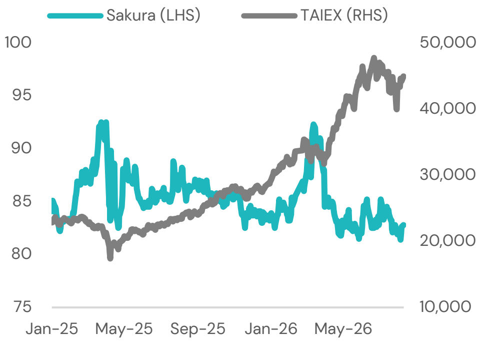
Initiation of Coverage
Household Appliances

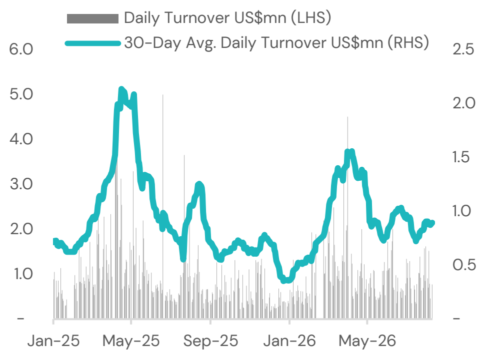
2026/08/11
TruePulse Equity Research
research@truepulsecapital.com

Key Statistics

Ticker:	9911.TW / 9911 TT
Current Price:	TWD 82.8
52-Week Range:	TWD 81.0 – 92.8
Avg. Vol. (30-Day, k share)	341.0
Outstanding Shares (MN)	222.4
FINI Holding (%)	18.83
Market Cap (US$MN)	571.5

Price Performance





Financial Summary

NT$ mn	2025	2026E	2027E	2028E
Revenue	10,275	11,371	12,648	14,206
Revenue YoY (%)	7.0	10.7	11.2	12.3
Gross Margin (%)	35.3	35.7	36.1	36.4
OP Margin(%)	15.3	15.9	16.3	16.9
Net Profit	1,373	1,541	1,744	2,011
Net Profit YoY (%)	5.5	12.2	13.2	15.3
Net Margin(%)	13.4	13.5	13.8	14.2
EPS (NT$)	6.24	7.04	7.97	9.19
BPS (NT$)	31.91	33.09	35.29	38.16
ROE (%)	20.4	21.9	23.6	25.3
Yield (%)	6.1	6.8	7.7	8.8
P/E (x)	13.4	11.9	10.6	9.2
P/B (x)	2.6	2.5	2.3	2.2
P/S (x)	1.8	1.6	1.5	1.3
EV/EBITDA (x)	9.1	8.0	7.0	6.0

Taiwan Sakura

From Hardware to Household LTV: Unlocking Sakura's 7mn-Customer Base

Company Overview

Founded in 1978, Sakura (9911.TW) is Taiwan's leading kitchen and bath appliances supplier, with a >50% market share across its three core categories (water heaters, range hoods, and gas stoves). Leveraging its strong brand equity, Sakura has evolved from a manufacturer into a home living integration platform, expanding into integrated kitchens, home interiors, and overseas markets. Backed by 3,500+ retail touchpoints and a robust service ecosystem, this model has driven a decade of steady growth, with FY25 revenue exceeding NT$10bn and record-high EPS. Sakura has maintained ROE above 20%, a 70–80% payout ratio, and a net-cash balance sheet.

Key Points

Valuation Understates the Resilience of Replacement Demand: The market discounts Sakura as a mature hardware stock, overlooking that its growth is less dependent on new-housing cycles. Kitchen and bath appliances are non-discretionary; aging or malfunctioning units require immediate repair or replacement. With ~70% of revenue driven by this resilient demand, Sakura has a relatively predictable revenue base. Leveraging its brand leadership, 3,500+ touchpoints, and 7mn customer database, the company captures recurring revenue across the product lifecycle—sustaining long-term cash flow while driving product upgrades, consumable adoption, and repeat sales across its installed base.

Product Extension to Full-Home Solutions Expands Revenue per Household: With Taiwan's kitchen appliance market maturing at 1.5–1.6mn units annually, Sakura's growth shifts from volume to value creation. The company is scaling from standalone appliances to AI Kitchens, water purifiers, integrated kitchens, and full-home design. AI Kitchens boost ASP through premium upgrades and package sales, while water purifiers generate high-margin recurring revenue. Integrated kitchens and space planning further scale ticket size. Transitioning toward unified suites, consumables, and home space solutions, Sakura is well-positioned to steadily raise value per household in a stable market.

Developer Channel Supports Mid-Term Growth and Expands Future Replacement Base: The 2B developer channel serves as a key customer-acquisition channel for Sakura to acquire new households. Amid low penetration of decorated new homes in Taiwan, Sakura is among the few players with end-to-end capabilities—spanning branding, design, supply chain, installation, and after-sales service—to capture scalable renovation demand. Entering homes at delivery drives mid-term new-sales growth more efficiently than retail. As appliances age, these new cohorts will transition into repeat maintenance, consumable, and upgrade demands, supporting an "acquisition → installed base → replacement" cycle.

Valuation Re-rating Toward a Lifetime Value Platform: Sakura's current valuation reflects a mature hardware stock, with limited recognition of its high-market-share installed base, replacement cycles, new category penetration, long-tail consumable revenue, 2B customer onboarding, and home integration potential. We project an 11.4% revenue CAGR (2025–2028E), supporting our forecast for revenue to reach NT$15bn+ by 2030E. Our scenario analysis yields a base-case implied value of NT$111–127 and a bull-case of NT$135–151. As smart kitchens, water purification, and 2B interior revenue scale, we believe the valuation framework could gradually shift to a household Lifetime Value (LTV) platform—anchored by recurring replacement cash flows, installed-base monetization, and home-space expansion capabilities.

1. Company Introduction

1.1 Company Background & Evolution

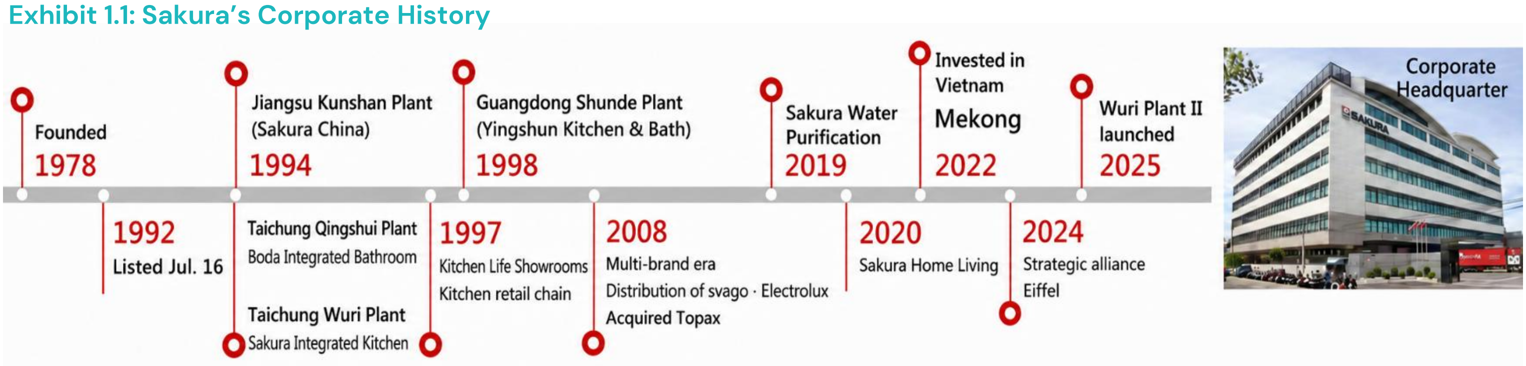
Originating from OEM range hood manufacturing under Yuan-Hui Metal, Sakura was established as a brand in 1978 by founder Chung-Shi Chang, expanding its portfolio to range hoods, gas stoves, water heaters, and barbecue grills. Unlike general home appliances, kitchen and bath products require higher levels of installation support, after-sales service, and safety-related replacement or maintenance. Since its early stage, Sakura has offered lifetime service programs, including "Free Range Hood Grease Filter Delivery" and "Free Water Heater Safety Inspection". These initiatives supported customer retention and helped Sakura build integrated capabilities across products, channels, installation, and maintenance.

Following its 1992 IPO, Sakura accelerated the expansion of its manufacturing footprint, channel network, and service infrastructure. Throughout the 1990s, it established production bases in both Taiwan and China. In 1997, it launched "Sakura Kitchen" retail network, shifting its retail model from traditional product sales toward an experiential franchise network that integrates pre-sales consultation, product sales, and after-sales service. More recently, Sakura expanded into Vietnam, adding an overseas manufacturing and sales footprint that supports the group’s regional supply chain and service coverage.

In 2008, Sakura entered a multi-brand, multi-category phase. Beyond its flagship SAKURA brand, the company acquired Topax and secured distribution rights for multiple international brands, allowing it to cover a broader range of price points and consumer segments. Sakura subsequently expanded into water purifiers, full-home interior design, and unit bathrooms, gradually extending its business mix from standalone kitchen and bath appliances toward broader home space solutions.

In 2019, Chairman Yung-Chieh Chang launched a “5-Year Growth Strategy” targeting revenue of over NT$10bn by 2025. Supported by brand upgrades, new products, new businesses, and new markets, Sakura reached consolidated revenue of NT$10.28bn in 2025, achieving the target set under the plan.

Exhibit 1.1: Sakura’s Corporate History



Source: Company Data, TruePulse Equity Research

1.2 Business Model & Segment Structure

Sakura has expanded from basic kitchen and bath appliances into a broader home solutions portfolio. Using core categories—water heaters, gas stoves, and range hoods—as entry points into household demand, the company has built a multi-layered portfolio spanning premium imported brand agencies, integrated kitchens, full-home interior design, and overseas markets.

Under its "HOME in O.N.E" concept—organized around One-stop service, Numerous choices, and Efficient supply—Sakura integrates its multi-brand ecosystem to deliver space planning, product selection, installation, and after-sales support. This approach allows Sakura to extend customer relationships beyond the initial product sale, capturing replacement, upgrade, and cross-category demand over the household lifecycle.

(1) Kitchen and Bath Appliances Business
As the cornerstone of Sakura's operations, this segment encompasses the three core categories — water heaters, range hoods, and gas stoves — alongside other kitchen equipment. Beyond generating steady revenue and stable cash flows, it acts as Sakura's primary entry point for building brand trust, expanding its after-sales service network, and building its customer database. According to company data, this segment accounted for approximately 55% of consolidated revenue in 2025, remaining the group's largest revenue contributor.

(2) Premium Imported Brand Agencies
This segment mainly serves to extend Sakura's product offerings and design aesthetics. Alongside its proprietary brands, SAKURA and Topax, Sakura includes international brands such as svago and TEKA in its portfolio, covering a wider range of price points and consumer needs. Through a dual-track approach of proprietary and agency brands, the company is able to address demand across kitchen design, appliance selection, and broader interior planning.

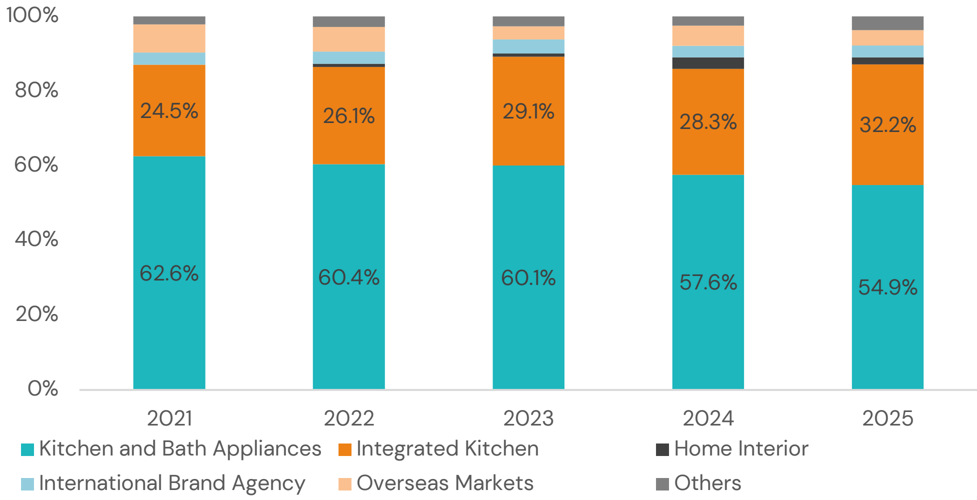
(3) Integrated Kitchens (Kitchen Cabinetry)
This segment represents Sakura's earliest expansion from standalone appliance sales into home space solutions. Compared to traditional kitchen and bath appliances, integrated kitchens encompass appliances, cabinetry, storage, and space planning, supporting a higher ticket size per household while addressing both retail renovation and developer project demand. Accounting for approximately 32% of consolidated revenue in 2025, it is Sakura's largest business segment outside of core appliances, providing the customer base, channel expertise, and delivery capabilities that support its expansion into full-home interior design.

(4) Home Interior Business (Full-Home Renovation)
This segment represents Sakura's expansion from kitchen spaces into the broader home environment. Integrating space planning, modular supply, and construction management, it complements Sakura's integrated kitchen and unit bathroom categories. Currently, the Home Interior business primarily targets the developer project market—collaborating with builders to address space planning and interior fit-out needs before new-home delivery—and has yet to scale into the general retail market. From a business model perspective, full-home renovation deepens Sakura's involvement in a household's renovation decision-making. This enables the company to increase household spending and broaden its service scope without significantly adding incremental customer acquisition costs (CAC). While still a mid-to-long-term growth initiative, this business carries strategic significance by lifting ticket sizes and extending the customer relationship.

(5) Overseas Markets
This segment primarily encompasses Vietnam, North America, and China. In the short-to-medium term, overseas operations are expected to make relatively limited revenue and profit contributions, as channel establishment, brand awareness, and operational maturity across these markets will take time to develop. Based on Sakura's current footprint, China and Vietnam have established basic production and sales capabilities. Notably, the Vietnamese market—anchored by one manufacturing facility and over 2,000 retail touchpoints—serves as Sakura's primary overseas market for testing whether it can scale its kitchen appliance and service model outside Taiwan.

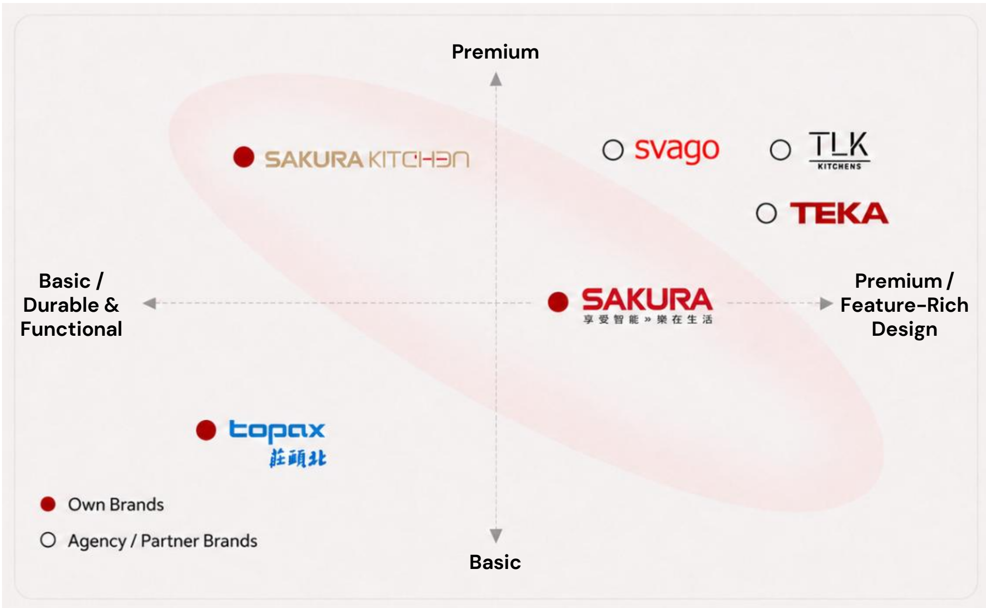
Overall, Sakura's five business segments do not operate in isolation; instead, they are built around the same household customer base and extend across different stages of household spending. Core kitchen appliances establish the initial installation entry point and replacement foundation; premium imported brand agencies fill gaps in brand positioning and price points; integrated kitchens drive higher ticket sizes; full-home renovation extends Sakura's coverage into broader home space planning; and overseas markets provide additional growth avenues over the longer term. This business structure means Sakura is no longer only a traditional "Big Three" appliance brand, but is increasingly expanding from product sales toward broader household spending and customer lifecycle management.

Exhibit 1.2: Sakura's Revenue Contribution by Segment



Source: Company Data, TruePulse Equity Research

Exhibit 1.3: Multi-Brand Strategy Covering Diverse Market Segments

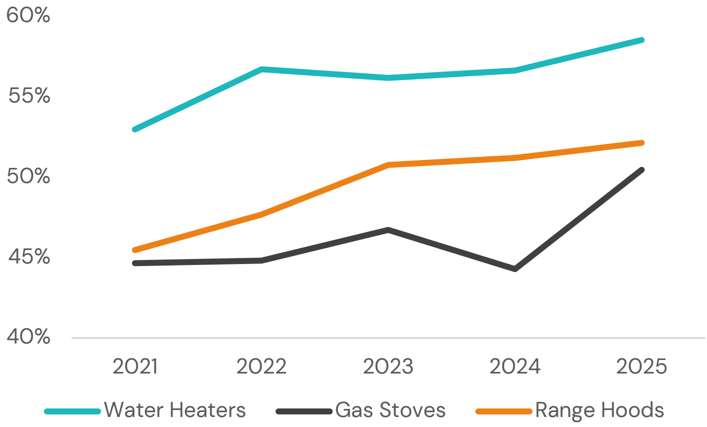


Source: Company Data, TruePulse Equity Research

1.3 Market Position & Competitive Advantages

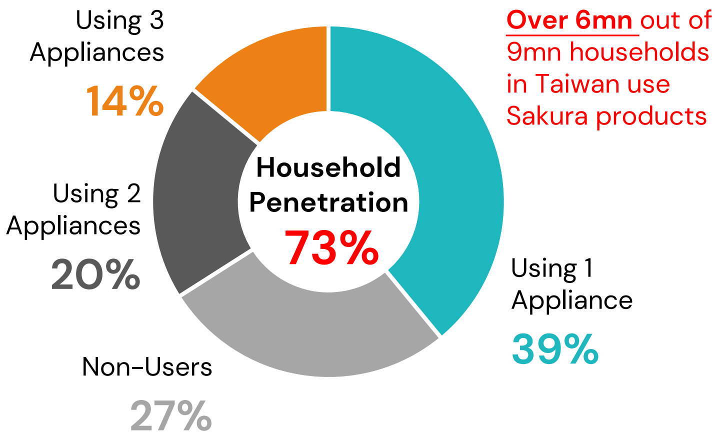
Sakura holds the leading position in Taiwan's kitchen and bath appliance market across its three core categories. According to company data, its flagship SAKURA brand ranked #1 in Taiwan in 2025, with market shares of 58.5% in water heaters, 52.1% in range hoods, and 50.5% in gas stoves. Currently, the company has achieved a household penetration rate of over 70% in Taiwan, accumulating a database of more than 7 million customer records. These metrics reflect years of investment in channels, product quality, installation capabilities, and after-sales service, rather than reliance on a single successful product category.

Exhibit 1.4: Sakura's Mkt Share in Core Appliances



Source: Company Data, TruePulse Equity Research
Note: Market share figures exclude Topax

Exhibit 1.5: Sakura's Household Penetration Rate



Source: Company Data, TruePulse Equity Research

Sakura operates over 3,500 sales touchpoints in Taiwan, achieving full channel coverage. Its distribution network spans traditional specialty stores, sanitaryware shops, and custom cabinetry workshops. In recent years, Sakura has expanded its "Sakura Kitchen" store format, modern retail channels, and e-commerce platforms, while also assisting distributors in upgrading to community-based experience centers. In the developer market, Sakura maintains long-standing relationships with developers, achieving an 80% coverage rate among Taiwan's top 20 builders. This channel structure allows Sakura to address multiple demand sources, including retail replacement, renovation demand, and developer projects, while supporting product sales, showroom display, installation, and after-sales service across key customer decision points.

Service capabilities are another key component of Sakura's competitive position. Since its inception, the company has emphasized consumer service, with SAKURA iCare serving as a one-stop digital service platform covering registration, customer feedback, dispatch, repair, and service management. This system allows Sakura to track product registrations, service requests, and customer profiles more effectively, supporting faster response times and more consistent service quality. In terms of specific offerings, Sakura has expanded traditional after-sales maintenance into broader scenarios, including kitchen health checks, water purifier inspections, space health checks and renovation planning. For kitchen and bath appliances, which require installation, safety checks, and routine maintenance, these service capabilities help reinforce customer retention and create touchpoints for future repair, replacement, upgrade, or cross-selling demand. In short, Sakura's service model extends beyond post-transaction repair support to include pre-sales consultation, delivery, installation, and maintenance, supporting customer engagement across the household lifecycle.

Exhibit 1.6: Sakura's Distribution Channels & Network

100%

Nationwide Coverage From Rural Areas to Urban Centers

Source: Company Data, TruePulse Equity Research

Unlike traditional appliance manufacturers whose business models rely primarily on one-off, low-frequency equipment sales, Sakura has built long-term customer management capabilities centered around household customers. Leveraging its leading position in Taiwan's kitchen and bath appliance market, high brand awareness, dense distribution network, and integrated service infrastructure—spanning pre-sale consultation, installation, repairs, warranty, and post-sales care—the company maintains customer touchpoints long after purchase, rather than stopping at a single transaction.

Furthermore, Sakura's database of approximately 7 million active users helps track appliance lifecycles and identify replacement, service, and upgrade needs, feeding these insights back into product upgrades, proactive service reminders, and targeted customer engagement. In short, we increasingly view Sakura through a household LTV framework rather than solely as a kitchen and bath appliance manufacturer, given its large installed base, recurring replacement demand, consumables revenue, and expanding household product coverage. This framework better captures Sakura's ability to extend customer relationships and capture recurring revenue opportunities across the household lifecycle.

Exhibit 1.7: Traditional Appliance Players vs. Sakura's LTV Platform

Metric	Traditional Appliance Manufacturers	Sakura: Household LTV Platform
Core Vision	Appliance manufacturing and sales	Creator of a better home life
Revenue Model	One-off, low-frequency transactions	Lifetime replacements and long-tail consumables
Growth Drivers	Reliant on new home completions and housing market transactions	Deepening penetration, ASP expansion, and cross-category sales
Customer Assets	Weak connection; relationship ends upon shipment	7M active household database; proactive anticipation and engagement

Source: Company Data, TruePulse Equity Research

1.4 Structural Growth Drivers and Future Outlook

Annual demand in Taiwan's kitchen and bath appliance market has remained broadly stable at 1.5-1.6mn units. Consequently, we believe Sakura's next stage of growth will not rely on market volume expansion, but will instead be driven by three key pillars: product upgrades, category extension, and new household entry points.

1.4.1 Premium & Smart Appliances: Driving Value over Volume
The kitchen and bath appliance segment remains Sakura's core business, with approximately 70% of revenue derived from replacement demand, underpinning stability in a mature market. On this foundation, Sakura is shifting its growth focus from volume expansion toward value creation. Growth relies not merely on expanding shipment volumes or market share, but on ASP uplift and product-mix improvement through premiumization, energy-efficient designs, and smart upgrades.

Sakura has demonstrated an ability to execute product upgrades within a mature market. From 2012 to 2021, the continuous introduction of premium models—featuring inverter, energy-saving, and turbo technologies—supported a gross profit CAGR of approximately 9.2%. This suggests that even in a volume-stable market, gross profit growth can still be supported by upward price-tier migration and portfolio optimization.

The 2024 launch of the AI Kitchen series marks Sakura's latest product upgrade cycle. AI Kitchen upgrades traditional kitchen and bath appliances from standalone, single-function products into smarter and more connected equipment solutions. Taking range hood pricing as an example, inverter models carry an ASP roughly 70% higher than traditional models, while the AI Kitchen series is positioned at an ASP about 90% higher than inverter models. This highlights the pricing premium associated with Sakura's smart and premium product architecture.

Recent operational metrics have also begun to reflect the benefits of product-mix upgrades. Sakura's gross profit achieved a CAGR of 12.2% from 2023 to 2025, above the 9.2% recorded during 2012–2021. This indicates that rising high-end product penetration and upward price migration are gradually translating into stronger gross profit growth. We believe that as AI Kitchen penetration increases further, Sakura should be able to extend its historical price-mix upgrade strategy, supporting growth momentum in its core kitchen and bath appliance business through ASP uplift and further margin improvement.

1.4.2 Water Purifiers: Consumables Driving Long-Tail Revenue
The water purification segment represents an important category extension that Sakura has actively pursued in recent years. Unlike traditional kitchen and bath appliances, which rely primarily on one-off, low-frequency hardware sales, water purification equipment offers a distinct advantage: beyond initial main unit installation, subsequent filter replacements generate recurring consumables sales. This enables the company to maintain more regular service touchpoints with household customers, expanding opportunities for subsequent cross-selling and service engagement.

From 2020 to 2025, revenue from water purifier main units grew at a CAGR of 33%, while replacement filter cartridge revenue grew faster, at a 37.2% CAGR. This dynamic reflects how an expanding installed base is driving cumulative consumable repurchases, establishing a long-tail revenue stream. Furthermore, filter cartridges typically carry higher profitability, with gross margins 10–15 percentage points higher than main units. Consequently, scaling this business not only extends Sakura's revenue opportunity across the customer lifecycle but also raises the contribution from recurring revenue and supports further margin improvement.

1.4.3 Developer Market: Expanding the Future Replacement Base
The developer market serves as a key customer-acquisition channel for Sakura and enhance order visibility. In Taiwan, the penetration rate of full-home renovations in new residential developments remains below 10%, indicating

room for further growth compared with neighboring Asian markets. Rising developer demand for sales differentiation, handover quality, and one-stop services could support broader adoption of integrated kitchens, unit bathrooms, and home space solutions.

Leveraging integrated capabilities spanning brand equity, supply chain logistics, construction management, installation delivery, and after-sales service, Sakura is one of the few players capable of serving developer demand at scale. Unlike single-category suppliers, Sakura can simultaneously deliver kitchen and bath appliances, kitchen cabinetry, and home space solutions–helping developers lower multi-trade coordination and delivery management costs while increasing revenue per household and strengthening project-level relationships.

New contract values for Sakura’s developer segment, including integrated kitchens and full-home renovations, achieved an 11.5% CAGR from 2021 to 2025, reflecting increasing acceptance of integrated space solutions. Given the typical 3-to-5-year time lag between contract signing and project delivery, these secured orders provide visibility into mid-term revenue recognition and support operational visibility for the coming years.

Most importantly, households moving in after project delivery become part of Sakura’s installed base, creating future opportunities for maintenance, consumables, replacement, and product upgrades. In short, the developer market not only drives mid-term new-purchase revenue growth, but also serves as an important channel for expanding the future replacement pool, supporting the company’s “new-user acquisition → installed-base accumulation → long-term replacement” cycle.

1.4.4 Overseas Markets: Expanding Long-Term Growth Horizons

While Sakura's current operations remain focused on Taiwan-supported by clear growth drivers such as replacement demand, AI Kitchen, water filter cartridges, and developer home interiors-international expansion offers additional long-term growth potential by extending its existing brand, product, channel, and service capabilities into selected overseas markets.

Vietnam and North America represent the two main overseas opportunities. Vietnam is characterized by population growth, urbanization, and rising demand for housing upgrades. With a relatively fragmented competitive landscape, Sakura may be able to leverage its local manufacturing base, channel footprint, and Taiwanese operational experience to gradually replicate its model of product sales, installation services, replacement demand, and developer collaborations.

In North America, Sakura uses range hoods as its entry category, initially entering established brand and retail channels via ODM partnerships while also assessing long-term OBM opportunities under its own brand. This allows Sakura to test demand in a sizable kitchen appliance market while limiting early-stage market-entry risk. Meanwhile, the current strategy for China focuses on improving operational efficiency, optimizing product mix, and enhancing channel management.

Overall, Sakura’s international strategy can be summarized as “expansion in Vietnam, entry in North America, and optimization in China." While short-term contributions remain limited, overseas expansion closely aligns with Sakura's core products, channels, and service capabilities. If Sakura can continue to build overseas channels, brand recognition, and service infrastructure, these markets could become a longer-term extension of its Taiwan kitchen and bath appliance model.

1.5 Historical Financial Performance and Forecast Overview

Sakura recorded a steady revenue and earnings growth over the past decade. Consolidated revenue increased from NT$5.15bn in 2015 to NT$10.28bn in 2025, representing a CAGR of 7.2%, while net income attributable to the parent company rose from NT$520mn to NT$1.37bn, implying a CAGR of 10.3%. Earnings growth outpaced revenue growth, supported by a stable replacement-driven appliance base, product upgrades, and the scaling of integrated kitchens, with newer businesses such as water purification and home interiors providing additional growth contribution.

Looking ahead, we project Sakura's revenue and EPS to grow at CAGRs of 11.4% and 13.8%, respectively, from 2025 to 2028. Future growth will continue to be driven by three main pillars: premiumization and smart appliance adoption, which should support ASP uplift and product-mix improvement; the scaling of the water purification business, which captures both main unit and replacement filter cartridge revenue; and the developer market, which provides order visibility and increases revenue per household. Product-mix upgrades and operating leverage should allow EPS growth to modestly outpace revenue growth.

Exhibit 1.8: Sakura's Financial Summary and Forecast

Revenue Breakdown (%)	2024	2025	2026E	2027E	2028E
Kitchen & Bath Appliance	57.6%	54.9%	54.1%	53.2%	51.3%
Integrated Kitchen	28.3%	32.2%	32.8%	33.4%	34.5%
Home Interior	3.1%	1.9%	2.5%	3.2%	4.6%
International Brand Agency	3.0%	3.1%	3.0%	2.8%	2.6%
Overseas Market	5.4%	4.2%	3.9%	3.7%	3.5%
Others	2.5%	3.7%	3.7%	3.6%	3.5%
(NT$mn)					
Revenue	9,601	10,275	11,371	12,648	14,206
Gross Profit	3,399	3,629	4,058	4,562	5,165
Operating Profit	1,464	1,573	1,808	2,060	2,395
Non-op Profit	163	134	112	107	109
Pretax Profit	1,627	1,708	1,920	2,167	2,504
Net Profit	1,301	1,373	1,541	1,744	2,011
EPS (NT$)	5.94	6.24	7.04	7.97	9.19
Margins					
Gross Margin	35.4%	35.3%	35.7%	36.1%	36.4%
OPEX Ratio	20.2%	20.0%	19.8%	19.8%	19.5%
Operating Margin	15.2%	15.3%	15.9%	16.3%	16.9%
Pretax Margin	16.9%	16.6%	16.9%	17.1%	17.6%
Net Margin	13.5%	13.4%	13.5%	13.8%	14.2%
YoY					
Revenue	16.1%	7.0%	10.7%	11.2%	12.3%
Gross Profit	17.9%	6.8%	11.8%	12.4%	13.2%
Operating Profit	19.0%	7.5%	14.9%	13.9%	16.3%
Net Profit	21.3%	5.5%	12.2%	13.2%	15.3%
EPS (NT$)	21.3%	4.9%	12.9%	13.2%	15.3%

Source: Company Data, TruePulse Equity Research

1.6 Valuation Framework and Scenario Perspective

Our valuation framework applies a peer-based P/E analysis. The peer composite spans Taiwan residential equipment and home interior peers, global kitchen/bath and home appliance peers, global water technology and purification peers, global home space solution peers, and benchmark Taiwan consumer names. This selection reflects Sakura's multi-attribute business profile, combining its core kitchen and bath base, water filter consumables, home space solutions, and financial characteristics typically associated with higher-quality consumer companies.

The valuation result shows that Sakura currently trades at approximately 10.6x 2027E P/E, below the 16.1x average of international kitchen, bath and home appliance peers. The valuation discount is also clear when compared with international water technology peers with integrated solution offerings, as well as Taiwan consumer names with dense channel networks and stable cash flow. This suggests that the market still largely values Sakura as a traditional hardware equipment supplier, with limited recognition of its household lifetime value management capabilities and growth potential in home space solutions. We believe Sakura’s current valuation remains conservative, with room for longer-term multiple re-rating.

Exhibit 1.9: Sakura’s Peer Valuation Comparison Table

	Market Cap	EPS CAGR	P/E (x)			P/B (x)			EV/EBITDA (x)			ROE (%)			Dividend Yield (%)		
	(US$mn)	2025-2028E	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028
Taiwan Home Equipment & Interiors Peers																	
Sakura	571	13.8%	11.9	10.6	9.2	2.5	2.3	2.2	8.0	7.0	6.0	21.9	23.6	25.3	6.8	7.7	8.8
Hocheng	231	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitar	87	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nien Made	3,447	9.2%	15.1	14.3	12.9	3.5	3.2	2.9	8.6	7.9	7.3	24.2	23.6	22.9	4.5	5.0	5.3
Average		**11.5%**	**13.5**	**12.4**	**11.0**	**3.0**	**2.8**	**2.5**	**8.3**	**7.5**	**6.7**	**23.1**	**23.6**	**24.1**	**5.7**	**6.3**	**7.1**
Global Kitchen, Bath & Home Appliance Peers																	
Noritz	722	-0.6%	14.5	26.1	34.8	0.7	0.7	0.7	8.8	8.3	8.0	5.7	3.1	2.3	4.0	3.4	3.4
Rinnai	3,217	7.8%	14.7	14.1	13.7	1.2	1.1	1.0	6.1	6.0	5.6	8.5	8.1	8.1	2.8	2.9	3.1
Coway	4,666	11.7%	9.3	8.2	7.7	1.6	1.4	1.2	6.2	5.7	5.4	18.2	17.8	17.2	3.4	3.8	4.5
Average		**6.3%**	**12.8**	**16.1**	**18.7**	**1.2**	**1.1**	**1.0**	**7.0**	**6.7**	**6.3**	**10.8**	**9.7**	**9.2**	**3.4**	**3.4**	**3.7**
Global Water Heating & Treatment Solution Peers																	
A.O. Smith	8,695	4.8%	16.9	15.8	13.8	4.6	4.1	3.7	11.4	10.8	10.2	27.2	27.7	27.8	2.3	2.3	2.4
Watts Water	13,094	13.9%	30.8	27.9	26.0	5.6	4.8	4.2	20.5	18.4	17.3	18.9	19.4	16.6	0.6	0.7	0.7
Pentair	10,997	9.4%	16.7	14.0	12.8	2.8	2.5	2.2	12.3	10.9	10.2	19.0	19.5	18.5	1.6	1.6	1.7
Zurn Elkay	8,529	19.4%	29.5	29.2	25.3	5.1	4.7	4.1	17.2	15.9	15.0	18.4	18.7	19.3	0.9	0.9	0.9
Ariston	1,651	4.2%	12.0	10.7	9.5	0.9	0.9	0.8	6.1	5.3	4.9	8.4	9.1	9.7	2.9	3.5	3.7
Average		**10.3%**	**21.2**	**19.5**	**17.5**	**3.8**	**3.4**	**3.0**	**13.5**	**12.3**	**11.5**	**18.4**	**18.9**	**18.4**	**1.6**	**1.8**	**1.9**
Global Home Space Solution Peers																	
TOTO	6,860	69.2%	32.6	22.5	18.5	2.1	1.9	1.8	11.8	10.4	8.7	6.3	8.9	10.2	1.5	1.8	2.3
LIXIL	3,291	132.6%	43.7	35.3	20.8	0.9	0.8	0.8	9.3	9.0	7.9	1.9	2.2	3.8	5.0	5.0	5.0
Average		**100.9%**	**38.2**	**28.9**	**19.6**	**1.5**	**1.4**	**1.3**	**10.5**	**9.7**	**8.3**	**4.1**	**5.5**	**7.0**	**3.2**	**3.4**	**3.6**
Taiwan Consumer Staples																	
Poya	2,616	14.4%	21.8	19.7	17.9	14.1	10.9	10.3	13.0	12.9	11.9	53.0	50.4	43.6	4.0	4.4	4.8
President Chain Store	7,082	10.9%	18.9	17.7	14.9	5.0	4.3	3.9	7.7	7.4	7.1	26.2	25.5	27.0	4.2	4.5	4.9
FamilyMart	1,282	7.5%	23.7	21.0	19.6	4.3	4.1	3.9	7.0	8.0	9.2	18.3	19.7	20.2	3.6	4.0	4.0
Average		**10.9%**	**21.5**	**19.5**	**17.5**	**7.8**	**6.4**	**6.0**	**9.2**	**9.5**	**9.4**	**32.5**	**31.9**	**30.3**	**3.9**	**4.3**	**4.6**

Source: Company Data, Bloomberg, TruePulse Equity Research

Based on our scenario analysis, Sakura’s implied valuation range spans NT$87–151 per share, with a base case range of NT$111–127, implying 34–53% upside from current share price levels. Overall, Sakura's operating structure combines both growth and defensive characteristics. Current market valuation does not yet appear to fully reflect its mid-to-long-term revenue potential and margin improvement opportunities.

Exhibit 1.10: Sakura's Implied Value Scenario Analysis

Scenario	Applied P/E (x)	Implied Value (NT$)	Underlying Assumptions
Bear Case	11–13x	87–103	Stable replacement demand; slow AI Kitchen adoption; lagging developer contract growth and revenue recognition
Base Case	14–16x	111–127	Steady AI Kitchen penetration; progressive conversion of developer contracts into deliveries and revenue
Bull Case	17–19x	135–151	Rapid AI Kitchen adoption; strong expansion in new developer contract value

Source: Company Data, TruePulse Equity Research

1.7 Key Risks and Challenges

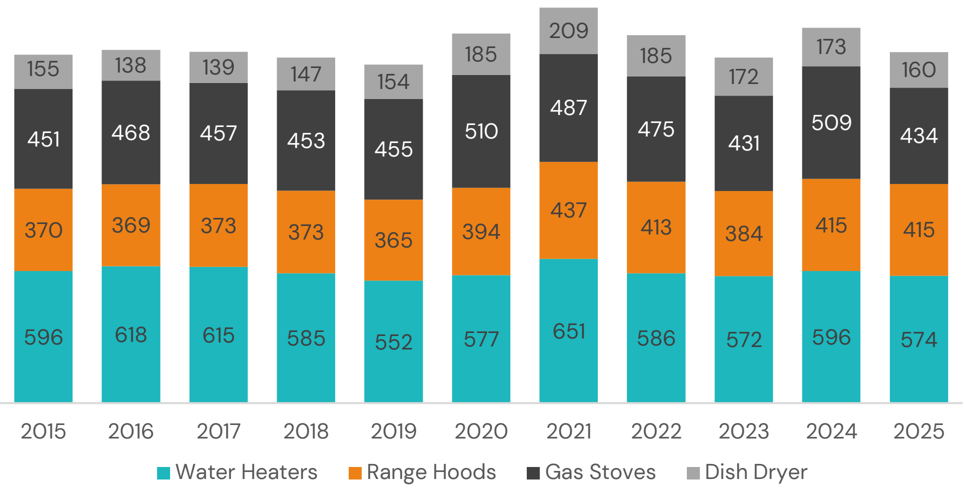
While Sakura holds a leading market position, an extensive distribution network, and established after-sales service capabilities in Taiwan—gradually expanding from single-equipment sales toward customer lifetime value (LTV) monetization—the company still faces several external variables and execution risks that could affect short-to-mid-term revenue recognition and profitability:

- **Macroeconomic & Cost Volatility**: If inflation, interest rate changes, or weaker consumer confidence lead households to defer discretionary renovation spending and durable goods purchases, demand for kitchen and bath appliances and interior updates could be affected. At the same time, sharp fluctuations in raw material, component, logistics, or energy costs could pressure short-term gross margins and limit Sakura's ability to pass through costs.
- **Property Market & Developer Revenue Recognition Risks**: Sakura's core operation is primarily anchored by existing household replacement demand, meaning real estate fluctuations do not fully determine its earnings base. However, new housing and developer projects remain important customer-acquisition channels. A real estate slowdown, persistent lending restrictions, or delays in project launches and handovers could affect order intake, delay revenue recognition, and weigh on developer purchasing activity.
- **Industry Competition & Pricing Pressure**: Competition across kitchen appliance and smart kitchen products continues to intensify, with global, local, and budget brands competing across premium, mid-range, and value segments. Aggressive price promotions, distributor subsidies, or rapid new product launches by competitors could affect market share, ASP, or gross margins in certain product categories. In addition, rising competition in the imported brand agency market could weigh on channel availability for mid-to-high-end products.
- **Overseas Execution Uncertainties**: Overseas expansion requires Sakura to navigate local regulations, product specifications, channel establishment, brand awareness, and after-sales service adjustments. While overseas operations may offer longer-term growth potential, the timing and scale of tangible financial contributions remain uncertain and require continued monitoring.

2. Outlook and Growth Drivers

2.1 70% Replacement Revenue Supports Operating Resilience
Taiwan's kitchen and bath appliance market has entered a mature phase, with annual unit volume remaining broadly stable at approximately 1.5–1.6mn units. This reflects a relatively stable market size, with the structure gradually shifting from new installations toward replacement and upgrades of existing equipment. In other words, Taiwan's large housing stock and installed base have become the key foundation supporting a recurring replacement cycle in the kitchen and bath appliance market.

Exhibit 2.1: TW Kitchen & Bath Appliance Market Volume ('000 units)



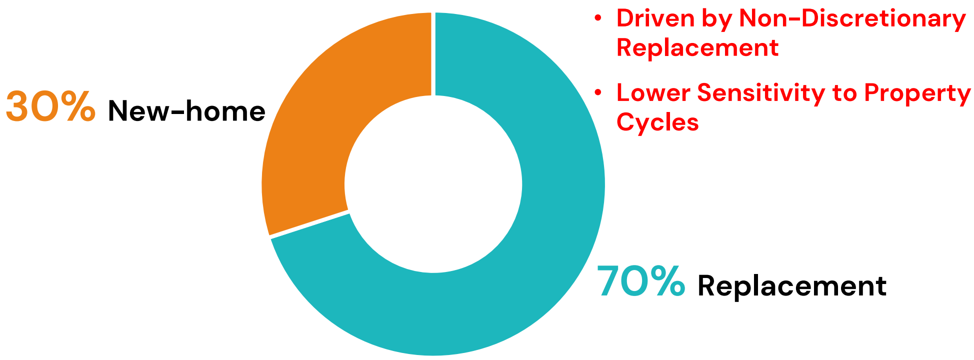
Source: Company Data, TruePulse Equity Research

Currently, approximately 70% of Sakura's revenue is driven by replacement demand from existing households, with the new-home market accounting for the remaining 30%. For Sakura, replacement demand is not merely a natural byproduct of a mature market, but reflects years of investment in channels, service, and customer retention. Since its inception, Sakura has consistently deepened its channel presence, service network, and brand trust to maintain high customer stickiness, enabling the company to retain a high share of replacement demand when appliances age, malfunction, or require functional upgrades.

Kitchen and bath appliances inherently exhibit relatively inelastic replacement demand. Water heaters, gas stoves, and range hoods are high-frequency, daily-use products used for bathing, cooking, safety, and living quality; once they fail, replacement or repair is difficult to defer. Unlike discretionary consumer electronics, kitchen and bath products function more like essential household infrastructure, with replacements typically triggered by appliance aging, rising maintenance costs, safety needs, or functional upgrades.

Consequently, Sakura's operational foundation is built on existing-home replacements rather than sole reliance on new-home deliveries or property cycles. The 70% replacement revenue share provides a relatively stable revenue base amid real estate volatility. Meanwhile, the new-home market acts as a key gateway for onboarding new households, which Sakura can gradually convert into future maintenance, replacement, and upgrade demand through its brand, channel, and service capabilities. Overall, the replacement market provides operational stability, while the new-home market supports mid-term revenue growth and continually replenishes the future replacement pool, creating a business structure less exposed to property-cycle volatility.

Exhibit 2.2: Sakura's Revenue Mix by Demand



Source: Company Data, TruePulse Equity Research

2.2 Expanding Wallet Share Beyond Hardware

Against the backdrop of relatively stable market volume in Taiwan's kitchen and bath appliance industry, Sakura's growth priority is no longer simply to sell more units, but to capture a larger share of household spending. The company drives product upgrades through AI Kitchen and premium smart appliances, generates long-tail consumable revenue through its water purification business, and expands from integrated kitchens into broader home space solutions, including full-home renovations and unit bathrooms. By broadening its scope from standalone hardware to complete home space solutions, Sakura can increase wallet share within each household, supporting continued growth in a mature market.

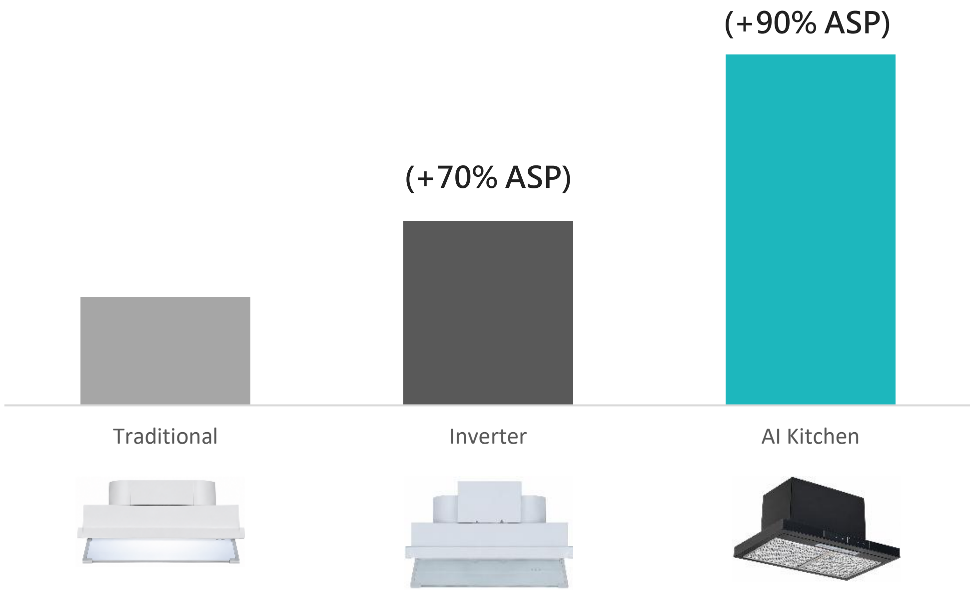
2.2.1 Continuation of Price-Mix Shift: AI Kitchen Driving Product Upgrades

Over the past decade, Sakura has continuously introduced energy-efficient, turbo inverter, turbo boost, and smart products, progressively shifting its product portfolio toward higher-value tiers. The 2024 launch of the AI Kitchen series marks the next phase of this upgrade trajectory. Rather than merely adding smart functions to standalone appliances, AI Kitchen integrates key kitchen-use scenarios across cooking, washing, and storage. Through environmental sensing, predictive intelligence, and automated adjustments, standalone appliances are upgraded into a more connected product system that responds to different usage scenarios, transforming traditional hardware into higher-value solutions with smart sensing, device connectivity, and improved user experience.

These product upgrades create a basis for premium pricing, primarily through improvements in safety, energy efficiency, and convenience. As high-frequency, safety-related household equipment, water heaters, gas stoves, and range hoods present clear upgrade incentives if premium models can reduce safety concerns, improve energy efficiency, or simplify daily use through smart sensing and device connectivity. Consequently, when consumers replace aging equipment, Sakura can use these functional differentiators to encourage migration from basic models toward mid-to-high-end products, supporting ASP uplift and product-mix improvement.

Taking range hood suggested retail prices as an example, inverter models carry an ASP roughly 70% higher than traditional models, while the AI Kitchen series is positioned at a further approximately 90% premium over inverter models. This upward shift in pricing tiers highlights Sakura's pricing architecture for premium and smart products. Rising AI Kitchen penetration would provide further evidence of consumer acceptance of this premium and support Sakura's price-mix upgrade strategy.

Exhibit 2.3: Range Hood Upgrades Driving ASP Growth

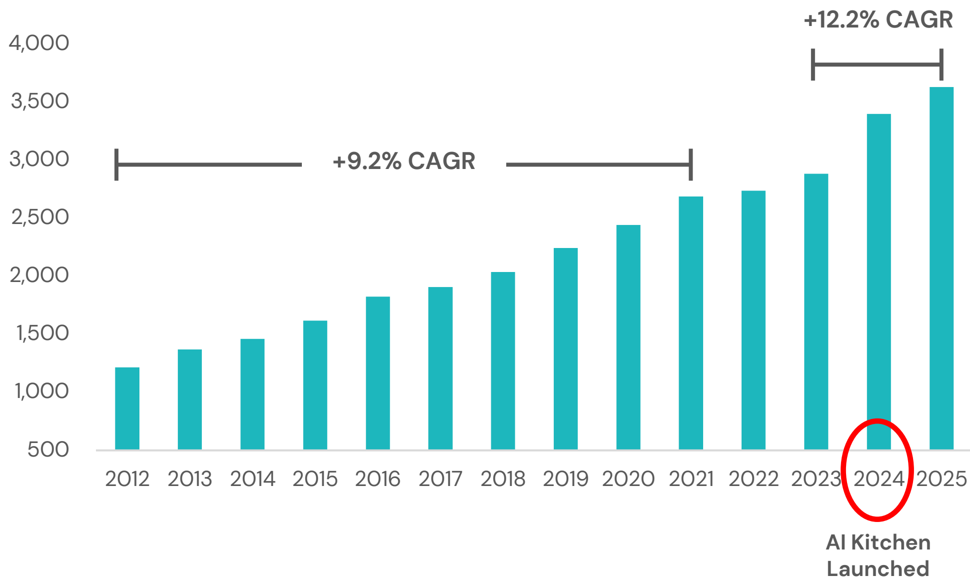


Source: Company Data, TruePulse Equity Research
Note: Retail prices compared based on Sakura's official website data

Sakura's historical gross profit trends suggest that its price-mix upgrade strategy through product upgrades has supported gross profit growth. Driven by the continuous introduction of high-end inverter, energy-efficient, and turbo models, the company achieved a 9.2% gross profit CAGR from 2012 to 2021. This momentum accelerated to a 12.2% gross profit CAGR during 2023–2025, suggesting that even in a mature Taiwan kitchen and bath appliance market, product-spec upgrades and mix improvement can support higher unit value and gross profit contribution.

We expect continued penetration of the AI Kitchen series and a higher mix of smart, premium appliances to support further ASP uplift and margin improvement, underpinning revenue momentum and gross profit growth in the core kitchen and bath appliance segment.

Exhibit 2.4: Sakura's Historical Gross Profit Trend (NT$mn)



Source: Company Data, TruePulse Equity Research

2.2.2 Water Purification: Long-Tail Revenue from Filter Repurchases

The water purification business represents another important driver of Sakura's revenue per household. Unlike traditional kitchen and bath appliances, which rely heavily on equipment replacement demand, water purifiers operate under a "main unit installation + replacement filter cartridges" model. Beyond one-off main unit sales, subsequent filter replacements generate recurring consumable revenue, shifting Sakura's customer touchpoints from sporadic hardware purchases or repairs toward more regular service interactions.

While Taiwan's water purifier market has an established demand base, the brand and retail landscape remains fragmented. Among the top three brands, 3M and Brita hold market shares of 18–19% and 12–13%, respectively, while Sakura accounts for 9–10%; the remaining market share is divided among dozens of small-to-mid-sized brands, plumbing shops' self-assembled brands, and unbranded white-label manufacturers. As a result, consumers still rely heavily on brand trust and service capability when it comes to product selection, installation, after-sales support, and filter replacements. For Sakura, the water purification business is not only about adding a product line; it allows the company to leverage its existing retail channels, installation services, and household customer base to extend post-installation customer relationships through filter replacements, scheduled reminders, and recurring service interactions.

Exhibit 2.5: Low-Frequency Revenue vs. Long-Tail Revenue

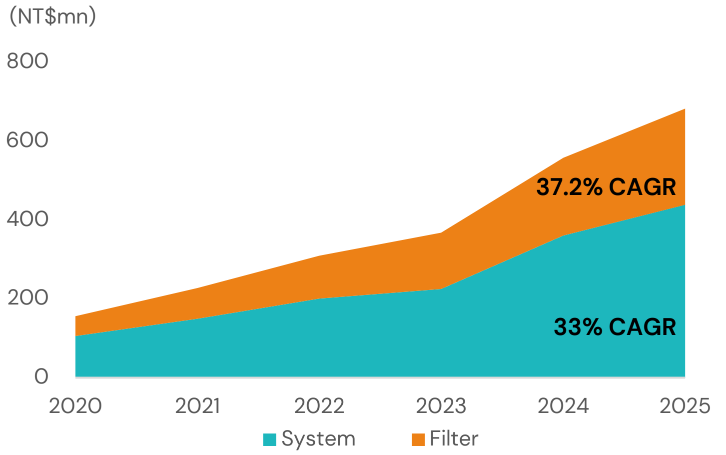
Metric	Traditional Kitchen & Bath	Water Purification
Initial Revenue	Hardware Sales	Hardware Sales
Subsequent Revenue	Maintenance / Parts / Replacements	Filter Cartridge Repurchases / Maintenance / Replacements
Revenue Profile	Low Frequency, Prolonged Cycles	Recurring, Subscription-based
Financial Significance	Provides Stable Replacement Baseline	Long-Tail Revenue + Margin Expansion

Source: Company Data, TruePulse Equity Research

Sakura began actively developing its water purification business in 2020 and is the only branded player with in-house R&D capabilities, supporting the launch of more differentiated products. From 2020 to 2025, water purifier main unit revenue achieved a 33.0% CAGR, while replacement filter cartridge revenue grew at a 37.2% CAGR, faster than main unit revenue. This dynamic reflects the gradual accumulation of filter replacement demand as the installed base expands. As a result, the water purification segment offers both main unit sales growth and a recurring consumables revenue stream.

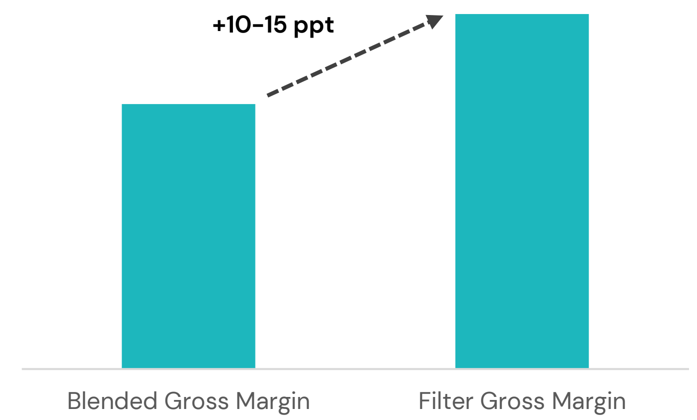
In terms of profitability, replacement filter cartridges typically carry higher margins, with gross margins approximately 10–15 percentage points higher than main units. As the active installed base rises and filter repurchases scale up, the water purification segment should enhance revenue predictability and contribute to margin expansion. Overall, water purification allows Sakura to leverage its existing customer base and retail channels to build an adjacent business characterized by repeat purchases, scheduled service touchpoints, and a higher consumables mix, further increasing revenue per household.

Exhibit 2.6: Sakura's Water Purification Revenue



Source: Company Data, TruePulse Equity Research

Exhibit 2.7: Sakura's Blended GM vs. Filter GM



Source: Company Data, TruePulse Equity Research

2.2.3 Home Space Solutions: Expanding Household Wallet Share

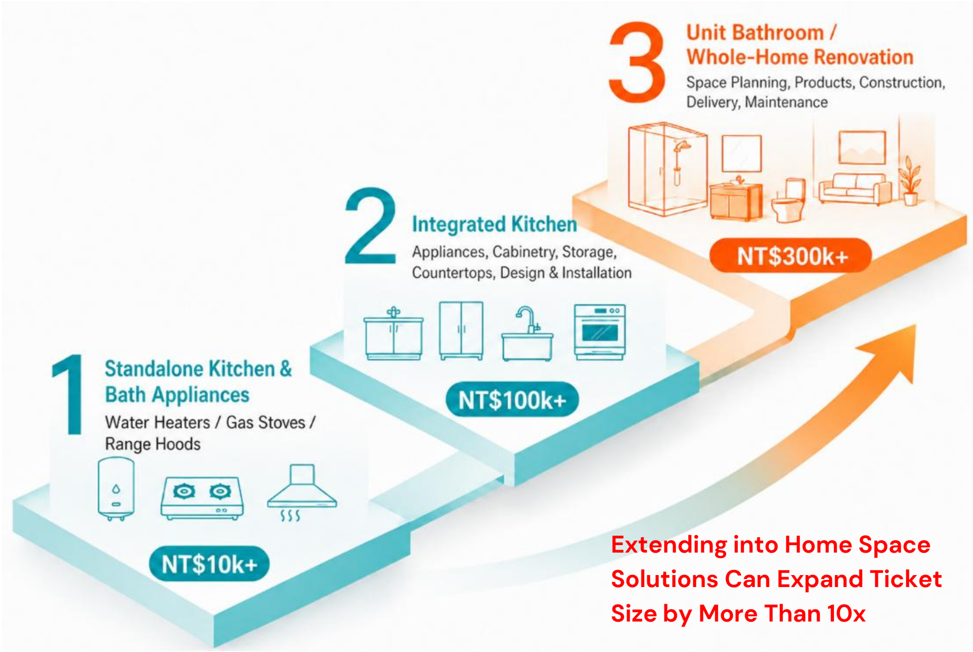
Beyond driving unit value through AI Kitchen and building recurring revenue through water purification, Sakura's next layer of wallet-share expansion comes from broadening its business scope from standalone kitchen and bath equipment to integrated kitchens, full-home renovations, and other home space solutions. This shift allows Sakura to move beyond isolated equipment replacement and participate in broader home renovation and space planning decisions, expanding both its service scope and revenue per household.

Currently, the core of Sakura's home space solutions remains integrated kitchens and full-home renovations. Integrated kitchens represent Sakura's most established space-extension business, backed by over 30 years of operating experience. The company has integrated capabilities spanning appliances, cabinetry, storage, countertops, design, manufacturing, and installation delivery, with annual delivery capacity of up to 40,000 sets to support large-scale developer demands. Extending further into full-home renovations enables Sakura to expand beyond the kitchen into foyers, living rooms, bedrooms, storage, and other residential spaces. Through one-stop planning, supply chain coordination, and construction management, Sakura can help developers improve delivery completeness and service efficiency while increasing addressable revenue per household.

Taking standard kitchen and bath appliances as an example, average ticket size typically ranges in the tens of thousands of NT dollars. When extended to integrated kitchens—encompassing appliances, cabinetry, storage, countertops, design, and installation services—spending per household can increase to the hundreds of thousands of NT dollars. Expanding further into full-home renovation solutions can lift this figure into the mid-to-high hundreds of thousands of NT dollars or above. In short, Sakura's expansion from hardware products to home space solutions materially increases its addressable wallet share within each household.

Taiwan's unit bathroom market remains in an early development stage, with cumulative installations of approximately 15,000 sets before 2021, over 50% of which were in residential buildings. Its modular construction model offers shorter construction windows and lower long-term maintenance costs, addressing developer needs to mitigate construction labor shortages and shorten delivery schedules. Sakura currently holds a 43.19% equity stake in Puda, a vertically integrated player in Taiwan's prefabricated bathroom market with annual delivery capacity of nearly 4,000 sets. This stake gives Sakura exposure to an adjacent bathroom space solution category alongside its existing integrated kitchen and full-home renovation businesses. Leveraging developer partnerships, integrated kitchen delivery experience, and home solution capabilities, Sakura could capture bathroom-related space demand as a potential extension of its household wallet-share strategy.

Exhibit 2.8: Household Wallet Share Expansion Roadmap

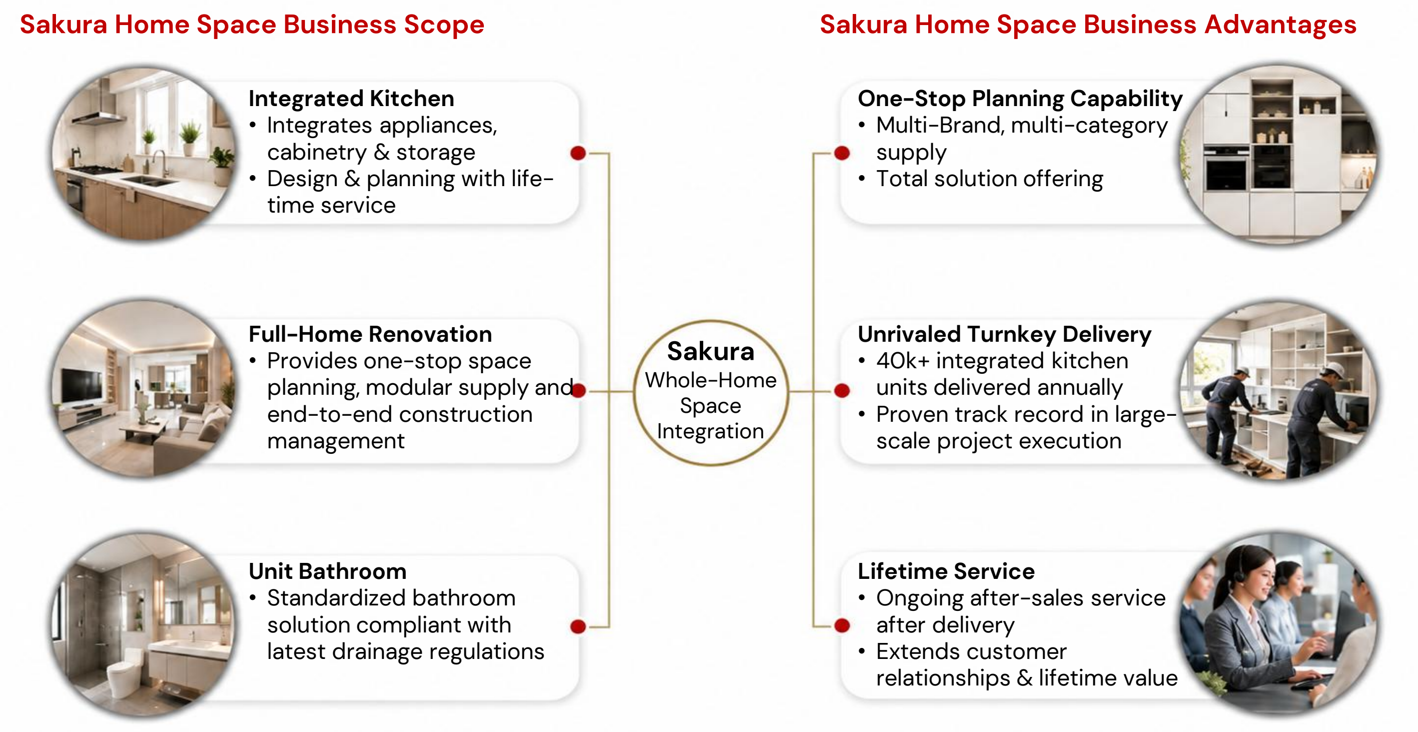


Source: Company Data, TruePulse Equity Research

Sakura’s entry into home space solutions is not a venture into unfamiliar territory, but rather a natural extension of its existing core capabilities. The brand trust, manufacturing and installation delivery, channel service network, and developer collaboration track record accumulated in the kitchen and bath appliance market provide a foundation for its expansion from standalone hardware sales to broader home space solutions. For consumers, home space solutions encompass design, material selection, construction, delivery, and subsequent maintenance—all of which require brand reliability and service quality. This is consistent with the capabilities Sakura has built through long-term engagement with household users.

Overall, Sakura’s household value expansion path remains anchored on the main axis of “standalone kitchen and bath hardware → integrated kitchens → full-home renovations," with unit bathrooms serving as an adjacent extension into additional home space scenarios. This evolution not only increases ticket size per household, but also supports the company’s expansion from a traditional equipment supplier toward a home space solution provide with longer-term customer engagement opportunities.

Exhibit 2.9: Leveraging Core Competencies for Home Space Solutions



Source: Company Data, TruePulse Equity Research

2.3 Developer Partnerships: Onboarding and Expansion

Approximately 70% of Sakura's revenue is generated from replacement demand from existing household, while the new-home market accounts for around 30%. Thus, the company's operational baseline is less dependent on property-market cycles. The strategic value of developer partnerships lies in enabling Sakura to acquire new household customers through new home handovers and integrate them into its subsequent installation, warranty, after-sales service, maintenance, and replacement ecosystem. In short, the developer segment supports mid-term new-purchase revenue while replenishing the future replacement pool, reinforcing a business structure less exposed to property-cycle fluctuations.

2.3.1 Scaled Developer Adoption: Acquiring Households at Low CAC

Sakura currently achieves an 80% coverage rate among Taiwan's top 20 real estate developers, establishing a strong position in the project market. By integrating its kitchen and bath appliances, integrated kitchens, and home interior solutions into residential developments, Sakura enters household settings at the new home handover stage, bringing new households into its installed base.

Compared with customer acquisition through retail channels, developer partnerships allow Sakura to reach large numbers of new households in batches, reducing unit customer acquisition costs (CAC). Upon handover, these new households enter Sakura's service network and gradually become part of the foundational for future maintenance, replacement, and upgrade demand. Consequently, the developer market serves not only as a mid-term source of new-purchase revenue, but also as an important channel for expanding Sakura's long-term replacement pool.

2.3.2 Order Visibility: 3–5 Years Lag between Contract Signing & Handover

Compared with general retail, the developer business offers better order visibility. Retail demand is tied more closely to immediate consumer replacement needs, with revenue recognized when purchases occur. By contrast, developer projects typically determine product specifications and contract terms during the planning or construction stage, with revenue recognized progressively based on completion, handover, and installation milestones. As a result, developer contract value serves as a leading indicator for tracking new-purchase revenue over the following years.

Generally, there is a 3-to-5-year time lag between contract signing, construction, handover, equipment installation, and eventual revenue recognition. For Sakura, this lag provides mid-term visibility, allowing the company to plan future delivery requirements and production capacity ahead of time.

Exhibit 2.10: Developer Channel vs. Retail Channel

Metric	Retail Channel (Household-by-Household)	Developer Channel (Large-Scale Adoption)
Touchpoint	Equipment breakdown, replacement, or renovation	New home handovers
Acquisition Strategy	Household cultivation; fragmented retail networks	Developer partnerships; batch onboarding per project
Offerings	Primarily standalone appliances	Appliances, integrated kitchens, and spatial solutions
Acquisition Efficiency	Single-household contact; recurring CAC per user	Scaled adoption; amortizes fixed acquisition costs
Revenue Recognition	Real-time recognition upon immediate demand	Deferred recognition based on project completion & handover
Order Visibility	Low predictability	High visibility; 3–5 year revenue predictability from contract
Strategic Leverage	Underpins the stable replacement baseline	Acquires new households to replenish long-term installed base

Source: Company Data, TruePulse Equity Research

2.3.3 Low Penetration of Furnished Units Creates Growth Potential

Currently, Taiwan's penetration rate for furnished new housing remains below 10%, still low compared with neighboring Asian markets where rates typically exceed 50%. As Taiwan's new residential developments gradually transition from bare-shell units or basic kitchen and bath fixtures toward standardized furnished or semi-furnished offerings, Sakura could expand its addressable project value while supporting demand for integrated kitchens, unit bathrooms, and home space solutions.

For consumers, renovating a home after purchase typically requires an additional several hundred thousand NT dollars to over NT$1mn in cash, alongside information asymmetries regarding contractor selection, quality control, schedules, and warranties. When developers bundle interior renovation packages into new developments, buyers can roll these costs into their mortgage, easing upfront cash flow pressures and reducing the need to manage construction directly.

For developers, offering furnished units enhances product value addition and sales differentiation. Sakura has established experience in branding, design, supply chain management, construction oversight, and after-sales services. It can support developers in handling pre-handover inspections, property handovers, and ongoing maintenance and warranty service with homebuyers. This can reduce administrative burdens, communication costs, and potential disputes for developers, supporting broader adoption of Sakura's home interior solutions.

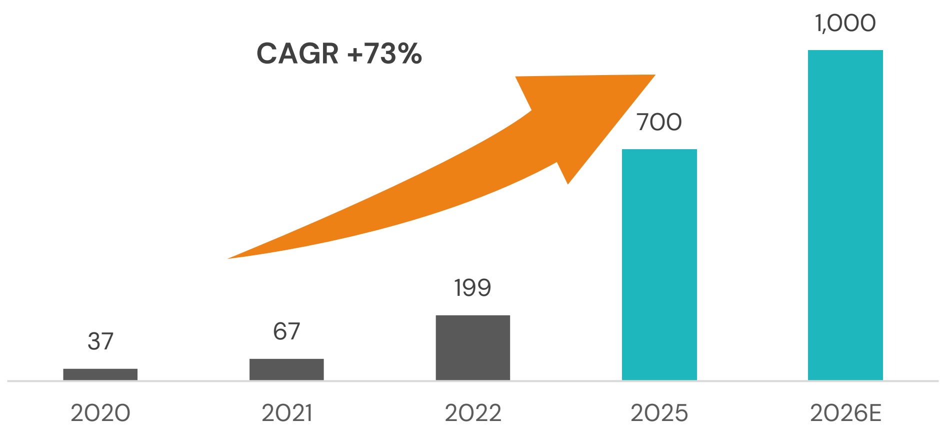
Exhibit 2.11: Furnished Housing Trends in Taiwan and Neighboring Asian Markets

Market	Primary Delivery Type	Penetration Overview	Drivers & Trends
Taiwan	Primarily bare-shell units / basic kitchen & bath fixtures	< 10%; nascent stage	Consumers accustomed to independent renovations; rising demand for developer product differentiation
China	fully furnished, including renovation, kitchen/bath equipment, build-in furniture	> 60% penetration in new residential builds	Policy-driven; developer differentiation; demand and delivery pacing have slowed recently
Japan	Turnkey housing, primarily standardized hard decoration	Highly mature (> 90%)	High property prices & construction costs leading to smaller footprints; heavily reliant on pre-installed "storage maximization" & "multifunctional integrated furniture"
South Korea	Apartment-concentrated supply; standardized renovation is common	Relatively mature (> 70%)	Dominated by large developers; large-scale residential complexes; high degree of standardization
Thailand	Urban condos mostly delivered fully or partially furnished	Higher penetration in mid-to-high-end condos	Developers offer renovation, furniture, or appliance packages to boost sales appeal; foreign buyers & investment demand drive "move-in ready" products
Vietnam	Coexistence of bare-shell and semi-furnished units; progressive adoption of full furnishing in mid-to-high-end projects	Still in early growth stage	Urbanization, expanding middle class, and the rise of large developers drive standardized renovation & delivery solutions in mid-to-high-end housing

Source: TruePulse Equity Research
Note: Definitions and statistical metrics for "furnished new housing" vary across markets (potentially covering full furnishing, semi-renovation, basic kitchen/bath fixtures, furniture/appliances, or partial spatial configurations); this table is intended primarily for directional comparison.

Reflecting market demand, Sakura home interior contract momentum has accelerated. Contracted value increased from NT$37mn in 2020 to NT$700mn in 2025, and is projected to reach NT$1.0bn in 2026, representing a 73% CAGR from 2020 to 2026. This growth suggests increasing developer acceptance of furnished housing solutions and Sakura's integrated delivery capabilities.

Exhibit 2.12: Sakura Home Interior Business Contract Value (NT$mn)



Source: Company Data, TruePulse Equity Research

2.3.4 Scaled Delivery and Project Management Capabilities

Competition in the developer channel depends not only on product pricing, but also on the ability to handle large household volumes, cross-building logistics, and multi-trade construction management. For developers, schedule delays, poor on-site installation coordination, or inadequate after-sales support can directly affect handover efficiency and customer satisfaction. Consequently, maintaining consistent delivery quality across large-scale projects is an important barrier to long-term developer partnerships.

With over 30 years of experience in the integrated kitchen market and an annual kitchen cabinetry delivery volume of approximately 40,000 sets, Sakura has integrated capabilities from product design, manufacturing, and supply to on-site installation and warranty maintenance. This allows the company to support whole-home interior projects involving hundreds or even over 1,000 units per development. Compared with peers offering only standalone cabinetry, appliances, or localized installation services, Sakura can manage large-scale deliveries, installation schedules, multi-trade coordination, and cross-unit or cross-building execution, forming a differentiated large-project delivery capability in the Taiwan market.

On the project management front, Sakura utilizes its KAC system for construction progress control, supporting execution tracking across stages from supply and work dispatching to installation and final acceptance. This helps improve project predictability and schedule control for large-scale developments. As its project scope expands from integrated kitchens to unit bathrooms and full-home renovations, this scaled delivery and project management capability provides an important foundation for participating in the furnished-housing trend. Consequently, Sakura's role in the developer channel extends beyond equipment supply. The company can act as an integrated project partner, supporting home space solution delivery, handover installation, project management, and ongoing household services.

2.4 Overseas Strategy: Vietnam & North America Tracks

While Sakura's Taiwan business—driven by replacements, AI Kitchens, consumables, and developer solutions—provides a stable base for future growth, overseas markets offer longer-term growth avenues. Vietnam and North America represent two distinct tracks: Vietnam serves as the primary market for testing the transferability of Sakura's full model, supported by urbanization and housing upgrades; North America, by contrast, focuses on range hoods as the entry category, with Sakura building market presence gradually through a dual ODM/OBM approach.

Exhibit 2.13: Sakura Overseas Market Footprint

Source: Company Data, TruePulse Equity Research

Vietnam represents Sakura's primary overseas scaling opportunity within its current international footprint, currently generating annual revenue of approximately NT$200–300mn. According to IMARC Group estimates, the Vietnamese kitchen appliance market is projected to expand from US$1.02bn in 2025 to US$1.53bn by 2034, supported by urbanization, rising disposable income, and residential upgrades. Beyond macro market growth, the local competitive landscape remains fragmented, with no single player holding a comparable advantage across brand awareness, channel coverage, and after-sales service. This creates room for companies with brand management, channel execution, and service capabilities.

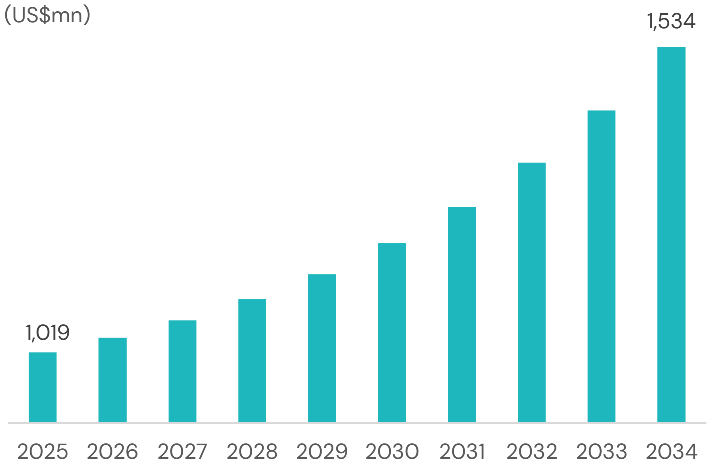
Sakura has established a local production base and over 2,000 retail touchpoints in Vietnam, providing an initial foundation for localized manufacturing and channel expansion. Over the longer term, if Sakura can improve brand penetration, strengthen channel and service execution, and gradually replicate elements of its Taiwan model, Vietnam revenue could grow faster than the overall market and become a more meaningful overseas contributor. We believe annual revenue could exceed NT$1.0bn over time, although the timing will depend on execution. Given its current modest scale, Vietnam remains a longer-term growth opportunity still in the investment and validation phase.

In North America, Sakura currently uses range hoods as its primary entry category, generating annual revenue of NT$60–70mn. The North American range hood market is sizable, projected to expand from US$3.5bn in 2025 to US$6.3bn by 2034. For Sakura, the strategic significance of North America is not only overseas sales growth, but also the opportunity to test its ability to compete in a mature market with higher requirements for product specifications, installation quality, and after-sales service.

The company initially used range hoods as its entry point, adopting an ODM model to design and manufacture products according to client specifications. This allowed Sakura to enter established brand and retail distribution networks while reducing early-stage market entry risk, and to accumulate experience in North American product standards, consumer preferences, and channel dynamics. At the same time, Sakura is evaluating longer-term OBM opportunities, selling directly under its own brand to gradually build brand recognition, pricing power, and long-term brand equity.

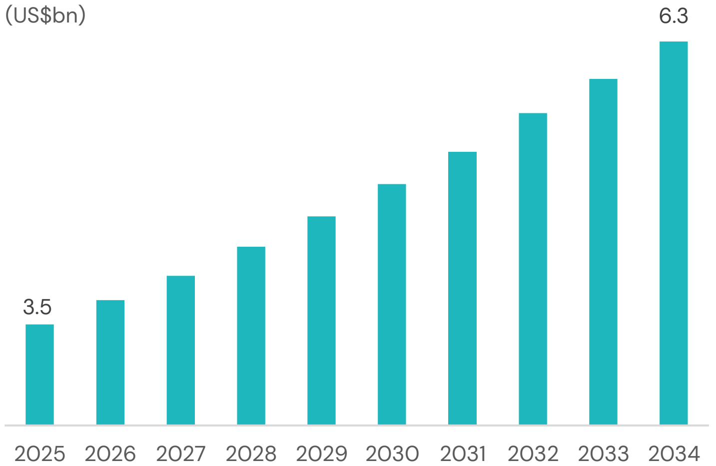
If Sakura can continue to build product reputation, distribution partnerships, and after-sales capabilities, its North American expansion could represent more than a volume scale-up in range hoods; it could help validate Sakura's ability to compete outside its home market. Looking ahead, product offerings could extend beyond a single category into broader kitchen and bath appliances, gradually expanding its portfolio and operating presence. Over time, establishing a track record in North America could strengthen Sakura's international brand credentials and support expansion into additional markets.

Exhibit 2.14: Vietnam Kitchen Appliance Market Size



Source: IMARC Group, TruePulse Equity Research

Exhibit 2.15: North America Range Hood Market Size



Source: Global Market Insights, TruePulse Equity Research

Despite an earlier entry, operations in China have pivoted toward a more cautious operating approach amid changes in the local property market and consumer environment. Near-term focus remains on existing business adjustments, product-mix optimization, and manufacturing efficiency improvement.

Overall, Sakura's overseas strategy can be summarized as "expansion in Vietnam, entry in North America, and optimization in China." While Taiwan remains the core growth engine, Vietnam and North America offer medium-to-long-term growth potential. If Sakura continues to deepen its overseas brand presence, channel networks, and service systems, international markets could become a longer-term extension of its Taiwan kitchen and bath appliance model, supporting Sakura's gradual expansion from a Taiwan-focused kitchen and bath appliance leader toward a broader regional home solutions platform.

2.5 Capacity & Smart Manufacturing: Supporting Upgrades & Scale
Sakura currently operates four manufacturing plants in Taiwan. With rising requirements for AI Kitchen, integrated kitchens, and home space solutions, the company needs higher delivery reliability, manufacturing consistency, and cross-category integration capabilities. In recent years, Sakura has optimized its capacity layout through production line consolidation and upgrades, process improvement, and AI-enabled smart manufacturing, enhancing supply capabilities, production efficiency, and quality control. At the same time, Wuri Plant II serves as an important production base for future integrated kitchens and smart manufacturing, further supporting product upgrades and large-scale developer project delivery. Overall, this capacity layout optimization should provide operational flexibility for future revenue expansion while lowering unit production costs through efficiency gains, supporting medium-to-long-term growth and margin improvement.

Exhibit 2.16: Sakura Smart Manufacturing Base

Source: Company Data, TruePulse Equity Research

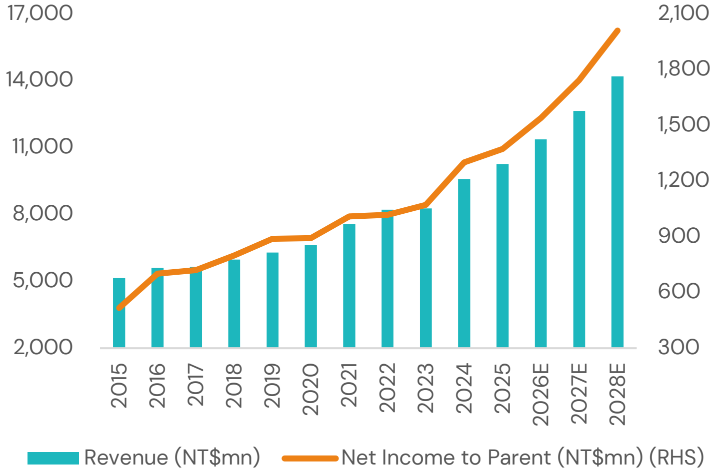
3. Historical Financials and Forecasts

3.1 Historical Performance (2015–2025)
From 2015 to 2025, Sakura delivered steady growth through price-mix upgrades and new business expansion. FY2025 revenue exceeded NT$10bn, while EPS reached a record NT$6.24, reflecting the conversion of revenue growth into earnings expansion.

Profitability remained broadly stable, with margins improving as higher-value businesses, including premium products and integrated kitchens, increased in mix. The margin decline in 2022, mainly due to raw material cost inflation from late 2021, was gradually offset as price adjustments took effect from 2H22, supporting a recovery in 2023.

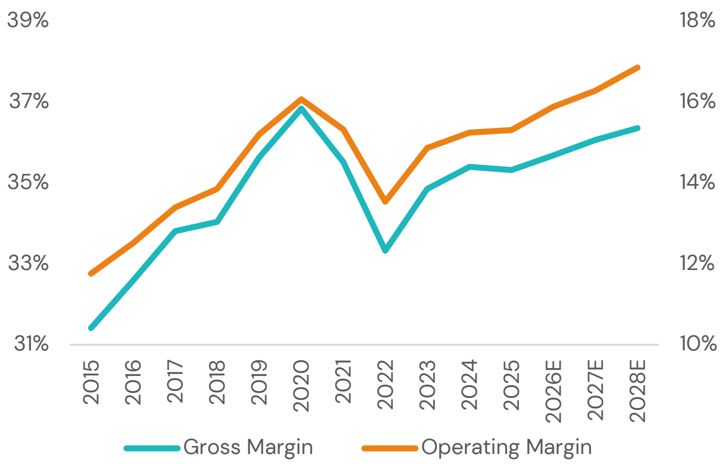
Sakura has a compound growth profile backed by a stable replacement base and product upgrades. Future revenue growth and margin improvement should remain supported by rising contributions from AI Kitchen, water purification, and home space solutions.

Exhibit 3.1: Sakura's Revenue & Net Profit Trends



Source: Company Data, TruePulse Equity Research

Exhibit 3.2 : Sakura's GPM and OPM Trends



Source: Company Data, TruePulse Equity Research

3.2 Financial Forecasts (2026-2028)
2026 1H Operational Highlights:

- Consolidated Revenue: NT$5.5bn (+6.4% YoY)
- Operating Income: NT$861mn (+8.7% YoY); OPM: 15.7%
- Net Income Attributable to Parent: NT$713mn (+7.1% YoY); EPS: NT$3.26

Momentum in 1H26 was mainly driven by premium product upgrades and new business growth. AI product sales increased 16% YoY, supporting a higher premium mix and driving 5% YoY revenue growth in the kitchen and bath appliance business. In water purification, filter sales rose 19% YoY, reflecting expanding consumables repurchase demand as the installed base grows.

The home furnishing business increased 7% YoY, supported by developer project handovers. AI Kitchen contract penetration has exceeded 20% in both developer and retail channels, while combined new contract volume for integrated kitchens and full-home renovation rose 16% YoY, providing visibility for future shipments and revenue recognition.

Operating profit growth outpaced revenue growth in 1H26, suggesting that premiumization and product-mix improvement are beginning to translate into stronger profitability. This is consistent with Sakura's shift toward higher-value smart products, water filter consumables, and integrated home furnishing solutions.

Under our initiation assumptions, we forecast consolidated revenue to rise from NT$10.28bn in 2025 to NT$14.21bn in 2028E, representing a 2025–2028E CAGR of 11.4%. Growth will be primarily driven by developer market expansion, with the kitchen and bath appliance segment providing a stable foundation for top-line scale.

Kitchen and Bath Appliances Business
We project the kitchen and bath appliance revenue mix to decline from 55.0% in 2025 to 51.3% by 2028E, although the segment should still deliver a 9.0% CAGR. This mix reduction reflects faster growth in the developer-related business, including integrated kitchens and home solutions, rather than a decline in appliance revenue, resulting in a more balanced revenue structure.

Growth in kitchen and bath appliances should be driven by product upgrades and rising AI Kitchen penetration. We expect the AI Kitchen shipping mix to increase from 5.7% in 2025 to 9.7% by 2028E, supporting a higher mix of premium smart products and contributing to ASP uplift and product-mix improvement.

Water purification should be one of the faster-growing categories within appliance-related businesses. As the installed base expands, recurring filter replacement demand should accumulate and support consumables revenue growth. We forecast a 27.6% CAGR for filter consumables during 2025–2028E, with revenue exceeding NT$500mn by 2028E, outpacing the 14.2% CAGR for purification systems. This reflects how the consumables repurchase model can increase revenue per household and improve revenue predictability.

Developer-Related Businesses (Integrated Kitchens & Home Interiors)
Near-term revenue recognition for developer-related businesses remains tied to past contracting timelines. In 2023–2024, supported by the government's subsidized housing loan policy, a buoyant property market reduced developers' destocking pressure and supported faster sales. This temporarily limited their willingness to adopt full-home decor and home solution packages, weighing on contract value for Sakura's home interior business. Given the typical three-to-five-year lag between contract signing and final delivery, weaker contracting momentum in 2023–2024 is likely to weigh on revenue recognition in 2026–2027.

However, contract value for Sakura's home interior business has improved since 2025, reflecting increasing developer adoption of full-home decor solutions. We expect home interior revenue to grow from roughly NT$200mn in 2025 to NT$650mn in 2028E. While 2026–2027 should represent a transitional period from contract backlog to revenue recognition, growth is expected to accelerate from 2028 as newly signed projects enter the delivery stage.

Combining integrated kitchens' developer revenue and total home solutions revenue, we forecast total developer-related revenue to increase from approximately NT$2.87bn in 2025 to NT$4.8bn in 2028E, representing an 18.7% CAGR. The revenue mix of developer-related businesses is projected to rise from around 28% in 2025 to 34% by 2028E.

Near-term revenue contributions from overseas markets remain limited and are excluded from our primary growth assumptions. Supported by urbanization and rising appliance demand, Vietnam offers longer-term growth potential; we forecast a 9.3% Vietnam revenue CAGR during 2025–2028E. Meanwhile, North America remains in the channel and product deployment phase. As a result, Taiwan should remain Sakura's primary growth engine during 2026–2028E.

Margin Expansion Expected to Continue
We forecast Sakura's gross margin to expand from 35.3% in 2025 to 36.4% in 2028E. This gross margin expansion is mainly driven by a higher mix of premium kitchen and bath appliances, increased revenue contribution from higher-margin filter consumables, and efficiency gains from scaled integrated kitchen deliveries. Meanwhile, as the home business scales delivery volume under relatively low customer acquisition costs, we forecast its gross margin to gradually approach 35%.

Operating margin is projected to rise from 15.3% in 2025 to approximately 16.9% in 2028E, reflecting lower CAC and service costs from batch developer deliveries, alongside production line consolidation and smart manufacturing initiatives that should support operating leverage. Net profit is expected to grow from NT$1.37bn to NT$2.01bn, with EPS increasing from NT$6.24 to NT$9.19, representing a 2025–2028E EPS CAGR of approximately 13.8%, ahead of top-line revenue growth.

Exhibit 3.3: Sakura's Financial Summary and Forecast

Revenue Breakdown (%)	2024	2025	2026E	2027E	2028E
Kitchen & Bath Appliance	57.6%	54.9%	54.1%	53.2%	51.3%
Integrated Kitchen	28.3%	32.2%	32.8%	33.4%	34.5%
Home Interior	3.1%	1.9%	2.5%	3.2%	4.6%
International Brand Agency	3.0%	3.1%	3.0%	2.8%	2.6%
Overseas Market	5.4%	4.2%	3.9%	3.7%	3.5%
Others	2.5%	3.7%	3.7%	3.6%	3.5%
(NT$mn)					
Revenue	9,601	10,275	11,371	12,648	14,206
Gross Profit	3,399	3,629	4,058	4,562	5,165
Operating Profit	1,464	1,573	1,808	2,060	2,395
Non-op Profit	163	134	112	107	109
Pretax Profit	1,627	1,708	1,920	2,167	2,504
Net Profit	1,301	1,373	1,541	1,744	2,011
EPS (NT$)	5.94	6.24	7.04	7.97	9.19
Margins					
Gross Margin	35.4%	35.3%	35.7%	36.1%	36.4%
OPEX Ratio	20.2%	20.0%	19.8%	19.8%	19.5%
Operating Margin	15.2%	15.3%	15.9%	16.3%	16.9%
Pretax Margin	16.9%	16.6%	16.9%	17.1%	17.6%
Net Margin	13.5%	13.4%	13.5%	13.8%	14.2%
YoY					
Revenue	16.1%	7.0%	10.7%	11.2%	12.3%
Gross Profit	17.9%	6.8%	11.8%	12.4%	13.2%
Operating Profit	19.0%	7.5%	14.9%	13.9%	16.3%
Net Profit	21.3%	5.5%	12.2%	13.2%	15.3%
EPS	21.3%	4.9%	12.9%	13.2%	15.3%

Source: Company Data, TruePulse Equity Research

Exhibit 3.4: Sakura's Financial Summary and Forecast (Quarterly)

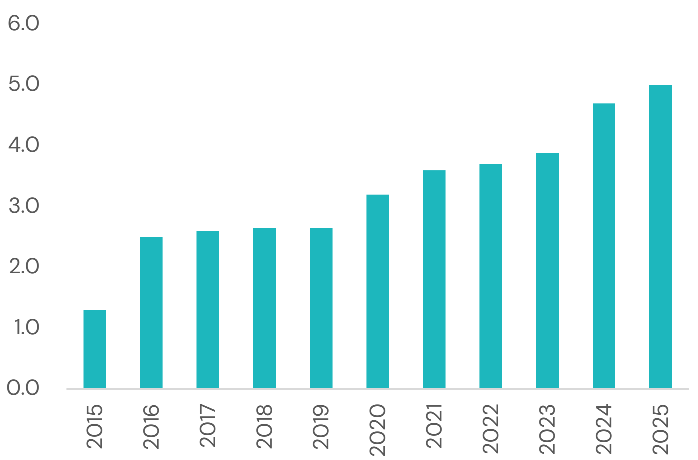
Revenue Breakdown (%)	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Kitchen & Bath Appliance	55.7%	52.7%	52.1%	55.6%	55.4%	53.8%	49.4%	54.3%
Integrated Kitchen	34.9%	35.4%	34.7%	26.5%	34.3%	32.5%	37.1%	29.6%
Home Interior	0.3%	0.7%	3.2%	5.7%	2.4%	3.4%	3.5%	3.6%
International Brand Agency	2.1%	3.4%	2.7%	3.7%	1.9%	3.2%	2.5%	3.6%
Overseas Market	3.0%	4.0%	4.1%	4.7%	2.7%	3.8%	3.9%	4.5%
Others	4.0%	3.8%	3.2%	3.9%	3.3%	3.3%	3.5%	4.3%
(NT$mn)								
Revenue	2,910	2,586	2,903	2,972	3,376	2,850	3,206	3,216
Gross Profit	1,038	910	1,041	1,070	1,218	1,026	1,153	1,165
Operating Profit	483	378	467	481	550	451	521	538
Non-op Profit	19	8	57	28	25	28	27	27
Pretax Profit	502	385	523	509	575	479	548	565
Net Profit	408	305	418	409	463	387	439	454
EPS (NT$)	1.87	1.39	1.91	1.87	2.12	1.77	2.01	2.08
Margins								
Gross Margin	35.7%	35.2%	35.9%	36.0%	36.1%	36.0%	36.0%	36.2%
OPEX Ratio	19.1%	20.6%	19.8%	19.8%	19.8%	20.2%	19.7%	19.5%
Operating Margin	16.6%	14.6%	16.1%	16.2%	16.3%	15.8%	16.3%	16.7%
Pretax Margin	17.2%	14.9%	18.0%	17.1%	17.0%	16.8%	17.1%	17.6%
Net Margin	14.0%	11.8%	14.4%	13.8%	13.7%	13.6%	13.7%	14.1%
YoY								
Revenue	5.5%	7.6%	13.6%	16.3%	16.0%	10.2%	10.4%	8.2%
Gross Profit	8.7%	8.0%	14.3%	16.1%	17.4%	12.7%	10.8%	8.9%
Operating Profit	12.0%	4.5%	22.1%	20.7%	13.9%	19.4%	11.7%	11.8%
Net Profit	7.3%	6.8%	25.6%	9.5%	13.5%	27.0%	4.9%	11.1%
EPS	7.3%	6.8%	25.6%	10.1%	13.5%	27.0%	4.9%	11.1%

Source: Company Data, TruePulse Equity Research

3.3 Dividend Policy & Shareholder Returns

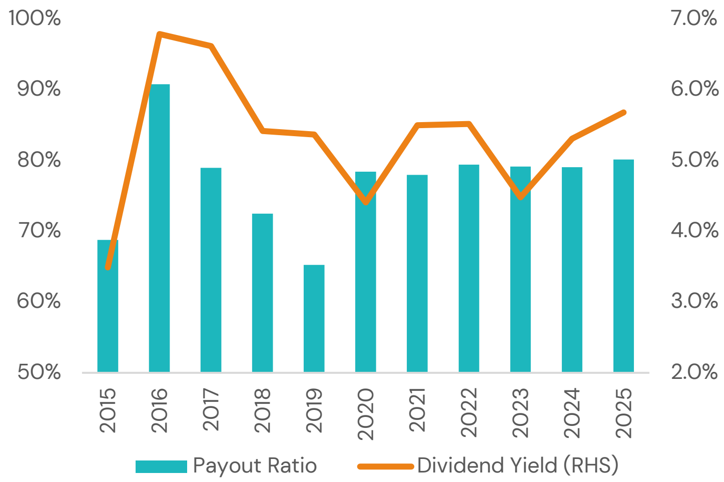
Sakura maintains a long-term stable cash dividend policy, with its payout ratio consistently in the 70–80% range. This reflects stable cash flow generation, manageable capital expenditure requirements, and a shareholder-return-oriented capital allocation policy. Based on a cash dividend of NT$5.0 per share in 2025, the implied dividend yield is approximately 6.0%, providing a meaningful cash return component for a steady-growth company.

Exhibit 3.5: Sakura's Dividend Payout (NT$)



Source: Company Data, TruePulse Equity Research

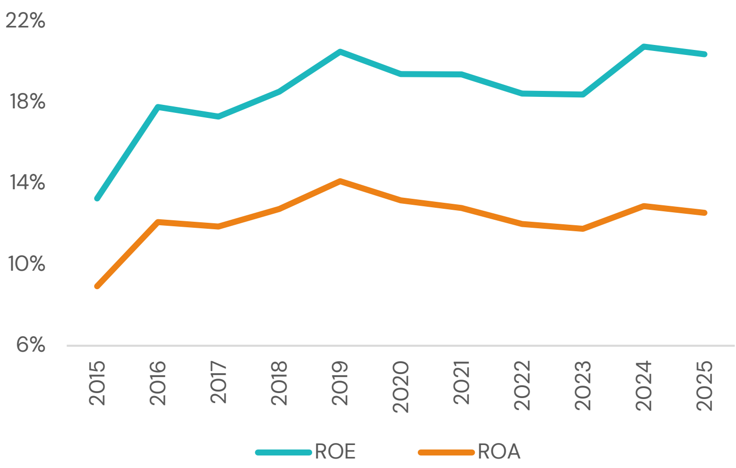
Exhibit 3.6: Sakura's Payout Ratio & Yield



Source: Company Data, TruePulse Equity Research

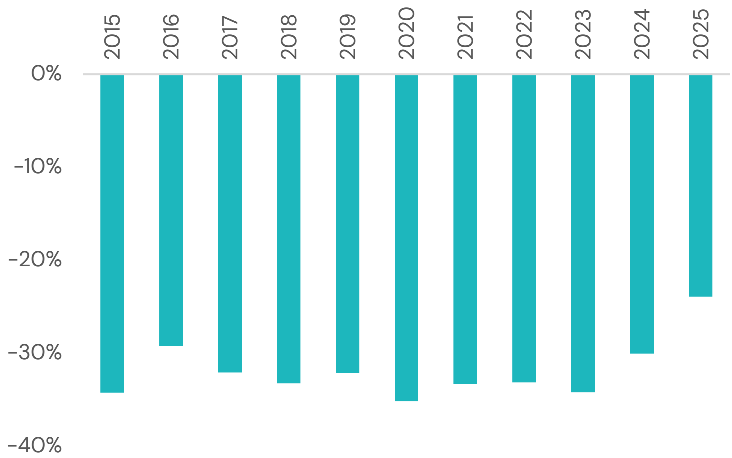
From a shareholder return perspective, Sakura's ROE has remained around 20% over the long term, reflecting solid capital efficiency under a conservative capital structure. At the same time, the company maintains a net-cash position with low financial leverage, providing balance-sheet resilience against financial risks. This financial position gives Sakura capital flexibility to fund new products, new businesses, and market expansion without heavy reliance on debt. Overall, its stable cash flow, net-cash balance sheet, and low leverage provide the financial basis for sustaining both high dividend payouts and long-term growth investments.

Exhibit 3.7: Sakura's Historical ROE and ROA



Source: Company Data, TruePulse Equity Research

Exhibit 3.8: Sakura's Historical Net Debt to Equity



Source: Company Data, TruePulse Equity Research

4. Valuation & Scenario Analysis

4.1 Valuation Framework and Multiples

We base our valuation primarily on a peer-comparison approach, anchored by 2027E Forward P/E and cross-checked against P/B, ROE, and dividend yield. Given Sakura's resilient replacement base and its expansion of revenue per household through AI Kitchens, water purification consumables, integrated kitchens, and home space solutions, P/E is the most direct metric for reflecting future earnings growth and potential valuation re-rating. At the same time, dividend yield serves as a useful supplementary metric for assessing shareholder returns, given Sakura's stable cash flow and high-payout policy.

The peer comparison framework covers five distinct categories:

- Taiwanese Residential Equipment & Home Products: Nien Made, Hocheng
- (HCG), Sanitar.
- International Kitchen, Bath & Home Appliances: Noritz, Rinnai, Coway.
- International Water Technology Solutions: A.O. Smith, Watts Water, Pentair, Zurn Elkay, Ariston.
- International Home Space Solutions: TOTO, LIXIL.
- Taiwanese Consumer Staples Benchmarks: President Chain Store (PCS), FamilyMart, Poya.

This peer set reflects Sakura's multi-attribute business profile across kitchen and bath appliances, water consumables, home solutions, and the stable financial characteristics of Taiwanese consumer staples.

Exhibit 4.1: Sakura's Peer Valuation Comparison Table

	Market Cap	EPS CAGR	P/E (x)			P/B (x)			EV/EBITDA (x)			ROE (%)			Dividend Yield (%)		
	(US$mn)	2025-2028E	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028
Taiwan Home Equipment & Interiors Peers																	
Sakura	571	13.8%	11.9	10.6	9.2	2.5	2.3	2.2	8.0	7.0	6.0	21.9	23.6	25.3	6.8	7.7	8.8
Hocheng	231	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitar	87	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nien Made	3,447	9.2%	15.1	14.3	12.9	3.5	3.2	2.9	8.6	7.9	7.3	24.2	23.6	22.9	4.5	5.0	5.3
Average		**11.5%**	**13.5**	**12.4**	**11.0**	**3.0**	**2.8**	**2.5**	**8.3**	**7.5**	**6.7**	**23.1**	**23.6**	**24.1**	**5.7**	**6.3**	**7.1**
Global Kitchen, Bath & Home Appliance Peers																	
Noritz	722	-0.6%	14.5	26.1	34.8	0.7	0.7	0.7	8.8	8.3	8.0	5.7	3.1	2.3	4.0	3.4	3.4
Rinnai	3,217	7.8%	14.7	14.1	13.7	1.2	1.1	1.0	6.1	6.0	5.6	8.5	8.1	8.1	2.8	2.9	3.1
Coway	4,666	11.7%	9.3	8.2	7.7	1.6	1.4	1.2	6.2	5.7	5.4	18.2	17.8	17.2	3.4	3.8	4.5
Average		**6.3%**	**12.8**	**16.1**	**18.7**	**1.2**	**1.1**	**1.0**	**7.0**	**6.7**	**6.3**	**10.8**	**9.7**	**9.2**	**3.4**	**3.4**	**3.7**
Global Water Heating & Treatment Solution Peers																	
A.O. Smith	8,695	4.8%	16.9	15.8	13.8	4.6	4.1	3.7	11.4	10.8	10.2	27.2	27.7	27.8	2.3	2.3	2.4
Watts Water	13,094	13.9%	30.8	27.9	26.0	5.6	4.8	4.2	20.5	18.4	17.3	18.9	19.4	16.6	0.6	0.7	0.7
Pentair	10,997	9.4%	16.7	14.0	12.8	2.8	2.5	2.2	12.3	10.9	10.2	19.0	19.5	18.5	1.6	1.6	1.7
Zurn Elkay	8,529	19.4%	29.5	29.2	25.3	5.1	4.7	4.1	17.2	15.9	15.0	18.4	18.7	19.3	0.9	0.9	0.9
Ariston	1,651	4.2%	12.0	10.7	9.5	0.9	0.9	0.8	6.1	5.3	4.9	8.4	9.1	9.7	2.9	3.5	3.7
Average		**10.3%**	**21.2**	**19.5**	**17.5**	**3.8**	**3.4**	**3.0**	**13.5**	**12.3**	**11.5**	**18.4**	**18.9**	**18.4**	**1.6**	**1.8**	**1.9**
Global Home Space Solution Peers																	
TOTO	6,860	69.2%	32.6	22.5	18.5	2.1	1.9	1.8	11.8	10.4	8.7	6.3	8.9	10.2	1.5	1.8	2.3
LIXIL	3,291	132.6%	43.7	35.3	20.8	0.9	0.8	0.8	9.3	9.0	7.9	1.9	2.2	3.8	5.0	5.0	5.0
Average		**100.9%**	**38.2**	**28.9**	**19.6**	**1.5**	**1.4**	**1.3**	**10.5**	**9.7**	**8.3**	**4.1**	**5.5**	**7.0**	**3.2**	**3.4**	**3.6**
Taiwan Consumer Staples																	
Poya	2,616	14.4%	21.8	19.7	17.9	14.1	10.9	10.3	13.0	12.9	11.9	53.0	50.4	43.6	4.0	4.4	4.8
President Chain Store	7,082	10.9%	18.9	17.7	14.9	5.0	4.3	3.9	7.7	7.4	7.1	26.2	25.5	27.0	4.2	4.5	4.9
FamilyMart	1,282	7.5%	23.7	21.0	19.6	4.3	4.1	3.9	7.0	8.0	9.2	18.3	19.7	20.2	3.6	4.0	4.0
Average		**10.9%**	**21.5**	**19.5**	**17.5**	**7.8**	**6.4**	**6.0**	**9.2**	**9.5**	**9.4**	**32.5**	**31.9**	**30.3**	**3.9**	**4.3**	**4.6**

Source: Company Data, Bloomberg, TruePulse Equity Research

We include Poya, FamilyMart, and President Chain Store as benchmark peers not because they share identical business models, but because they represent Taiwan consumer names with stable end-market demand, extensive retail networks, solid capital efficiency, and steady cash flow generation, which have historically supported higher P/E valuations. While Sakura's business model differs, its high market share, broad distribution network, stable replacement demand, shareholder returns, and net-cash balance sheet share some comparable characteristics, yet its current P/E multiple remains lower.

Sakura currently trades at 10.6x 2027E P/E, below Nien Made's 14.3x, the 16.1x average of international kitchen, bath and home appliance peers, and the 19.5–28.9x range of peers with consumables, home space solution, or Taiwan consumer attributes. This discount does not appear to reflect weaker growth. We forecast Sakura to deliver a 13.8% EPS CAGR during 2025–2028E, above Nien Made's 9.2%, international kitchen, bath and home appliance peers' 6.3%, water technology peers' 10.3%, and Taiwan consumer benchmark names' 10.9%.

Across ROE, dividend yield, cash conversion cycle, and net debt-to-equity, Sakura also compares well with most peers. However, its P/E multiple remains below several higher-rated peer groups, suggesting that the market still largely values Sakura as a traditional hardware manufacturer, with limited recognition of its replacement-led earnings base, consumables revenue, and expansion into home space solutions. We view Sakura's current valuation as undemanding relative to its EPS growth, ROE profile, dividend yield, and net-cash balance sheet, with room for the valuation framework to gradually shift as these drivers become more visible.

Exhibit 4.2: ROE Comparison - 2025

Source: Company Data, Bloomberg, TruePulse Equity Research

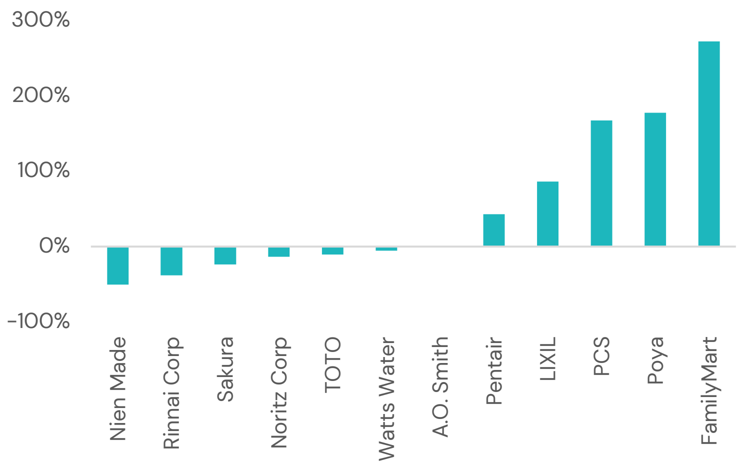
Exhibit 4.3: Dividend Yield Comparison - 2025

Source: Company Data, Bloomberg, TruePulse Equity Research

Exhibit 4.4: CCC Comparison - 2025

Source: Company Data, Bloomberg, TruePulse Equity Research

Exhibit 4.5: Net Debt to Equity Comparison - 2025



Source: Company Data, Bloomberg, TruePulse Equity Research

4.2 Scenario-Based Implied Valuation

To reflect how different execution outcomes across Sakura's replacement-led earnings base, product upgrades, and developer-channel expansion could affect valuation, we derive a scenario-based implied value range. This framework is anchored on our 2027E EPS of NT$7.97 and applies different P/E multiple assumptions.

Exhibit 4.6: Sakura's Implied Value Scenario Analysis

Scenario	Applied P/E (x)	Implied Value (NT$)	Underlying Assumptions
Bear Case	11–13x	87–103	Stable replacement demand; slow AI Kitchen adoption; lagging developer contract growth and revenue recognition
Base Case	14–16x	111–127	Steady AI Kitchen penetration; progressive conversion of developer contracts into deliveries and revenue
Bull Case	17–19x	135–151	Rapid AI Kitchen adoption; strong expansion in new developer contract value

Source: Company Data, TruePulse Equity Research

Bull Case: NT$135–151 (17–19x 2027E EPS)
The Bull Case assumes multiple growth drivers exceed base-case expectations, including faster-than-expected AI Kitchen penetration, which supports kitchen and bath appliance ASP uplift and product-mix improvement. Higher penetration of furnished housing increases contract values in integrated kitchens and home space solutions, while a smooth transition from project contracts to handover revenue recognition accelerates top-line contribution.

In this scenario, market perception of Sakura could shift from a traditional hardware vendor toward a broader household spending platform supported by stable replacement demand, recurring consumables, home space solutions, and customer lifecycle management. Its P/E multiple could move toward the higher end of the peer range, implying a valuation range of NT$135–151.

Base Case: NT$111–127 (14–16x 2027E EPS)
Under the Base Case, operational progress aligns with current expectations: steady replacement demand for kitchen and bath appliances, together with gradual AI Kitchen adoption, supports premium mix and ASP uplift. Developer contracts convert into handovers and revenue recognition, lifting contributions from integrated kitchens and home space solutions. In water purification, an expanding installed base supports recurring filter consumables sales.

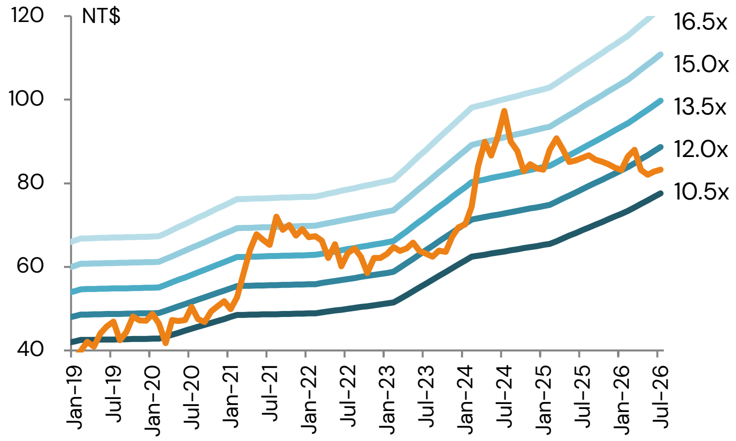
Supported by its replacement-led earnings base and developer-channel growth, Sakura could trade at a higher multiple than traditional hardware suppliers, reflecting its gradual expansion toward household wallet share and customer lifecycle monetization. Applying 14–16x 2027E P/E yields an implied value range of NT$111–127.

Bear Case: NT$87–103 (11–13x 2027E EPS)
The Bear Case reflects potential delays in growth momentum. While replacement demand remains stable, AI Kitchen penetration lags expectations. Delays in property handovers and revenue recognition for home solutions constrain near-term growth in integrated kitchens and the home business, while full-home interior solutions fail to show early scale benefits, limiting gross margin expansion.

In this scenario, the market continues to value Sakura as a traditional kitchen and bath hardware supplier, assigning a lower P/E range. However, Sakura's

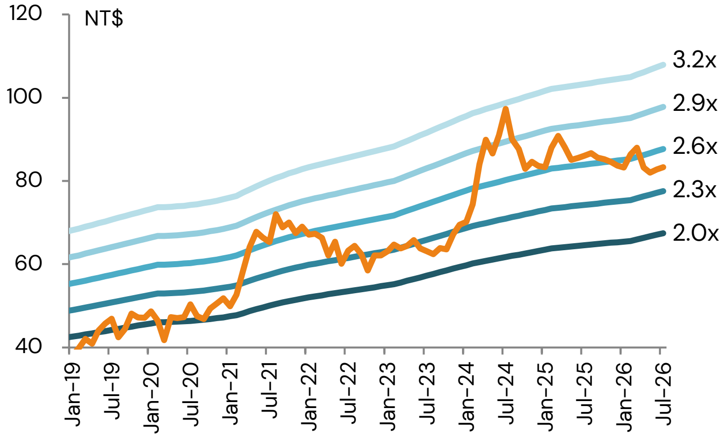
70% replacement-led revenue base, net-cash balance sheet, stable cash flow, and high dividend payout policy should provide downside support, implying a valuation range of NT$87–103.

Exhibit 4.7: Sakura's Forward P/E Chart



Source: Company Data, TruePulse Equity Research

Exhibit 4.8: Sakura's Forward P/B Chart



Source: Company Data, TruePulse Equity Research

4.3 Key Risks and Challenges

- **Macroeconomic & Cost Volatility**: If inflation, interest rate changes, or weaker consumer confidence lead households to defer discretionary renovation spending and durable goods purchases, demand for kitchen and bath appliances and interior updates could be affected. At the same time, sharp fluctuations in raw material, component, logistics, or energy costs could pressure short-term gross margins and limit Sakura's ability to pass through costs.
- **Property Market & Developer Revenue Recognition Risks**: Sakura's core operation is primarily anchored by existing household replacement demand, meaning real estate fluctuations do not fully determine its earnings base. However, new housing and developer projects remain important customer-acquisition channels. A real estate slowdown, persistent lending restrictions, or delays in project launches and handovers could affect order intake, delay revenue recognition, and weigh on developer purchasing activity.
- **Industry Competition & Pricing Pressure**: Competition across kitchen appliance and smart kitchen products continues to intensify, with global, local, and budget brands competing across premium, mid-range, and value segments. Aggressive price promotions, distributor subsidies, or rapid new product launches by competitors could affect market share, ASP, or gross margins in certain product categories. In addition, rising competition in the imported brand agency market could weigh on channel availability for mid-to-high-end products.
- **Overseas Execution Uncertainties**: Overseas expansion requires Sakura to navigate local regulations, product specifications, channel establishment, brand awareness, and after-sales service adjustments. While overseas operations may offer longer-term growth potential, the timing and scale of tangible financial contributions remain uncertain and require continued monitoring.

5. Appendix

5.1 Management Profile
Chairman – Mr. Yung-Chieh Chang
Chairman Yung-Chieh Chang has served as chairman of Sakura since 2013. During his tenure, Sakura expanded beyond its core kitchen and bath appliance business into integrated kitchens, water purification, home interiors, and overseas markets. In 2018, the company established its Corporate Planning Office to support long-term strategic planning. In 2019, management set a target to exceed NT$10bn in revenue by 2025, which Sakura achieved with FY2025 revenue of NT$10.28bn.

Education & Academic Background
- B.A. in International Relations, University of Southern California

Professional Experience & Career Trajectory
Prior to officially assuming the chairmanship, Chairman Chang spent many years cultivating his expertise within the group, gaining extensive hands-on experience in cross-strait markets, brand positioning, and distribution channel logistics:
- President, Sakura Bath and Kitchen Products (China) Co., Ltd.
- Special Assistant to the Chairman, Taiwan Sakura Corporation
- CEO, Svago International Corporation

President – Mr. Hui-Hsun Lee
President Hui-Hsun Lee has held senior roles across brand marketing, investor relations, corporate planning, and strategic integration at Sakura. Prior to joining the company, he developed experience in consumer products and channel management at Yuen Foong Yu Paper. Mr. Lee officially assumed the role of President on July 1, 2023. In October 2023, Sakura introduced its "HOME in O.N.E" concept, organized around one-stop service, product choice, and supply efficiency. Under the current management team, Sakura exceeded the NT$10bn revenue milestone in 2025 and has set a longer-term target of reaching NT$15bn in revenue.

Education & Academic Background
- Department of Business Administration, Chung Yuan Christian University

Professional Experience & Career Trajectory
- Manager, Consumer Product Business Division, Yuen Foong Yu Paper Mfg. Co., Ltd.
- Director, Planning Division, Taiwan Sakura Corporation
- Vice President, Business Planning Office, Taiwan Sakura Corporation

ESG Initiatives
Sakura has gradually incorporated ESG initiatives into its operations, focusing on governance, environmental management, and social responsibility.

Governance: Sakura continues to enhance governance transparency and legal compliance, with an emphasis on board accountability and regular board performance evaluations. The company also targets zero data breaches and zero material non-compliance or corruption incidents.

Environment: Sakura has set a group-wide target to achieve net-zero emissions by 2050 and has expanded greenhouse gas inventory disclosure to include Scope 3. The company also promotes energy-saving product designs and eco-friendly products, with most flagship models achieving Tier 2 energy efficiency ratings as it continues to work toward Tier 1 standards.

Social: Sakura incorporates ESG criteria into quarterly supplier evaluations and has achieved 100% ESG audit coverage among major suppliers. This supports supplier management and reflects the company's broader focus on customer safety, service quality, and supply-chain responsibility.

Exhibit 5.1: Sakura's "HOME in O.N.E" Innovative Service Philosophy

Source: Company Data, TruePulse Equity Research

5.2 AI Kitchen: Product Architecture and ASP Implications

Launched in 2024, Sakura's AI Kitchen initiative supports the adoption of smart kitchen appliances under the PREVU framework, which refers to Predictable + View. Based on data collection, environmental sensing, and AI computing, the system tracks real-time variables during cooking and appliance use. By converting usage conditions into observable data, AI Kitchen supports more automated appliance control and creates a foundation for connected kitchen applications.

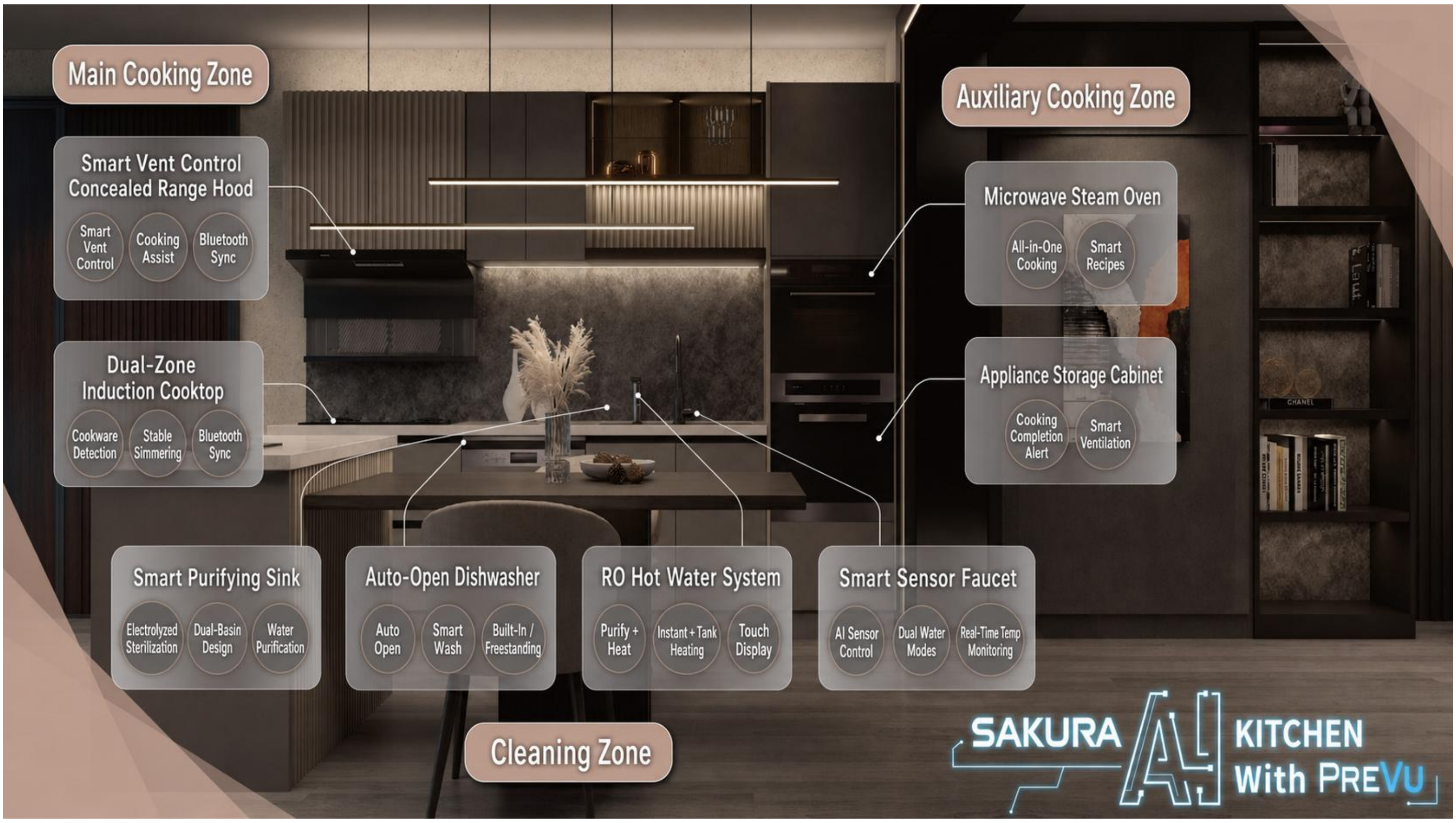
The PREVU framework consists of three core layers:

- Environmental sensing: Utilizes multi-point temperature monitoring and usage-status diagnostics to capture real-time cooking and appliance-use data, providing the input layer for smart control functions.
- Predictive intelligence: Analyzes real-time data against historical models to anticipate the user's next likely requirement, such as flame adjustment, smoke extraction, or water control, supporting more proactive appliance responses.
- Smart adjustment: Automatically adjusts settings for flame control, smoke extraction, and safety mechanisms, helping improve safety, convenience, and operating consistency.

Beyond individual appliance intelligence, AI Kitchen emphasizes cross-product connectivity. For instance, an IH induction hob can synchronize with the range hood to adjust heat levels and extraction speed based on cooking conditions. This upgrade moves kitchen appliances from isolated units toward a more connected product system. For consumers, this can improve safety and convenience; for Sakura, it supports a shift from single-unit sales toward suite-based purchases, increasing ticket size per household and moving the product mix toward higher-value offerings.

As AI Kitchen penetration rises, Sakura can accumulate more usage scenarios and device-interaction data, which may feed back into R&D, product optimization, and proactive service alerts. Over the long term, AI Kitchen should be viewed not only as a premium product line, but also as an important step in Sakura's transition from standalone hardware sales toward connected kitchen solutions and broader customer lifecycle management.

Exhibit 5.2: Deep Integration of Sakura's AI Kitchen Technology into Home Space Design



Source: Company Data, TruePulse Equity Research

Sakura's Income Statement

NT$mn	2024	2025	2026E	2027E	2028E
Net Sales	9,601	10,275	11,371	12,648	14,206
COGS	6,202	6,646	7,313	8,086	9,041
Realized profit (loss) from sales	0	0	0	0	0
Gross Profit	3,399	3,629	4,058	4,562	5,165
Selling Expenses	1,486	1,573	1,709	1,903	2,111
G&A Expenses	355	376	431	475	521
R&D Expenses	91	104	110	125	139
Other Operating Expenses	4	3	-1	-1	-1
Operating Profit	1,464	1,573	1,808	2,060	2,395
EBITDA	1,675	1,825	2,097	2,376	2,750
Net Interest Income (Expenses)	22	13	2	4	4
Other, Net	101	128	95	101	102
EBT Excl. Unusual Items	1,586	1,714	1,904	2,165	2,501
Gain (Loss) on Sales of Investments	0	0	0	0	0
Gain (Loss) on Sale of Assets	-4	-6	0	0	0
Gain (Loss) on FX	42	-2	13	0	0
Other Unusual Items, Total	2	2	3	2	2
EBT Incl. Unusual Items	1,627	1,708	1,920	2,167	2,504
Income Tax Expense	335	334	382	426	496
Earnings from Cont. Ops.	1,292	1,374	1,538	1,741	2,008
Discontinued Operations	0	0	0	0	0
Net Income to Company	1,292	1,374	1,538	1,741	2,008
Minority Interest	-9	1	-3	-3	-3
Preferred stock dividends	0	0	0	0	0
Net Income to Parent	1,301	1,373	1,541	1,744	2,011
EPS (NT$)	5.94	6.24	7.04	7.97	9.19

Source: Company Data, Bloomberg, TruePulse Equity Research

Sakura's Cashflow Statement

NT$mn	2024	2025	2026E	2027E	2028E
Net Income	1,301	1,373	1,541	1,744	2,011
Minority Interest	-9	1	-3	-3	-3
D & A, Total	212	252	288	316	355
Amortization of Deferred Charges	0	0	0	0	0
Change in Net Operating Assets	-174	-229	-311	-232	-227
Other Non-Cash Items, Total	-54	-24	48	0	0
Other Non-Cash Items, Total (incl. minority profit)	-63	-23	103	0	0
Cash Flow-Operating	1,276	1,372	1,564	1,825	2,136
Capital Expenditure	-265	-395	-413	-588	-588
Sales of PP&E	0	0	0	0	0
Other Investing Activities	-335	-71	-39	0	0
Cash Flow-Investment	-600	-466	-452	-588	-588
Issue/(Retire) of Debt	126	-127	-70	0	0
Bank Revolver Draw/(Paydown)	15	-5	-11	0	0
LT Debt (Paydown)	111	-122	-59	0	0
Issue/(Retire) of Common Equity	0	0	0	0	0
Issue/(Retire) of Preferred Equity	0	0	0	0	0
Cash dividends paid	-849	-1,028	-1,100	-1,228	-1,390
Other Financing Activities	1	1	-0	0	0
Increase (decrease) in Minority	0	0	0	0	0
Cash Flow-Financing	-722	-1,155	-1,170	-1,228	-1,390
Foreign Exchange Effects	6	-3	4	4	4
Change in Cash Flow	-40	-252	-55	12	161
Beginning Cash	2,449	2,409	2,157	2,102	2,115
Ending Cash	2,409	2,157	2,102	2,115	2,276

Source: Company Data, Bloomberg, TruePulse Equity Research

Sakura's Balance Sheet

NT$mn	2024	2025	2026E	2027E	2028E
Cash & Equivalent	2,409	2,157	2,102	2,115	2,276
Trading Asset Securities	0	0	0	0	0
Short-Term Investment	289	313	381	381	381
AR & NR	1,284	1,389	1,596	1,750	1,956
Inventories	1,646	1,769	1,814	2,057	2,275
Prepaid Expenses	277	356	336	336	336
Other Current Assets	149	155	137	137	137
Total Current Assets	6,054	6,139	6,366	6,777	7,362
Long-term Investment	423	442	460	460	460
Total property plant and equipment	2,686	3,066	3,243	3,515	3,748
Goodwill	0	35	35	35	35
Other intangibles	150	220	225	225	225
Other Non-Current Assets	1,316	1,311	1,398	1,398	1,398
Total Assets	10,629	11,213	11,728	12,410	13,229
AP & NP	1,654	1,655	1,917	2,082	2,279
Accrued Expenses	1,271	1,301	1,429	1,464	1,458
Other Current Liabilities	264	317	341	341	341
Total Current Liabilities (excl. ST Debt)	3,189	3,273	3,687	3,887	4,079
Working Capital Revolver (ST Debt)	157	180	80	80	80
Total Debt (excl. Working Capital Revolver+incl. LT Debt within 1 yr)	565	613	589	589	589
Other Liabilities	135	125	132	132	132
Total Liabilities	4,046	4,190	4,488	4,687	4,879
Total Common Equity	6,540	6,919	7,139	7,624	8,255
Common Stock	2,211	2,224	2,224	2,224	2,224
Capital Reserve	48	48	48	48	48
Retained Earnings	4,093	4,435	4,619	5,101	5,728
Other Adjusted Items	188	212	248	251	255
Total Preferred Equity	0	0	0	0	0
Minority Interest	44	104	101	98	95
Total Equity	6,584	7,023	7,240	7,723	8,350

Source: Company Data, Bloomberg, TruePulse Equity Research

Sakura's Financial Ratios

NT$mn / % / Days	2024	2025	2026E	2027E	2028E
Margins					
Gross margin	35.4%	35.3%	35.7%	36.1%	36.4%
Op expense ratio	20.2%	20.0%	19.8%	19.8%	19.5%
Operating margin	15.2%	15.3%	15.9%	16.3%	16.9%
EBITDA margin	17.5%	17.8%	18.4%	18.8%	19.4%
Pretax margin	16.9%	16.6%	16.9%	17.1%	17.6%
Net margin	13.5%	13.4%	13.5%	13.8%	14.2%
Balance sheet ratios					
Receivables	1,284	1,389	1,596	1,750	1,956
Inventory	1,646	1,769	1,814	2,057	2,275
Payables	1,654	1,655	1,917	2,082	2,279
Net working capital	1,275	1,503	1,492	1,725	1,952
Receivable days	48.0	47.5	47.9	48.3	47.6
Inventory days	86.6	93.8	89.4	87.4	87.5
Payable days	95.2	90.9	89.1	90.3	88.0
Cash conversion cycle	39.4	50.4	48.2	45.4	47.0
Liquidity ratios					
Operating cash flow	1,276	1,372	1,564	1,825	2,136
Capex	-265	-395	-413	-588	-588
Free cash flow	1,011	977	1,151	1,237	1,548
Cash & Cash equivalent	2,409	2,157	2,102	2,115	2,276
Gross debt	722	792	669	669	669
Net debt	-1,977	-1,678	-1,814	-1,827	-1,988
Gross debt/equity	11%	11%	9%	9%	8%
Net Debt/Equity	-30%	-24%	-25%	-24%	-24%
Liabilities/Equity	61%	60%	62%	61%	58%
Liabilities/Assets	38%	37%	38%	38%	37%
Return ratios					
ROAE	20.8%	20.4%	21.9%	23.6%	25.3%
ROAA	12.9%	12.6%	13.4%	14.4%	15.7%

Source: Company Data, Bloomberg, TruePulse Equity Research

Disclaimer

TruePulse Capital Advisory is a corporate and financial advisory firm specializing in capital market solutions. Under the laws and regulations of the Republic of China (Taiwan), TruePulse Capital Advisory is not licensed as a securities broker, securities underwriter, securities dealer, investment bank, underwriter, or securities investment consultant. The articles, research reports, and interviews (collectively, the "Website Materials") are for informational purposes only and should not be construed as an offer, solicitation, provision of analysis, opinions, or recommendations regarding matters relating to investment or trading in securities, securities-related products, or other items approved by the Competent Authority in Taiwan.

The content on this website does not constitute professional financial advice and is not a comprehensive analysis of all material facts concerning any company, industry, or security. Investors should consult their own independent financial, tax, and legal advisors before making any investment decisions.

The Website Materials are based on sources recognized by TruePulse Capital Advisory, and provides general and objective information on securities investments. TruePulse Capital Advisory assumes no liability for the accuracy or completeness of such information or third-party websites. This publication is a bona fide, regularly issued informational resource and is not tailored to the specific needs of any individual investor. TruePulse Capital Advisory does not provide personalized investment advice, and any mention of a particular security in this report should not be considered a recommendation of said particular security or any other security-related products.

TruePulse Capital Advisory and its affiliated entities may receive compensation from covered companies for services unrelated to this report, including but not limited to corporate presentations, investor conferences, strategic advisory, and investor relations services. The provision of such ancillary services does not influence the inclusion of any company in TruePulse Capital Advisory's reports.

The Website Materials do not constitute an offer, solicitation, provision of analysis, opinions, or recommendation regarding matters relating to securities, securities-related products, or other items approved by the Competent Authority. TruePulse Capital Advisory assumes no responsibility for ensuring compliance with Taiwan's securities laws by any individual or entities relying on this material.

TruePulse Capital Advisory makes no representation or warranties as to the accuracy, completeness, or timeliness of the information contained in the Website Materials. All information is provided on an "as is" basis and as such, certain some information may become outdated and certain opinions may change. TruePulse Capital Advisory assumes no liability for any direct or indirect losses, including but not limited to investment losses, arising from the use or reliance on the information presented.

All investment information contained herein should be independently verified by the reader or user of this report. For additional information, please visit TruePulse Capital Advisory's official website: https://www.truepulsecapital.com