

Specializing in integrated systems for dental clinics, primarily in western Japan

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【4172 TOWA HI SYSTEM Sector : Information & Communication】

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Sep. 2022	2,215	-6.5	416	-30.8	475	-16.8	316	-15.8	142.0	1,611.2	78.0
Sep. 2023	2,041	-7.8	230	-44.6	385	-18.8	258	-18.3	116.0	1,675.9	50.0
Sep. 2024 CE	2,302	12.8	368	59.5	418	8.6	293	13.4	131.6	-	60.0
Sep. 2024 E	2,291	12.2	372	61.3	516	33.8	361	40.0	162.0	1,675.9	60.0
Sep. 2025 E	2,719	18.7	550	47.8	586	13.6	411	13.6	184.5	1,758.4	70.0
Sep. 2026 E	3,160	16.2	749	36.0	785	33.8	550	33.8	246.9	1,877.9	80.0

Note: CE(company expectations),E(Stock Research Center expectations)
Source: Stock Research Center

1. Corporate Overview

TOWA HI SYSTEM is a company that develops and provides integrated systems for dental clinics based on electronic medical records.

2. Financial Analysis

From fiscal year ended February 2015 through fiscal year ended September 2023, net sales remained flat, and ordinary profit fell at an annual rate of 0.5%. After a period of slow profit growth attributable to the company prioritizing the reinforcement of internal control systems, net sales and profits picked up in fiscal year ended September 2021 but declined in both fiscal years ended September 2022 and September 2023.

When comparing financial indicators with listed companies that provide systems for medical institutions, despite a high safety profile, the company's small size and low growth potential are noteworthy. Moreover, ROE, an indicator of profitability, remains low due to low total asset turnover.

3. Non-Financial Analysis

The source of the company's intellectual capital is the founder's commitment over many years. The company's concentrated strategy of specializing in systems for dental clinics has seen success. By developing highly competitive products and devising a sales strategy suited to its products, the company grew its customer base, particularly in western Japan. This led to the accumulation of know-how in system development, creating a virtuous cycle that, in turn, led to the development of subsequent products.

4. Corporate Strategy Analysis

Issues that should be addressed include expanding sales of AI and voice series, developing customers and growing market share in the Kansai and Tokyo metropolitan areas and securing human resources.

The company's immediate plans are to concentrate on expanding its business by boosting sales of the AI and voice series it developed in collaboration with Hitachi, Ltd.

5. Analyst Evaluation

We commend TOWA HI SYSTEM for adopting a strategy that specializes in systems for dental clinics and formulating a unique style in terms of product development, sales and support.

The focus for the time being will be on sales trends of the AI and voice series, which the company is currently in the process of releasing new products. As it is a product boasting industry-first features, it will be interesting to see the extent of its contribution to the acquisition of new customers while also watching the introduction of the product to existing customers.

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