



CLICK TO REQUEST A
COMPANY CALL/MEETING

Mitsubishi Research Institute (3636)

Focus on restoring business momentum

18 November 2025

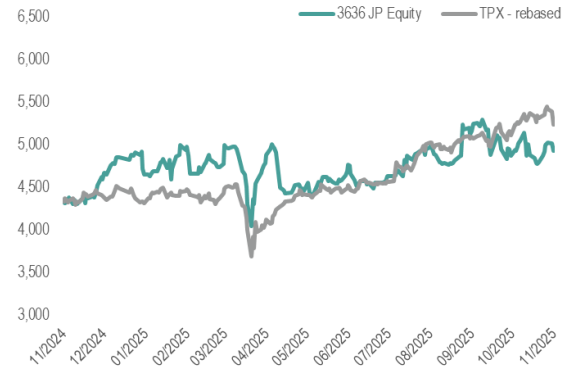
Q4 FY9/25 results update

- Positioned to rebuild** – FY9/25 results saw MRI record YoY revenue growth for the first time in two years, profit growth for the first time in three years, and a record-high GPM of 23.7% driven by high consultant utilization. Earnings visibility is improving, driven by strong order growth (+19.4 % YoY at TTC) and a rising backlog. However, we believe FY9/26 guidance indicates management’s priority is to rebuild the business, with key initiatives to expand the concentration domains in TTC (electric power and energy, medical and long-term care, business analytics and AI) and the growth area in ITS (public and electric power, HR and education, financial, DA and AI). However, challenges remain, particularly in increasing capacity through new hires.

Revising our earnings estimates

- Guidance points to moderated growth prospects** – MRI’s FY9/26 guidance reflects management’s priority on investments in business and human capital (headcount expansion, compensation enhancements, and recruitment costs), along with efficiency improvements through AI, and strengthened internal foundations such as R&D and information systems. Accordingly, the company prioritizes capital allocation toward capital expenditures and growth initiatives. We have lowered our earnings estimates to reflect these factors, with the view that a steady growth profile will return from FY9/27 as these strategic investments begin to translate to improving performance.
- Valuations** – On our revised earnings estimates, the shares are trading on FY9/26 PER 13.2x, FCF yield of 3.6%, and a total shareholder yield of 3.3%.

Share price: ¥4,930 Market cap: ¥79.1bn



Source: Bloomberg

Price Performance				
	YTD	1M	3M	12M
Abs (%)	+1.6	+1.1	-0.8	+13.6
Rel (%)	-12.9	-1.4	-4.8	-5.9
Company sector				
Computer Services				
IT Services (GICS)				
Stock data				
Price (¥)	4,930			
Mkt cap (¥bn)	79.1			
Mkt cap (\$m)	510.3			
52-week range (¥)	3,880-5,350			
Shares O/S (m)	16.0			
Average daily value (\$m)	0.9			
Free float (%)	58.8			
Foreign shareholding (%)	13.6			
Ticker	3636			
Exchange	Tokyo Prime			
Net Debt/Equity (x)	N/A			
FFO leverage (x)	N/A			
BBG BUY HOLD SELL	0 0 0			

Source: Bloomberg

Year-end FY9/24 FY9/25 FY9/26E FY9/27E FY9/28E

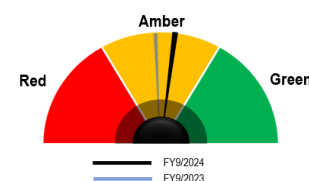
Sales (¥bn)	115.36	121.46	127.28	134.21	140.92
OP (¥bn)	7.06	8.01	7.69	8.31	8.78
NI (¥bn)	5.00	6.39	5.88	6.18	6.42
EPS (¥)	316.44	405.55	373.50	392.49	407.48
DPS (¥)	160.00	165.00	165.00	168.77	169.10
Sales growth YoY (%)	-5.5	+5.3	+4.8	+5.4	+5.0
OP growth YoY (%)	-18.7	+13.5	-3.9	+8.0	+5.7
NP growth YoY (%)	-20.4	+27.6	-7.9	+5.1	+3.8
EPS growth YoY (%)	-19.3	+28.2	-7.9	+5.1	+3.8
PER (x)	15.6	12.2	13.2	12.6	12.1
EV/EBITDA (x)	5.4	5.1	5.0	4.7	4.4
EV/Sales (x)	0.5	0.5	0.5	0.4	0.4
PBR (x)	1.2	1.1	1.0	0.9	0.8
ROE (%)	7.5	9.2	7.8	7.4	7.0
ROCE (%)	8.0	8.5	7.6	7.5	7.4
FCF yield (%)	11.9	0.0	3.6	5.3	7.8
Dividend yield (%)	3.2	3.3	3.3	3.4	3.4
Total shareholder yield (%)	4.6	3.3	3.3	3.4	3.4

Source: Company data, Astris Advisory (estimates)

Business Overview

MRI provides consulting services grounded in scientific approaches, along with comprehensive research, analysis, and IT services, and has participated in numerous major projects both in Japan and overseas.

Astris-Sustainability ESG rating



Reference Ratings

MSCI	A
Sustainalytics	18.0
Refinitiv	N/A
S&P Global	48.0
Bloomberg	2.27
CDP	C

Next events

Q1 FY9/26 results January 2026

Tel: +81 3 6868 8797

Email: Corporateresearch@astrisadvisory.com

This report has been commissioned and paid for by the company

Recent results

Q1-4 FY9/25 results

Profit came in above the revised FY9/25 guidance

Key financials

(¥bn)	Q1-4 FY9/24	Q1-4 FY9/25	YoY (%)	FY9/25 Guidance (old)	FY9/25 Guidance (revised)	Actual versus Guidance (revised) (%)	FY9/26 Guidance	YoY (%)
Sales	115.36	121.46	+5.3	128.00	122.00	-0.4	122.00	+0.4
COGS	89.94	92.72	+3.1	-	-	-	-	-
Gross profit/(loss)	25.42	28.74	+13.1	-	-	-	-	-
<i>Gross profit margin (%)</i>	<i>22.0</i>	<i>23.7</i>						
SG&A costs	18.36	20.73	+12.9	-	-	-	-	-
Operating profit/(loss)	7.06	8.01	+13.5	8.30	6.20	+29.2	7.50	-6.4
<i>Operating margins (%)</i>	<i>6.1</i>	<i>6.6</i>		<i>6.5</i>	<i>5.1</i>		<i>6.1</i>	
Recurring profit/(loss)	8.15	9.73	+19.5	9.50	7.50	+29.8	9.00	-7.5
Net income attributable to the parent	5.00	6.39	+27.6	5.60	4.10	+55.8	5.80	-9.2

Source: Company

Think Tank & Consulting Services (TTC) outperformed guidance, supported by cost control and equity method income increase

Per business segment (pre-elimination)

(¥bn)	Q1-4 FY9/24	Q1-4 FY9/25	YoY (%)	FY9/25 Guidance (old)	FY9/25 Guidance (revised)	Actual versus Guidance (revised) (%)	FY9/26 Guidance	YoY (%)
Sales								
Think Tank & Consulting Services	45.42	47.09	+3.7	50.00	48.00	-1.9	48.50	+3.0
IT Service	69.94	74.37	+6.3	78.00	74.00	+0.5	73.50	-1.2
Segment recurring profit/(loss)								
Think Tank & Consulting Services	4.24	5.72	+34.9	5.30	4.70	+21.6	5.30	-7.3
IT Service	3.91	4.04	+3.3	4.20	2.80	+44.2	3.70	-8.3
Segment recurring profit margins (%)								
Think Tank & Consulting Services	9.3	12.1		10.6	9.8		10.9	
IT Service	5.6	5.4		5.4	3.8		5.0	

Source: Company

Think Tank & Consulting Services (TTC) maintained a robust level of orders and sales backlog

Orders

(¥bn)	Q4 FY9/24	Q4 FY9/25	YoY (%)
Orders			
Think Tank & Consulting Services	43.13	51.51	+19.4
IT Service	72.32	75.08	+3.8
Sales backlog			
Think Tank & Consulting Services	25.80	30.22	+17.1
IT Service	49.61	50.32	+1.4

Source: Company

Key highlights

FY9/25 results showed a solid recovery YoY. While MRI has maintained stable long-term growth, FY9/24 experienced a temporary downturn following the completion of several large-scale projects.

Within the **Think Tank & Consulting (TTC)** segment, the absence of major projects for government and public offices in FY9/24 was offset by growth in information and telecommunications projects. Profit-margin improvement in the general industrial and financial/credit-card sectors also contributed to TTC's earnings recovery.

For **Information Technology & Service (ITS)**, growth was primarily driven by continued demand from public-sector IT projects, the financial/credit card sector, and steady expansion across general industries.

Orders

The company issued FY9/26 guidance below the targets previously outlined in the Medium-Term Plan; we view the guidance as conservative, given strong order intake and an expanding backlog, particularly in the TTC segment.

TTC saw robust growth in orders

Annual orders (¥bn)

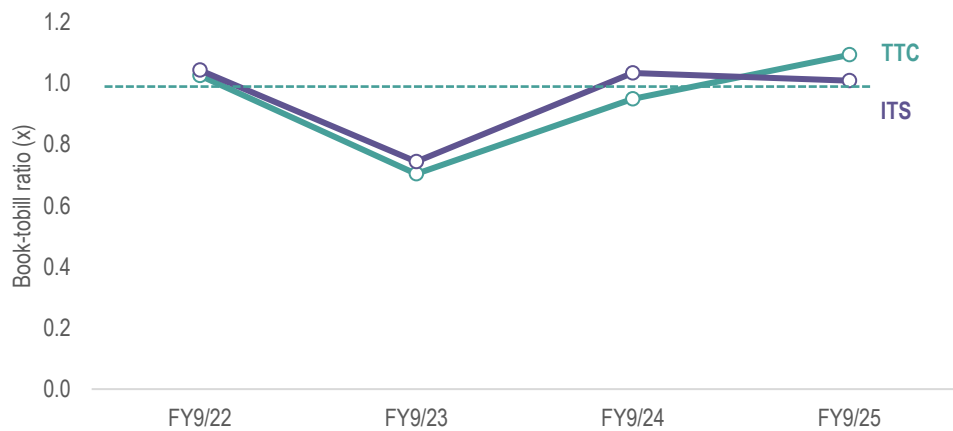


Source: Company



TTC's book-to-bill ratio improved to above 1.0x

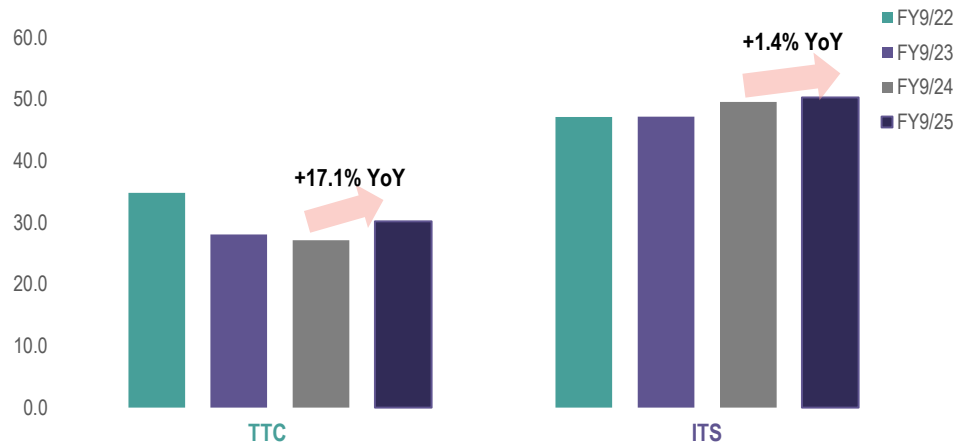
Yearly book-to-bill ratio (x)



Source: Company

The backlog level provides increased earnings visibility for TTC

Annual orders backlog (¥bn)



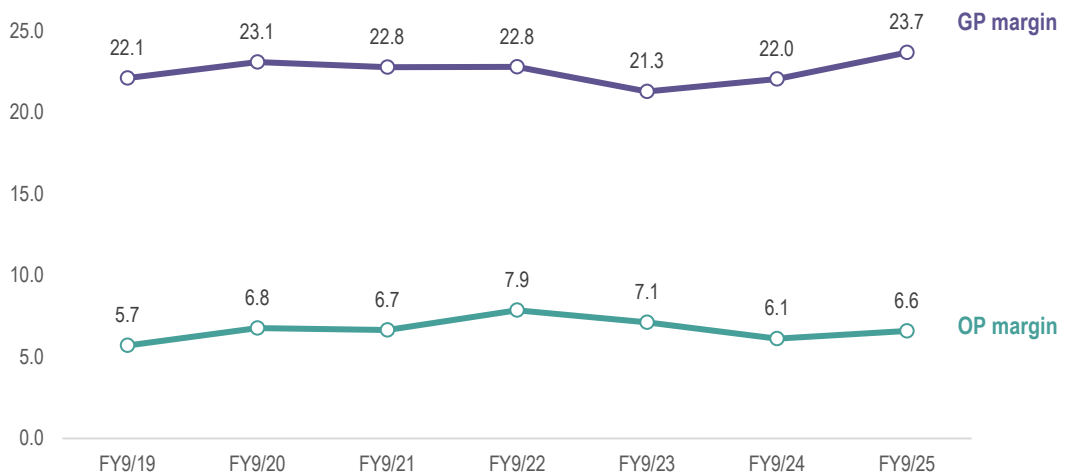
Source: Company

MRI achieved a record-high gross margin of 23.7% in FY9/25, driven by cost-control efforts in the Think Tank & Consulting (TTC) segment and by the reclassification of certain units from cost of sales to SG&A following organizational restructuring. The company maintained a high utilization rate in TTC, and the incremental revenue effectively absorbed most of the increase in personnel costs. Meanwhile, in ITS, low-margin projects and office relocation expenses weighed on the SG&A ratio and OP margin.



GPM hit a historic high in FY9/25

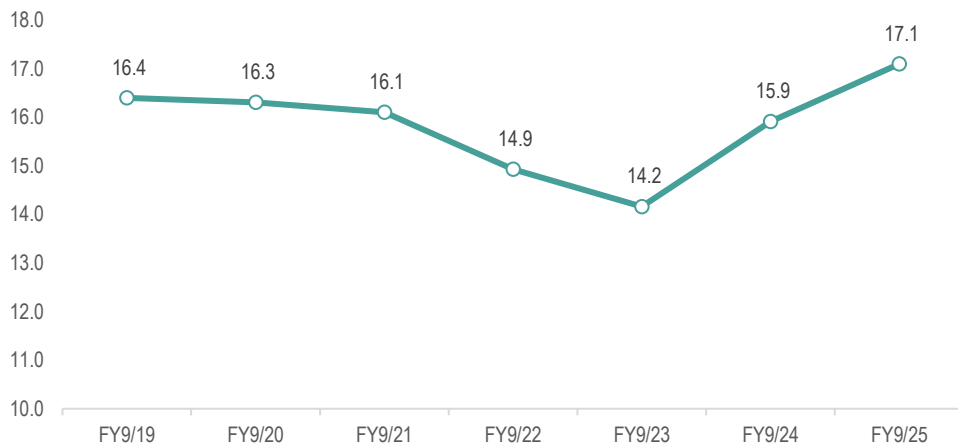
Annual consolidated margins (%)



Source: Company data

SG&A ratio went up due to office relocation and rising labor costs

Yearly SG&A ratio (%)



Source: Company data

- The company unveiled its FY9/26 guidance, which is below the targets set in its Medium-Term Plan 2026, reflecting the following assumptions:
 - **Slightly weaker 2H outlook for TTC** – Although TTC’s order backlog remains solid, the increase in orders has been concentrated in public-sector projects, many of which are scheduled to be completed in the first half. Considering the risk of a pullback following the high utilization seen in 2H of the previous fiscal year, management expects a slight slowdown in 2H.
 - **The ITS segment is yet to see large-scale replacement projects** – The company has not yet secured sufficient substitute projects to offset the absence of last year’s large credit-card project. The shortage of highly profitable large-scale projects is a key challenge for maintaining historically high margins.



- **Lower operating margin expectations** – Management expects higher personnel-related expenses and increased AI-related costs within TTC, while ITS is projected to see deterioration in project mix due to delays in securing replacement projects.

MRI company guidance

Year-end	FY9/26 target (MTP)	FY9/26 guidance (New)	Guidance vs MTP target (%)
Sales (¥bn)			
Think Tank & Consulting Services	60.00	48.50	-19.2
IT Service	75.00	73.50	-2.0
Total sales	135.00	122.00	-9.6
Growth YoY (%)	+11.1	+0.4	
OP (¥bn)			
Think Tank & Consulting Services	6.60	4.00	-39.4
IT Service	5.50	3.50	-36.4
Total OP	12.00	7.50	-37.5
OPM (%)	8.9	6.1	
Think Tank & Consulting Services	11.0	8.2	
IT Service	7.3	4.8	
Recurring profit (¥bn)	14.00	9.00	-35.7
RPM (%)	10.4	7.4	
Net income attributable to the parent (¥bn)	4.10	5.80	
NPM (%)	3.3	4.8	
ROE (%)	12.0	8.0	

Source: Company

To prepare for the next Medium-Term Management Plan starting in FY9/27, FY9/26 will be positioned as a year of business rebuilding. Key priorities include:

- **TTC:** Strengthen selection and concentration, increase investment in human capital, enhance operational efficiency, and expand recurring-type service revenues.
- **ITS:** Deepen selection and concentration (including a shift toward non-card growth areas) and reallocate talent resources.
- Further define and realize synergies between TTC and ITS (narrow down).
- Maintain an appropriate balance between growth initiatives and earnings visibility.

Capital allocation

Focus on capital investment and growth investment

MRI's capital policy (¥bn)

(¥bn)	FY9/24- FY9/25 (Sum up)	FY9/26 CE	FY9/24- FY9/26CE (Sum up)	Forecast distribution
Strategic investment	0.2	α	0.2+α	15.2
Capital investment	9.8	7.0	16.8	8.7
Growth investment	7.5	4.3	11.8	13.0
Dividends	5.1	2.6	7.7	6.5
Total	22.7	13.9	36.6+α	43.5

Source: Company

Funds available for capital allocation (defined as investable cash and cash equivalents, plus operating CF before human capital and R&D investments) were previously planned at approximately ¥50bn by the end of FY9/26. Following FY9/26 guidance, this figure has been

reduced to ¥43.5bn, representing about 87% of the original plan. While most allocation categories have been reduced, the company continues to prioritize capital expenditures **and growth investments**.

On a cumulative FY9/25 – FY9/26 cash expenditure basis, capital investment and dividends exceeded plan, growth investment was slightly below, and strategic investment fell well short of target. The substantial increase in capital investment was mainly attributable to higher spending in the ITS business, particularly for data center facilities and equipment maintenance.

Our commentary on capital allocation

The spending plan of ¥36.6bn is below the ¥43.5bn target, leaving surplus capital that could be directed to either additional shareholder returns or further strategic investment, depending on market conditions. At face value, this is negative given the cash-rich balance sheet, as excess capital is not being put to work. This issue may be resolved in the current fiscal year or during the period of the next Medium-Term Plan, which is set to run from FY9/27.



Astris earnings estimates and key assumptions

We have revised our earnings estimates for FY9/26 and FY9/27 and newly included our forecast for FY9/28.

Our key assumptions are as follows:

- **Sales growth**
 - A weaker FY9/26 due to softer 2H is expected for TTC, and ITC has yet to see large-scale replacement projects. Growth is projected to resume in FY9/27, supported by a net increase of around 60 personnel and continued momentum in the order backlog.
 - We factor in potential upside under the new Takaichi administration, including the possibility of higher consulting unit prices and increased demand related to the 17 strategic policy domains announced by the government.
- **Profitability**
 - We expect the high gross margin level achieved in FY9/25 to be maintained for the time being, assuming the proportion of outsourced projects remains similar to the previous year. However, increased investment in human capital is likely to weigh on OPM in the near term.
 - Service (recurring) projects — a key topic of the medium-term plan, currently account for around 8% of total sales and are margin-accretive (gross margin around 30%). If this segment scales faster, it will contribute positively to overall profitability.
- **Free cash flow generation**
 - Capital expenditures related to ITS data centers and electrical equipment are expected to remain elevated through FY9/27, before moderating thereafter.



Astris Advisory earnings estimates

Year-end	FY9/26 Target (MTP)	FY9/26 Guidance (New)	FY9/26E (Old)	FY9/26E (New)	FY9/27E (Old)	FY9/27E (New)
Sales						
Think Tank & Consulting Services	60.00	48.50	53.17	51.80	55.83	56.46
YoY (%)	+27.4	+3.0	+12.9	+10.0	+5.0	+9.0
IT Service	75.00	73.50	79.25	75.49	83.21	77.75
YoY (%)	+0.9	-1.2	+6.6	+1.5	+5.0	+3.0
Total sales (¥bn)	135.00	122.00	132.42	127.28	139.04	134.21
YoY (%)	+11.1	+0.4	+9.0	+4.8	+5.0	+5.4
OP (¥bn)	12.00	7.50	9.70	7.74	11.41	8.35
YoY (%)	+49.8	-6.4	+21.1	-3.9	+17.6	+8.0
OPM (%)	8.9	6.1	7.3	6.0	8.2	6.2
EBITDA (¥bn)			13.94	11.77	15.86	12.60
YoY (%)			+21.4	+2.5	+13.8	+7.1
EBITDA margin (%)			10.5	9.2	11.4	9.4
FCF (¥bn)			8.43	2.84	8.48	4.18
FCF margin (%)			6.4	2.2	6.1	3.1
FCF conversion (%)			77.8	31.2	67.4	42.3
FCF yield (%)			9.8	3.6	9.8	5.3
DPS (¥)		165.0	180.0	165.0	210.0	168.8
Dividend yield (%)		-	4.0	3.3	4.3	3.4
Payout ratio (%)		44.8	45.3	44.2	44.7	43.0

Source: Company data

Note: FCF conversion is FCF/Pre-tax Profit

Summary

Competitive advantages include a long and successful track record, a strong relationship with MUFG, and highly qualified consultants

MRI has two segments—TTC (Think Tank & Consulting Services) (TTC) and ITS (IT service) (ITS)— which provide consulting services and comprehensive research and analysis with a scientific approach. By revenue, the largest client sector is the financial sector, but historically, government agencies have also been key clients. In addition to participating in numerous large-scale projects both in Japan and overseas, the company actively provides policy proposals and disseminates insights as a think tank.

The company’s competitive advantages include **its long and successful track record**, which helps win new and recurring mandates from government agencies for TTC; **a strong relationship with MUFG (8306; Mitsubishi UFJ Financial Group)**, one of the leading mega banks groups, facilitating steady order intake for ITS; and **highly qualified consultants** of which more than 75% of researchers (approximately 1,000 on an unconsolidated basis) have master's degrees or PhDs. It possesses scientific expertise across a wide range of fields, including power and energy, nuclear technology, healthcare and welfare, information systems, AI, aerospace, transportation, and national land planning.

The company has a medium-term strategy in place for FY9/24- FY9/26. However, with the release of FY9/25 results, the company revised down the plan’s original targets and designated FY9/26 as a “year of business rebuilding,” incorporating initiatives to lay the groundwork for the next medium-term plan.

Importantly, management judged that the synergies between TTC, centered around MRI, and ITS, centered around Mitsubishi Research Institute DCS, have been limited. As a strategic shift, the company has now narrowed the areas in which TTC and ITS should collaborate, while committing to pursue selection and concentration in domains where each segment can fully leverage its strengths. We view this as a meaningful change in management strategy.

The new FY9/26 guidance (compared to the outlook announced at the FY9/23 results) is as follows:

- **Sales: ¥122.0bn (vs. ¥122.1bn, CAGR 0.0%)**
- **OP: ¥7.5bn (vs. ¥8.7bn, CAGR -4.8%)**
- **OP margin: 6.1% (vs. 7.1%)**
- **ROE: 8.0% (vs. 9.8%)**

Astris Advisory expects MRI will drive medium-term growth via the following factors:

- **Acquisition of new clients** – Expand untapped businesses, including regional banks, corporations, and non-bank financial institutions for ITS
- **Profitability improvement** – Supported by price hikes and a disciplined shift toward each segment’s core strengths and higher-margin opportunities.
- **Expansion of recurring business** – Through non-organic growth, including M&A and partnerships

MRI is trading at a discount due to its low ROE and poor capital allocation. However, we believe the company is positioned for a medium to long-term turnaround, which should



lead to stronger returns, which suggests the shares are undervalued. To unlock better valuation, MRI needs to:

- **Optimise the balance sheet, i.e. unwind cross-shareholdings**
- **Expand profitable businesses through M&A and partnerships**
- **Improve shareholder returns**



Company description

Overview

MRI provides comprehensive research and analysis with a scientific approach

Mitsubishi Research Institute (MRI) was founded in 1970 as a pioneering private-sector think tank in Japan during the early days of the industry. The company provides consulting services grounded in scientific approaches as well as comprehensive research and analysis, and has participated in numerous large-scale projects both in Japan and overseas. By the 1990s, MRI had established a solid position in policy support for government ministries and agencies. In 2005, it made Mitsubishi Research Institute DCS (DCS) a consolidated subsidiary, enabling the full-scale expansion of its IT solutions business and allowing the group to offer more integrated, end-to-end problem-solving capabilities.

The largest client sector is the financial sector by revenue

In terms of revenue composition, the financial sector is MRI's largest client base, followed by government agencies and then general industry (private-sector companies outside the financial sector), as of FY9/25.

Diamond Computer Service Co., Ltd. (now Mitsubishi Research Institute DCS Co., Ltd., hereafter "DCS") was established in 1970 as a subsidiary responsible for the systems division of the former Mitsubishi Bank. It is now a member of the Mitsubishi Research Institute (MRI) Group. Even after becoming Mitsubishi Research Institute DCS, the company has continued to receive a stable flow of system-related projects from Mitsubishi UFJ Financial Group (MUFG), as part of the MUFG group.

The strength of the parent company, Mitsubishi Research Institute (MRI), lies in its stable order flow from government agencies and its pool of highly specialized talent. Approximately two-thirds of the revenue in MRI's TTC segment is derived from projects commissioned by government ministries and agencies, covering almost all central government bodies in Japan. From a human capital perspective, MRI has roughly 1,000 researchers on a non-consolidated basis, more than 75% of whom come from science and engineering backgrounds, holding master's or doctoral degrees across a wide range of fields, including energy, physics, chemistry, and information systems. DCS also employs over 1,000 qualified IT professionals on a standalone basis.

During the previous medium-term plan (FY9/21-FY9/23), the company achieved the following (all changes are compared to FY9/20):

- **Improved DPS to ¥150 (vs. ¥135 including a commemorative dividend of ¥30 for the 50th anniversary of the company's founding), indicating commitment to shareholder returns**
- **OPM expansion to 7.1% (v.s. 6.8%) through margin improvement of DCS's ITS**
- **OP growth to ¥8.7bn (v.s. ¥6.2bn; 11.7% CAGR)**



The company is currently implementing a Medium-Term Management Plan for the period covering FY9/24–FY9/26. Based on its performance through FY9/25, MRI has published its guidance for FY9/26 (compared with what it had previously outlined):

- **Sales: ¥122 bn (previously ¥135 bn)**
- **OP: ¥7.5 bn (from ¥12.0 bn)**
- **Recurring profit: ¥9.0 bn (from ¥14.0 bn)**
- **OP margin: 6.1% (from 8.9%)**
- **ROE: 8.0% (from 12.0%)**



Timeline summary

Key dates	Details
1970	Mitsubishi Research Institute, Inc. was established in Yurakucho, Chiyoda-ku, Tokyo, offering research and analysis services, commissioned surveys, consulting services, and information processing services.
1984	Expanded into software development and related research and analysis services.
2004	Acquired shares of Diamond Computer Service, Inc. (now Mitsubishi Research Institute DCS, Inc.), with a voting rights ratio of 25%.
2005	Acquired additional shares of Diamond Computer Service, Inc., making it a subsidiary (with a 60% voting rights ratio). Established the Consulting Business Division, and strengthened the business structure and sales system for private companies through a business alliance with The Bank of Tokyo-Mitsubishi (now MUFG Bank, Ltd.).
2007	Diamond Computer Service, Inc. was renamed Mitsubishi Research Institute DCS, Inc.
2008	Acquired additional shares of Mitsubishi Research Institute DCS Co., Ltd. (increasing voting rights ratio to 80%).
2009	Listed on the Second Section of the Tokyo Stock Exchange.
2010	Designated as a First Section stock on the Tokyo Stock Exchange.
2014	Acquired shares of JBS Corporation (now Japan Business Systems, Inc.) to form an equity-method affiliate, with the aim of collaboration in the collaboration platform business.
2018	To expand advanced technology services and system solutions, particularly in the public and financial sectors, a business and capital alliance was formed with Ines Corporation.
2019	To accelerate further cooperation and joint efforts in new business areas, Ines Corporation became an equity-method affiliated company.
2022	The company transitioned from The First Section to The Prime Market due to the market segment reclassification of the Tokyo Stock Exchange.

Source: Company data



JGAAP Financial Summary

Income statement (¥bn)	FY 9/24	FY 9/25	FY 9/26E	FY 9/27E	FY 9/28E
Sales	115.36	121.46	127.28	134.21	140.92
COGS	89.94	92.72	96.68	101.75	106.78
Gross profit	25.42	28.74	30.61	32.47	34.15
Gross profit margin (%)	22.0	23.7	24.0	24.2	24.2
Total OP	7.06	8.01	7.69	8.31	8.78
OP margin (%)	6.1	6.6	6.0	6.2	6.2
Non-operating income	1.13	1.76	1.44	1.60	1.52
Non-operating expenses	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Recurring profit	8.15	9.73	9.10	9.87	10.26
Extraordinary gains	0.22	1.54	-	-	-
Extraordinary losses	(0.39)	(1.04)	-	-	-
Pre-tax profit	7.98	10.24	9.10	9.87	10.26
Tax	(2.42)	(3.02)	(2.34)	(2.76)	(2.87)
Effective tax rate (%)	29.7	31.0	25.7	28.0	28.0
Net income	5.56	7.23	6.76	7.11	7.39
Non-controlling NI	0.56	0.84	0.88	0.93	0.97
Parent attributable NI	5.00	6.39	5.88	6.18	6.42
Sales growth YoY (%)	-5.5	+5.3	+4.8	+5.4	+5.0
OP growth YoY (%)	-18.7	+13.5	-3.9	+8.0	+5.7
Pre-tax profit YoY (%)	-17.0	+28.3	-11.1	+8.5	+4.0
NI growth YoY (%)	-20.4	+27.6	-7.9	+5.1	+3.8

Balance sheet (¥bn)	FY 9/24	FY 9/25	FY 9/26E	FY 9/27E	FY 9/28E
Cash & equivalents	30.93	30.31	32.09	35.46	40.63
Inventory	0.21	0.48	0.65	0.69	0.72
Accounts receivables	26.64	25.54	26.76	28.22	29.63
Other	16.51	23.16	24.27	25.60	26.87
Current assets	74.28	79.49	83.78	89.96	97.86
Tangible assets	10.94	12.85	15.53	17.69	18.91
Goodwill	-	-	-	-	-
Intangible assets	6.83	7.10	9.79	11.95	13.16
Long-term investments	18.13	19.05	19.05	19.05	19.05
Other	9.55	9.62	9.62	9.62	9.62
Fixed assets	45.45	48.63	54.00	58.32	60.74
Total assets	119.73	128.11	137.77	148.28	158.61
Short-term borrowing	0.21	0.21	0.21	0.21	0.21
Trade creditors	3.73	4.84	5.17	5.44	5.71
Other	27.19	29.01	30.49	32.36	33.82
Current liabilities	31.13	34.05	35.86	38.01	39.73
Long-term borrowing	0.90	0.83	0.83	0.83	0.83
Other LT liabilities	11.33	11.88	11.88	11.88	11.88
Long-term liabilities	12.23	12.71	12.71	12.71	12.71
Total liabilities	43.36	46.77	48.58	50.72	52.45
Shareholders' equity, accumulated other comprehensive income	67.63	71.92	79.32	87.15	95.23
Share acquisition rights	-	-	-	-	-
Non-controlling interests	8.74	9.42	9.87	10.41	10.93
Total net assets	76.37	81.35	89.20	97.56	106.16
Total liabilities & net assets	119.73	128.11	137.77	148.28	158.61

Source: Company data, Astris Advisory (estimates)

Cash flow statement (¥bn)	FY 9/24	FY 9/25	FY 9/26E	FY 9/27E	FY 9/28E
Profit before tax	7.98	10.24	9.10	9.87	10.26
Depreciation/amortization	3.75	3.47	4.07	4.29	4.51
Changes in working capital	3.02	(3.08)	(0.99)	(1.19)	(1.51)
Other non-cash items	0.16	(1.51)	-	-	-
Tax paid	(1.37)	(2.69)	(2.34)	(2.76)	(2.87)
Cash from Operating Activities	13.54	6.42	9.84	10.22	10.39
Capex	(4.13)	(6.40)	(7.00)	(6.04)	(4.23)
Acquisitions/increase stakes	-	0.09	-	-	-
Other investing cash flow	1.22	2.30	1.76	2.03	1.90
Cash from Investing Activities	(2.91)	(4.01)	(5.24)	(4.01)	(2.33)
Total cash dividends paid	(2.49)	(2.56)	(2.60)	(2.60)	(2.66)
Debt issuance/(retirement)	(1.04)	(0.23)	-	-	-
Equity financing/(buybacks)	(1.03)	-	-	-	-
Other	(0.38)	(0.22)	(0.22)	(0.22)	(0.22)
Cash from Financing Activities	(4.94)	(3.01)	(2.82)	(2.82)	(2.88)
FX impact	0.01	(0.03)	(0.01)	(0.02)	(0.01)
Net cash flow	5.70	(0.62)	1.78	3.37	5.17
Free cash flow	9.41	0.02	2.84	4.18	6.17
EBITDA	10.81	11.48	11.77	12.60	13.29
EBITDA margins (%)	9.4	9.4	9.2	9.4	9.4
Free cash flow margin (%)	8.2	0.0	2.2	3.1	4.4
Free cash flow conversion (%)	117.9	0.2	31.2	42.3	60.1
Capex/sales (%)	3.6	5.3	5.5	4.5	3.0
Capex/depreciation (%)	110.1	184.6	171.9	140.6	93.8
CFO margin (%)	11.7	5.3	7.7	7.6	7.4

Key metrics	FY 9/24	FY 9/25	FY 9/26E	FY 9/27E	FY 9/28E
Profitability					
Gross margin (%)	22.0	23.7	24.0	24.2	24.2
Operating margin (%)	6.1	6.6	6.0	6.2	6.2
Net margin (%)	4.3	5.3	4.6	4.6	4.6
ROA (%)	4.2	5.2	4.4	4.3	4.2
ROE (%)	7.5	9.2	7.8	7.4	7.0
ROCE (%)	8.0	8.5	7.6	7.5	7.4
ROIC (%)	7.3	7.8	7.5	7.1	6.9
Liquidity					
Current ratio (x)	2.4	2.3	2.3	2.4	2.5
Quick ratio (x)	2.4	2.3	2.3	2.3	2.4
Leverage					
Debt/Equity ratio (x)	0.0	0.0	0.0	0.0	0.0
Net Debt/Equity ratio (x)	net	net	net	net	net
	cash	cash	cash	cash	cash
Equity ratio (x)	0.6	0.6	0.6	0.6	0.6
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 (¥)	316.4	405.6	373.5	392.5	407.5
PER (x)	15.6	12.2	13.2	12.6	12.1
Diluted PER (x)	15.6	12.2	13.2	12.6	12.1
DPS (¥)	160.0	165.0	165.0	168.8	169.1
Dividend payout ratio (%)	50.6	40.7	44.2	43.0	41.5
Dividend yield (%)	3.2	3.3	3.3	3.4	3.4
Free cash flow yield (%)	11.9	0.0	3.6	5.3	7.8
Diluted FCF yield (%)	11.9	0.0	3.6	5.3	7.8
PBR (x)	1.2	1.1	1.0	0.9	0.8
EV/sales (x)	0.5	0.5	0.5	0.4	0.4
EV/EBITDA (x)	5.4	5.1	5.0	4.7	4.4
EV/EBIT (x)	8.3	7.3	7.6	7.1	6.7
EV/FCF (x)	6.2	2,350.7	20.7	14.1	9.5



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