Daiwa Capital Markets Hong Kong Limited

earnings

6 August 2026

MEMO

Innodisk (5289 TT)

Share price (6 Aug): **TWD1,610.00** 12-mth rating: **Buy (1)** **Information Technology: Taiwan**

2Q26 results review: a strong beat

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Summary: Innodisk released its 2Q26 results and monthly revenue for July 2026, on 6 August 2026 after market hours. The EPS was TWD108.93, beating our and the Bloomberg consensus estimates by 65.3% and 24.5%, respectively, which we attribute to memory price hikes and product mix improvement. We see an incrementally positive tone from the company on its order outlook for 2H26 due to favourable memory price hikes and rising AI application.

We have a Buy (1) rating on the stock with a 12-month TP of TWD2,385, based on a target PER of 10x, applied to our 1-year-forward EPS. For more information on this company, please refer to our flash, *Record-high monthly revenue driven by flash price hike, beating expectations*, on 6 July 2026.

What's the impact

- **2Q26 results: a strong beat.** Innodisk posted 2Q26 revenue of TW22,443m (+70.3% QoQ and +641.1% YoY), a record-high level, beating our and the Bloomberg consensus estimates by 53.0% and 16.5%, respectively. Gross margin came in at 65.0%, also a record-high level (higher than 59.1% in 1Q26 and 25.9% in 2Q25), above our estimate (60.0%) and the consensus (61.9%), thanks to memory price hikes. Thus, its operating profit of TWD13,146m (+91.9% QoQ and +3,615.5% YoY) beat our and the consensus estimates by 67.8% and 21.6%, respectively. Its net profit of TWD10,368m (+89.7% QoQ and +5,493.8% YoY) beat our and the Bloomberg consensus estimates by 65.5% and 22.9%, respectively. Innodisk's 2Q26 basic EPS came in at TWD108.93. Note Innodisk's product mix for 2Q26 was Flash: 35%; DRAM: 60%.

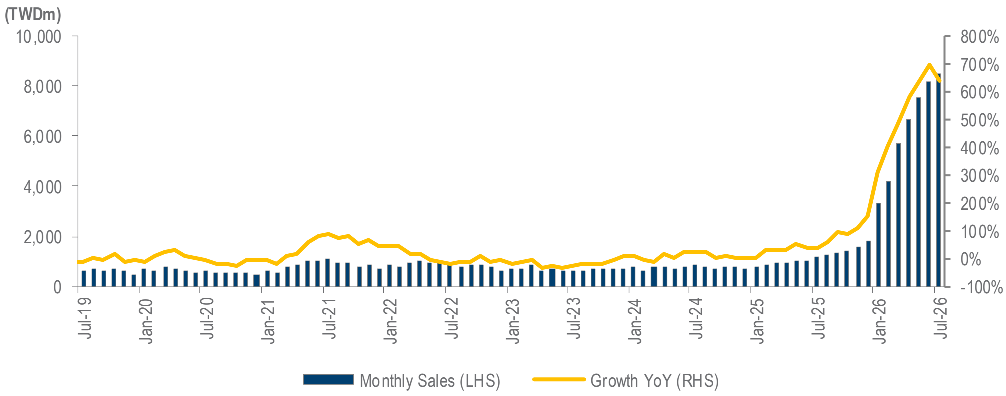
Innodisk: 2Q26 results vs. Daiwa forecasts

(TWDm)	Innodisk's 2Q26 results	Daiwa forecast	Differ	Consensus forecast	Differ
Revenue	22,443	14,671	53.0%	19,267	16.5%
Gross profit	14,590	8,802	65.7%	11,926	22.3%
Operating profit	13,146	7,834	67.8%	10,809	21.6%
Pre-tax profit	13,214	7,887	67.5%	10,848	21.8%
Net profit	10,368	6,265	65.5%	8,436	22.9%
Basic EPS (TWD)	108.93	65.89	65.3%	87.49	24.5%
Margin	65.0%	60.0%	5pp	61.9%	3.1pp
Gross margin	58.6%	53.4%	5.2pp	56.1%	2.5pp
Operating margin	58.9%	53.8%	5.1pp	56.3%	2.6pp
Pre-tax margin	46.2%	42.7%	3.5pp	43.8%	2.4pp
Net margin	22,443	14,671	53.0%	19,267	16.5%

Source: Company, Daiwa forecasts, Bloomberg

- **Record-high July revenue ahead of estimates.** Innodisk reported record-high monthly sales for July of TWD8,495m (+3.5% MoM and +636.5% YoY; +548.8% for 7M26), which accounted for 57.8% and 38.8%, respectively, of our (TWD14,700m, +0.2% QoQ and +286.1% YoY) and the Bloomberg consensus forecasts of 3Q26 revenue. The company expects its August and September revenue to grow MoM.

Innodisk: consolidated monthly sales



Source: Company

- **Much stronger demand over supply.** Innodisk expects its revenue momentum to continue into 2H26. Due to the strong visibility, the company is currently selective with orders and is focusing on value creation across applications, clients and products. For 3Q26, the company expects its revenue to grow QoQ, with gross margin sustainable at the 2Q26 level.

What we recommend

We reaffirm our Buy (1) rating with a 12-month target price of TWD2,385, based on our target PER of 10x, applied to our 1-year forward EPS. Based on our 2026/27 EPS estimates, the stock is currently trading at PERs of 6.8x/6.6x, vs. its past-3-year trading range of 1-24x (average: 10x). Key risks: weaker-than-expected memory price hikes and slower-than-expected progress in high-gross margin orders.

In the interests of timeliness, this document has not been edited.

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Rating	Percentage of total
Buy*	72.63%
Hold**	20.53%
Sell***	6.84%

Source: Daiwa

Notes: data is for single-branded Daiwa research in Asia (ex Japan) and correct as of 30 June 2026.
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