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ASTRIS CORPORATE ADVISORY JAPAN

MIXI Inc. (2121)

A strategic pivot to Sports

2 December 2025

Q2 FY3/26 results update

- **Momentum building in the Sports segment** – MIXI's Q1–2 FY3/26 results highlight a company in transition. Growth is increasingly driven by the Sports segment, supported by the consolidation of PointsBet Holdings and strong double-digit organic growth in Betting Sports. Underlying profitability in the Sports segment improved to an estimated 5.6% despite one-time acquisition costs. Meanwhile, Digital Entertainment is stable but declining, with an 11.1% sales decline YoY and challenges from falling MAU at 'MONSTER STRIKE', reinforcing the need for MIXI to establish a new earnings pillar. Capital allocated to the Sports Betting business should support overseas expansion and leverage the company's expertise in domestic social betting.

Building a global platform

- **New growth engine emerging** – With aspirations to become the market leader in social betting in Japan, Australia, and Canada, MIXI has taken a significant step in completing a 66.4% acquisition of PointsBet Holdings. With majority control, MIXI has established its strategic direction. However, rival bidder Betr Entertainment Limited holds 27.72% voting power, making it a significant minority shareholder. This dual-shareholder structure has created some additional complexity.
- **Valuations** – Based on our revised earnings estimates, the shares are trading at a FY3/27 PER of 14.5x and an FCF yield of 9.4%. The balance sheet remains cash-rich, with net cash and securities making up 46.3% of current market capitalization. Our assumptions for future total shareholder return imply a 100% payout ratio.

Year-end	3/24	3/25	3/26E	3/27E	3/28E
Sales (¥bn)	146.87	154.85	170.27	182.16	195.79
OP (¥bn)	19.18	26.60	20.81	20.40	21.36
NI (¥bn)	7.08	17.60	13.82	13.54	14.18
EPS (¥)	99.71	255.43	200.57	196.44	205.74
DPS (¥)	110.00	120.00	120.00	120.00	120.00
Sales growth YoY (%)	+0.0	+5.4	+10.0	+7.0	+7.5
OP growth YoY (%)	-22.7	+38.7	-21.8	-2.0	+4.7
NP growth YoY (%)	+37.2	+148.5	-21.5	-2.1	+4.7
EPS growth YoY (%)	+40.7	+156.2	-21.5	-2.1	+4.7
PER (x)	28.5	11.1	14.2	14.5	13.8
EV/EBITDA (x)	4.4	3.3	3.7	3.5	3.3
EV/Sales (x)	0.7	0.7	0.6	0.6	0.5
PBR (x)	1.2	1.1	1.1	1.2	1.2
ROE (%)	4.0	10.0	7.8	7.7	8.2
ROCE (%)	10.4	13.7	10.9	10.8	11.4
FCF yield (%)	2.8	10.3	6.4	9.4	8.5
Dividend yield (%)	3.9	4.2	4.2	4.2	4.2
Total shareholder returns (%)	7.6	7.9	7.0	6.8	7.1

Source: Company, Astris Advisory (estimates)

Share price: ¥2,844 Market cap: ¥202.9bn

Source: Bloomberg

Price Performance

	YTD	1M	3M	12M
Abs (%)	-6.8	-8.7	-13.2	+1.8
Rel (%)	-22.3	-9.0	-19.9	-17.3

Company sector

Entertainment Software
Entertainment (GICS)

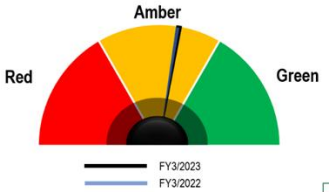
Stock data

Price (¥)	2,844
Mkt cap (¥bn)	202.9
Mkt cap ($m)	1,302.1
52-week range (¥)	2,755-3,945
Shares O/S (m)	71.3
Average daily value ($m)	4.0
Free float (%)	43.1
Foreign shareholding (%)	22.0
Ticker	2121
Exchange	Tokyo Prime
Net Debt/Equity (x)	N/A
FFO leverage (x)	N/A
BBG BUY | HOLD | SELL	0 | 2 | 0

Business Overview

MIXI Inc. is a digital content company with the 'MONSTER STRIKE' mobile gaming franchise, the 'FamilyAlbum' video and photo-sharing app, and sports interests ranging from professional sports clubs to sports betting services.

Astris-Sustainability ESG rating



Reference Ratings

MSCI	AA
Sustainalytics	24.4
Refinitiv	C
S&P Global	69.0
Bloomberg	3.05
CDP	D

Next events

Q3 FY3/26 results February 2026

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This report has been commissioned and paid for by the company

Recent results

Q1~2 FY3/26 results

Results in line overall, FY guidance revised

Key financials

(¥bn)	Q1~2 FY3/25	Q1~2 FY3/26	YoY (%)	FY3/26 guidance (old)	FY3/26 guidance (new)
Sales	**68.82**	**67.43**	**-2.0**	**155.00**	**168.00**
Gross profit/(loss)	45.57	44.84	-1.6	-	-
Gross margins (%)	***66.2***	***66.5***		-	-
SG&A costs	36.82	37.63	+2.2	-	-
Operating profit/(loss)	**8.75**	**7.21**	**-17.5**	**20.00**	**20.00**
Operating margins (%)	***12.7***	***10.7***		***12.9***	***11.9***
Recurring profit	9.02	7.22	-20.0	19.00	19.00
Net income attributable to the parent	5.23	4.90	-6.1	13.00	13.00

Source: Company

Revenue decline at Digital Entertainment offset by Sports and Investment

Per business segment (pre-elimination)

(¥bn)	Q1~2 FY3/25	Q1~2 FY3/26	YoY (%)
Sales			
Digital Entertainment	40.14	35.69	-11.1
Lifestyle	5.46	7.09	+30.0
Sports	18.24	21.98	+20.5
Investment	4.95	2.64	-46.8
Segment profit/(loss)			
Digital Entertainment	16.18	16.57	+2.5
Lifestyle	(0.51)	0.07	N/A
Sports	0.72	0.44	-38.6
Investment	2.41	1.47	-39.1
Segment profit margins (%)			
Digital Entertainment	40.3	46.4	
Lifestyle	-9.4	1.0	
Sports	3.9	2.0	
Investment	48.6	55.5	

Source: Company

Key highlights

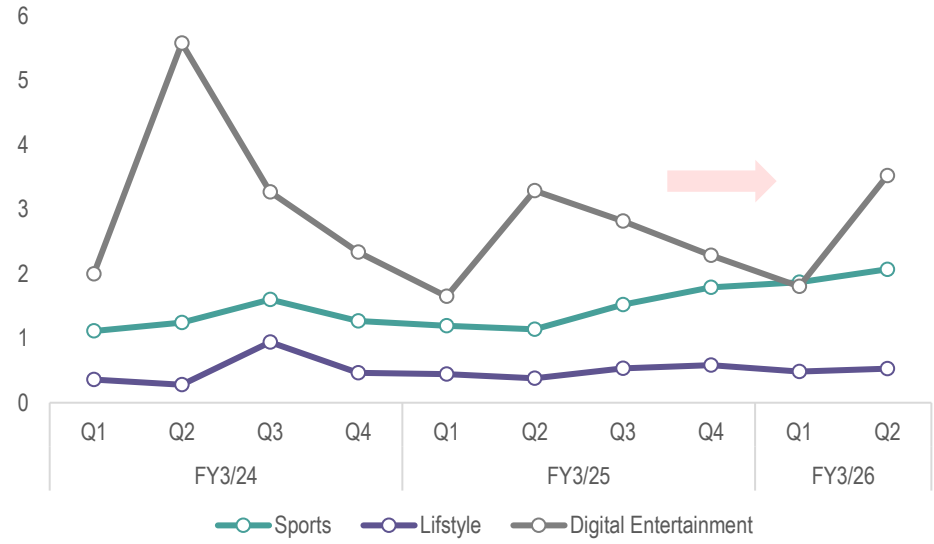
Looking at Q1-2 FY3/26 results, we believe **MIXI's transformation is becoming increasingly evident**, driven by the 66.4% acquisition of PointsBet Holdings, strong double-digit growth in the existing Sports segment, and the ever-maturing, cash-generative Digital Entertainment business. **Capital is being allocated to the Betting business** to support overseas expansion and leverage the company's expertise in domestic social betting.

The Sports segment is demonstrating the most sustainable growth profile in Q1-2 FY3/26, with organic growth from the Betting Sports business (primarily at TIPSTAR and Net Dreamers) contributing to 20.5% YoY sales growth, and despite the Spectator Sports business having faced high hurdles YoY. Underlying segment profitability reached an estimated 5.6%, an improvement YoY (Q1-2 FY3/25 at 3.9%) and above the reported 2.0% margin, reflecting the one-time ¥0.8bn expense related to the PointsBet Holdings acquisition.

Digital Entertainment has experienced an 11.1% decline in sales in Q1-2 FY3/26, and despite segment profit being stable YoY, the drop in MAU for the title 'MONSTER STRIKE' warrants reflection. While this cash cow business will continue to generate high returns, this acts as a reminder that the company has a window to scale a new, meaningful earnings driver.

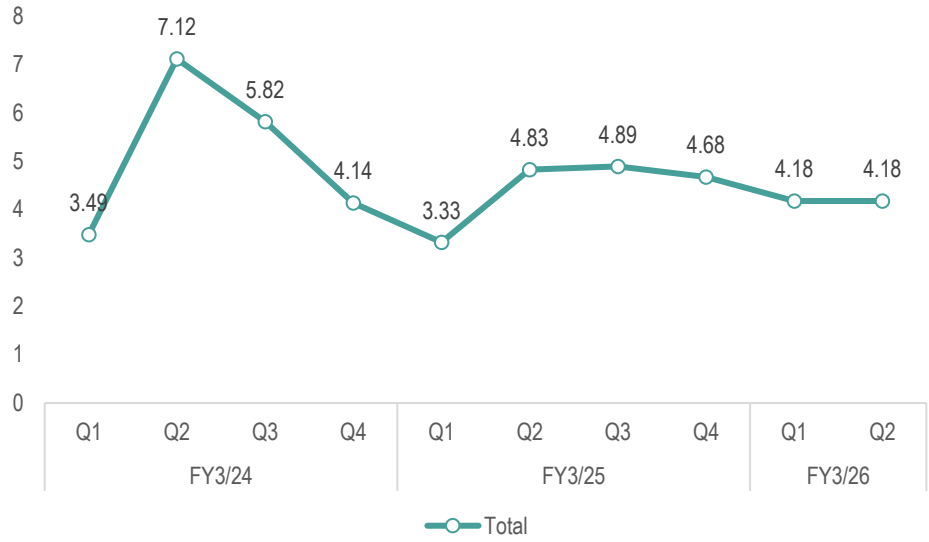
Digital Entertainment advertising spend is in line with the previous FY

Advertising spend per segment (¥bn)



Source: Company

Total advertising spending (¥bn)



Source: Company

The key takeaways per segment for Q1-2 FY3/26 are as follows:

- **Digital Entertainment segment** – MAU continues to trend down. Cost optimization efforts are ongoing, and there is potential for further margin enhancement into H2 FY3/26.
- **Lifestyle segment** – Sales growth of 30.0% YoY was driven by FamilyAlbum Premium subscriptions and GPS Guardian plans, and the segment recorded its first-ever second-quarter profit in Q2 FY3/26. User acquisition remains a high priority overseas to scale the business in the long term.
- **Sports segment** – Segment sales grew 20.5% YoY, driven by the TIPSTAR (keirin (cycle) team sports) betting service. Underlying segment profitability reached an estimated 5.6%, an improvement YoY (Q1-2 FY3/25 at 3.9%) and above the reported 2.0% margin, reflecting the one-time ¥0.8bn expense related to the PointsBet Holdings acquisition.
- **Investments segment** – the ¥1.7bn fund dividend distribution was a positive surprise, with AUM remaining steady YoY at ¥38.72bn (+2.6% HoH).

MIXI has net cash of ¥54.22bn, investment securities of ¥31.48bn, marketable securities of ¥2.84bn, and long-term investments of ¥5.36bn, totalling ¥93.90bn (46.3% of current market capitalization).

Update on the acquisition of PointsBet Holdings

With aspirations to become the market leader in social betting in Japan, Australia, and Canada, MIXI has taken a significant step in completing a 66.4% acquisition of PointsBet Holdings (PBH AU), an online bookmaker focused on sports and racing betting, as well as iGaming (online casino) operations. The ¥25.53bn consideration has been funded by short-term debt, and the company will be reflected in the P&L as a newly consolidated subsidiary from H2 FY3/26. The total goodwill balance has risen to ¥26.46bn (FY3/25: ¥7.27bn) on the

balance sheet, alongside an increase in customer-related intangible assets to ¥12.25bn (FY3/25: ¥4.28bn).

The company made the initial announcement of its acquisition of PointsBet Holdings in February 2025 via an all-cash Scheme of Arrangement (SOA) offer, which was followed by a counteroffer from Betr Entertainment Limited (BBT AU). MIXI made a revised takeover offer as an off-market transaction in June 2025 and acquired a 66.4% stake in September 2025. The planned complete acquisition did not materialize.

We make the following observations:

- MIXI has majority control and has consolidated PointsBet Holdings, and controls its board of directors and strategic direction. MIXI has already appointed three outside directors.
- Betr Entertainment Limited has 27.72% voting power, becoming a significant minority shareholder. This dual-shareholder structure has created additional complexity, with contested ownership that potentially allows the blocking of special resolutions.

MIXI has achieved its intended entry into global betting, but the ownership structure may constrain the complete strategic freedom, synergies, and optionality originally envisioned.

Revision to FY3/26 guidance

The company has revised FY3/26 guidance, taking into account the following:

- **66.4% acquisition of PointsBet Holdings** – consolidating the company under the Betting Sports business, impacting the P&L starting in H2 FY3/26.
- **Increase in EBITDA** – The ¥2.0bn semi-annual uplift in depreciation and amortization – this stems from the ¥1.2bn goodwill and ¥0.8bn intangible asset amortization from PointsBet Holdings.
- Changes via segment:
    - Digital Entertainment – both sales and profit have been lowered to reflect a higher-than-expected fall in MAU in H1 FY3/26. Cost optimization efforts should improve margins in H2 FY3/26.
    - Sports – sales in the Spectator Sports business have been raised to reflect stronger than expected performance in H1 FY3/26. Segment profit has risen to reflect profitability at Net Dreamers (horse racing content website) and TIPSTARS (keirin, cycle team sports) betting services in H1 FY3/26 – there is no acquisitive impact from PointsBet Holdings, despite expectations of generating positive earnings due to consolidation-related expenses.
    - Investment – the ¥1.7bn fund dividend distribution in H1 FY3/26 was not previously included in guidance; this has resulted in lifting the FY outlook.

The company has also included cost savings from implementing AI in its revised guidance. Having initially flagged investment costs of ¥2.0 billion for AI technology, these have now been updated to ¥1.0 billion; cost savings this FY are expected to be also ¥1.0 billion.

There has been no change to FY3/26 DPS of ¥120 (flat YoY).

For FY3/26, we believe the focus will be on marketing initiatives to expand the customer base through advertising and points campaigns at TIPSTAR in the Sports segment, which will result in some limits on margin expansion.

Revised guidance highlights expansion in the Sports segment

Revised FY3/26 company guidance, and our normalized comps YoY

(¥bn)	FY3/25	FY3/26 CE (old)	FY3/26 CE (new)	Direction of revision	YoY (%)	*FY3/25 normalized	Normalized YoY (%)
Sales	**154.85**	**155.00**	**168.00**	↗	**+8.5**	**150.51**	**+11.6**
Digital Entertainment	94.08	90.00	84.00	↘	-10.7		
Lifestyle	14.80	18.00	18.00	=	+21.6		
Sports	40.21	45.00	62.50	↗	+55.4		
Betting Sports	*28.67*	*34.00*	*50.00*	↗	*+74.4*		
Spectator Sports	*11.53*	*11.00*	*12.50*	↗	*+8.4*		
Investment	5.70	2.00	3.50	↗	-38.6	1.36	+157.4
EBITDA	31.96	25.00	27.00	↗	-15.5	-	
Segment profit	**26.60**	**20.00**	**20.00**	=	**-24.8**	**24.48**	**-18.3**
Digital Entertainment	44.29	43.00	42.00	↘	-5.2		
Lifestyle	(0.13)	-	-	=	N/A		
Sports	2.00	0.50	2.00	↗	-		
Investment	1.98	(0.50)	0.50	↗	-74.7	(0.14)	N/A
**Eliminations	(21.54)	(23.00)	(24.50)	↘	N/A		
Segment margin (%)	***17.2***	***12.9***	***11.9***	↘			
Digital Entertainment	*47.1*	*47.8*	*50.0*	↗			
Lifestyle	*-0.9*	-	--	=			
Sports	*5.0*	*1.1*	*3.2*	↗			
Investment	*34.8*	*-25.0*	*14.3*	↗			
Recurring profit	**26.51**	**19.00**	**19.00**		**-28.3**	**-**	
Net income attributable to the owners of the Parent	**17.60**	**13.00**	**13.00**	=	**-26.1**	**-**	
EPS (¥)	255.43	191.84	193.34	↗	-24.9	-	-
DPS (¥)	120.0	120.0	120.0	=	-	-	-

Source: Company
*Note: Normalized for our estimated sales and OP contribution from the sale of Timee (215A) shares – sales ¥4.34bn, OP ¥2.12bn
**Note: Eliminations are calculated by deducting total segment profit from guidance OP

Shareholder returns

The company has engaged positively with investors and revised its total shareholder payout policy at the FY3/24 results. Previously, it was stated that its policy aims for a total shareholder return ratio of 100% if the return on equity (ROE) does not exceed the company's cost of equity, which was disclosed as 7.4% in FY3/24 and 6.7% in FY3/25. Although the basic policy is to aim for a dividend payout ratio of 20% or a dividend on equity (DOE) of 5%, MIXI's updated position is to maintain a total shareholder return ratio of over 100% until its three-year average return on equity (ROE) exceeds its cost of equity; the 3-year average ROE stands at 5.6% for FY3/23-FY3/25.

Shareholder returns for FY3/25 shareholders are as follows:

- DPS ¥120 (flat YoY).
- A share repurchase program has been authorized, with a maximum amount of ¥9.5bn and a cap of 4.75 million shares in the market.
- To be conducted between May 15th, 2025, and the end of March 2026.

- This gives an implied total payout ratio of 100.9%.

Astris earnings estimates and key assumptions

We have revised our earnings estimates for FY3/26 and beyond. The core changes are:

- Acquisitive impact of PointsBet Holdings on sales and OP/EBITDA from annual amortization costs of approximately ¥4.0bn.
- Earnings from the Digital Entertainment segment continue a flat to down trajectory.

Astris Advisory earnings estimates

Year-end	FY3/26 guidance (old)	FY3/26 guidance (new)	FY3/26E (old)	FY3/26E (new)	FY3/27E (old)	FY3/27E (new)	FY3/28E (old)	FY3/28E (new)
Sales	**155.00**	**168.00**	**156.10**	**170.27**	**161.41**	**182.16**	**171.34**	**195.79**
Growth YoY (%)	+0.1	+8.5	+0.9	+10.0	+3.3	+7.0	+6.2	+7.5
OP (¥bn)	**20.00**	**20.00**	**22.62**	**20.81**	**24.80**	**20.40**	**27.04**	**21.36**
OPM (%)	12.9	11.9	14.5	12.2	15.4	11.2	15.8	10.9
EBITDA (¥bn)	**25.00**	**27.00**	**27.31**	**27.92**	**29.64**	**29.87**	**32.18**	**31.23**
EBITDA margins (%)	16.1	16.1	17.5	16.4	18.4	16.4	18.8	16.0
FCF (¥bn)	**-**	**-**	**14.35**	**12.90**	**18.97**	**19.13**	**17.53**	**17.23**
FCF margin (%)	-	-	9.2	7.6	11.8	10.5	10.2	10.5
FCF conversion (%)	-	-	63.6	62.2	76.8	94.1	65.0	94.1
FCF yield (%) (undiluted)	**-**	**-**	**6.9**	**6.2**	**9.2**	**9.3**	**8.5**	**8.3**
DPS (¥)	**120.0**	**120.0**	**120.0**	**120.0**	**120.0**	**120.0**	**120.0**	**120.0**
Dividend yield (%)	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**
Total shareholder returns (%)	**N/A**	**N/A**	**7.0**	**6.8**	**7.6**	**6.7**	**8.3**	**7.0**

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

The core assumptions of our estimates remain as follows:

- **Sales growth** – Acquistive growth from PointsBet Holdings (approximately ¥13bn for H2 FY3/26); overall high single-digit sales growth expectations as the Lifestyle and other Sports businesses contribute more to the top line.
- **Profitability** – Recognizing the increased annual amortization from PointsBet Holdings, and falling segment profit at the maturing Digital Entertainment segment. Higher and stable margins through cost optimization and improving profitability in the Sports and Lifestyle segments.
- **Free cash flow generation** – We estimate the company will sustain free cash flow generation, with FCF margins in the high single-digit to low teens, with limited capex requirements.

For total shareholder returns, we estimate a 100% total shareholder payout ratio for FY3/26 and beyond.

Summary

Leading domestic mobile game developer with key title 'MONSTER STRIKE'

MIXI Inc. is a digital content company with mobile gaming as its sole earnings driver, built around its 'MONSTER STRIKE' IP. The title has over 64 million downloads to date and celebrated its 10th anniversary in FY3/24. However, operating in a mature domestic gaming market limits the company's growth and future earnings visibility.

The company has set out initiatives to drive business growth and enhance corporate value. We believe the key areas to be 1) scaling Betting Sports with the TIPSTAR service, 2) strengthening monetization efforts for children's private video and photo-sharing app FamilyAlbum, 3) the planned release of MONSTER STRIKE in the Indian market, and 4) a continued positive stance on shareholder returns. The 66.4% acquisition of PointsBet Holdings in September 2025 signals overseas expansion and potential accretive earnings.

Instigating a positive lifecycle change via accelerating monetization in Lifestyle, and overseas expansion

We view the company as embarking on a **transformative change**, aiming to address the following:

- **Aligning the business toward growth** by accelerating monetization efforts in the Lifestyle segment with the video and photo-sharing app 'FamilyAlbum'.
- **Overseas market expansion**, gaining exposure to larger addressable markets in Lifestyle, Digital Entertainment, and Sports (betting) business segments.
- **Raising headline returns** such as ROE through a combination of margin improvement and balance sheet optimization.

The key financial target is to raise ROE above the cost of equity.

Astris Advisory estimates MIXI Inc. will drive medium-term growth via the following factors:

- Sales – single-digit sales growth expectations as the Lifestyle and Sports businesses contribute more to the top line.
- Profitability – stable margins as the previously loss-making Lifestyle and Sports segments contribute positive OP despite changing the sales mix.

Scope to optimize the balance sheet, and increase total shareholder returns

The shares are trading on an estimated FY3/26 PER 14.5x, FCF yield of 9.4%, and total shareholder return of 6.8%.

Company description

Overview

Digital content company with historical legacy in social platforms, shifting onto other services such as games and photosharing

Established in 1999 as E-Mercury, **MIXI Inc. is a digital content company** known for its social networking services and mobile gaming platforms. Founded in 1997 by Kenji Kasahara, MIXI initially launched a web-based community platform in 2004, later expanding into mobile gaming. The release of MONSTER STRIKE in 2013 was a watershed moment, **propelling the company into a major mobile gaming powerhouse** – to date, the title has had over 64 million downloads (October 2025).

In September 2025, the company acquired a 66.4% stake in PointsBet Holdings, an online bookmaker focused on sports and racing betting, as well as iGaming (online casino) operations.

Business expansion efforts have been ongoing with the establishment of the Lifestyle business segment, launching the private photo and video sharing service FamilyAlbum in 2015. To date, there have been over 27 million downloads, with approximately 40% from overseas. Since 2019 the company has built up a Sports business segment primarily by M&A with a two-pronged focus to 1) create synergies between spectator sports and digital content with the company's professional teams F.C. Tokyo (football) and Chiba Jets (basketball), and 2) operate in the publicly-managed betting sport market for keirin (cycling), operating velodromes and developing an online community.

Long-term vision to transform the business, on a path towards a positive lifecycle change

The basic business strategy has been to effectively utilize cash flow generated by the Digital Entertainment business and engage in M&A and organic growth efforts to create new earnings pillars. Despite the domestic mobile gaming market's current trajectory of maturity, the company has yet to provide concrete evidence of progress in establishing new earnings drivers.

We view the company as on a path towards a constructive lifecycle shift, maintaining a cash cow mobile game business whilst developing new earnings pillars in the Sports and Lifestyle segments.

The company has four core segments:

- **Digital Entertainment segment** – the core game title is MONSTER STRIKE, a F2P multiplayer action RPG. The company aims to increase its IP's economic footprint via different media and merchandising.
- **Lifestyle segment** – the key service is FamilyAlbum, a private photo and video-sharing app.
- **Sports segment** – operating professional football and basketball teams as spectator sports businesses, combined with social platforms like TIPSTAR and managing publicly-managed betting for cycling and the operation of velodromes. The acquisition of PointsBet Holdings will spearhead overseas expansion in the Sports Betting business.
- **Investment segment** – classified as a reportable segment from FY3/23, investments are made in start-ups and venture capital funds.

Focus on the sports business segment commenced in 2019 via M&A

Timeline summary

Key dates	Details
June 1999	Established as E-Mercury, Y.K. running a recruitment site 'Find Job'.
February 2004	The official launch of the social network 'mixi'.
September 2006	Listed on the Mothers section of the Tokyo Stock Exchange
October 2013	**The official launch of the mobile game 'MONSTER STRIKE'.**
April 2015	The official launch of 'FamilyAlbum'.
February 2019	Acquired 100% of Chari Loto Co., Ltd., which provides internet services for cycle race sports betting.
October 2019	Acquired 100% of Chiba Jets Funabashi Co., Ltd., the operator of the Chiba Jets professional basketball team.
November 2019	Acquired 100% of Net Dreamers Co., Ltd., which operates comprehensive horse racing information media "netkeiba.com".
June 2020	The official launch of the sports betting service TIPSTAR allows users to bet together. Transferred to the First section of the Tokyo Stock Exchange.
April 2022	Transferred to the Prime section of the Tokyo Stock Exchange.
September 2025	**66.4% acquisition of PointsBet Holdings**

Source: Company, Refinitiv

JGAAP Financial Summary

Income statement (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Sales	**146.87**	**154.85**	**170.27**	**182.16**	**195.79**
COGS	44.24	48.80	53.63	57.38	61.67
Gross profit	**102.63**	**106.04**	**116.63**	**124.78**	**134.12**
Gross profit margin (%)	69.9	68.5	68.5	68.5	68.5
Operating profit	**19.18**	**26.60**	**20.81**	**20.40**	**21.36**
OP margin (%)	13.1	17.2	12.2	11.2	10.9
Non-operating income	0.73	0.68	0.70	0.69	0.70
Non-operating expenses	(4.23)	(0.77)	(0.77)	(0.77)	(0.77)
Recurring profit	**15.67**	**26.51**	**20.74**	**20.32**	**21.29**
Extraordinary gains	0.05	0.49	-	-	-
Extraordinary losses	(3.09)	(0.57)	-	-	-
Pre-tax profit	**12.63**	**26.44**	**20.74**	**20.32**	**21.29**
Tax	(5.69)	(8.79)	(6.88)	(6.74)	(7.06)
Effective tax rate (%)	36.3	33.1	33.1	33.1	33.1
Net income	**6.94**	**17.64**	**13.87**	**13.59**	**14.23**
Non-controlling NI	(0.14)	0.04	0.05	0.05	0.05
Parent attributable NI	7.08	17.60	13.82	13.54	14.18
Sales growth YoY (%)	+0.0	+5.4	+10.0	+7.0	+7.5
OP growth YoY (%)	-22.7	+38.7	-21.8	-2.0	+4.7
Pre-tax profit YoY (%)	+12.2	+109.3	-21.5	-2.0	+4.7
NI growth YoY (%)	+37.2	+148.5	-21.5	-2.1	+4.7

Cash flow statement (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Profit before tax	**12.63**	**26.44**	**20.74**	**20.32**	**21.29**
Depreciation/amortization	4.32	5.09	7.11	9.46	9.87
Changes in working capital	(7.99)	(4.93)	(5.18)	(0.82)	(3.54)
Other non-cash items	8.48	2.82	-	-	-
Tax paid	(8.25)	(1.94)	(6.88)	(6.74)	(7.06)
Cash from Operating Activities	**9.18**	**27.48**	**15.79**	**22.23**	**20.56**
Capex	(3.46)	(6.48)	(2.89)	(3.10)	(3.33)
Acquisitions/increase stakes	-	(0.07)	-	-	-
Other investing cash flow	(3.39)	(7.93)	(5.66)	(6.80)	(6.23)
Cash from Investing Activities	**(6.85)**	**(14.49)**	**(8.56)**	**(9.89)**	**(9.56)**
Total cash dividends paid	(7.88)	(7.65)	(8.27)	(8.27)	(8.27)
Debt issuance/(retirement)	(0.35)	4.95	-	-	-
Equity financing/(buybacks)	(7.52)	(7.48)	(5.55)	(5.27)	(5.91)
Other	0.02	(0.20)	(0.20)	(0.20)	(0.20)
Cash from Financing Activities	**(15.73)**	**(10.38)**	**(14.02)**	**(13.74)**	**(14.38)**
FX impact	0.39	(0.12)	0.13	0.00	0.07
Net cash flow	**(13.01)**	**2.49**	**(6.65)**	**(1.40)**	**(3.31)**
Free cash flow	**5.72**	**20.99**	**12.90**	**19.13**	**17.23**
EBITDA	**23.50**	**31.69**	**27.92**	**29.87**	**31.23**
EBITDA margins (%)	16.0	20.5	16.4	16.4	16.0
Free cash flow margin (%)	3.9	13.6	7.6	10.5	8.8
Free cash flow conversion (%)	45.3	79.4	62.2	94.1	81.0
Capex/sales (%)	2.4	4.2	1.7	1.7	1.7
Capex/depreciation (%)	80.2	127.3	40.7	32.7	33.7
CFO margin (%)	6.3	17.7	9.3	12.2	10.5

Balance sheet (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Cash & equivalents	105.91	110.67	104.01	102.62	99.31
Inventory	0.57	0.62	0.68	0.73	0.79
Accounts receivables	12.99	15.57	17.12	18.32	19.69
Other	34.77	43.07	47.36	50.67	54.46
Current assets	**154.24**	**169.93**	**169.18**	**172.34**	**174.25**
Tangible assets	17.53	20.02	20.05	19.70	19.39
Goodwill	8.47	7.27	6.28	5.30	4.32
Intangible assets	8.49	7.53	7.55	7.21	6.90
Investment	7.39	6.02	6.02	6.02	6.02
Other	11.22	14.78	14.78	14.78	14.78
Fixed assets	**53.11**	**55.61**	**54.68**	**53.01**	**51.41**
Total assets	**207.34**	**225.54**	**223.86**	**225.35**	**225.66**
Short-term borrowing	1.10	1.87	1.87	1.87	1.87
Trade creditors	-	-	-	-	-
Other	21.89	29.52	30.23	33.96	35.64
Current liabilities	**22.99**	**31.38**	**32.10**	**35.83**	**37.50**
Long-term borrowing	6.34	10.59	10.59	10.59	10.59
Other LT liabilities	2.28	2.24	2.24	2.24	2.24
Long-term liabilities	**8.62**	**12.83**	**12.83**	**12.83**	**12.83**
Shareholder's equity	**173.41**	**178.98**	**176.46**	**174.12**	**172.64**
Share acquisition rights	1.11	1.08	1.08	1.08	1.08
Non-controlling interests	1.21	1.27	1.40	1.49	1.61
Total net assets	**175.73**	**181.33**	**178.94**	**176.69**	**175.33**
Total liabilities & net assets	**207.34**	**225.54**	**223.86**	**225.35**	**225.66**

Key metrics	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Profitability					
Gross margin (%)	69.9	68.5	68.5	68.5	68.5
Operating margin (%)	13.1	17.2	12.2	11.2	10.9
Net margin (%)	4.8	11.4	8.1	7.4	7.2
ROA (%)	3.3	8.1	6.2	6.0	6.3
ROE (%)	4.0	10.0	7.8	7.7	8.2
ROCE (%)	10.4	13.7	10.9	10.8	11.4
ROIC (%)	6.6	9.6	7.3	7.3	7.7
Liquidity					
Current ratio (x)	6.7	5.4	5.3	4.8	4.6
Quick ratio (x)	6.7	5.4	5.2	4.8	4.6
Leverage					
Debt/Equity ratio (x)	0.0	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)	0.8	0.8	0.8	0.8	0.8
Interest cover (x)	336.4	239.6	208.9	204.8	95.3
Net Debt/EBITDA (x)	N/A	N/A	N/A	N/A	N/A
Valuation					
EPS reported (¥)	99.7	255.4	200.6	196.4	205.7
PER (x)	**28.5**	**11.1**	**14.2**	**14.5**	**13.8**
Diluted PER (x)	**28.6**	**11.1**	**14.2**	**14.5**	**13.8**
DPS (¥)	110.0	120.0	120.0	120.0	120.0
Dividend payout ratio (%)	110.3	47.0	59.8	61.1	58.3
Dividend yield (%)	**3.9**	**4.2**	**4.2**	**4.2**	**4.2**
Total shareholder return (%)	**7.6**	**7.9**	**7.0**	**6.8**	**7.1**
Free cash flow yield (%)	**2.8**	**10.3**	**6.4**	**9.4**	**8.5**
Diluted free cash flow yield (%)	**2.8**	**10.3**	**6.4**	**9.4**	**8.5**
PBR (x)	**1.2**	**1.1**	**1.1**	**1.2**	**1.2**
EV/sales (x)	0.7	0.7	0.6	0.6	0.5
EV/EBITDA (x)	4.4	3.3	3.7	3.5	3.3
EV/EBIT (x)	5.4	3.9	5.0	5.1	4.8
EV/FCF (x)	18.1	4.9	8.0	5.4	6.0

Source: Company, Astris Advisory (estimates)

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