

COMPANY RESEARCH AND ANALYSIS REPORT

MAMEZO DIGITAL HOLDINGS CO., LTD.

202A

Tokyo Stock Exchange Growth Market

21-Aug.-2025

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<https://www.mamezo-dhd.com/en/ir>

MAMEZO DIGITAL HOLDINGS CO., LTD. Research Memo: 1Q financial results start strong, AI robotics becomes national policy

MAMEZO DIGITAL HOLDINGS CO., LTD. <202A> (hereafter, also “the Company”) announced its 1Q FY3/26 financial results on August 13, confirming a smooth start. The Company says that it has high expectations for its full-year outlook, as market uncertainty caused by tariff issues is easing, and strategic investment in AI robotics is likely to accelerate as it has been adopted as a national project. An interim dividend was also announced. Given the speed of growth and comparison with comparable companies, it is possible that the Company could be valued at 30 to 40 times its PER. In that case, the stock price is estimated to be 1.5 to 2 times the current price.

Growth areas of AI Consulting and AI Robotics are expanding

1. Overview of 1Q FY3/26 financial results

Net sales increased 6.3% year on year (YoY) to ¥2,888mn, and ordinary profit went up 5.6% to ¥540mn. The initial targets for internal budget management were far exceeded, and the progress rate for FY3/26 was 24.9% for net sales and 25.2% for ordinary profit, making for a smooth start. By segment, Cloud Consulting had net sales of ¥1,146mn (up 4.5% YoY) and gross profit of ¥459mn (up 8.7% YoY), AI Consulting had net sales of ¥193mn (up 15.7% YoY) and gross profit of ¥69mn (up 48.0% YoY), AI Robotics Engineering had net sales of ¥462mn (up 9.2% YoY) and gross profit of ¥100mn (down 13.7% YoY), and Mobility Automation had net sales of ¥1,085mn (up 5.4% YoY) and gross profit of ¥360mn (up 5.7% YoY). The AI Consulting business grew significantly, and AI Robotics Engineering also saw an 8.6% increase in profits YoY, excluding the impact of strategic investments of ¥26mn, demonstrating steady expansion in growing fields. Hiring engineers is also proceeding smoothly. For FY3/26, the Company had expected to have a workforce of 808, an increase of 42 YoY, but the number has already increased to 787. Of the approximately 760 engineers at the end of the previous fiscal year, approximately 20 people have completed PhD programs, and including those who have completed Master's programs, more than 100 were graduate school graduates, making the Company a highly talented workforce.

2. FY3/26 forecasts

Forecasts for FY3/26 are as follows. Net sales are expected to go up 10.0% YoY to ¥11,607, ordinary profit is projected to increase 4.3% to ¥2,140mn, so the Company is forecasting higher sales and profits. With advertising-related expenses related to the group integration on October 1 and differences in available working days* in the Mobility Automation field, the Company is making a total of approximately ¥42mn in investments, and ¥26mn in strategic investments in the AI Robotics field. Without these impacts, the 1Q ordinary profit increase rate is expected to be approximately 15% YoY, which is strong enough to achieve the full-year forecasts. In addition, due to strategic investments in the AI Robotics business and market uncertainty caused by tariff issues, the Company had originally set conservative targets for its FY3/26. However, the impact of tariff issues on the Company's business is limited, and tariff risks are expected to ease going forward. Moreover, the Company says that it has high expectations for its full-year outlook, as its strategic investment in AI Robotics is likely to accelerate as it has been adopted as a national project.

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The Company will pay an interim dividend, and is also valued at 30 to 40 times its PER compared to comparable companies, given its growth rate

3. Shareholder returns

In addition to 1Q financial results, a revision of the dividend forecast (implementation of an interim dividend) was also announced. Previously, the per-share dividend was ¥61 at the end of the fiscal year, but this has been changed to ¥30.00 at the end of the interim period and ¥31.00 at the end of the full fiscal year. While capital gains can be expected from profit growth, the dividend yield is high at 3.14%, and the two dividend payments per year can also be viewed positively.

4. Medium- to long-term growth strategies and stock price

The Company is making investments to quickly establish a system that can adequately respond to the growing need for robotics in long tail markets such as food and pharmaceuticals, where social issues are highly serious and the introduction of robotics is very difficult. Key areas of focus are expected to be robots that can handle flexible materials (high-precision handling of deformable objects such as clothing, cables, and food), humanoid robot x generative AI (inheriting the core skills of physical AI and structurally resolving labor shortages), and systems that significantly lower the barriers to implementation (deployment can be accelerated through teaching tools and simulations). By making aggressive investments in FY3/26, the Company aims to accelerate profit growth in FY3/27, which is the final year of the medium-term management plan, and to achieve further growth toward FY3/30 (from 15% growth in operating profit to growth of 30% or more).

While VRAIN Solution <135A>, which is often compared to the Company, is valued at around 40 times its PER, the Company's is at around 22 times its PER. The Company's ordinary profit CAGR over the past four fiscal years, including the forecasts for this fiscal year, is +45%, while VRAIN Solution's is +299%, with forecasts for this fiscal year of +13% and +52%, respectively. Although the Company is inferior in terms of the growth rates, its profit growth is in the high growth category in absolute terms, and it is expected that its growth potential towards 2030 will not be inferior. The Company's ROE is 50.6%, while VRAIN Solution's is 35.1%. The Company also has a high dividend yield of over 3%, which is likely helping to reduce volatility and is likely to contribute to its high valuation. Given the speed of growth and comparison with comparable companies, it is possible that the Company could be valued at 30 to 40 times its PER.

Key Points

- Multifaceted development of DX support based on cutting-edge technologies
- For FY3/26, expecting profits to be pressured by upfront investment, but still project an increase in profit against the backdrop of a favorable business environment
- Aims for further growth toward FY3/30 (from 15% growth in operating profit to growth of 30% or more)

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