



Polaris Holdings (3010)

Dual growth strategy through M&A and organic expansion

25 August 2025

Q1 FY3/26 results update

- Twin growth engines** – Operating an expanded hotel platform after the Minacia acquisition, Polaris reported strong Q1 FY3/26 results, **demonstrating underlying OPM improvement (11.1% versus reported 9.3%)** through operational efficiencies and scale merits, and capitalizing on a strong demand environment driven by sustained inbound demand. Key developments include hotel diversification, hotel co-investment with the sponsor, and consolidating hotel brands under Polaris’ “KOKO HOTELS” to expand brand presence. With a runway to achieve 15,000 hotel rooms in line with the medium-term plan, we believe the company will strengthen and cement its position as a top 10 player in the domestic limited-service hotel market.

Maintaining our earnings estimates

- FY guidance unchanged** – The company has maintained FY3/26 guidance, and we have left our earnings estimates unchanged. Inbound demand remains a key growth driver, instrumental in raising RevPAR YoY, particularly in the regional markets. Inbound visitor numbers were comparatively soft for June 2025 versus H1 CY2025, but we believe this to be a one-time event and priced in the shares, with growth set to resume for the rest of FY3/26.
- Valuations** - According to our estimates, the shares are trading at a P/E ratio (PER FY3/26) of 20.7x (on +23.1% OP growth YoY), a free cash flow (FCF) yield of 11.2%, and a dividend yield of 1.7%. We believe that fundamentals reflect sustained earnings growth, driven by a dual growth strategy combining steady organic expansion and strategic M&A.

Share price: ¥214 Market cap: ¥50.0bn



Price Performance				
	YTD	1M	3M	12M
Abs (%)	+16.3	-3.2	+0.5	+13.2
Rel (%)	+4.3	-8.0	-11.5	-2.1

Company sector

Real Estate Management/Services
Hotels, Restaurants & Leisure (GICS)

Stock data

Price (¥)	214
Mkt cap (¥bn)	50.0
Mkt cap (\$m)	340.0
52-week range (¥)	139-254
Shares O/S (m)	233.8
Average daily value (\$m)	0.7
Free float (%)	22.1
Foreign shareholding (%)	85.9
Ticker	3010
Exchange	Tokyo Standard
Net Debt/Equity (x)	4.4
FFO leverage (x)	5.5
BBG BUY HOLD SELL	0 0 0

Source: Bloomberg

Year-end	3/24	3/25	3/26E	3/27E	3/28E
Sales (¥bn)	22.55	27.88	46.01	51.63	57.93
OP (¥bn)	3.38	2.80	3.45	4.13	5.21
NI (¥bn)	3.30	2.61	2.44	2.76	3.38
EPS (¥)	26.86	16.90	10.44	11.82	14.46
DPS (¥)	-	3.00	3.66	4.14	5.06
Sales growth YoY (%)	+221.3	+23.7	+65.0	+12.2	+12.2
OP growth YoY (%)	N/A	-17.1	+23.1	+19.7	+26.2
NP growth YoY (%)	+517.2	-20.8	-6.5	+13.1	+22.4
EPS growth YoY (%)	+439.4	-37.1	-38.2	+13.1	+22.4
PER (x)	8.0	12.7	20.7	18.3	14.9
EV/EBITDA (x)	18.2	18.8	12.2	10.7	9.1
EV/Sales (x)	3.3	2.7	1.6	1.4	1.3
PBR (x)	7.3	1.8	1.7	1.6	1.5
ROE (%)	47.9	9.2	8.3	8.9	10.2
ROCE (%)	19.4	4.8	5.8	6.7	8.2
FCF yield (%)	28.6	11.5	11.2	12.4	13.9
Dividend yield (%)	-	1.4	1.7	1.9	2.3

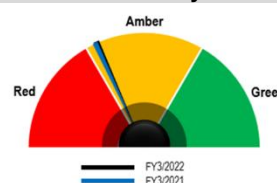
Source: Company, Astris Advisory (estimates)

*Note: outstanding dilution is 8.4%

Business Overview

Polaris Holdings is a hotel operator with three domestic key franchises - Best Western Japan, KOKO HOTEL, and Value The Hotel. It is shifting its business model towards low-risk management contracts, variable-rent lease contracts, and as an owner/operator.

Astris-Sustainability ESG rating



Reference Ratings

MSCI	N/A
Sustainalytics	N/A
Refinitiv	N/A
S&P Global	N/A
Bloomberg	N/A

Next events

Q2 FY3/26 results November 2025

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This report has been commissioned and paid for by the company

Recent results

Q1 FY3/26 results

Robust start to FY3/26 with an extended platform; high underlying OPM ex-goodwill

Key financials

(¥bn)	Q1 FY3/25	Q1 FY3/26	YoY (%)	FY3/26 guidance	YoY (%)
Sales	4.75	11.26	+136.9	45.70	+63.9
Domestic	-	10.52		-	
Overseas	-	0.74		-	
Gross profit	4.55	10.82	+137.9		
Gross margins (%)	95.8	96.1			
Operating profit/(loss)	0.44	0.93	+110.2	3.19	+13.8
Domestic	-	0.83		-	
Overseas	-	0.10		-	
Operating margins (%)	9.3	8.3		7.0	
Domestic	-	7.9			
Overseas	-	13.1			
Goodwill amortization	-	0.33		1.30	
Operating profit ex-goodwill	0.44	1.26		4.49	
Operating margins ex-goodwill (%)	9.3	11.1		9.8	
Recurring profit	0.29	0.64	+124.0	2.10	+10.9
Net income attributable to the parent	0.26	0.55	+113.9	2.00	-23.4

Source: Company

Significant acquisitive growth impact YoY

Per business segment (pre-elimination)

(¥bn)	Q1 FY3/25	Q1 FY3/26	YoY (%)
Sales			
Hotel Operations	4.73	11.26	+137.8
Real Estate	0.02	-	N/A
Operating profit/(loss)			
Hotel Operations	0.61	1.15	+89.5
Real Estate	0.02	-	N/A
Operating margins			
Hotel Operations	12.8	10.2	
Real Estate	96.3	-	

Source: Company

Note* Minacia included in P&L from Q4 FY3/25

Key highlights

The key takeaway from Q1 FY3/26 results is that **Polaris is performing strongly, benefitting from economies of scale, and capitalizing on a favorable demand environment** to record record high quarterly sales and OP (excluding one-time gains from asset sales). Reported Q1 FY3/26 RevPAR grew 21.5% YoY, indicating sustained strong inbound demand for domestic hotels. **We note that the underlying Q1 FY3/26 OPM (ex-goodwill amortization) trended upward YoY to 11.1% from 9.3%, highlighting improving operational efficiencies and scale benefits.**

Inbound visitor numbers have been at record high levels for the first half of CY2025, and the company has experienced hotel demand not only in metropolitan areas but also in

regional markets, which appears to be driven by repeat visitors. This is reflected in the new hotel openings, which have centered around Shizuoka and Kanagawa.

Other key developments to highlight are as follows:

- The company made a ¥0.5bn strategic co-investment with its sponsor for a newly developed hotel in Osaka (Sennichimae), which was completed and opened in May 2025 – we believe this could generate potential capital gains in the future (similar to KOKO HOTEL Tsukiji Ginza disposal in September 2024).
- Conducting hotel portfolio diversification by commencing operation of a small luxury hotel (Hotel Futari Komorebi, opened July 2025), with another planned in September 2025 (Yugen Kyoto Shinjo). Plans are also in place to open six new apartment hotels.
- Progress is being made with the integration of acquired Minacia by consolidating the multiple hotel brands under Polaris’ “KOKO HOTEL” to expand brand presence.

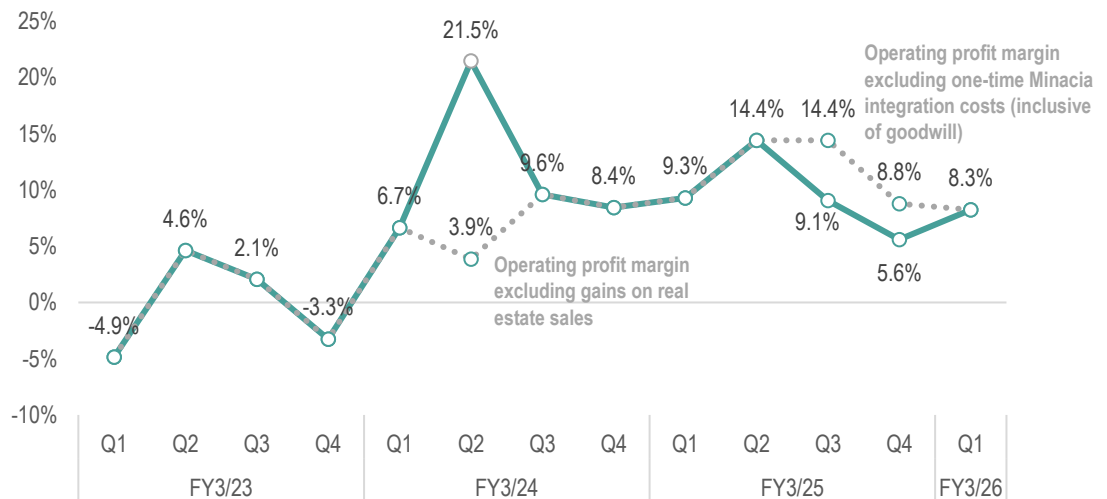
The company remains on track to meet its target of operating 15,000 hotel rooms ahead of its initial medium-term plan.

We believe there are emerging trends that could act to drive sustainable growth:

- **Inbound visitor growth in regional markets** – Higher potential upside for RevPAR, with increasing customers and relatively lower and competition pricing versus metropolitan areas.
- **Rising interest from third-party hotels** – Polaris’ expanding platform has become a more attractive proposition as a potential partner.

Reported OPM showing stability at a higher level than the MTP target of 7.6%

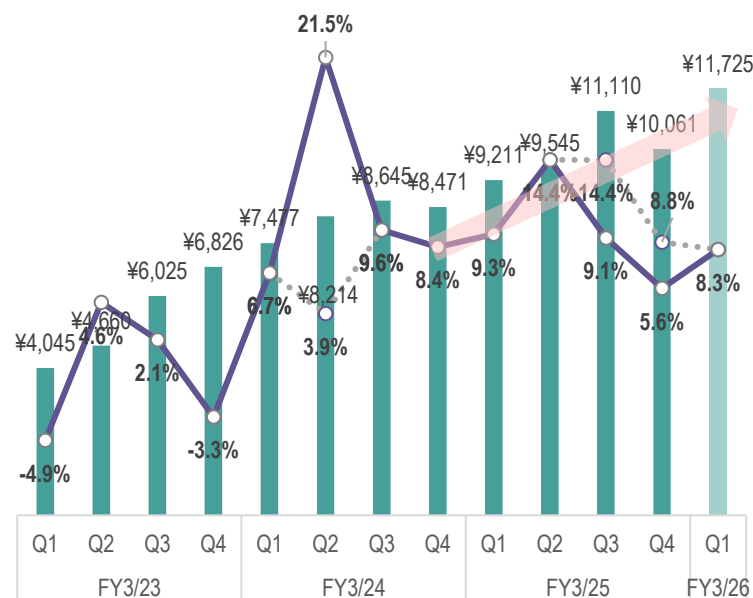
Quarterly operating margin (%)



Source: Company

Domestic RevPAR

Quarterly total OPM (%) and Domestic RevPAR (¥)



Q1 FY3/26 RevPAR
+27.3% YoY;

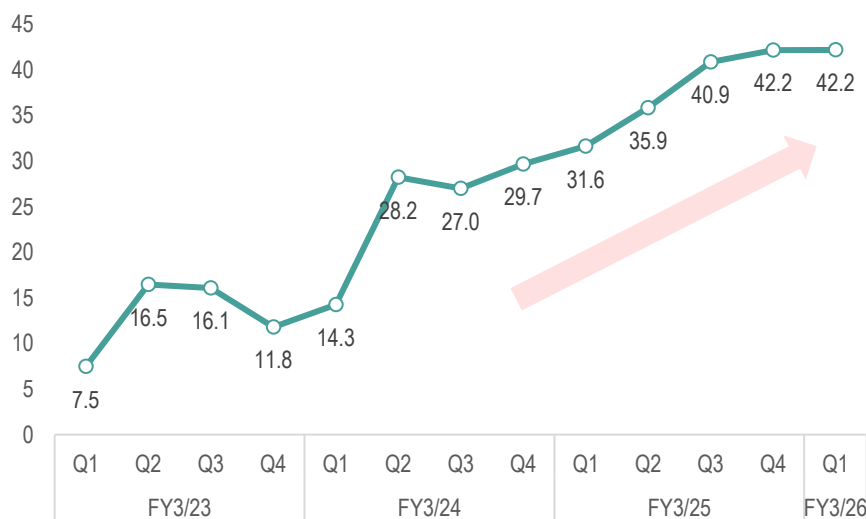
Reported RevPAR
grew +21.5% YoY,
comparing like-for-
like (inclusive of
Minacia, excluding
“Value The Hotel”
properties)

Source: Company

Note: Q1 FY3/26 RevPAR includes hotels operated by Minacia. Astris Advisory calculates all quarterly historical data from previously supplied company disclosures, which exclude Minacia.

Steady and solid equity base

Quarterly equity ratio (%)

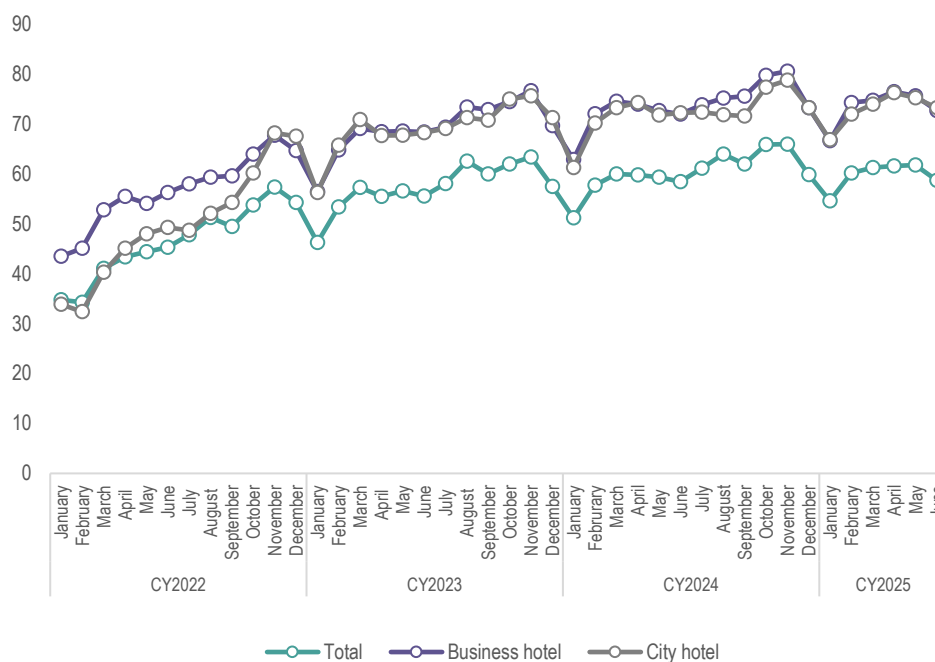


Source: Company



National occupancy rates for business (Polaris' area of focus), city hotels continue to outperform the overall market

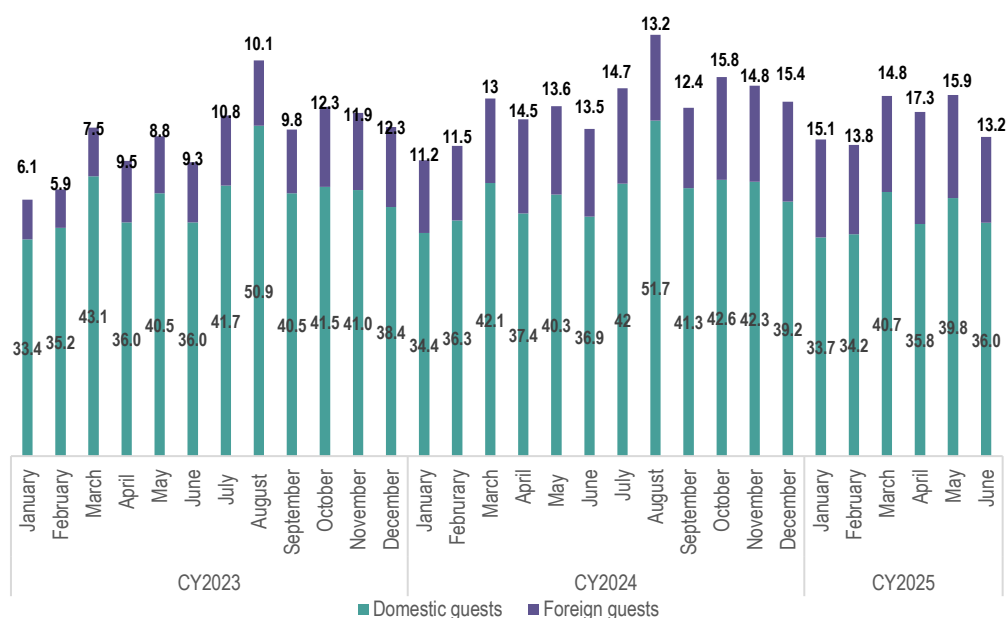
National occupancy rate



Source: Japan Tourism Agency

Foreign guest momentum firm in CY2025 – slight softness in June 2025

National trend in the number of guests (per million overnight stays per month)



Source: Japan Tourism Agency

The company has maintained FY3/26 guidance.

Company guidance unchanged for FY3/26

FY3/26 guidance and FY3/27 medium-term plan target

(¥bn)	FY3/26	YoY (%)	FY3/27	YoY (%)
Sales	45.70	+63.9	49.00	+7.2
OP	3.19	+13.8	3.70	+16.0
OPM (%)	6.7		7.6	
Net Income	2.00	-23.4	2.70	+35.0

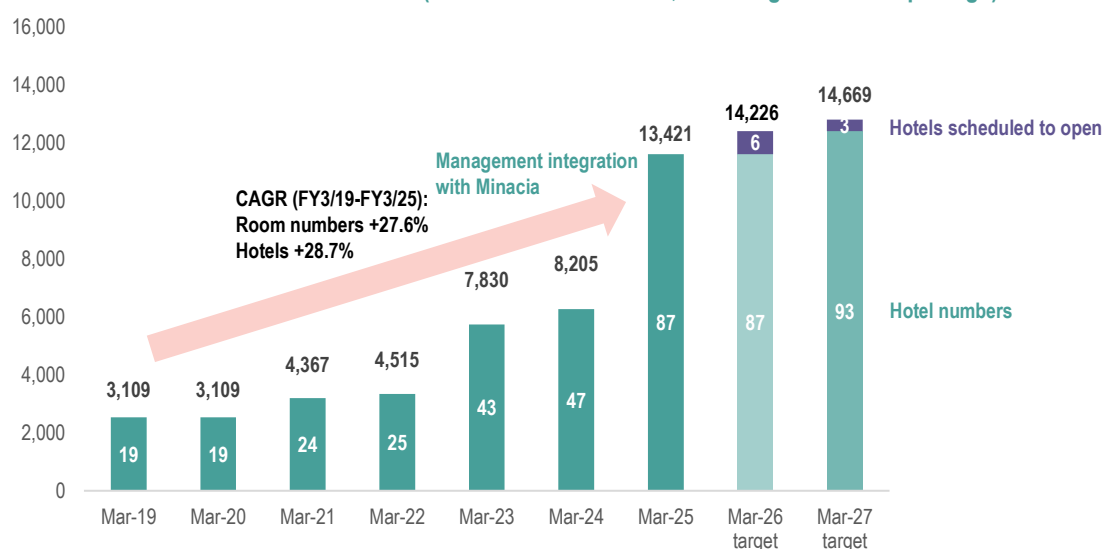
Source: Company

In terms of underlying OP for FY3/26 (excluding annual goodwill amortization of ¥1.30bn), implied OPM would be 9.8%, at 43.6% growth YoY.

The company has made some adjustments to its plans for hotel openings and room numbers.

High double-digit growth in hotel and room numbers

Track record of hotel and room numbers (domestic and overseas, including new hotel openings)



Source: Company

The earnings outlook for FY3/26 remains positive in our view, driven by sustained inbound demand.

Astris earnings estimates and key assumptions

We have maintained our earnings estimates for FY3/26 and beyond.

Astris Advisory earnings estimates

Year-end	FY3/26 guidance	FY3/26E	FY3/27E	FY3/28E
Sales (¥bn)	45.70	46.10	51.63	57.93
Growth YoY (%)	+63.9	+65.0	+12.2	+12.2
Operating profit (¥bn)	3.19	3.45	4.13	5.21
OPM (%)	7.0	7.5	8.0	9.0
EBITDA (¥bn)	N/A	6.07	6.92	8.19
EBITDA margin (%)	-	13.2	13.4	14.1
Recurring profit (¥bn)	2.10	2.57	3.25	4.02
Growth YoY (%)	+10.9	+35.7	+26.4	+23.8
*Implied effective tax rate (%)	4.8	5.0	15.0	16.0
Net income (¥bn)	2.00	2.44	2.76	3.38
Growth YoY (%)	-23.4	+279.9	+13.1	+22.4
DPS (¥)	3.0	3.66	4.14	5.06
Payout ratio (%)	35.0	35.0	35.0	35.0
Dividend yield (%)				
FCF (¥bn)	N/A	5.62	6.19	6.94
FCF margin (%)	-	12.3	12.0	12.0
FCF conversion (%)	-	221.0	192.2	174.0
FCF yield (%)	-	11.2	12.4	13.9
Diluted FCF yield (%)	-	10.4	11.4	12.8

Source: Astris Advisory

Note: FCF conversion is FCF/Pre-tax Profit

Note*: Implied effective tax rate assumes no extraordinary gains or losses

Current domestic Polaris hotel portfolio – 40 hotels

Name	Location	Rooms	Contract type
BW Osaka Tsukamoto	Osaka	105	Fixed + variable rent
BW Plus Hotel Fino Chitose	Chitose	154	Fixed + variable rent
BW Plus Hotel Fino Osaka Kitahama	Osaka	129	Fixed rent lease
BW Plus Nagoya Sakae	Nagoya	143	Fixed + variable rent
BW Hotel Fino Tokyo Akasaka	Tokyo	87	Fixed + variable rent
BW Hotel Fino Shin Yokohama	Yokohama	108	Fixed + variable rent
BW Plus Fukuoka Tenjin Minami	Fukuoka	236	Fixed + variable rent
VTH Ishinomaki	Miyagi	82	Fixed rent lease
VTH Narahakidoekimae	Fukushima	107	Fixed rent lease
Sure Stay Plus Hotel Shin-Osaka	Osaka	108	Fixed + variable rent
KOKO HOTEL Osaka Namba	Osaka	100	Variable rent lease
BW Hotel Fino Osaka Shinsaibashi	Osaka	179	Management contract
KOKO HOTEL Ginza Itchome	Tokyo	305	Fixed + variable rent
KOKO HOTEL Sapporo Ekimae	Sapporo	224	Fixed + variable rent
KOKO HOTEL Fukuoka Tenjin	Fukuoka	159	Fixed + variable rent
KOKO HOTEL Hiroshima Ekimae	Hiroshima	250	Fixed + variable rent
KOKO HOTEL Kagoshima Tenmonkan	Kagoshima	295	Fixed + variable rent
KOKO HOTEL Premier Kanazawa Korinbou	Kanazawa	207	Fixed + variable rent
KOKO HOTEL Premier Tokyo Nihonbashi Hamacho	Tokyo	223	Fixed rent lease
KOKO HOTEL Nagoya Sakae	Nagoya	204	Fixed + variable rent
KOKO HOTEL Osaka, Shinsaibashi	Osaka	211	Management contract
KOKO HOTEL Kobe, Sannomiya	Kobe	141	Fixed rent lease
KOKO HOTEL Premier Kumamoto	Kumamoto	205	Fixed + variable rent
KOKO HOTEL Residence Tokyo, Asakusa Kappabashi	Tokyo	47	Fixed + variable rent
KOKO HOTEL Residence Tokyo, Asakusa Tawaramachi	Tokyo	42	Fixed + variable rent
KAYA Kyoto Nijo Castle, BW Signature Collection by BW	Kyoto	57	Management contract
KOKO HOTEL Residence Kyoto Nijo Castle	Kyoto	36	Management contract
KOKO HOTEL Sendai Kotodai Park	Sendai	230	Fixed + variable rent
KOKO HOTEL Sendai Station West	Sendai	170	Fixed + variable rent
KOKO HOTEL Sendai Station South	Sendai	190	Fixed + variable rent
VTH Higashi Matsushima Yamoto	Miyagi	407	Owner-and-operator
VTH Sendai Naton	Miyagi	314	Owner-and-operator
KOKO HOTEL Tsukiji Ginza	Tokyo	188	Fixed + variable rent
KOKO HOTEL Sapporo Odori	Sapporo	145	Fixed + variable rent
KOKO HOTEL Numazu Station	Shizuoka	92	Management contract
KOKO HOTEL Numazu Inter	Shizuoka	151	Management contract
KOKO HOTEL Osaka Namba Sen-nichimae	Osaka	320	Management contract
Hotel Futari Komorebi	Shizuoka	10	Management contract
KOKO HOTEL Tokyo Nishikasai	Tokyo	184	Fixed + variable rent
KOKO HOTEL Yokohama Tsurumi	Kanagawa	185	Fixed + variable rent
Domestic total		6,730	

Source: Company

Current domestic Minacia hotel portfolio – 38 hotels

Name	Location	Rooms	Contract type
Hotel Wing International Asahikawa Ekimae	Asahikawa	260	Fixed + variable rent
Hotel Wing International Sapporo Susukino	Sapporo	165	Fixed + variable rent
Hotel Wing International Tomakomai	Tomakomai	182	Fixed + variable rent
Hotel Wing International Chitose	Chitose	152	Fixed + variable rent
Hotel Wing International Sukagawa	Fukushima	106	Fixed rent lease
Hotel Wing International Hitachi	Hitachi	67	Fixed + variable rent
Hotel Wing International Kashima	Kamisu	134	Franchise contract
Hotel Wing International Premium Tokyo Yotsuya	Tokyo	185	Fixed + variable rent
Hotel Wing International Shimbashi Onarimon	Tokyo	93	Fixed rent lease
Hotel Wing International Ikebukuro	Tokyo	90	Fixed + variable rent
Hotel Wing International Select Ikebukuro	Tokyo	152	Fixed rent lease
Hotel Wing International Korakuen	Tokyo	114	Fixed + variable rent
Hotel Wing International Select Ueno Okachimachi	Tokyo	141	Fixed rent lease
Hotel Wing International Select Asakusa Komagata	Tokyo	69	Fixed + variable rent
Hotel Wing International Tokyo Akabane	Tokyo	109	Fixed + variable rent
Hotel Wing International Shonan Fujisawa	Fujisawa	80	Fixed + variable rent
Hotel Wing International Sagami-hara	Sagami-hara	130	Fixed + variable rent
Hotel Wing International Shizuoka	Shizuoka	186	Variable rent lease
Hotel Wing International Premium Kanazawa Ekimae	Kanazawa	121	Fixed rent lease
Hotel Wing International Hida Takayama	Takayama	139	Fixed + variable rent
Hotel Wing International Nagoya	Nagoya	224	Fixed + variable rent
Hotel Wing International Select Nagoya Sakae	Nagoya	120	Fixed rent lease
Hotel Wing International Premium Kyoto Sanjo	Kyoto	88	Fixed rent lease
Hotel Wing International Kyoto Shijo Karasuma	Kyoto	78	Fixed + variable rent
Hotel Wing International Premium Osaka Shinsekai	Osaka	128	Management contract
Hotel Wing International Select Osaka Umeda	Osaka	138	Fixed rent lease
Hotel Wing International Select Higashi Osaka	Osaka	132	Fixed rent lease
Hotel Wing International Kobe Shinnagataekimae	Kobe	133	Fixed + variable rent
Hotel Wing International Himeji	Himeji	111	Fixed + variable rent
Hotel Wing International Takamatsu	Takamatsu	132	Fixed rent lease
Hotel Wing International Shimonoseki	Shimonoseki	101	Fixed + variable rent
Hotel Wing International Select Hakata Ekimae	Hakata	213	Fixed + variable rent
Hotel Wing International Hakata Shinkansenguchi	Hakata	109	Management contract
Hotel Wing International Select Kumamoto	Kumamoto	152	Fixed rent lease
Hotel Wing International Kumamoto Yatsushiro	Kumamoto	130	Fixed + variable rent
Hotel Wing International Miyakonojo	Miyakonojo	93	Fixed + variable rent
Hotel Wing International Izumi	Izumi	108	Fixed + variable rent
Tenza Hotel Hakata Station	Hakata	120	Management contract
Domestic total		4,985	

Source: Company



The Philippine overseas platform operates the “Red Planet” brand hotels as an owner-operator. Furthermore, Red Planet BGC The Fort had a soft opening in December 2023, with the formal opening in May 2024, and is expected to grow earnings.

Hotel Portfolio in the Philippines – 14 hotels

Name	Location	Rooms	Contract type
Red Planet Davao	Davao	155	Owner-and-operator
Red Planet Manila Ortigas	Pasig	182	Owner-and-operator
Red Planet Aurora Boulevard	Quezon	167	Owner-and-operator
Red Planet Manila Aseana City	Paranaque	200	Owner-and-operator
Red Planet Manila Amorsolo	Makati	189	Owner-and-operator
Red Planet Angeles City	Angeles	165	Owner-and-operator
Red Planet Cebu	Cebu	150	Owner-and-operator
Red Planet Manila Mabini	Manila	167	Owner-and-operator
Red Planet Manila Bay	Manila	150	Owner-and-operator
Red Planet Manila Binondo	Manila	171	Owner-and-operator
Red Planet Manila Makati	Makati	213	Owner-and-operator
Red Planet Cagayan de Oro	Cagayan de Oro	159	Owner-and-operator
Red Planet Quezon Timog	Davao	140	Owner-and-operator
Red Planet BGC The Fort	Bonifacio Global City	245	Owner-and-operator
Total		2,453	

Source: Company

Summary

Polaris Holdings is a hotel operator with six core brands (five domestic and one overseas). In January 2023, it acquired Red Planet's business in the Philippines and Minacia in December 2024. With a significant expansion in hotel count and geographic coverage, the company has notably enhanced its standing as a key operator in the limited-service hotel segment.

With the support of the Star Asia Group and a key focus on stable earnings growth, the company is implementing strategic investments into substantial reforms. The business has scaled rapidly, driven by strong organic growth and strategic M&A, and demonstrating growth in the hotel market.

Growth strategy in the revised medium-term management plan

Shifting hotel
operator model to
higher return
formats

- Actively transitioning towards low-risk “Fee-For-Service” management and variable-rent lease contracts, and constructing a portfolio that balances growth and stability by incorporating a well-balanced mix of fixed-rent and ownership-type assets where more upside potential can be realized.
- As a member of the Star Asia Group ecosystem, it is possible to implement flexible strategies such as expanding opportunities to manage new hotels, achieving long-term operational revenue, and executing selective investments or joint investments as an owner-operator.
- In addition to hotel operation contracts from Star Asia Group, the business portfolio should continue expanding by accepting operations from new third-party owners.
- In addition to operating lodging-focused hotels, which is the current main area, consider managing new hotel types such as resorts, traditional Japanese inns (ryokan), and higher-end properties. The goal is to pursue the expansion of the operational portfolio while enhancing organizational operational capabilities.

We estimate that Polaris Holdings will demonstrate sustainable growth, driven by the following factors:

- The business environment will remain positive for domestic and overseas travellers.
- Continued expansion of the operating platform.
- The shift in the hotel operating model is expected to improve operational leverage by reducing fixed costs and increasing earnings, while the outlook is for achieving higher growth through more profitable operational models.

The shares are trading on an estimated PER FY3/26 of 20.7x, an FCF yield of 11.2%, and a 1.7% dividend yield.

JGAAP Financial Summary

(¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Sales	22.55	27.88	46.01	51.63	57.93
COGS	6.59	1.06	1.84	2.07	2.32
Gross profit	15.95	26.82	44.17	49.56	55.61
Gross profit margin (%)	70.8	96.2	96.0	96.0	96.0
Operating profit	3.38	2.80	3.45	4.13	5.21
OP margin (%)	15.0	10.1	7.5	8.0	9.0
Non-operating income	0.05	0.05	0.05	0.05	0.05
Non-operating expense	(0.82)	(0.96)	(0.93)	(0.93)	(1.24)
Recurring profit	2.61	1.89	2.57	3.25	4.02
Extraordinary gains	0.47	-	-	-	-
Extraordinary losses	(0.07)	(0.00)	-	-	-
Pre-tax profit	3.01	1.89	2.57	3.25	4.02
Tax	(0.29)	(0.72)	0.13	0.49	0.64
Effective tax rate (%)	(3.6)	(4.5)	5.0	15.0	16.0
Net income	3.30	2.61	2.44	2.76	3.38
Non-controlling NI	-	-	-	-	-
Parent attributable NI	3.30	2.61	2.44	2.76	3.38
Sales growth YoY (%)	+221.3	+23.7	+65.0	+12.2	+12.2
OP growth YoY (%)	N/A	-17.1	+23.1	+19.7	+26.2
NI growth YoY (%)	+517.2	-20.8	-6.5	+13.1	+22.4

Balance sheet (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Cash & equivalents	3.38	7.51	12.03	17.08	22.60
Trade debtors	1.76	3.80	6.28	7.04	7.90
Real estate for sale and stock	-	-	-	-	-
Other	2.82	1.79	2.95	3.31	3.71
Current assets	7.96	13.10	21.25	27.43	34.21
Tangible assets	12.81	21.81	20.10	18.25	16.26
Intangible assets	0.03	25.84	24.60	23.36	22.12
Investment & others	2.41	6.42	6.42	6.42	6.42
Fixed assets	15.25	54.07	51.12	48.03	44.80
Total assets	23.21	67.17	72.37	75.46	79.00
Short term borrowing	1.83	2.45	2.45	2.45	2.45
Trade creditors	0.36	0.49	0.86	0.97	1.09
Other	3.58	5.30	9.40	10.55	11.84
Current liabilities	5.78	8.23	12.71	13.97	15.37
Long term borrowing	9.89	28.43	28.43	28.43	28.43
Other LT liabilities	0.65	2.18	2.18	2.18	2.18
Long term liabilities	10.54	30.62	30.62	30.62	30.62
Shareholder's equity	6.88	28.33	29.04	30.88	33.01
Non-controlling interests	-	-	-	-	-
Total net assets	6.88	28.33	29.04	30.88	33.01
Total liabilities & net assets	23.21	67.17	72.37	75.46	79.00

Cash flow statement (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Profit before tax	3.01	1.89	2.57	3.25	4.02
Depreciation/amortization	0.70	1.15	2.62	2.79	2.98
Other non-cash items	(0.82)	0.99	0.08	0.53	0.31
Changes in working capital	4.85	0.26	0.85	0.13	0.14
Cash from Operating Activities	7.74	4.29	6.12	6.70	7.45
Capex	(0.24)	(0.48)	(0.48)	(0.48)	(0.48)
Acquisitions/increase stakes	(0.02)	(3.42)	-	-	-
Other investing cash flow	(1.40)	0.03	(0.69)	(0.33)	(0.51)
Cash from Investing Activities	(1.66)	(3.88)	(1.17)	(0.81)	(0.99)
Total cash dividends paid	-	-	(0.46)	(0.85)	(0.97)
Debt issuance/(retirement)	(6.48)	3.72	-	-	-
Equity financing	0.61	0.33	-	-	-
Other	(1.08)	-	-	-	-
Cash from Financing Activities	(6.94)	4.04	(0.46)	(0.85)	(0.97)
FX impact	0.01	0.02	0.02	0.02	0.02
Net cash flow	(0.85)	4.47	4.51	5.05	5.52
Free cash flow	7.50	3.80	5.64	6.22	6.97
EBITDA	4.09	3.95	6.07	6.92	8.19
Free cash flow margin (%)	2.3	2.4	3.4	4.4	5.4
Free cash flow conversion (%)	40.1	39.2	47.3	48.3	49.3
EBITDA margin (%)	18.1	14.2	13.2	13.4	14.1
Capex/sales (%)	0.2	0.1	0.1	1.1	2.1
Capex/depreciation (%)	26.3	23.3	21	22	23
CFO margin (%)	2.4	2.6	3.5	4.5	5.5

Key metrics	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Profitability					
Gross margin (%)	70.8	96.2	96.0	96.0	96.0
Operating margin (%)	15.0	10.1	7.5	8.0	9.0
Net margin (%)	14.6	9.4	5.3	5.3	5.8
ROA (%)	14.2	3.9	3.4	3.7	4.3
ROE (%)	47.9	9.2	8.4	8.9	10.2
ROCE (%)	19.4	4.8	5.8	6.7	8.2
ROIC (%)	18.1	7.5	5.5	5.8	7.0
Liquidity					
Current ratio (x)	1.4	1.6	1.7	2.0	2.2
Quick ratio (x)	1.4	1.6	1.7	2.0	2.2
Leverage					
Debt/Equity ratio (x)	1.7	1.1	1.1	1.0	0.9
Net Debt/Equity ratio (x)	1.2	0.8	0.6	0.4	0.3
Equity ratio (x)	0.3	0.4	0.4	0.4	0.4
Interest cover (x)	4.6	3.8	3.7	4.5	4.2
Net Debt/EBITDA (x)	2.0	5.9	3.1	2.0	1.0
Valuation					
EPS reported (¥)	26.86	16.90	10.44	11.82	14.46
PER (x)	8.0	12.7	20.7	18.3	14.9
Diluted PER (x)	8.6	13.7	22.5	19.8	16.2
DPS (¥)	-	3.0	3.6	4.1	5.0
Dividend payout ratio (%)	-	17.8	35.0	35.0	35.0
Dividend yield (%)	-	1.4	1.7	1.9	2.3
Free cash flow yield (%)	28.6	11.5	11.2	12.4	13.9
Diluted FCF yield (%)	26.3	10.6	10.4	11.4	12.8
PBR (x)	7.3	1.8	1.7	1.6	1.5
EV/sales (x)	3.3	2.7	1.6	1.4	1.3
EV/EBITDA (x)	18.2	18.8	12.2	10.7	9.1
EV/EBIT (x)	22.0	26.5	21.5	18.0	14.3
EV/FCF (x)	9.9	19.5	13.2	12.0	10.7

Source: Company, Astris Advisory (estimates)



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