. Has AS ONE saturated the product categories are suitable for PB products?
    b. How does AS ONE plan to increase the share of its PB products being sold?
    c. Beyond price, are there reasons for customers to purchase PB products?
4. M&A strategy
    a. How does AS ONE evaluate M&A targets? Is there a ROI hurdle or other KPI targets?
    b. AS ONE has acquired equipment makers, but would AS ONE consider acquiring dealers?
    c. With a major acquisition opportunity, how will financing be conducted?
5. Shareholder returns
    a. Would AS ONE consider a share buyback target alongside dividend payout target?
    b. Is there a valuation or share price level that would drive AS ONE to initiate meaningful share buybacks?

JGAAP Financial Summary

Income statement (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Sales	**95.54**	**103.75**	**112.48**	**121.04**	**129.94**
COGS	(66.29)	(72.44)	(78.74)	(84.25)	(90.18)
Gross profit	**29.25**	**31.32**	**33.74**	**36.80**	**39.76**
Gross profit margin (%)	30.6	30.2	30.0	30.4	30.6
Operating profit	**10.44**	**11.59**	**12.37**	**13.50**	**14.75**
OP margin (%)	10.9	11.2	11.0	11.2	11.4
Non-operating income	0.70	0.71	0.70	0.71	0.70
Non-operating expenses	(0.31)	(0.23)	(0.23)	(0.23)	(0.23)
Pre-tax profit	**10.83**	**11.83**	**12.84**	**13.97**	**15.22**
Tax	(3.33)	(3.60)	(3.92)	(4.26)	(4.64)
Effective tax rate (%)	30.7	29.8	30.5	30.5	30.5
Net income	**7.50**	**8.23**	**8.93**	**9.71**	**10.58**
Non-controlling NI	-	-	-	-	-
Parent attributable NI	**7.50**	**8.23**	**8.93**	**9.71**	**10.58**
Sales growth YoY (%)	+4.5	+8.6	+8.4	+7.6	+7.4
OP growth YoY (%)	-8.4	+11.1	+6.7	+9.1	+9.3
Pre-tax profit YoY (%)	-7.2	+9.3	+8.6	+8.8	+9.0
NI growth YoY (%)	-7.5	+9.7	+8.5	+8.8	+9.0

Balance sheet (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Cash & equivalents	13.19	22.57	24.83	28.95	33.18
Marketable securities	10.83	11.72	12.75	13.72	14.73
Accounts receivables	35.66	34.55	41.99	45.18	48.51
Other	1.55	1.12	1.83	1.97	2.11
Current assets	**61.23**	**69.96**	**81.40**	**89.83**	**98.53**
Tangible assets	8.11	8.17	8.67	9.22	9.80
Goodwill	-	-	-	-	-
Intangible assets	1.63	1.59	2.10	2.64	3.23
Investment	23.48	19.12	19.12	19.12	19.12
Other	1.38	1.31	1.31	1.31	1.31
Fixed assets	**34.60**	**30.18**	**31.20**	**32.28**	**33.45**
Total assets	**95.83**	**100.14**	**112.59**	**122.11**	**131.99**
Short term borrowing	1.29	2.44	2.44	2.44	2.44
Trade creditors	19.94	18.32	24.28	25.98	27.81
Other	4.87	5.74	6.01	6.47	6.91
Current liabilities	**26.10**	**26.49**	**32.73**	**34.89**	**37.15**
Long term borrowing	2.31	4.75	4.75	4.75	4.75
Other LT liabilities	2.75	2.18	2.18	2.18	2.18
Long term liabilities	**5.07**	**6.94**	**6.94**	**6.94**	**6.94**
Shareholder's equity	**64.54**	**66.60**	**72.81**	**80.17**	**87.79**
Share acquisitions rights	0.12	0.11	0.11	0.11	0.11
Non-controlling interests	-	-	-	-	-
Total net assets	**64.66**	**66.71**	**72.93**	**80.28**	**87.90**
Total liabilities & net assets	**95.83**	**100.14**	**112.59**	**122.11**	**131.99**

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	**10.83**	**11.83**	**12.84**	**13.97**	**15.22**
Depreciation/amortization	1.82	1.80	2.25	2.42	2.60
Changes in working capital	(2.17)	(1.33)	(2.95)	(2.15)	(2.21)
Other non-cash items	(0.06)	0.17	-	-	-
Tax paid	(3.93)	(3.16)	(3.92)	(4.26)	(4.64)
Cash from Operating Activities	**6.50**	**9.31**	**8.23**	**9.98**	**10.97**
Capex	(1.58)	(1.78)	(1.91)	(2.06)	(2.21)
Acquisitions/increase stakes	(0.42)	-	-	-	-
Other investing cash flow	0.07	2.63	1.35	1.99	1.67
Cash from Investing Activities	**(1.93)**	**0.85**	**(0.56)**	**(0.07)**	**(0.54)**
Total cash dividends paid	(4.10)	(4.23)	(4.49)	(4.89)	(5.28)
Debt issuance/(retirement)	(2.84)	3.59	-	-	-
Equity financing/(buybacks)	(2.08)	-	(1.00)	(1.00)	(1.00)
Other	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Cash from Financing Activities	**(9.04)**	**(0.66)**	**(5.50)**	**(5.90)**	**(6.29)**
FX impact	0.06	0.12	0.09	0.10	0.10
Net cash flow	**(4.41)**	**9.62**	**2.26**	**4.12**	**4.23**
Free cash flow	**4.92**	**7.53**	**6.32**	**7.93**	**8.76**
EBITDA	**12.26**	**13.39**	**14.62**	**15.92**	**17.35**
EBITDA margins (%)	12.8	12.9	13.0	13.2	13.4
Free cash flow margin (%)	5.1	7.3	5.6	6.5	6.7
Free cash flow conversion (%)	45.4	63.6	49.2	56.7	57.5
Capex/sales (%)	1.7	1.7	1.7	1.7	1.7
Capex/depreciation (%)	86.4	99.0	85.0	85.0	85.0
CFO margin (%)	6.8	9.0	7.3	8.2	8.4

Key metrics	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Profitability					
Gross margin (%)	30.6	30.2	30.0	30.4	30.6
Operating margin (%)	10.9	11.2	11.0	11.2	11.4
Net margin (%)	7.9	7.9	7.9	8.0	8.1
ROA (%)	7.8	8.4	8.4	8.3	8.3
ROE (%)	11.7	12.5	12.8	12.7	12.6
ROCE (%)	15.0	15.7	15.5	15.5	15.6
ROIC (%)	10.5	11.5	11.2	11.2	11.2
Liquidity					
Current ratio (x)	2.3	2.6	2.5	2.6	2.7
Quick ratio (x)	1.9	2.2	2.1	2.2	2.3
Leverage					
Debt/Equity ratio (x)	0.1	0.1	0.1	0.1	0.1
Net Debt/Equity ratio (x)	net cash	net cash	net cash	net cash	net cash
Equity ratio (x)	0.67	0.7	0.6	0.7	0.7
Interest cover (x)	N/A	N/A	N/A	N/A	N/A
Net Debt/EBITDA (x)	N/A	N/A	N/A	N/A	N/A
Valuation					
EPS reported (¥)	103.7	114.9	125.3	137.1	150.2
PER (x)	**23.7**	**21.4**	**19.6**	**17.9**	**16.4**
Diluted PER (x)	**56.0**	**62.0**	**63.0**	**69.0**	**75.0**
DPS (¥)	54.0	54.0	50.3	50.3	49.9
Dividend payout ratio (%)	2.3	2.5	2.6	2.8	3.1
Dividend yield (%)	**3.4**	**2.5**	**3.1**	**3.4**	**3.6**
Total shareholder return (%)	**2.7**	**4.1**	**3.4**	**4.3**	**4.7**
Free cash flow yield (%)	**2.7**	**4.1**	**3.4**	**4.3**	**4.7**
Diluted free cash flow yield (%)	**2.9**	**2.8**	**2.5**	**2.3**	**2.1**
PBR (x)	**1.7**	**1.5**	**1.4**	**1.3**	**1.2**
EV/sales (x)	13.0	11.9	10.9	10.0	9.2
EV/EBITDA (x)	15.2	13.7	12.9	11.8	10.8
EV/EBIT (x)	32.3	21.1	25.2	20.1	18.2
EV/FCF (x)	23.7	21.4	19.6	17.9	16.4

Disclaimers

This report has been prepared by Astris Advisory Japan K.K. This report is based on information obtained from public sources that Astris Advisory Japan K.K. believes to be reliable but which Astris Advisory Japan K.K. has not independently verified, and Astris Advisory Japan K.K. makes no guarantee, representation, or warranty as to its accuracy or completeness. This report does not and does not attempt to, contain everything material which there is to be said about the Company. Any opinions expressed herein reflect Astris Advisory Japan K.K.'s judgment at the time the report was prepared and are subject to change without notice. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of their subject matter to be materially different from current expectations.

This report has been prepared as general information, is therefore not intended as a personal recommendation of particular financial instruments or strategies, and does not constitute personal investment advice.

The analyst hereby certifies that (i) the views expressed in this report accurately reflect the research analyst's personal views about the company and the securities that are the subject of this report, and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to views expressed by that research analyst in this report.

The report has been prepared by Astris Advisory Japan K.K., a Japanese firm organized under the laws of Japan and supervised by the Japanese Financial Services Agency. Details about the extent of our regulation by local authorities are available from us upon request.

Conflict of interest

This report has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II.

Readers should assume that Astris Advisory Japan K.K. may currently or may in the coming three months and beyond be providing or seeking to provide IR/corporate advisory or other services to the company.

Investment in securities mentioned: Astris Advisory Japan K.K. has a restrictive policy over personal dealing for its directors, officers, employees, and service providers. Astris Advisory Japan K.K. does not conduct any investment business and does not hold any positions in the securities mentioned in this report.

Limitation of liability

Astris Advisory Japan K.K. assumes no liability as regards any investment, divestment, or retention decision taken by the investor based on this report. In no event will Astris Advisory Japan K.K. be liable for direct, indirect, incidental, special, or consequential damages (regardless of whether being considered foreseeable or not) resulting from the information in this report.