

Cloud Services orders +27.7%, backlogs +61.6% Raising target dividend payout ratio 40% → 50%

SUMMARY

- IWI announced 4Q results at 15:30 on August 2, and plans to hold a results briefing at 10:00 on August 4. Headline numbers for FY23/6 were: net sales +16.4% YoY, OP +2.4% YoY, OPM 13.2% → 11.6% and NP +10.4% YoY. The annual dividend was hiked for the 5th consecutive term from ¥17.0 → ¥20.0. Cloud Services: net sales ¥1,867mn (+59.2%), orders ¥4,421mn (+27.7%) and backlogs ¥6,695mn (+61.6%).
- Initial guidance for FY24/6 is: net sales +12.2% YoY, OP +44.5% YoY, OPM 11.6% → 15.0% and NP +36.5% YoY. Initial OP guidance for FY24/6 of ¥2,250mn will renew record profits for the first time in 22 years since FY02/6 of ¥1,855mn. Since the Company posted a profit shortfall in FY23/6, mainly due to temporary cost overruns for growth driver Cloud Services, this term it is not issuing new rolling targets, instead maintaining the targets of "15ALL," and will announce a new MTP next August starting in FY25/6. In addition, IWI announced it is raising its target payout ratio 40% → 50% from FY24/6, introducing an interim dividend of ¥15.0, for an annual regular dividend of ¥30.0. The Company also plans to issue a commemorative dividend of ¥10.0, this term marking the 40th anniversary since founding, for a total dividend of ¥40.0, effectively doubling YoY. **Based on the August 2 closing price of 816, the dividend yield is 4.90%.**

IWI FY23/6 and 4Q-only Non-consolidated Financial Results Summary

JPY mn, %	FY22/6	FY23/6	CHG	PCT	FY22/6	FY23/6	CHG	PCT
[J-GAAP]	act	act	AMT	YOY	4Q act	4Q act	AMT	YOY
Net sales	11,493	13,375	1,881	16.4	3,659	3,478	(181)	(4.9)
• Software development	4,288	4,847	558	13.0	1,242	1,339	97	7.8
• In-house products	393	305	(87)	(22.3)	54	152	98	180.9
• System service	41	20	(21)	(50.9)	10	0	(10)	—
• Third-party products	1,567	1,645	79	5.0	910	191	(719)	(79.0)
FLOW total	6,289	6,817	529	8.4	2,216	1,682	(534)	(24.1)
• Maintenance	2,640	3,173	533	20.2	688	869	180	26.2
• Maintenance of 3P products	614	726	111	18.1	157	184	27	17.4
• Own services (incl. Cloud)	1,435	2,112	678	47.2	445	586	141	31.6
• Other services	516	547	30	5.9	153	158	5	3.6
STOCK total	5,205	6,558	1,353	26.0	1,443	1,797	354	24.5
Gross Profit	3,699	4,270	571	15.4	1,186	1,149	(37)	(3.1)
GPM (%)	32.2%	31.9%			32.4%	33.0%		
Operating profit	1,520	1,557	37	2.4	576	420	(156)	(27.0)
OPM (%)	13.2%	11.6%			15.7%	12.1%		
Ordinary profit	1,556	1,603	47	3.0	591	446	(145)	(24.6)
Profit	1,056	1,165	110	10.4	397	385	(13)	(3.2)

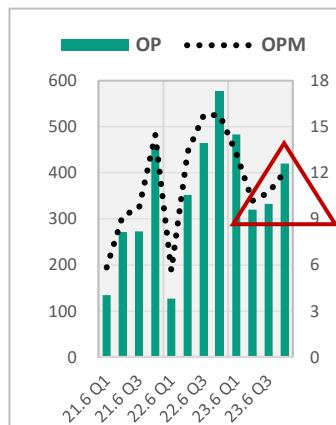
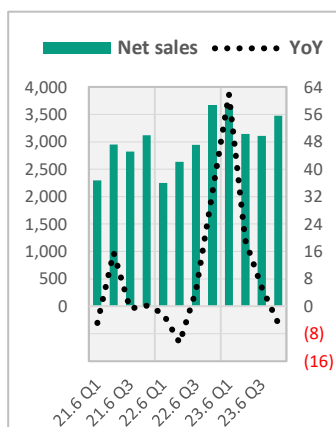
Source: compiled by SIR from TANSWIN financial statements.

IWI Rolling Medium-Term Business Plan

JPY mn, %	Rolling Plan announced Aug-2022				Initial Guidance		
	FY22/6	FY23/6	FY24/6	FY25/6	FY23/6	FY24/6	FY25/6
	act	init CE	MTP	MTP	act	init CE	MTP
Net sales	11,493	13,500	15,000	16,500	13,375	15,000	16,500
YoY (pct)	2.7	17.5	11.1	10.0	16.4	12.2	10.0
OP	1,520	1,800	2,250	2,500	1,557	2,250	2,500
OPM (%)	13.2%	13.3%	15.0%	15.2%	11.6%	15.0%	15.2%

Source: compiled by SIR from IR materials.

4Q Flash



Source: compiled by SIR from TANSWIN financial statements. Units: JPY million, %

Chris Schreiber CFA

Company Specialist

research@sessapartners.co.jp



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Sessa Partners Inc.

#5a i-o Azabu, 2-8-14
Azabujyuban, Minato-ku, Tokyo
info@sessapartners.co.jp