

## Business Strategy

# Electronic Devices Business

### Electronic Devices Business

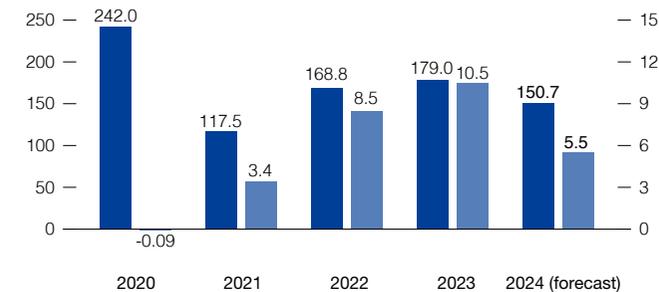


**Hiroshi Horikoshi**

Senior Vice President and  
Chief Operating Officer (COO)  
in charge of the Electronic  
Devices Business

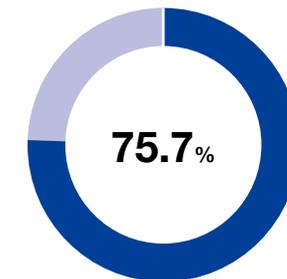
#### Net sales/Operating income

(billion yen)



■ Net sales (left scale) ■ Operating income (right scale)

#### Net sales composition ratio



#### Business strategy

We position the Electronic Devices Business as a “Foundation Strengthening Business” in the “Marubun Nextage 2024” Medium-Term Business Plan, and are tackling the development of new products and new commercial rights along with the maintenance and enhancement of profitability in existing businesses.

While continuing the development of new products and of new sales partners with high added value, we will utilize RPA and other tools to achieve low-cost operations and to improve business productivity and efficiency.

#### Development of new products and new commercial rights

- Focus on the development of new sales partners and of new products with high added value, and work to strengthen our business foundation

#### Maintenance and enhancement of the profitability of existing businesses

- Enforcement of low-cost operations to improve business productivity and efficiency

## ■ A look back at FY2023 and the outlook for FY2024

Net sales in FY2023 increased year-on-year due to factors including growth in semiconductors for consumer equipment. Operating income also increased significantly.

The second half of the fiscal year saw the appearance of an inventory adjustment phase. However, due to our development of over 20 suppliers in the past three years, along with a higher composition ratio of high-value-added products, we achieved a second consecutive year of record-high fiscal year net sales on the basis of transaction volume before application of the Accounting Standard for Revenue Recognition. We also developed emerging markets related to EV and greening through active marketing, and promoted sales expansion to a wider range of customers through collaboration with sales partners. We further expanded sales of electronic components including connectors and field programmable gate array (FPGA) reprogrammable ICs, which are high-value-added products. From here on out, we will focus on inventory optimization for markets in the adjustment phase, work to improve our cash position, and pursue low-cost operations to further enhance our efficiency and productivity.

While our outlook calls for a year-on-year decrease in FY2024 net sales, we expect net sales to significantly exceed the 143 billion yen target set out in the Medium-Term Business Plan, with operating income of 5.5 billion yen.

## ■ Toward sustainable value creation

FY2023 was a symbolic year that could be called the dawn of AI. The semiconductor market is expected to grow to the trillion-dollar scale by 2030, led by automation, mobility, DX, GX, the IoT, and, above all, AI. In the Electronic Devices Business, we plan to further promote the expansion of new customers by developing high-growth product offerings, including power semiconductors featuring high efficiency and high durability. In addition to products for consumer equipment, an area in which we hold strengths, we will focus on customer acquisition in growth areas including industrial equipment and automotive. In the space and defence and medical care areas in which we have built up knowledge over the years, we will work to achieve higher profit while advancing the creation of synergies in collaboration with the Electronic Systems Business and the Electronic Solutions Business. To achieve risk diversification, we will work on developing commercial offerings not only for Europe and the Americas but also for Asia. As the Electronic Devices Business is particularly susceptible to exchange rate fluctuations and U.S. dollar-denominated interest rates, we will undertake initiatives to enhance our resilience toward financial market fluctuations, including reduction of inventory levels and promotion of early recovery of account receivables and reduction of working capital.

In 2024, the sales division, which had been divided into three units, was integrated into one unit to speed up decision-making. By flattening the organization overall and delegating authority to strengthen individual employees, we seek to make this an organization that can turn out numerous young people able to think and make judgments on their own. We are also actively tackling human resources development to develop global human resources and strengthen our capabilities for making proposals. We will further work to raise the level of our solutions marketing, led by the Digital Marketing Promotion Office established in FY2022.

Marubun's Electronic Devices Business has strengths in the solid trust of a customer base of over 3,000 companies, a wide range of suppliers and product offerings, and a global network centered on a joint venture with leading global semiconductor trading company Arrow Electronics, Inc. Building on this management foundation, we will propose technologies and products in AI and other new fields and will contribute to solving the issues of customers and enhancing market competitiveness.