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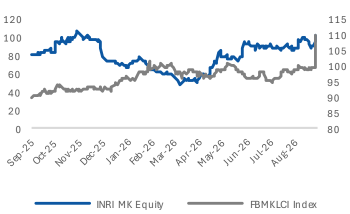
Recommendation:		BUY
Current Price:		RM2.56
Previous Target Price:		RM2.11
Target Price:	↑	RM2.94
Capital Upside/Downside:		14.8%
Dividend Yield (%):		2.9%
Total Upside/Downside:		**17.7%**

Stock information

Board	MAIN
Sector	Technology
Bursa / Bloomberg Code	0166 / INRI MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	3,847.6
Market Cap (RM' m)	9,849.9
52-Week Price Range (RM)	2.67-1.21
Beta (x)	1.1
Free float (%)	74.8
3M Average Volume (m)	20.5
3M Average Value (RM' m)	47.0

Top 3 Shareholders	(%)
Employees Provident Fund Board	17.5
Insas Bhd	11.3
Kumpulan Wang Persaraan Diperbadan	9.8

Share Price Performance



	1M	3M	12M
Absolute (%)	20.8	9.4	26.1
Relative (%)	20.7	6.7	15.1

Earnings summary

FYE (Jun)	FY26A	FY27F	FY28F
Revenue (RM'm)	1187.3	1476.7	1698.2
PATAMI (RM'm)	127.5	258.7	298.1
CNP (RM'm)	187.5	258.7	298.1
EPS - core (sen)	4.9	6.8	7.8
P/E (x)	52.2	37.9	32.8

Source: Company, Apex Securities

Inari Amertron Berhad

Photonics Ramp Rolls the Target Price Forward

- **We view FY27F as an inflexion year for INARI, marking the turn from FY26A's core net profit decline of -26.32% YoY to a projected +37.94% rebound in FY27F, as the Datacom/Photonics pivot moves from capacity build-out into revenue contribution, backed by a capex commitment of approximately RM300m (plus c.RM150m for buildings and facilities) across FY27F-FY28F.**
- **We turn bullish into FY27F-FY29F on three developments from the post-briefing session: a front-loaded Datacom/Photonics capacity build-out, execution already running ahead of guidance (first-quarter FY27F RF utilisation at approximately 85% versus 77% guided), and growth optionality extending beyond the current ramp via Advanced Packaging, a new TIA customer relationship, and the Power/SoM pilot line.**
- **We raise FY27F/FY28F/FY29F core net profit forecast by 21.33%/37.20%/49.87% to RM258.7m/RM298.1m/RM339.6m (from RM213.2m/RM217.3m/RM226.6m).**
- **Upgrade to BUY from HOLD with a higher TP of RM2.94 (from RM 2.11) based on unchanged 37.7x PE multiple applied to rolled forward FY28F EPS of 7.8sen.**

Post-Briefing Key Takeaways.

(i)Segment mix confirms the photonics pivot. FY26A revenue mix stood at Smartphone/Mobile 58%, Datacom 18%, Automotive 9%, Industrial 8% and Generic 7%. The business is shifting structurally from an FY24-FY26 mix of RF~60%/Optoelectronics~30%/Generic~10% toward RF~55%/Optoelectronics~38%/Generic~7% in FY27F, with Optoelectronics guided to move up further to a range of 40-45% by FY28F.

(ii)Customer concentration in the ramp. A key customer ("Customer B") is expected to roughly double order volumes over FY27F-FY28F, the single largest swing factor behind the Datacom/Photonics revenue build.

(iii) Capacity commitment in place. ISL (Inari Semiconductor Labs) is the Group's in-house photonics chip fabrication capability, producing the laser chips (DFB/EML/CWL/VCSEL) that go into optical transceivers and photonics packages for AI data centre connectivity. It is the physical capacity behind the Datacom/Photonics growth story: every incremental order from Customer B or a new photonics customer has to run through this line, so ISL capacity is the binding constraint on how fast that revenue can actually ramp. FY27F capex of approximately RM300m is committed to expand this capacity, with a further step-up indicated in FY28F.

(iv)Utilisation already ahead of guidance. First-quarter FY27F RF utilisation came in at approximately 85%, ahead of the approximately 77% originally guided, with the automated Customer B production lines ramping from October and capacity set to double into the new flagship smartphone launch.

Outlook. We turn bullish on INARI heading into FY27F-FY29F, mainly driven by three developments, (i) The capacity build-out behind the Datacom/Photonics ramp is front-loaded into FY27F, backed by a committed capex of approximately RM300m (plus approximately RM150m for buildings and facilities), with a further step-up already guided for FY28F; (ii) Execution is already running ahead of guidance, with first-quarter RF utilisation at approximately 85% against a 77% guide, Customer B's automated production lines ramping from October into the new flagship smartphone launch, and Customer L's volumes also guided higher alongside discussions to extend production to Penang; (iii) Growth optionality extends well beyond the current ramp, with management flagging Advanced Packaging (2.5D/RDL, a USD100m committed investment), a new TIA customer relationship with potential for a second chip fab, and a Power/SoM pilot line (from August 2026) as further vectors into FY29F and beyond.

Earnings Revision. We raise FY27F/FY28F/FY29F core net profit by 21.3%/37.2%/49.9% to RM258.7m/RM298.1m/RM339.6m (from RM213.2m/RM217.3m/RM226.6m), driven by the front-loaded Datacom/Photonics revenue build and the accompanying gross margin step-up.

Valuation & Recommendation. Upgrade to **BUY from HOLD** with a **higher TP of RM2.94** (from RM 2.11) based on unchanged 37.7x PE multiple applied to rolled forward FY28F EPS of 7.8sen.

Risks. Prolonged weakness in RF loading volumes, Forex volatility, delay in resuming full production after the fire incident.

Earnings Summary

FYE Jun (RM m)	FY25A	FY26A	FY27F	FY28F	FY29F
Revenue	1351.9	1187.3	1476.7	1698.2	1873.1
EBITDA	292.4	209.5	326.7	376.6	412.3
Pre-tax profit	220.3	137.6	270.2	313.8	357.5
Net profit	218.7	127.5	258.7	298.1	339.6
Core net profit	253.4	187.5	258.7	298.1	339.6
Core EPS (sen)	6.7	4.9	6.8	7.8	8.9
P/E (x)	38.3	52.2	37.9	32.8	28.8
P/B (x)	3.1	3.1	3.1	3.1	3.1
EV/EBITDA (x)	33.2	46.3	29.7	25.8	23.5
Dividend Yield (%)	2.5%	1.8%	2.5%	2.9%	3.3%
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Jun (RM m)	FY25A	FY26A	FY27F	FY28F	FY29F
Revenue	**1351.9**	**1187.3**	**1476.7**	**1698.2**	**1873.1**
Gross Profit	**293.0**	**228.6**	**310.1**	**373.6**	**430.8**
Operating profit	**154.5**	**80.6**	**200.0**	**245.7**	**287.0**
EBITDA	**292.4**	**209.5**	**326.7**	**376.6**	**412.3**
PBT	**220.3**	**137.6**	**270.2**	**313.8**	**357.5**
Tax	-7.2	-15.0	-13.5	-15.7	-17.9
Profit After Tax	**213.1**	**122.6**	**256.7**	**298.1**	**339.6**
Minority Interest	-5.6	-4.9	-2.0	0.0	0.0
Net Profit	**218.7**	**127.5**	**258.7**	**298.1**	**339.6**
Exceptionals	34.6	60.0	0.0	0.0	0.0
Core Net Profit	**253.4**	**187.5**	**258.7**	**298.1**	**339.6**

Key Ratios

FYE Jun	FY25A	FY26A	FY27F	FY28F	FY29F
Core EPS (sen)	6.7	4.9	6.8	7.8	8.9
P/E (x)	38.3	52.2	37.9	32.8	28.8
BVPS	0.83	0.83	0.82	0.82	0.82
P/B (x)	3.1	3.1	3.1	3.1	3.1
EV/EBITDA (x)	33.2	46.3	29.7	25.8	23.5
DPS (sen)	5.5	4.7	6.4	7.4	8.4
Dividend Yield (%)	2.1%	1.8%	2.5%	2.9%	3.3%
EBITDA margin (%)	21.6%	17.6%	22.1%	22.2%	22.0%
Operating margin (%)	11.4%	6.8%	13.5%	14.5%	15.3%
PBT margin (%)	16.3%	11.6%	18.3%	18.5%	19.1%
PAT margin (%)	15.8%	10.3%	17.4%	17.6%	18.1%
NP margin (%)	16.2%	10.7%	17.5%	17.6%	18.1%
CNP margin (%)	18.7%	15.8%	17.5%	17.6%	18.1%
ROE (%)	8.2%	6.0%	8.3%	9.5%	10.8%
ROA (%)	7.4%	5.4%	7.3%	8.3%	9.3%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	**FY28F**
Core EPS (Sen)	0.08
P/E multiple (x)	37.7
Fair Value (RM)	**2.94**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**2.94**

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY25A	FY26A	FY27F	FY28F	FY29F
Cash	2141.4	2214.1	2166.5	2185.4	2206.4
Receivables	254.5	250.2	311.2	357.9	394.8
Inventories	179.1	170.1	211.6	243.3	268.3
Other current assets	66.9	64.7	64.7	64.7	64.7
Total Current Assets	**2641.8**	**2699.2**	**2754.1**	**2851.3**	**2934.2**
PPE	726.2	703.9	727.2	696.3	671.0
Intangibles	9.9	9.8	9.8	9.8	9.8
Other non-current assets	24.0	29.7	29.7	29.7	29.7
Total Non-current assets	**760.1**	**743.4**	**766.7**	**735.8**	**710.5**
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Payables	233.0	275.8	343.0	394.4	435.1
Other Current Liabilities	50.5	39.2	39.2	39.2	39.2
Total Current Liabilities	**283.4**	**315.0**	**382.3**	**433.7**	**474.3**
Long-term Debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	28.1	27.6	27.6	27.6	27.6
Total Non-current Liabilities	**28.1**	**27.6**	**27.6**	**27.6**	**27.6**
Shareholder's equity	2763.7	2777.9	2790.8	2805.7	2822.7
Minority interest	326.7	322.1	320.1	320.1	320.1
Total Equity	**3090.4**	**3100.0**	**3110.9**	**3125.8**	**3142.8**

Cash Flow

FYE Jun (RM m)	FY25A	FY26A	FY27F	FY28F	FY29F
Pre-tax profit	**220.3**	**137.6**	**270.2**	**313.8**	**357.5**
Depreciation & amortisation	137.9	128.9	126.7	130.9	125.3
Changes in working capital	-47.1	47.5	-35.2	-27.0	-21.3
Others	10.6	6.7	-13.5	-15.7	-17.9
Operating cash flow	**321.8**	**320.6**	**348.1**	**402.1**	**443.6**
Net capex	-112.4	-97.7	-150.0	-100.0	-100.0
Others	-117.7	-297.3	0.0	0.0	0.0
Investing cash flow	**-230.1**	**-395.0**	**-150.0**	**-100.0**	**-100.0**
Dividends paid	-238.3	-183.4	-245.7	-283.2	-322.6
Others	38.1	59.7	0.0	0.0	0.0
Financing cash flow	**-200.2**	**-123.7**	**-245.7**	**-283.2**	**-322.6**
Net cash flow	**-108.5**	**-198.0**	**-47.6**	**18.8**	**21.0**
Forex impact	-91.6	-27.8	0.0	0.0	0.0
Beginning cash & cash equivalent	1933.9	1733.9	1508.1	1460.5	1479.3
Ending cash & cash equivalent	**1733.9**	**1508.1**	**1460.5**	**1479.3**	**1500.3**
Fixed deposits	407.5	706.1	706.1	706.1	706.1
Ending cash	**2141.4**	**2214.1**	**2166.5**	**2185.4**	**2206.4**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Solar panels reduced 2,333 tCO2e in FY2025; total GHG emissions rose to 100,079 tCO2e due to higher NPI activities, with net-zero by 2050 commitment intact.
Waste & Effluent	★★★	3R Programme achieved 91.8% diversion rate in Malaysia, exceeding the 90% target.
Energy	★★★	Total energy consumption rose to 487,384 GJ but energy intensity improved to a 6-year low of 0.0000271 GJ/FOU.
Water	★★★★	Water intensity held steady at 0.000041 m^3/FOU despite higher absolute consumption of 742,812 m^3, supported by rainwater harvesting and RM1.7M in storage investments.
Compliance	★★★	Fully compliant with all environmental regulations across Malaysia, Philippines, and China with zero sanctions.

Social

Diversity	★★★	Board remains 15% female (2/13), with a commitment to reach 30% within 2 years; global workforce is 63% female.
Human Rights	★★★	Zero corruption incidents and zero whistleblowing cases in FY2025; Corruption-Free Pledge signed with MACC.
Occupational Safety and Health	★★	Recorded 8 minor workplace injuries (6 Malaysia, 2 Philippines); zero-injury target remains in progress.
Labour Practices	★★★	78,694 training hours delivered, 100% performance review completion, and zero forced/child labour cases reported.

Governance

CSR Strategy	★★★	Group CEO leads sustainability strategy supported by SRMC and SIWG, with Board KPIs and executive remuneration now linked to ESG performance. RM223,079 contributed to CSR initiatives with 6,208 employee volunteer hours.
Management	★★	13-member board with 15% female representation; majority-independent board remains a noted MCCG departure with a 2-year remediation target.
Stakeholders	★★★	Regular stakeholder engagement, including four analyst briefings and one AGM annually, ensures transparency

Overall ESG Scoring: ★★★

Recommendation Framework:
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain

Sector Recommendations:
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:
★★★★★ : Appraised with 3% premium to fundamental fair value
★★★★ : Appraised with 1% premium to fundamental fair value
★★★ : Appraised with 0% premium/discount to fundamental fair value
★★ : Appraised with -1% discount to fundamental fair value
★ : Appraised with -5% discount to fundamental fair value

As of **Tuesday, 01 Sep, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.