

# SHORT COMMENT

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**AIPHONE CO., LTD.**

6718

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# A security equipment company expanding globally from its origins as a dedicated intercom manufacturer

Aiphone <6718> has established its position as a dedicated intercom manufacturer and holds the top market share in Japan. The company's main products are video doorphones for detached and multi-unit housing complexes, while it also offers a wide range of security equipment such as nurse call systems for medical and welfare facilities, and communication and security systems for offices, schools, and other public institutions. Its operations are centered in Japan, with production and sales bases in North America, Europe, and Asia (Thailand and Vietnam), forming a global network that supplies products to approximately 70 countries. In recent years, sales have grown steadily, driven by increasing demand for renovations in multi-unit housing and expanding sales in overseas markets.

## 1. Competitive Advantages

The company's strengths lie in three key areas.

First, it holds an overwhelming market share in Japan. According to data from the Intercom Industry Association, Aiphone commanded approximately 61% of the Japanese domestic market in FY2024, ranking first in the industry. This dominant position has enabled the company to build a stable, long-term earnings base supported by steady demand. Because intercoms are constantly exposed to outdoor environments, they require high durability and reliable after-sales service—factors that create substantial entry barriers and reinforce the company's market leadership.

Second, its strong product capabilities. Aiphone actively launches innovative products that meet evolving lifestyle needs, such as the "PATMOα" system for multi-unit housing and the "Pabbit" parcel authentication and delivery system. These offerings combine security with convenience and are highly regarded both domestically and internationally. In particular, the company's superior product quality is well recognized in the U.S. market, where its systems are increasingly adopted in public facilities.

Third, its solid financial foundation. With an equity ratio in the high 80% range, Aiphone maintains an exceptionally strong balance sheet, providing robust resilience against economic fluctuations and foreign exchange risks.

## 2. Recent Business Performance

For the first quarter of the fiscal year ending March 2026 (April–June 2025), the company reported net sales of ¥14,332 million, down 9.8% year on year, and operating income of ¥192 million, down 87.9%, resulting in lower

revenue and profit. However, as the company's full-year plan anticipates earnings to be concentrated in the second half, first-quarter sales progressed largely in line with expectations.

The main reason for the profit decline was a temporary inventory buildup among distributors in the North American market, which accounts for roughly 80% of overseas sales, due to the impact of tariffs. Nevertheless, there were some positive developments: in the domestic housing market, demand ahead of price revisions for mainstay products and strong sales of wireless video doorphones for renovation projects led to significant revenue growth.

The full-year forecast remains unchanged, with net sales of ¥65,400 million (up 3.3% year on year) and operating income of ¥4,500 million (up 18.0%), as the company expects a recovery in the North American market and expanding renovation demand in domestic multi-unit housing in the second half.

### 3. Future Growth Strategy

Looking ahead, the company's growth outlook is guided by its 8th Medium-Term Management Plan, which aims to achieve a long-term target of "ROE of 10% or higher by 2032." Under this strategy, Aiphone has identified overseas markets as its primary growth driver, with a particular focus on strengthening its local development capabilities in North America—a market with the greatest potential.

In North America, heightened awareness of public safety has led to increased security requirements for intercom systems. The company's products are highly regarded for their quality and have even been adopted in facilities such as the White House. Although tariff-related uncertainties remain, the market offers significant room for expansion and will serve as the core pillar of Aiphone's global growth strategy.

Domestically, the company is promoting sales expansion by addressing replacement demand for aging intercom systems and growing needs for recording and camera-equipped models amid rising security concerns. Additionally, Aiphone is creating new demand through the expansion of its "Pabbit" parcel delivery authentication system—developed in response to increasing parcel volumes—and through the introduction of the "CareRings Contact" system in medical and nursing care settings.

Through these initiatives, the company aims to achieve sustainable growth by expanding sales of high value-added products and broadening its service domains.

### 4. Shareholder Returns

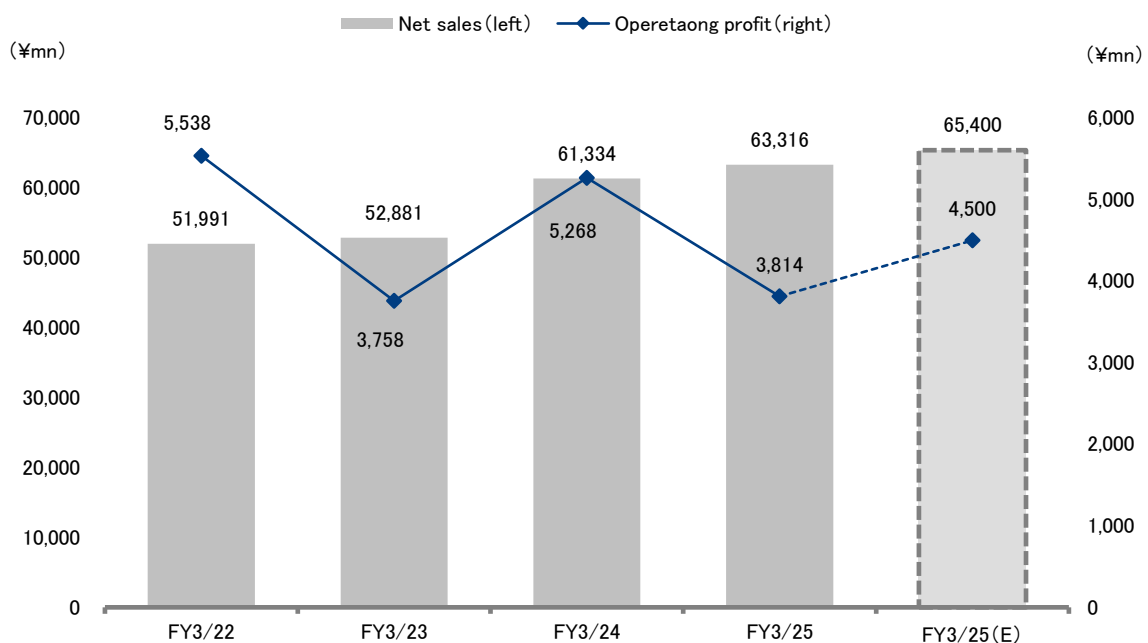
The company maintains a basic policy of stable dividends. In the fiscal year ended March 2024, it implemented a significant dividend increase to ¥130 per share annually, up ¥50 from the previous year. For the current fiscal year ending March 2025, the company plans to maintain the same ¥130 annual dividend, demonstrating its commitment to consistent shareholder returns. The dividend yield remains high at over 4%.

Supported by a strong equity ratio, the company aims to balance growth investment with shareholder returns—an aspect that provides reassurance to investors. Considering that its price-to-book ratio (PBR) stands at approximately 0.7 times, the stock also appears attractively valued.

#### Key Points

- Holds approximately a 61% share of the domestic intercom market and maintains an exceptionally strong financial position with an equity ratio in the high 80% range, ensuring a stable earnings base.
- For the fiscal year ending March 2026, the company plans net sales of ¥65,400 million (up 3.3% year on year) and operating income of ¥4,500 million (up 18.0%), driven by recovery in the North American market and expanding renovation demand.
- Maintains an annual dividend of ¥130 per share, offering a dividend yield of over 4%; with a PBR of 0.7 times, the stock appears undervalued as the company pursues both shareholder returns and growth investment.

#### Results trends



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