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7537

MARUBUN CORP

Company Name	Head Office
MARUBUN CORPORATION	8-1 Nihombashiodemmacho Chuo-Ku, Tokyo 103-8577
Listed On	**Fiscal Year-End**
Tokyo Stock Exchange, Prime Market	Mar
Established	**Exchange Listing**
1947-07-01	1997-01-29

Research Policy

Shared Research reports are created and maintained according to the following principles.

Grounded in management interviews: We begin every report with extensive interviews of the company's senior management.

Updated at least 8 times a year: Reflects quarterly interviews, earnings flash updates, and timely disclosures.

Neutral and fact-based: We do not provide buy/sell recommendations or investment opinions. Our reports present only fact-based information.

Common structure across all coverage: All companies we cover follow the same table of contents, enabling consistent and comprehensive analysis.

This report is rewritten every quarter based on direct interviews with the company. The latest version is available on the report page on our website.

Research Coverage Report by Shared Research Inc.

Table of Contents

Executive summary

Marubun Corporation (TSE Prime: 7537) is an electronics trading company that mainly handles semiconductors, electronic components, and applied electronic devices. The Company has established relationships with advanced electronics manufacturers around the world. It provides products from over 800 suppliers globally to over 3,000 Japanese companies and public and private research institutions. Marubun took its first step as an industry pioneer in 1952, when it began to import and sell US-made equipment. In 1965, it became the first company in Japan to import and sell integrated circuits manufactured by Texas Instruments (TI). In addition to sales representatives responsible for customers, the Company employs specialized purchasing sales representatives with expertise in supplier products and has in place support departments, enabling itself to provide advanced technical support. The Company operates joint venture subsidiaries with Arrow Electronics, Inc. (NYSE: ARW), one of the world's leading electronics distributors, to procure and sell semiconductors and electronic components to Japanese companies overseas.

In the semiconductor industry, the horizontal division of labor, where different companies are responsible for various stages and tasks in the supply chain from development and manufacturing (manufacturing processes and product development, among others) to sales, has been developing globally. Moreover, related technologies in materials and manufacturing processes are constantly advancing. As user companies need to understand the technical specifications of semiconductors suitable for the requirements and functions of their end products and equipment, it can be difficult for them to directly procure the optimal semiconductors and electronic components that meet the performance and reliability requirements of their products. Electronics trading companies like Marubun act as a bridge between semiconductor and electronic component manufacturers and user companies, fulfilling various roles, such as product supply, technical support, market information provision, procurement negotiations, logistics management, and marketing. Shared Research recognizes there are more than 50 listed trading companies that specialize in handling semiconductors and electronic components in Japan, and when including secondary and tertiary trading companies, over 1,000 companies have entered the market.

According to Nikkei Inc., the market of trading companies in Japan specialized in handling semiconductors and electronic components is worth roughly JPY3.7tn (source: "March 2025 Survey," The Nikkei Compass). Over the past ten years, the market size has almost halved due to restructuring of distributors by supplier manufacturers to extract business terms favorable to them, contraction of the domestic market due to shrinking production by domestic manufacturers and the relocation of factories overseas, a lower margin ratio due to increased direct sales by manufacturers, and expansion of foreign trading companies' Japanese operations. Under such challenging business conditions, industry peers (such as Macnica Holdings Inc. [TSE Prime: 3132] and Restar Corporation [TSE Prime: 3156]) have continued from the 2010s to strengthen production functions such as contract manufacturing and design and development functions, and to merge and acquire companies with the aim of increasing their scale. Meanwhile, Marubun, as a technology trading company, is promoting value-added creation such as solution proposals.

The Company was founded in 1844 as a kimono and fabric wholesaler, but transformed its business model into a trading company focusing on imports and exports through a merger with another trading company established by its founder in 1947. In 1952, the Company signed a distributor contract with Rocke International, Inc. and began import and sales of US-made equipment. In 1965, it became the first company in Japan to import and sell integrated circuits manufactured by TI of the US. The Company has been quick to introduce to Japan the world's most advanced technologies, such as semiconductors and laser equipment, and has expanded its business in line with advances and growing demand for electronic products.

In FY03/26, net sales were JPY213.4bn (+1.2% YoY), gross profit was JPY24.7bn (-5.8% YoY), operating income was JPY7.8bn (-15.2% YoY), and ordinary income was JPY4.2bn (-35.5% YoY). The Company's business is primarily focused on the Electronic Devices business (which accounted for 71.3% of net sales and 55.5% of operating income in FY03/26), which handles semiconductors and electronic components, with additional segments including the Electronic Systems business (which accounted for 27.5% and 45.3% respectively), which handles the sales and maintenance services of electronic equipment, and the Entrepreneur business (which accounted for 1.2% and -0.6%, respectively), which provides solutions centered around communication, AI, and robotics.

Electronic Devices business

The Electronic Devices business consists of the semiconductor (54.9% of FY03/26 net sales) and electronic component (16.4%) businesses. With a wide range of offerings from cutting-edge semiconductors to various electronic components, the Company provides optimal semiconductor and electronic component solutions to its customers based on a global sales and support structure. Semiconductors the Company provides include analog ICs (24.8%), memory ICs (3.1%), microprocessors (1.4%), special-use ICs (22.0%), and custom ICs (3.7%). In electronic components, the Company sells displays, crystals, connectors and other electronic components as well as electronic devices. In terms of sales operations, the Company has separate teams for supplier sales and customer sales, which enhances the expertise of the sales staff and their ability to propose to and support customers. As an industry practice, semiconductor manufacturers grant exclusive trading rights to distributors, allowing them to engage in exclusive transactions with specific customers.

In its overseas expansion efforts in the Electronic Devices business, the Company has established overseas subsidiaries, mainly in collaboration with Arrow Electronics, Inc., one of the world's largest electronics distributors (NYSE: ARW; net income of USD0.6bn on revenue of USD30.9bn in FY12/25). These subsidiaries engage in sales of semiconductors and electronic components to local manufacturing bases of Japanese companies and overseas subsidiaries in various countries. As of end-March 2026, the Company has expanded to Singapore, Hong Kong, Thailand, the Philippines, Malaysia, China, Indonesia, the US, and Mexico, and also holds its own local subsidiaries in the US and Taiwan. In FY03/26, 29.7% of net sales were generated overseas (mainly Asia). As a significant portion of the Company's sales in overseas markets are from Japanese companies, there is no particular impact from the US–China semiconductor trade dispute.

Electronic Systems business

The Electronic Systems business, the Company's founding business, sells and provides maintenance services for electronic equipment and advanced components. The business handles space & defense equipment (4.2% of FY03/26 net sales), industrial equipment (9.7%), laser equipment (3.4%), and medical equipment (10.2%). In space & defense equipment, the Company has a proven track record internationally in dealing with various electronic components, development equipment, and embedded computers in fields such as rockets, satellites, aircraft, and defense systems. In industrial equipment, it handles essential equipment for semiconductor and FPD manufacturing implementation, such as automatic inspection equipment and X-ray non-destructive testing equipment. For laser equipment, it provides various laser oscillators, peripheral equipment, optical components, light sources, and processing/measurement systems along with technical support. In medical equipment, it offers various large diagnostic devices, endoscope-related products, and medical information systems such as electronic medical record systems.

By providing assembly support and selling inspection equipment and other equipment through the Electronic Systems business to customers purchasing semiconductors and electronic components from the Company, customers of the Electronic Devices business also become customers of the Electronic Systems business. Through this collaboration between the Electronic Devices and Electronic Systems businesses, the Company provides customers with comprehensive solutions. Leveraging its high level of expertise, the Company supports customers from the development and design stages, providing high-value-added services including installation, training, and repair and maintenance. As a result, the profit margin of the Electronic Systems business tends to be higher compared to the Electronic Devices business.

Entrepreneur business

In addition to traditional sales methods, the Entrepreneur business is focused on making non-capital-intensive sales, such as license sales and subscriptions, a main pillar of earnings. By product category, the business consists of ICT Solutions (1.2% of FY03/26 net sales) and AI & Robotics (0.1%). The Company proposes solutions centered on telecommunications technology, AI, and robotics, and provides new value by combining its extensive range of products, technologies, and know-how. The products offered include ICT solutions, AI robots, wireless power supply licenses, and remote medical solutions.

The Company's main suppliers are semiconductor, electronic component, and equipment manufacturers, with major suppliers including Infineon Technologies AG, Broadcom Inc., and Analog Devices, Inc. The suppliers are primarily overseas manufacturers, and the Company imports and sells their products to Japanese electronics and automotive manufacturers. In terms of net sales composition by customer application in the Electronic Devices business for FY03/25, consumer devices account for 49%, automobiles for 18%, industrial equipment and others for 20%, computers and office equipment for 9%, and communication equipment for 4%. Thus, consumer devices, automotive, and industrial equipment manufacturers make up the majority of customers. Major corporate customers include Nintendo Co., Ltd. (TSE Prime: 7974; 15.2% of FY03/26 net sales), Murata Manufacturing Co., Ltd. (TSE Prime: 6981), and Sony Group Corporation (TSE Prime: 6758).

The net sales structure is as follows. The Company places orders with supplier manufacturers and purchases the products. When a sales transaction is concluded with a customer, the Company earns a sales margin based on a certain percentage of the sales amount or a fixed amount per unit sold and records net sales. The factors contributing to net sales fluctuations include short-term demand fluctuations for supplier products linked to customer companies' production volumes and the impact of major contract transfers. In the long term, net sales can be affected by the shrinking domestic market and suppliers' direct sales bypassing intermediaries. The average gross profit margin (GPM) in recent years has been around 10% for the Electronic Devices business and around 18% for the Electronic Systems business. Cost of sales is mainly the procurement cost of purchased items. For the Electronic Devices business, the majority of purchases are denominated in US dollars, with a significant portion of sales also denominated in US dollars. Fluctuations in foreign exchange rates can affect gross profit and foreign exchange gains/losses (non-operating gains/losses), but when combined, the overall effect on net profit from exchange rate fluctuations balances out.

GPM in the Electronic Devices business declined from 11.7% in FY03/00 to 3.3% in FY03/21 due to the challenging competitive environment caused by the difficulty of differentiation and numerous competing companies, as well as margin rate reductions from certain major suppliers and changes in product mix. Since FY03/22, GPM has risen to around 10%, due to the application of the revenue recognition standard, which resulted in agent transactions being recorded on a net basis, and an increase in transactions with new, high-margin suppliers.
The Electronic Systems business has shown stable profit growth, with a CAGR of 4.4% for gross profit and 5.5% for operating income over the past 10 years. When the profitability of the Electronic Devices business declines, the Electronic Systems business tends to generate stable profits, thereby sustaining overall profits.

In FY03/23, the Company revised its target consolidated dividend payout ratio from 30% or higher previously to 40% or higher. In addition to the dividend payout ratio, the Company introduced a dividend on equity ratio (DOE) of 2.5% as a new indicator from October 2023. The Company also decided to implement a shareholder benefit program. For management focused on capital costs and stock prices, it has been promoting strategies to enhance corporate value and strengthen shareholder returns.

Earnings trends

For FY03/26, the Company reported net sales of JPY213.4bn (+1.2% YoY), operating income of JPY7.8bn (-15.2% YoY), ordinary income of JPY4.2bn (-35.5% YoY), and profit attributable to owners of the parent of JPY3.3bn (-25.1% YoY).
Net sales in FY03/26 increased YoY. Sluggish demand for industrial equipment was offset by firm demand for mobility and consumer equipment, while strong growth in satellite-related demand in the Electronic Systems business drove overall performance. On the profit side, operating income declined YoY due to a decrease in agency transactions and a lower GPM resulting from changes in the product mix. The Company also recorded foreign exchange losses of JPY1.9bn as the yen depreciated throughout the period. As a result, ordinary income and profit attributable to owners of the parent declined YoY.
The Company plans to pay an annual dividend per share of JPY50.0, down JPY16.0 from the previous year, representing a payout ratio of 39.6%.

The FY03/27 earnings forecast calls for net sales of JPY225.0bn (+5.4% YoY), operating income of JPY7.8bn (+0.5% YoY), ordinary income of JPY6.0bn (+42.2% YoY), and profit attributable to owners of the parent of JPY4.0bn (+21.1% YoY).
The Company expects the Electronic Devices business to remain at the same level as in FY03/26. In the Electronic Systems business, it expects demand to grow in the aerospace and medical equipment sectors, and the Entrepreneur business to perform steadily. In May 2026, the Company revised its dividend policy and raised the thresholds for its payout indicators to further strengthen shareholder returns. Under the revised policy, the Company will aim to pay continuous and stable dividends based on the higher of a consolidated payout ratio of 50% or DOE of 3.5%. In line with the new policy, the annual dividend per share is forecast to be JPY77.0, up JPY27.0 from FY03/26, representing a payout ratio of 50.5%.

In May 2025, the Company formulated its Medium-term Business Plan, "Marubun Nextage 2027," covering the three-year period from FY03/26 to FY03/28. The financial targets for the final year (FY03/28) are consolidated ordinary income of JPY8.0 or more and consolidated ROE of 9.0% or higher. These targets are positioned as interim milestones toward the Company's long-term aspiration of achieving consolidated ordinary income of JPY10.0bn and consolidated ROE of 10% or higher by FY03/31. With respect to operating cash flow through FY03/28, after capital investment and dividend payments, the Company plans to allocate funds to debt reduction and to strategic investments in high-potential non-organic growth opportunities, including investments in promising venture companies. In pursuit of the sustainable enhancement of corporate value, the Company will implement various initiatives aimed at creating a virtuous cycle between internal reserve utilization and sustainable growth.

Strengths and weaknesses

Shared Research sees the Company as having the following three strengths.

1. A rich product lineup from numerous suppliers and ability to make advanced technical proposals through specialized purchasing sales representatives
2. A global sales and logistics network that leverages collaboration with mega-distributor Arrow
3. Agile supplier portfolio replacement due to customer trust built over a long history

Shared Research sees the Company as having the following three weaknesses.

1. Affected by intensified competition due to reorganization of distributors by supplier manufacturers and a greater number of large corporate customers compared to competitors
2. Positioned as a specialized trading company focused on commercial transactions, it has been slow to develop peripheral businesses such as the Entrepreneur business
3. Unable to capture local demand in overseas markets due to a policy of exclusively dealing with Japanese companies

Key financial data

Income statement	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26	FY03/27
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Consolidated forecast
Net sales	**270,698**	**347,508**	**326,694**	**287,550**	**289,283**	**167,794**	**226,171**	**236,490**	**210,837**	**213,425**	**225,000**
YoY	-3.2%	28.4%	-6.0%	-12.0%	0.6%	-42.0%	34.8%	4.6%	-10.8%	1.2%	5.4%
Gross profit	**20,612**	**21,161**	**22,767**	**18,577**	**16,217**	**20,251**	**27,264**	**29,607**	**26,223**	**24,701**	**25,800**
YoY	12.5%	2.7%	7.6%	-18.4%	-12.7%	24.9%	34.6%	8.6%	-11.4%	-5.8%	4.4%
GPM	7.6%	6.1%	7.0%	6.5%	5.6%	12.1%	12.1%	12.5%	12.4%	11.6%	11.5%
Operating income	**2,883**	**3,771**	**5,048**	**2,369**	**1,023**	**5,994**	**10,997**	**12,984**	**9,155**	**7,763**	**7,800**
YoY	-10.2%	30.8%	33.9%	-53.1%	-56.8%	485.9%	83.5%	18.1%	-29.5%	-15.2%	0.5%
OPM	1.1%	1.1%	1.5%	0.8%	0.4%	3.6%	4.9%	5.5%	4.3%	3.6%	3.5%
Ordinary income	**2,651**	**4,218**	**3,020**	**2,006**	**33**	**4,106**	**7,909**	**5,627**	**6,541**	**4,218**	**6,000**
YoY	-20.2%	59.1%	-28.4%	-33.6%	-98.4%	-	92.6%	-28.9%	16.2%	-35.5%	42.2%
Ordinary income margin	1.0%	1.2%	0.9%	0.7%	0.0%	2.4%	3.5%	2.4%	3.1%	2.0%	2.7%
Profit attributable to owners of the parent	**1,650**	**2,077**	**1,636**	**-75**	**-2,133**	**2,437**	**5,201**	**3,401**	**4,409**	**3,303**	**4,000**
YoY	-8.8%	25.9%	-21.2%	-	-	-	113.4%	-34.6%	29.6%	-25.1%	21.1%
Net margin	0.6%	0.6%	0.5%	-	-	1.5%	2.3%	1.4%	2.1%	1.5%	1.8%
Per-share data											
Shares issued (year-end) ('000 shares)	28,051	28,051	28,051	28,051	28,051	28,051	28,051	28,051	28,051	28,051	
Treasury shares ('000)	1,916	1,916	1,916	1,916	1,916	1,916	1,916	1,893	1,883	1,808	
EPS (JPY)	63.1	79.5	62.6	-2.9	-81.6	93.3	199.0	130.1	168.5	126.1	152.4
EPS (fully diluted; JPY)	-	-	-	-	-	-	-	-	-	-	
Dividend per share (JPY)	25.0	30.0	30.0	30.0	16.0	30.0	80.0	52.0	66.0	50.0	77.0
Book value per share (JPY)	1,596	1,647	1,665	1,618	1,531	1,634	1,827	1,938	2,094	2,168	
Balance sheet (JPYmn)											
Cash and cash equivalents	12,584	13,989	16,348	20,790	26,874	25,245	21,253	23,823	24,246	24,735	
Total current assets	**113,711**	**122,297**	**113,985**	**118,617**	**114,804**	**137,604**	**166,143**	**162,616**	**130,607**	**129,298**	
Tangible fixed assets	3,549	3,529	3,634	4,094	4,221	3,201	3,203	3,293	4,340	5,154	
Intangible assets	1,148	1,601	1,533	1,146	925	1,039	898	1,356	2,284	2,269	
Investments and other assets	7,575	8,277	9,009	7,592	7,055	6,334	5,753	6,854	7,941	8,279	
Total fixed assets	**12,273**	**13,408**	**14,177**	**12,833**	**12,202**	**10,575**	**9,855**	**11,504**	**14,566**	**15,702**	
Total assets	**125,984**	**135,706**	**128,163**	**131,451**	**127,006**	**148,179**	**175,998**	**174,120**	**145,173**	**145,001**	
Short-term debt	25,227	34,833	46,512	48,487	42,311	48,798	69,520	64,602	46,449	44,843	
Total current liabilities	**67,272**	**75,765**	**75,623**	**76,537**	**76,165**	**94,746**	**117,089**	**116,669**	**79,222**	**76,137**	
Long-term debt	9,061	8,937	1,213	5,204	5,162	5,128	5,122	112	4,083	4,099	
Total fixed liabilities	**11,161**	**10,763**	**2,813**	**6,708**	**5,801**	**5,858**	**5,824**	**1,018**	**5,168**	**6,074**	
Total liabilities	**78,434**	**86,529**	**78,436**	**83,246**	**81,966**	**100,604**	**122,913**	**117,687**	**84,390**	**82,211**	
Shareholders' equity	41,707	43,037	43,510	42,286	40,016	42,711	47,748	50,697	54,806	56,887	
Total net assets	**47,550**	**49,177**	**49,726**	**48,204**	**45,040**	**47,574**	**53,084**	**56,433**	**60,782**	**62,790**	
Total interest-bearing debt	34,288	43,770	47,725	53,691	47,473	53,926	74,642	64,714	50,532	48,942	
Cash flow statement (JPYmn)											
Cash flows from operating activities	-5,894	-7,619	1,992	-309	15,205	-2,948	-18,981	22,694	18,617	6,383	
Cash flows from investing activities	-1,862	-964	-495	-582	-790	145	-326	-1,424	-2,146	730	
Cash flows from financing activities	6,282	10,374	1,243	5,188	-8,188	391	14,071	-20,050	-16,405	-6,649	
Financial ratios (JPYmn, %, times)											
ROE	4.0%	4.9%	3.8%	-0.2%	-5.2%	5.9%	11.5%	6.9%	8.4%	5.9%	
Net margin	0.6%	0.6%	0.5%	-	-	1.5%	2.3%	1.4%	2.1%	1.5%	
Financial leverage (equity multiplier)	2.8	3.1	3.0	3.0	3.1	3.3	3.6	3.6	3.0	2.6	
Total assets turnover	2.3	2.7	2.5	2.2	2.2	1.2	1.4	1.4	1.3	1.5	

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

The Company has applied the "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29, March 31, 2020) from the beginning of Q1 FY03/22. Under this standard, net sales are recognized at the point in time when control of promised goods or services is transferred to customers in an amount expected to be received in exchange for those goods or services. As a result of this change, net sales for FY03/22 decreased by JPY146.0bn compared to the previous method, while ordinary income increased by JPY422mn.

Performance by business

Results by segment	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26

(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Under new standard	Cons.	Cons.	Cons.	Cons.
Net sales	**270,698**	**347,508**	**326,694**	**287,550**	**289,283**	**167,794**	**226,171**	**236,490**	**210,837**	**213,425**
YoY	-3.2%	28.4%	-6.0%	-12.0%	0.6%	-42.0%	34.8%	4.6%	-10.8%	1.2%
Electronic Devices total	**220,184**	**296,524**	**275,073**	**239,698**	**242,050**	**117,442**	**168,872**	**179,011**	**150,525**	**152,245**
YoY	-5.9%	34.7%	-7.2%	-12.9%	1.0%	-51.5%	43.8%	6.0%	-15.9%	1.1%
% of net sales	81.3%	85.3%	84.2%	83.4%	83.7%	70.0%	74.7%	75.7%	71.4%	71.3%
Semiconductors	**204,418**	**279,472**	**257,769**	**222,414**	**215,787**	**82,353**	**126,562**	**145,171**	**115,438**	**117,276**
YoY	-1.7%	36.7%	-7.8%	-13.7%	-3.0%	-61.8%	53.7%	14.7%	-20.5%	1.6%
% of net sales	75.5%	80.4%	78.9%	77.3%	74.6%	49.1%	56.0%	61.4%	54.8%	54.9%
analog IC	51,060	62,728	59,034	50,550	34,791	31,826	50,890	59,928	57,694	52,851
YoY	32.0%	22.9%	-5.9%	-14.4%	-31.2%	-8.5%	59.9%	17.8%	-3.7%	-8.4%
% of net sales	18.9%	18.1%	18.1%	17.6%	12.0%	19.0%	22.5%	25.3%	27.4%	24.8%
memory IC	22,229	19,914	12,478	4,691	5,018	5,764	7,341	6,915	3,195	6,531
YoY	1.2%	-10.4%	-37.3%	-62.4%	7.0%	14.9%	27.4%	-5.8%	-53.8%	104.4%
% of net sales	8.2%	5.7%	3.8%	1.6%	1.7%	3.4%	3.2%	2.9%	1.5%	3.1%
microprocessor	21,123	14,142	12,431	7,364	5,612	5,074	7,740	7,073	1,720	2,949
YoY	9.1%	-33.0%	-12.1%	-40.8%	-23.8%	-9.6%	52.5%	-8.6%	-75.7%	71.5%
% of net sales	7.8%	4.1%	3.8%	2.6%	1.9%	3.0%	3.4%	3.0%	0.8%	1.4%
special-use IC	94,386	167,998	162,361	152,516	165,057	33,294	49,840	55,169	42,878	46,997
YoY	-17.4%	78.0%	-3.4%	-6.1%	8.2%	-79.8%	49.7%	10.7%	-22.3%	9.6%
% of net sales	34.9%	48.3%	49.7%	53.0%	57.1%	19.8%	22.0%	23.3%	20.3%	22.0%
custom IC	11,040	10,943	8,248	5,160	4,550	6,393	10,749	16,085	9,951	7,948
YoY	6.7%	-0.9%	-24.6%	-37.4%	-11.8%	40.5%	68.1%	49.6%	-38.1%	-20.1%
Electronic component	**15,768**	**17,053**	**17,305**	**17,283**	**26,264**	**35,215**	**42,309**	**33,840**	**35,087**	**34,969**
YoY	-39.6%	8.1%	1.5%	-0.1%	52.0%	34.1%	20.1%	-20.0%	3.7%	-0.3%
% of net sales	5.8%	4.9%	5.3%	6.0%	9.1%	21.0%	18.7%	14.3%	16.6%	16.4%
Electronic Systems	**50,513**	**50,983**	**51,621**	**47,852**	**47,233**	**48,230**	**54,494**	**54,941**	**57,336**	**58,623**
YoY	10.8%	0.9%	1.3%	-7.3%	-1.3%	2.1%	13.0%	0.8%	4.4%	2.2%
% of net sales	18.7%	14.7%	15.8%	16.6%	16.3%	28.7%	24.1%	23.2%	27.2%	27.5%
space & defense equipment	5,000	5,409	6,582	5,316	4,355	4,488	5,613	5,114	7,211	9,054
YoY	-9.9%	8.2%	21.7%	-19.2%	-18.1%	3.1%	25.1%	-8.9%	41.0%	25.6%
% of net sales	1.8%	1.6%	2.0%	1.8%	1.5%	2.7%	2.5%	2.2%	3.4%	4.2%
industrial equipment			19,462	17,022	18,207	18,729	21,098	20,565	19,569	20,637
YoY	-	-	-	-12.5%	7.0%	2.9%	12.6%	-2.5%	-4.8%	5.5%
% of net sales	-	-	6.0%	5.9%	6.3%	11.2%	9.3%	8.7%	9.3%	9.7%
laser equipment			5,431	4,768	3,642	5,294	6,745	6,263	7,292	7,238
YoY	-	-	-	-12.2%	-23.6%	45.4%	27.4%	-7.1%	16.4%	-0.7%
% of net sales	-	-	1.7%	1.7%	1.3%	3.2%	3.0%	2.6%	3.5%	3.4%
medical equipment	19,407	19,116	18,359	18,518	19,208	19,719	21,035	22,999	23,263	21,695
YoY	3.3%	-1.5%	-4.0%	0.9%	3.7%	2.7%	6.7%	9.3%	1.1%	-6.7%
% of net sales	7.2%	5.5%	5.6%	6.4%	6.6%	11.8%	9.3%	9.7%	11.0%	10.2%
Entrepreneur total						**2,121**	**2,805**	**2,536**	**2,975**	**2,556**
YoY	-	-	-	-	-	-	32.2%	-9.6%	17.3%	-14.1%
% of net sales	-	-	-	-	-	1.3%	1.2%	1.1%	1.4%	1.2%
ICT solution						2,003	2,642	2,420	2,815	2,395
YoY	-	-	-	-	-	-	31.9%	-8.4%	16.3%	-14.9%
% of net sales	-	-	-	-	-	1.2%	1.2%	1.0%	1.3%	1.1%
AI robotics						117	163	116	160	161
YoY	-	-	-	-	-	-	39.3%	-28.8%	37.9%	0.6%
% of net sales	-	-	-	-	-	0.1%	0.1%	0.05%	0.08%	0.1%
Gross profit	**20,612**	**21,161**	**22,767**	**18,577**	**16,217**	**20,251**	**27,264**	**29,607**	**26,223**	**24,701**
YoY	12.5%	2.7%	7.6%	-18.4%	-12.7%	24.9%	34.6%	8.6%	-11.4%	-5.8%
Electronic Devices total	**12,741**	**13,534**	**14,380**	**10,477**	**7,915**	**11,369**	**17,403**	**19,512**	**14,797**	**12,889**
YoY	11.9%	6.2%	6.3%	-27.1%	-24.5%	43.6%	53.1%	12.1%	-24.2%	-12.9%
% of gross profit	61.8%	64.0%	63.2%	56.4%	48.8%	56.1%	63.8%	65.9%	56.4%	52.2%
GPM	5.8%	4.6%	5.2%	4.4%	3.3%	9.7%	10.3%	10.9%	9.8%	8.5%
Electronic Systems	**7,871**	**7,627**	**8,386**	**8,099**	**8,302**	**8,004**	**8,932**	**9,222**	**10,108**	**10,669**
YoY	13.6%	-3.1%	10.0%	-3.4%	2.5%	-3.6%	11.6%	3.2%	9.6%	5.6%
% of gross profit	38.2%	36.0%	36.8%	43.6%	51.2%	39.5%	32.8%	31.1%	38.5%	43.2%
GPM	15.6%	15.0%	16.2%	16.9%	17.6%	16.6%	16.4%	16.8%	17.6%	18.2%
Entrepreneur total						**876**	**927**	**871**	**1,317**	**1,146**
YoY	-	-	-	-	-	-	5.8%	-6.0%	51.2%	-13.0%
% of gross profit	-	-	-	-	-	4.3%	3.4%	2.9%	5.0%	4.6%
GPM	-	-	-	-	-	41.3%	33.0%	34.3%	44.3%	44.8%
Operating income	**2,883**	**3,771**	**5,048**	**2,369**	**1,023**	**5,994**	**10,997**	**12,984**	**9,155**	**7,763**
YoY	-10.2%	30.8%	33.9%	-53.1%	-56.8%	485.9%	83.5%	18.1%	-29.5%	-15.2%
Electronic Devices total	**448**	**1,240**	**2,590**	**591**	**-951**	**3,638**	**8,521**	**10,510**	**5,669**	**4,307**
YoY	-61.7%	176.8%	108.9%	-77.2%	-	-	134.2%	23.3%	-46.1%	-24.0%
% of operating income	15.5%	32.9%	51.3%	24.9%	-93.0%	60.7%	77.5%	80.9%	61.9%	55.5%
OPM	0.2%	0.4%	0.9%	0.2%	-	3.1%	5.0%	5.9%	3.8%	2.8%
Electronic Systems	**2,445**	**2,542**	**2,467**	**1,786**	**1,983**	**2,040**	**2,438**	**2,507**	**3,263**	**3,514**
YoY	19.2%	4.0%	-3.0%	-27.6%	11.0%	2.9%	19.5%	2.8%	30.2%	7.7%
% of operating income	84.8%	67.4%	48.9%	75.4%	193.8%	34.0%	22.2%	19.3%	35.6%	45.3%
OPM	4.8%	5.0%	4.8%	3.7%	4.2%	4.2%	4.5%	4.6%	5.7%	6.0%
Entrepreneur total						**318**	**42**	**-28**	**228**	**-50**
YoY	-	-	-	-	-	-	-86.8%	-	-	-
% of operating income	-	-	-	-	-	-	0.4%	-0.2%	2.5%	-0.6%
OPM	-	-	-	-	-	15.0%	1.5%	-	7.7%	-

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

Trends and outlook

Quarterly trends and results

Earnings (cumulative)	FY03/25				FY03/26				FY03/27				FY03/27	
(JPYmn)	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of forecast	FY forecast
Net sales	50,788	98,583	151,953	210,837	49,884	102,697	152,821	213,425	52,277				23.2%	225,000
YoY	-15.9%	-20.3%	-15.4%	-10.8%	-1.8%	4.2%	0.6%	1.2%	4.8%					5.4%
Gross profit	6,802	12,501	18,991	26,223	4,829	10,937	16,867	24,701	6,176				23.9%	25,800
YoY	-4.2%	-18.0%	-14.3%	-11.4%	-29.0%	-12.5%	-11.2%	-5.8%	27.9%					4.4%
GPM	13.4%	12.7%	12.5%	12.4%	9.7%	10.6%	11.0%	11.6%	11.8%					11.5%
SG&A expenses	4,059	8,141	12,205	17,068	4,072	8,210	12,588	16,938	4,371				24.3%	18,000
YoY	2.3%	2.9%	1.9%	2.7%	0.3%	0.8%	3.1%	-0.8%	7.3%					6.3%
SG&A ratio	8.0%	8.3%	8.0%	8.1%	8.2%	8.0%	8.2%	7.9%	8.4%					8.0%
Operating income	2,743	4,360	6,785	9,155	757	2,727	4,279	7,763	1,804				23.1%	7,800
YoY	-12.4%	-40.6%	-33.4%	-29.5%	-72.4%	-37.5%	-36.9%	-15.2%	138.3%					0.5%
OPM	5.4%	4.4%	4.5%	4.3%	1.5%	2.7%	2.8%	3.6%	3.5%					3.5%
Ordinary income	667	3,113	2,855	6,541	1,235	1,759	1,460	4,218	1,014				16.9%	6,000
YoY	-	49.7%	-45.3%	16.2%	85.2%	-43.5%	-48.9%	-35.5%	-17.9%					42.2%
Ordinary income margin	1.3%	3.2%	1.9%	3.1%	2.5%	1.7%	1.0%	2.0%	1.9%					2.7%
Net income	495	2,134	1,860	4,409	625	985	491	3,303	500				12.5%	4,000
YoY	-	87.7%	-43.7%	29.6%	26.3%	-53.8%	-73.6%	-25.1%	-20.0%					21.1%
Net margin	1.0%	2.2%	1.2%	2.1%	1.3%	1.0%	0.3%	1.5%	1.0%					1.8%
Earnings (quarterly)	**FY03/25**				**FY03/26**				**FY03/27**					
(JPYmn)	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**		
Net sales	50,788	47,795	53,370	58,884	49,884	52,813	50,124	60,604	52,277					
YoY	-15.9%	-24.5%	-4.3%	3.3%	-1.8%	10.5%	-6.1%	2.9%	4.8%					
Gross profit	6,802	5,699	6,490	7,232	4,829	6,108	5,930	7,834	6,176					
YoY	-4.2%	-30.1%	-6.2%	-2.8%	-29.0%	7.2%	-8.6%	8.3%	27.9%					
GPM	13.4%	11.9%	12.2%	12.3%	9.7%	11.6%	11.8%	12.9%	11.8%					
SG&A expenses	4,059	4,082	4,064	4,863	4,072	4,138	4,378	4,350	4,371					
YoY	2.3%	3.6%	-0.2%	4.8%	0.3%	1.4%	7.7%	-10.5%	7.3%					
SG&A ratio	8.0%	8.5%	7.6%	8.3%	8.2%	7.8%	8.7%	7.2%	8.4%					
Operating income	2,743	1,617	2,425	2,370	757	1,970	1,552	3,484	1,804					
YoY	-12.4%	-61.6%	-14.8%	-15.3%	-72.4%	21.8%	-36.0%	47.0%	138.3%					
OPM	5.4%	3.4%	4.5%	4.0%	1.5%	3.7%	3.1%	5.7%	3.5%					
Ordinary income	667	2,446	-258	3,686	1,235	524	-299	2,758	1,014					
YoY	-	12.4%	-	807.9%	85.2%	-78.6%	-	-25.2%	-17.9%					
Ordinary income margin	1.3%	5.1%	-	6.3%	2.5%	1.0%	-	4.6%	1.9%					
Net income	495	1,639	-274	2,549	625	360	-494	2,812	500					
YoY	-	11.7%	-	-	26.3%	-78.0%	-	10.3%	-20.0%					
Net margin	1.0%	3.4%	-	4.3%	1.3%	0.7%	-	4.6%	1.0%					

Source: Shared Research based on company data
Notes: Figures may differ from company materials due to differences in rounding methods.
Starting from Q1 FY03/26, the Company changed its inventory valuation method. The comparative analysis for FY03/25 was conducted using figures with this change applied retroactively.

Quarterly performance by business

Quarterly performance by business (cumulative)	FY03/25				FY03/26				FY03/27				FY03/27	
(JPYmn)	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of forecast	FY forecast
Net sales	**50,788**	**98,583**	**151,953**	**210,837**	**49,884**	**102,697**	**152,821**	**213,425**	**52,277**				**23.2%**	**225,000**
YoY	-15.9%	-20.3%	-15.4%	-10.8%	-1.8%	4.2%	0.6%	1.2%	4.8%					5.4%
Electronic Devices total	**40,618**	**74,817**	**112,469**	**150,525**	**38,491**	**77,754**	**114,076**	**152,245**	**38,190**				**25.1%**	**152,000**
YoY	-17.7%	-24.7%	-21.5%	-15.9%	-5.2%	3.9%	1.4%	1.1%	-0.8%					-0.2%
Semiconductors	**32,353**	**57,511**	**85,879**	**115,438**	**29,190**	**59,563**	**87,291**	**117,276**	**29,869**				26.2%	114,154
YoY	-19.8%	-29.6%	-26.9%	-20.5%	-9.8%	3.6%	1.6%	1.6%	2.3%					-2.7%
analog IC	15,626	27,995	42,209	57,694	12,918	26,937	39,273	52,851	11,822				20.6%	57,524
YoY	0.8%	-13.3%	-10.8%	-3.7%	-17.3%	-3.8%	-7.0%	-8.4%	-8.5%					8.8%
memory IC	840	1,623	2,393	3,195	1,288	2,399	3,328	6,531	4,004				123.0%	3,254
YoY	-55.2%	-58.1%	-58.0%	-53.8%	53.3%	47.8%	39.1%	104.4%	210.9%					-50.2%
microprocessor	400	1,002	1,206	1,720	1,099	1,719	2,347	2,949	423				13.5%	3,136
YoY	-78.4%	-74.6%	-80.5%	-75.7%	174.8%	71.6%	94.6%	71.5%	-61.5%					6.3%
special-use IC	12,169	20,630	32,494	42,878	10,967	23,397	35,947	46,997	11,343				30.8%	36,849
YoY	-13.6%	-34.6%	-28.6%	-22.3%	-9.9%	13.4%	10.6%	9.6%	3.4%					-21.6%
custom IC	3,317	6,262	7,575	9,951	2,917	5,110	6,396	7,948	2,277				17.0%	13,390
YoY	-52.9%	-37.9%	-40.4%	-38.1%	-12.1%	-18.4%	-15.6%	-20.1%	-21.9%					68.5%
Electronic component & others	**8,265**	**17,306**	**26,590**	**35,087**	**9,302**	**18,191**	**26,785**	**34,969**	**8,321**				**22.0%**	**37,846**
YoY	-8.3%	-1.7%	3.1%	3.7%	12.5%	5.1%	0.7%	-0.3%	-10.5%					8.2%
Electronic Systems	**9,781**	**22,807**	**37,935**	**57,336**	**10,858**	**24,286**	**37,549**	**58,623**	**13,600**				**19.7%**	**69,000**
YoY	-8.6%	-3.1%	8.9%	4.4%	11.0%	6.5%	-1.0%	2.2%	25.3%					17.7%
space & defense equipment	1,379	2,845	4,307	7,211	2,114	4,021	5,683	9,054	2,134				15.2%	14,009
YoY	87.6%	29.0%	30.9%	41.0%	53.3%	41.3%	31.9%	25.6%	0.9%					54.7%
industrial equipment	4,007	8,792	13,560	19,569	3,353	9,037	13,883	20,637	5,204				23.6%	22,060
YoY	2.8%	-3.3%	0.4%	-4.8%	-16.3%	2.8%	2.4%	5.5%	55.2%					6.9%
laser equipment	908	2,757	4,858	7,292	1,199	2,634	4,461	7,238	1,522				19.1%	7,957
YoY	-45.6%	-9.6%	13.5%	16.4%	32.0%	-4.5%	-8.2%	-0.7%	26.9%					9.9%
medical equipment	3,486	8,415	15,208	23,263	4,193	8,594	13,523	21,695	4,740				19.0%	24,974
YoY	-20.7%	-8.4%	10.6%	1.1%	20.3%	2.1%	-11.1%	-6.7%	13.0%					15.1%
Entrepreneur	**389**	**957**	**1,548**	**2,975**	**534**	**656**	**1,195**	**2,556**	**485**				**12.1%**	**4,000**
YoY	17.9%	14.2%	7.8%	17.3%	37.3%	-31.5%	-22.8%	-14.1%	-9.2%					56.5%
ICT solution	371	905	1,459	2,815	508	611	1,117	2,395	454				15.9%	2,864
YoY	20.1%	12.6%	7.9%	16.3%	36.9%	-32.5%	-23.4%	-14.9%	-10.6%					19.6%
AI robotics	18	52	89	160	25	46	78	161	32				2.8%	1,136
YoY	-10.0%	57.6%	7.2%	37.9%	38.9%	-11.5%	-12.4%	0.6%	28.0%					605.6%
Operating income	**2,743**	**4,360**	**6,785**	**9,155**	**757**	**2,727**	**4,279**	**7,763**	**1,804**				**23.1%**	**7,800**
YoY	-12.4%	-40.6%	-33.4%	-29.5%	-72.4%	-37.5%	-36.9%	-15.2%	138.3%					0.5%
Electronic Devices business	**2,742**	**3,752**	**5,413**	**5,669**	**533**	**2,090**	**3,093**	**4,307**	**1,467**				**40.8%**	**3,600**
YoY	-8.7%	-43.1%	-41.0%	-46.1%	-80.6%	-44.3%	-42.9%	-24.0%	175.2%					-16.4%
OPM	6.8%	5.0%	4.8%	3.8%	1.4%	2.7%	2.7%	2.8%	3.8%					2.4%
Electronic Systems business	**125**	**798**	**1,623**	**3,263**	**248**	**1,005**	**1,676**	**3,514**	**430**				**11.0%**	**3,900**
YoY	-50.6%	-13.3%	32.8%	30.2%	98.4%	25.9%	3.3%	7.7%	73.4%					11.0%
OPM	1.3%	3.5%	4.3%	5.7%	2.3%	4.1%	4.5%	6.0%	3.2%					5.7%
Entrepreneur	**-123**	**-187**	**-246**	**228**	**-22**	**-365**	**-485**	**-50**	**-94**				**-**	**300**
YoY	-	-	-	-	-	-	-	-	-					-
OPM	-31.6%	-19.5%	-15.9%	7.7%	-4.1%	-55.6%	-40.6%	-2.0%	-19.4%					7.5%

Quarterly results by segment (three months)	FY03/25				FY03/26				FY03/27			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	**50,788**	**47,795**	**53,370**	**58,884**	**49,884**	**52,813**	**50,124**	**60,604**	**52,277**			
YoY	-15.9%	-24.5%	-4.3%	3.3%	-1.8%	10.5%	-6.1%	2.9%	4.8%			
Electronic Devices business	**40,618**	**34,199**	**37,652**	**38,056**	**38,491**	**39,263**	**36,322**	**38,169**	**38,190**			
YoY	-17.7%	-31.6%	-14.2%	6.4%	-5.2%	14.8%	-3.5%	0.3%	-0.8%			
Semiconductors	**32,353**	**25,158**	**28,368**	**29,559**	**29,190**	**30,373**	**27,728**	**29,985**	**29,869**			
YoY	-19.8%	-39.2%	-20.6%	6.7%	-9.8%	20.7%	-2.3%	1.4%	2.3%			
analog IC	15,626	12,369	14,214	15,485	12,918	14,019	12,336	13,578	11,822			
YoY	0.8%	-26.3%	-5.5%	22.9%	-17.3%	13.3%	-13.2%	-12.3%	-8.5%			
memory IC	840	783	770	802	1,288	1,111	929	3,203	4,004			
YoY	-55.2%	-60.9%	-57.7%	-34.0%	53.3%	41.9%	20.6%	299.4%	210.9%			
microprocessor	400	602	204	514	1,099	620	628	602	423			
YoY	-78.4%	-71.2%	-90.9%	-41.4%	174.8%	3.0%	207.8%	17.1%	-61.5%			
special-use IC	12,169	8,461	11,864	10,384	10,967	12,430	12,550	11,050	11,343			
YoY	-13.6%	-51.5%	-15.1%	7.7%	-9.9%	46.9%	5.8%	6.4%	3.4%			
custom IC	3,317	2,945	1,313	2,376	2,917	2,193	1,286	1,552	2,277			
YoY	-52.9%	-2.9%	-50.1%	-29.6%	-12.1%	-25.5%	-2.1%	-34.7%	-21.9%			
Electronic component	**8,265**	**9,041**	**9,284**	**8,497**	**9,302**	**8,889**	**8,594**	**8,184**	**8,321**			
YoY	-8.3%	5.3%	13.5%	5.5%	12.5%	-1.7%	-7.4%	-3.7%	-10.5%			
Electronic Systems business	**9,781**	**13,026**	**15,128**	**19,401**	**10,858**	**13,428**	**13,263**	**21,074**	**13,600**			
YoY	-8.6%	1.5%	34.0%	-3.6%	11.0%	3.1%	-12.3%	8.6%	25.3%			
space & defense equipment	1,379	1,466	1,462	2,904	2,114	1,907	1,662	3,371	2,134			
YoY	87.6%	-0.3%	34.6%	59.3%	53.3%	30.1%	13.7%	16.1%	0.9%			
industrial equipment	4,007	4,785	4,768	6,009	3,353	5,684	4,846	6,754	5,204			
YoY	2.8%	-7.9%	8.2%	-14.9%	-16.3%	18.8%	1.6%	12.4%	55.2%			
laser equipment	908	1,849	2,101	2,434	1,199	1,435	1,827	2,777	1,522			
YoY	-45.6%	34.1%	70.4%	22.9%	32.0%	-22.4%	-13.0%	14.1%	26.9%			
medical equipment	3,486	4,929	6,793	8,055	4,193	4,401	4,929	8,172	4,740			
YoY	-20.7%	2.9%	49.0%	-13.0%	20.3%	-10.7%	-27.4%	1.5%	13.0%			
Entrepreneur	**389**	**568**	**591**	**1,427**	**534**	**122**	**539**	**1,361**	**485**			
YoY	17.9%	11.8%	-1.2%	29.7%	37.3%	-78.5%	-8.8%	-4.6%	-9.2%			
ICT solution	371	534	554	1,356	508	103	506	1,278	454			
YoY	20.1%	7.9%	1.1%	27.0%	36.9%	-80.7%	-8.7%	-5.8%	-10.6%			
AI robotics	18	34	37	71	25	21	32	83	32			
YoY	-10.0%	161.5%	-26.0%	115.2%	38.9%	-38.2%	-13.5%	16.9%	28.0%			
Operating income	**2,743**	**1,617**	**2,425**	**2,370**	**757**	**1,970**	**1,552**	**3,484**	**1,804**			
YoY	-12.4%	-61.6%	-14.8%	-15.3%	-72.4%	21.8%	-36.0%	47.0%	138.3%			
Electronic Devices business	**2,742**	**1,010**	**1,661**	**256**	**533**	**1,557**	**1,003**	**1,214**	**1,467**			
YoY	-8.7%	-71.9%	-35.7%	-80.8%	-80.6%	54.2%	-39.6%	374.2%	175.2%			
OPM	6.8%	3.0%	4.4%	0.7%	1.4%	4.0%	2.8%	3.2%	3.8%			
Electronic Systems business	**125**	**673**	**825**	**1,640**	**248**	**757**	**671**	**1,838**	**430**			
YoY	-50.6%	0.9%	173.2%	27.6%	98.4%	12.5%	-18.7%	12.1%	73.4%			
OPM	1.3%	5.2%	5.5%	8.5%	2.3%	5.6%	5.1%	8.7%	3.2%			
Entrepreneur	**-123**	**-64**	**-59**	**474**	**-22**	**-343**	**-120**	**435**	**-94**			
YoY	-	-	-	157.6%	-	-	-	-8.2%	-			
OPM	-31.6%	-11.3%	-10.0%	33.2%	-4.1%	-281.1%	-22.3%	32.0%	-19.4%			

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

Starting from Q1 FY03/26, the Company changed its inventory valuation method. The comparative analysis for FY03/25 was conducted using figures with this change applied retroactively.

Q1 FY03/27 results

- Net sales: JPY52.3bn (+4.8% YoY)
- Operating income: JPY1.8bn (+138.3% YoY)
- Ordinary income: JPY1.0bn (-17.9% YoY)
- Profit attributable to owners of the parent: JPY500mn (-20.0% YoY)

Overview

In Q1 FY03/27, net sales increased YoY, driven by strong demand for medical equipment, industrial equipment, and laser equipment in the Electronic Systems business. Operating income rose YoY, reflecting higher net sales and a boost to gross profit from the yen's depreciation. Meanwhile, the Company recorded foreign exchange losses of JPY306mn as the yen depreciated over the period. As a result, ordinary income and profit attributable to owners of the parent declined YoY.

- With regard to the foreign exchange losses, the Company stated unrealized valuation gains on inventories not yet recognized for accounting purposes, which will be realized through sales in subsequent periods, were equivalent to approximately JPY2.1bn at end-Q1 FY03/27.

GPM rose 2.1pp YoY to 11.8%, while the SG&A ratio rose 0.2pp YoY to 8.4%. As a result, OPM increased 2.0pp YoY to 3.5%.

Progress toward company forecast

In Q1 FY03/27, progress toward the full-year company forecast was 23.2% for net sales, 23.1% for operating income, 16.9% for ordinary income, and 12.5% for profit attributable to owners of parent.

- Net sales progressed in line with the Company's projection. Ordinary income and profit attributable to owners of the parent were slightly below the targets due to forex losses. Nevertheless, the Company stated the foreign exchange losses should diminish if the recent appreciation of the yen continues.

Industry trends

In the electronics industry, macroeconomic uncertainty persisted due to geopolitical risks and other factors. However, as demand for general-purpose servers for data centers expanded alongside the accelerating adoption of AI agents, supply and demand remained tight for semiconductors such as CPUs and memory, as well as related electronic components.
In PC- and smartphone-related fields, rising component costs and supply shortages weighed on replacement demand, and final demand remained weak. As a result, demand trends increasingly diverged by field.

Performance by segment

In conjunction with the reorganization of business segments following the organizational changes implemented in January 2026, the Company reviewed the composition of its reportable segments and reclassified some businesses previously included in the Electronic Devices business to the Entrepreneur business.

In Q1 FY03/27, consolidated net sales were distributed among applications as follows. Consumer devices accounted for 39% (-2pp YoY); net sales were roughly unchanged YoY, but their relative share declined. Mobility accounted for 21% (+8pp), with its share rising substantially due to expanded commercial rights. Industrial equipment accounted for 26% (-8pp), reflecting sluggish demand. Medical and healthcare accounted for 9% (unchanged), supported by firm demand for medical equipment. Aerospace, space, and defense accounted for 4% (+1pp), reflecting solid demand in aerospace-related fields.

Electronic Devices business

In the Electronic Devices business, net sales were JPY38.2bn (-0.8% YoY), and ordinary income was JPY596mn (-38.6% YoY).
Although sales of semiconductors for mobility applications grew, demand for semiconductors for industrial equipment remained sluggish, resulting in lower net sales. Ordinary income declined, mainly because foreign exchange losses were recorded as the yen weakened.

By product category, analog IC sales declined JPY1.1bn YoY to JPY11.8bn (20.6% of the full-year forecast) due to lower sales for industrial equipment applications. Memory IC sales increased JPY2.7bn YoY to JPY4.0bn (123.0%), driven by higher sales for mobility applications. Microprocessor sales declined JPY676mn YoY to JPY423mn (13.5%) due to lower sales for mobility applications. Special-use IC sales increased JPY376mn YoY to JPY11.3bn (30.8%). Custom IC sales declined JPY640mn YoY to JPY2.3bn (17.0%) due to lower sales for consumer device applications. Electronic component sales declined JPY981mn YoY to JPY8.3bn (22.0%) due to lower sales for industrial equipment applications.

- Marubun made strong progress in memory IC sales in Q1 FY03/27, supported by higher prices and demand. The Company stated this strong sales level could continue in Q2 and beyond.

Electronic Systems business

In the Electronic Systems business, net sales totaled JPY13.6bn (+25.3% YoY), and ordinary income was JPY504mn (+79.6% YoY). Net sales increased as demand remained generally firm for medical equipment such as diagnostic imaging systems, industrial equipment such as mass spectrometers and electronic component assembly, inspection, and analysis equipment, as well as laser equipment, mainly laser oscillators. Embedded computer sales also grew, supported by expanding demand in the industrial equipment field and aerospace and defense-related markets. Ordinary income increased due to the effect of higher net sales and a higher sales mix of products with relatively high margins within the business segment.

By product category, sales of space and defense equipment increased JPY20mn YoY to JPY2.1bn (15.2% of the full-year forecast). Industrial equipment sales increased JPY1.9bn YoY to JPY5.2bn (23.6%), driven by higher sales of mass spectrometers and electronic component assembly and inspection equipment. Laser equipment sales increased JPY323mn YoY to JPY1.5bn (19.1%), reflecting higher sales of semiconductor lasers. Medical equipment sales increased JPY547mn YoY to JPY4.7bn (19.0%), supported by higher sales of diagnostic imaging systems.

Entrepreneur business

In the Entrepreneur business, net sales were JPY485mn (-9.2% YoY), and the business recorded an ordinary loss of JPY89mn (versus an ordinary loss of JPY18mn in Q1 FY03/26).
Net sales declined because lower demand for software products more than offset growth in solutions related to optical network communications. Ordinary loss widened due to factors including lower sales of relatively high-margin software products.

By product category, ICT Solutions sales declined JPY54mn YoY to JPY454mn (15.9% of the full-year forecast) due to lower sales of software products. AI & Robotics sales increased JPY7mn YoY to JPY32mn (2.8%).

- As part of its expansion into robotics-related products, Marubun concluded a distribution agreement with RoboPath Co., Ltd., a provider of cutting-edge service robots combining AI technology and robotics, in June 2026. The Company began handling RoboPath's flagship multifunctional service robot, the RPX (core robot: RPX-100). In July 2026, Marubun signed a memorandum of understanding (MOU) with DEEP Robotics, a global leader in quadruped robots, to expand sales of DEEP Robotics products in the Japanese market and pursue collaboration.

Other

The Company recorded JPY306mn in forex losses under non-operating expenses.

Full-year company forecasts

	FY03/25			FY03/26			FY03/27		
(JPYmn)	1H results	2H results	FY results	1H results	2H results	FY results	1H forecast	2H forecast	FY forecast
Net sales	**98,583**	**112,254**	**210,837**	**102,697**	**110,728**	**213,425**	**105,000**	**120,000**	**225,000**
YoY	-20.3%	-0.4%	-10.8%	4.2%	-1.4%	1.2%	2.2%	8.4%	5.4%
Cost of revenue	86,081	98,534	184,615	91,759	96,964	188,723			199,200
YoY	-20.6%	0.1%	-10.8%	6.6%	-1.6%	2.2%			5.6%
Gross profit	**12,501**	**13,720**	**26,221**	**10,937**	**13,764**	**24,701**			**25,800**
YoY	-18.0%	-4.4%	-11.4%	-12.5%	0.3%	-5.8%			4.4%
GPM	12.7%	12.2%	12.4%	10.6%	12.4%	11.6%			11.5%
SG&A expenses	8,141	8,927	17,068	8,210	8,728	16,938			18,000
YoY	2.9%	2.5%	2.7%	0.8%	-2.2%	-0.8%			6.3%
SG&A ratio	8.3%	8.0%	8.1%	8.0%	7.9%	7.9%			8.0%
Operating income	**4,360**	**4,793**	**9,153**	**2,727**	**5,036**	**7,763**	**2,700**	**5,100**	**7,800**
YoY	-40.6%	-15.0%	-29.5%	-37.5%	5.1%	-15.2%	-1.0%	1.3%	0.5%
OPM	4.4%	4.3%	4.3%	2.7%	4.5%	3.6%	2.6%	4.3%	3.5%
Ordinary income	**3,113**	**3,426**	**6,539**	**1,759**	**2,459**	**4,218**	**1,900**	**4,100**	**6,000**
YoY	49.7%	-3.4%	16.2%	-43.5%	-28.2%	-35.5%	8.0%	66.7%	42.2%
Ordinary income margin	3.2%	3.1%	3.1%	1.7%	2.2%	2.0%	1.8%	3.4%	2.7%
Profit attributable to owners of the parent	**2,134**	**2,274**	**4,408**	**985**	**2,318**	**3,303**	**1,200**	**2,800**	**4,000**
YoY	87.7%	0.4%	29.6%	-53.8%	1.9%	-25.1%	21.8%	20.8%	21.1%
Net margin	2.2%	2.0%	2.1%	1.0%	2.1%	1.5%	1.1%	2.3%	1.8%

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

Initial forecast for FY03/27 (out May 11, 2026)

- Net sales: JPY225.0bn (+5.4% YoY)
- Operating income: JPY7.8bn (+0.5% YoY)
- Ordinary income: JPY6.0bn (+42.2% YoY)
- Profit attributable to owners of the parent: JPY4.0bn (+21.1% YoY)

Future outlook

The Company expects the economic environment in FY03/27 to recover gradually, supported by improvements in employment and income conditions. However, it also expects the outlook to remain difficult to predict due to factors including the situation in the Middle East, fluctuations in financial and capital markets, and developments in US trade policy.
In the electronics industry, AI-related fields are driving the semiconductor market, and inventory adjustments in the industrial equipment sector are expected to improve. However, the outlook remains uncertain due to geopolitical risks and uncertainty in the global economy. Over the medium to long term, the semiconductor and electronic components markets are expected to grow steadily, supported by expansion in data center-related markets accompanying advances in generative AI, the increasing sophistication and digitalization of manufacturing, vehicle electrification, and advances in connectivity.

In this business environment, the Group is implementing its medium-term business plan, Marubun Nextage 2027, which covers FY03/26–FY03/28. The Group aims to achieve further growth and contribute to the development of society by creating social and economic value through responsible business.

In its FY03/27 forecast, the Company expects net sales to increase, driven by demand growth for space and defense equipment and medical equipment in the Electronic Systems business. SG&A expenses are projected to rise 6.3% YoY to JPY18.0bn due to higher personnel expenses and facility-related expenses. The Company anticipates operating income will remain roughly in line with the previous fiscal year, reflecting the increase in SG&A expenses. It forecasts higher ordinary income, assuming exchange rates remain at the assumed levels throughout the fiscal year. The Company also expects net income attributable to owners of parent to increase.

By business, the Company expects the Electronic Devices business to remain roughly in line with FY03/26. In the Electronic Systems business, demand is forecast to grow in the aerospace and medical equipment sectors. The Entrepreneur business is projected to perform steadily.

Projected performance by business

Electronic Devices business

The Company forecasts net sales of JPY152.0bn (-0.2% YoY) in the Electronic Devices business. Sales are projected to remain generally stable and roughly in line with FY03/26.
By product category, the Company expects electronic component sales of JPY37.8bn (+8.2% YoY), reflecting higher sales for industrial equipment applications; custom IC sales of JPY13.4bn (+68.5% YoY), driven by higher sales for consumer device applications; special-use IC sales of JPY36.8bn (-21.6% YoY), due to lower sales for consumer device and industrial equipment applications; microprocessor sales of JPY3.1bn (+6.4% YoY), roughly in line with FY03/26; memory IC sales of JPY3.3bn (-50.2% YoY), reflecting lower sales for consumer device applications; and analog IC sales of JPY57.5bn (+8.8% YoY), supported by higher sales for consumer device applications.

The Company expects gross profit of JPY12.5bn (-3.0% YoY) and ordinary income of JPY1.9bn (+237.9% YoY) in the Electronic Devices business

Electronic Systems business

The Company forecasts net sales of JPY69.0bn (+17.7% YoY) in the Electronic Systems business. It projects higher net sales and profit YoY, as demand related to aerospace, space and defense, and medical equipment is expected to remain firm.
By product category, the Company expects medical equipment sales of JPY25.0bn (+15.1% YoY), driven by higher sales of diagnostic imaging systems; laser equipment sales of JPY8.0bn (+9.9% YoY), reflecting growth in laser processing systems; industrial equipment sales of JPY22.1bn (+6.9% YoY), supported by higher sales of electronic component

assembly and inspection systems and analysis systems; and space and defense equipment sales of JPY14.0bn (+54.7% YoY), driven by higher sales of electronic equipment.

The Company expects gross profit of JPY11.5bn (+7.8% YoY) and ordinary income of JPY3.8bn (+3.5% YoY) in the Electronic Systems business.

Entrepreneur business

The Company forecasts net sales of JPY4.0bn (+56.5% YoY) in the Entrepreneur business. It projects higher net sales and profit, supported mainly by the acquisition of new projects through market development for AI & Robotics products. By product category, the Company expects ICT solutions sales of JPY2.9bn (+19.6% YoY), driven by higher sales of communication-related products, and AI and robotics sales of JPY1.1bn (+604.2% YoY), reflecting higher sales of general-purpose ultrasound diagnostic devices.

The Company expects gross profit of JPY1.8bn (+57.1% YoY) and ordinary income of JPY300mn (versus an ordinary loss of JPY14mn in FY03/26) in the Entrepreneur business.

Dividends

In May 2026, the Company decided to strengthen shareholder returns by revising its dividend policy and raising the thresholds for both indicators.

- Before revision: The Company aimed to pay continuous and stable dividends based on the higher of a consolidated payout ratio of 40% or DOE of 2.5%.
- After revision: The Company will aim to pay continuous and stable dividends based on the higher of a consolidated payout ratio of 50% or DOE of 3.5%.

In line with the new policy, the annual dividend per share is forecast to be JPY77.0, up JPY27.0 from FY03/26, representing a payout ratio of 50.5%.

- The effective yield estimated by Shared Research—calculated as the sum of the dividend yield and shareholder benefit yield based on the closing share price on June 5—was about 5.1% for shareholders holding one unit (100 shares), including a shareholder benefit yield of 0.6%, and 4.8% for shareholders holding five units, including a shareholder benefit yield of 0.3%.

Company forecasts versus results

Initial forecast vs. results		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**
Net sales	(Initial forecast)	290,000	260,000	315,000	291,500	260,000	153,000	195,000	236,000	212,000	206,000
	(Results)	270,698	347,508	326,694	287,550	289,283	167,794	226,171	236,490	210,837	213,425
Initial forecast vs. results		**-6.7%**	**33.7%**	**3.7%**	**-1.4%**	**11.3%**	**9.7%**	**16.0%**	**0.2%**	**-0.5%**	**3.6%**
Operating income	(Initial forecast)	3,250	3,500	4,700	4,000	2,300	3,200	5,100	8,750	8,600	6,300
	(Results)	2,883	3,771	5,048	2,369	1,023	5,994	10,997	12,984	9,155	7,763
Initial forecast vs. results		**-11.3%**	**7.7%**	**7.4%**	**-40.8%**	**-55.5%**	**87.3%**	**115.6%**	**48.4%**	**6.5%**	**23.2%**
Ordinary income	(Initial forecast)	3,250	3,300	4,300	3,150	2,000	3,000	4,500	5,000	5,000	4,300
	(Results)	2,651	4,218	3,020	2,006	33	4,106	7,909	5,627	6,541	4,218
Initial forecast vs. results		**-18.4%**	**27.8%**	**-29.8%**	**-36.3%**	**-98.4%**	**36.9%**	**75.8%**	**12.5%**	**30.8%**	**-1.9%**
Profit attributable to owners of the parent	(Initial forecast)	1,750	1,850	2,500	1,750	1,235	1,900	2,900	3,000	3,000	2,500
	(Results)	1,650	2,077	1,636	-75	-2,133	2,437	5,201	3,401	4,409	3,303
Initial forecast vs. results		**-5.7%**	**12.3%**	**-34.6%**	**-104.3%**	**-272.7%**	**28.3%**	**79.3%**	**13.4%**	**47.0%**	**32.1%**

Source: Shared Research based on company data
Notes: Figures may differ from company materials due to differences in rounding methods.
There was no initial disclosure due to the impact of the COVID-19 pandemic. The Company forecasts that were disclosed in Q1 FY03/21 are described.

Medium-term earnings outlook

Progress in the medium-term business plan (as of May 2026)

The Company is pursuing further business expansion to achieve the net sales target set out in its medium-term business plan. It also intends to meet its ordinary income target for FY03/28 by steadily building up earnings. The Company stated it expects higher net sales and profit in FY03/27 and will continue to accelerate the execution of its priority strategies while working to improve profitability.

Business environment

In domestic industries, although some caution is evident in capital investment plans, qualitative investment in labor-saving and automation measures is expected to remain firm, supported by labor shortages and equipment replacement demand. Recent machinery orders are also showing signs of recovery. In addition, the Company benefits from government-led efforts to strengthen semiconductor supply chains and expand the defense budget.

Electronic Devices business

The Company will focus on consumer devices, industrial equipment, and mobility as priority markets, and will work to strengthen its business foundation while pursuing selection and concentration. It will focus on expanding sales of high-margin products such as passive components and optimizing inventories, accelerating its shift to a leaner earnings structure that is less susceptible to changes in the market environment. Meanwhile, in mass-market domains positioned for future growth, business development has been delayed, and the Company plans to make rebuilding the structure for monetization an urgent priority.

Electronic Systems business

As a growth driver, the Company will accelerate sales expansion activities aimed at scaling up a high-profitability model that adds technical services and SI functions to product sales. It also plans to steadily capture robust demand in the aerospace and defense markets, expand service businesses such as repair and maintenance, establish an overwhelming market position in each specialized field, and achieve the targets of its medium-term business plan.

Entrepreneur business

As generative AI has spread widely, the medium- to long-term market potential for AI- and data center-related infrastructure is extremely high. Although demand has recently paused due to a transition period between major projects, the Company will continue sales promotion and application development in the AI and data center domains, as well as in next-generation high-speed communications, to build an earnings base. In addition, against the backdrop of worsening labor shortages, the Company will capture needs for automation and labor-saving solutions in the medical, nursing care, and security fields, which are essential for maintaining social infrastructure. It will enhance sales promotion of AI robotics and digital medical devices, areas in which it has strengths. The Company stated it will continue promoting sustainable social implementation to establish this business as a third earnings pillar.

Initiatives to strengthen the management foundation

The Company has launched the Marubun Group Collaboration Forum, held monthly with participation from management and business managers at domestic and overseas subsidiaries and affiliates, as well as the Marubun Advisory Forum, held quarterly with participation from management, business managers, and external advisors or observers. By combining knowledge integration across the Group with objective verification of business strategies from external perspectives, the Company aims to maximize the effectiveness and precision of its strategies in a rapidly changing market environment.

The Company has also implemented flexible institutional designs to support the active participation of human resources. These designs include integrating job categories to allow diverse personnel to play active roles and diversifying recruitment channels to accelerate talent acquisition. In addition, the Company has updated its system infrastructure to accelerate management decision-making, including the full-scale operation of a new core system that went live in August 2025.
The Company will eliminate constraints based on attributes and roles and continue to build a management foundation that supports executing the strategies set out in its medium-term business plan.

Formulation of new medium-term business plan, Marubun Nextage 2027 (out May 9, 2025)

In May 2025, Marubun formulated a new medium-term business plan titled Marubun Nextage 2027, which will cover the three-year period from FY03/26 through FY03/28.

Vision of the Marubun group

Throughout its 180-year history, Marubun has embodied the spirit of foresight and proactiveness—core elements of its DNA—and has continued to grow by evolving in response to the needs of the times. Today, under its corporate purpose of "Contributing to a brighter future through technologies," the Marubun group seeks to fully leverage the resources and foundation it has cultivated over the years to maximize its value-added role as an electronics trading company. Through the Marubun Value Cycle—which encompasses everything from the discovery and development of products in specialized fields to procurement, sales, logistics, trade finance, technical support, and information generation—the Company delivers comprehensive services and solutions rooted in its unique strengths and initiatives. In doing so, it aims to realize its management vision of being unrivaled as the most trusted electronics trading company with unique and original values.

Review of the previous medium-term business plan

In May 2022, the Group announced its previous medium-term business plan, Marubun Nextage 2024. Despite operating in a highly uncertain business environment throughout the plan period, the Group responded effectively to customer demand, successfully achieving its financial targets: ordinary income of JPY6.0bn or more and ROE of 8.0% or higher in FY03/24. Key initiatives included acquiring new commercial rights and developing new products and applications, with a focus on enhancing the business portfolio. The Company also reinforced its business foundation by advancing human capital strategies and enhancing strategy and risk management, thereby establishing a solid platform for growth.

Review of the medium-term business plan "Marubun Nextage 2024"—qualitative targets

Business growth policies	Achievements	Ongoing challenges
Focus on sustainability management	• Identified material issues; achieved a female manager ratio of 8%	• Specific initiatives to achieve long-term targets for material issues
Make a foray into new business fields and build a platform for growth	• Implemented sales promotion activities in the medical/robotics markets, etc.; invested in a VB fund to pursue new business opportunities	• Continued pursuit of non-continuous growth opportunities and overseas expansion opportunities
Refine the Group's focus in existing business and developing solutions	• Secured new suppliers; launched in-house cloud services	• Continued review of the business portfolio in response to environmental changes
Enhance Group management	• Started collaboration between the Electronic Systems business and the Entrepreneur business; established Marubun Group branding strategies	• Strengthening the foundation for pursuing synergies among consolidated group companies
Improve the business operation base and internal processes	• Enhanced integrated risk management; established the Human Capital Committee; published an integrated report.	• Implementation of a new enterprise resource planning system

Source: Shared Research based on Company materials

Positioning of new medium-term business plan

Looking ahead, the Group intends to capitalize on continued growth in the electronics market, aiming to further expand its business domain and strengthen profitability by actively advancing its growth strategies. To guide these efforts, Marubun has formulated a new medium-term business plan titled Marubun Nextage 2027. In line with the Marubun Purpose, the Group has adopted the slogan "Innovating Together" for the new plan. Through the execution of Nextage 2027, Marubun aims to achieve further growth as a one-of-a-kind electronics trading company offering original value. At the same time, it seeks to contribute to society by creating both social and economic value through the pursuit of responsible management, focused on sustainable growth that considers social and environmental impacts and the interests of diverse stakeholders.

Overview of the new medium-term business plan: Marubun Nextage 2027

Under the new medium-term business plan, the Company aims to expand its business domain by acquiring new commercial rights and enhance profitability by advancing its growth strategies. The plan covers the period from April 1, 2025, to March 31, 2028.

Basic policy

1. Pursue responsible business: The Company will strengthen initiatives related to its material issues (disclosed in May 2024) and deepen its commitment to sustainability management. It aims to operate in a way that contributes to a brighter future.
2. Achieve profitability in new businesses: With a spirit of ambition and persistence, the Company will work to establish a solid earnings base for newly launched businesses as soon as possible. It will also actively pursue opportunities for strategic alliances and investments.
3. Expand foundations in existing businesses: The Company will build resilience and reinforce its business foundation by expanding its customer base, strengthening supplier partnerships, enhancing operational excellence, and improving productivity and efficiency.
4. Reinforce group synergies: Through collaboration among domestic and overseas group companies—as well as the development of solutions and promotion of cross-selling across business segments—the Company will deliver unique added value that meets the needs of customers and society.
5. Enhance strategic management to promote the value creation model: The Company will promote the effective circulation of the Marubun Value Cycle by strengthening the management of strategies and initiatives and advancing integrated risk management, thereby building a stronger foundation for business growth.
6. Develop a human capital strategy: The Company will implement a human capital strategy aligned with its corporate philosophy and management objectives. It aims to foster a corporate culture that embraces innovation and challenge without fear of failure, and to become a professional organization built on advanced expertise and specialized skills.

The Company classifies the six policy pillars as follows: (1) falls under the responsible business perspective; (2)–(4) are aligned with its business strategy; and (5)–(6) are part of its foundation strategy. By executing the above fundamental policies, the Company aims to drive growth in both its business and human resources, with the goal of maximizing corporate value.

Financial targets

By steadily implementing the basic policy items outlined above, the Company aims to enhance both profitability and capital efficiency. For the final year of the new medium-term plan (FY03/28), it targets net sales of JPY240.0bn, consolidated ordinary income of JPY8.0bn or more (ordinary income margin of 3.3% or higher), and consolidated ROE of 9.0% or higher.

With regard to operating cash flow through FY03/28, the Company plans to allocate funds—after capital expenditures and shareholder returns—toward debt reduction as well as strategic investments in high-potential non-organic growth opportunities and promising venture companies. In pursuit of the sustainable enhancement of corporate value, the Company will implement a range of initiatives designed to create a virtuous cycle between internal reserve utilization and long-term growth. The Company’s dividend policy is to provide stable and continuous dividends, with a benchmark of either a 40% consolidated payout ratio or a 2.5% dividend on equity (DOE)—whichever is higher.

Furthermore, the above FY03/28 financial targets are positioned as intermediate milestones toward achieving the Company’s long-term goals of consolidated ordinary income of JPY10.0bn or more and ROE of 10% or higher by FY03/31.

Strategic themes from a responsible business perspective

The Company will leverage its accumulated management resources and foundation to create not only economic value but also social value through its unique business model and the Marubun Value Cycle. While continuing to enhance these resources and capabilities, the Company will also work to address environmental and social challenges. In line with its key goal indicators (KGIs), it has identified the following themes under its responsible business perspective.

Responsible business themes

- Contributing to the restoration and conservation of the global environment and its sustainability: Promote a circular economy and introduce new clean technologies

- Realizing a safe, prosperous, and sustainable society: Expand community and social contribution initiatives; ensure a stable supply chain infrastructure
- Addressing social challenges through cutting-edge technologies and solution development: Solve issues by delivering innovative products and solutions and fostering innovation
- Continually enhancing stakeholder engagement: Effectively implement IR, SR, and PR activities; promote and disclose sustainability-related initiatives

Strategic themes from a business strategy perspective

Electronic Devices business

	FY03/25 results	FY03/28 target	Growth in the target period (CAGR)
Segment sales	About JPY151.0bn	JPY167.0bn	3.4%
Segment ordinary income	About JPY3.1bn	JPY3.0bn or more	-1.4% or higher

Source: Shared Research based on company data
Note: From FY03/26 onward, segment income targets will be based on ordinary income instead of operating income.

The Electronic Devices business has been positioned as a foundation-strengthening business, with the following key initiatives.

- Selectively targeting growth areas: Deepen focus on high-growth markets and strengthen relationships with leading suppliers
- Supporting the expansion, maintenance, and restructuring of distribution channels: Leverage Marubun's specialized expertise to demonstrate the unique value-added of a trading company
- Developing new technologies and products / expanding passive component sales: Broaden the lineup of Asia-sourced products and explore new product opportunities
- Enhancing group synergy: Strengthen collaboration with Arrow Electronics, Inc. (US)
- Expanding mass-market sales channels: Build and reinforce partnerships with sales agents and distributors

- The Company noted that segment ordinary income for FY03/25 (approximately JPY3.1bn) was partly boosted by foreign exchange gains, which are not included in its FY03/28 target. However, even excluding the impact of exchange rates, the Company expects segment ordinary income to increase, in line with projected growth in segment net sales.

Electronic Systems business

	FY03/25 results	FY03/28 target	Growth in the target period (CAGR)
Segment sales	About JPY57.3bn	JPY67.0bn	5.3%
Segment ordinary income	About JPY3.3bn	JPY4.0bn or more	5.7% or higher

Source: Shared Research based on company data
Note: From FY03/26 onward, segment income targets will be based on ordinary income instead of operating income.

The Electronic Systems business has been positioned as a growth-driving business, with the following key initiatives.

- Developing new businesses and products: Promote expansion into areas such as alternative energy and industrial robotics
- Expanding the scope and scale of existing businesses: Broaden the product lineup in fields such as industrial digital transformation (DX), medical, and scientific research
- Capturing opportunities linked to national policy initiatives: Expand business in space and defense-related markets
- Strengthening group management and business foundations: Enhance competitive advantage by realizing collaborative synergies within the Group
- Establishing overseas operations: Accelerate international business development and build out local operational capabilities

Entrepreneur business

	FY03/25 results	FY03/28 target	Growth in the target period (CAGR)
Segment sales	About JPY2.4bn	JPY6.0bn	34.1%
Segment ordinary income	About -JPY100mn	JPY1.0bn or more	-

Source: Shared Research based on company data
Note: From FY03/26 onward, segment income targets will be based on ordinary income instead of operating income.

The Entrepreneur business has been positioned as a value-creating business, with the following key initiatives.

- Developing new businesses: Expand offerings in key focus areas by introducing new solution technologies and products
- Delivering unique value propositions: Develop integrated solutions that combine multiple products and services to meet specific customer needs
- Promoting AI-related product development and expansion: Discover, commercialize, and scale innovative AI solutions for practical application
- Pursuing strategic collaboration opportunities: Actively explore business alliances, invest in startups and ventures, and evaluate fiscal investment and loan programs for strategic growth

Strategic themes from a foundation strategy perspective

To reinforce the foundation for sustainable corporate value creation through its Value Creation Model, the Company will focus on the following foundational strategies.

- Advancing human capital strategy in alignment with the Marubun Purpose: Revitalize individuals and the organization through the promotion of young talent, optimize personnel placement (“the right person in the right role”), strengthen talent recruitment and development, and enhance employee engagement
- Establishing and operating a robust governance framework: Further strengthen the governance framework, enhance Board of Directors' effectiveness, continuously enhance strategy and risk management systems, while reinforcing and instilling compliance across the Group
- Developing and maintaining effective, stable IT systems and infrastructure: Improve process efficiency and automate processes through business process automation and ensure robust group-wide information security

Other matters

The financial projections in the new medium-term plan are based on an assumed exchange rate of JPY148/USD.

Business

Business description

Marubun is an independent electronics trading company that specializes in the procurement and sales of electronics products, including semiconductors, electronic components, and applied electronic devices, both domestically and internationally. The Company handles products from globally competitive semiconductor, electronic component, and electronic equipment manufacturers, adding unique value and providing them to customers. With a global presence in more than 50 locations worldwide, the Company offers products and services from over 800 suppliers to more than 3,000 customers.

In the semiconductor industry, there has been a trend towards horizontal specialization, where different companies handle specific tasks at different stages, such as manufacturing processes and product development. Even among semiconductor-related manufacturers, various types of companies are involved, such as semiconductor materials suppliers, manufacturing equipment providers, design companies, fabless manufacturers, foundries, and OSAT (Outsourced Semiconductor Assembly and Test) companies. In addition, semiconductor-related technologies are constantly advancing. As a result, it can be challenging for companies that utilize semiconductors to find and procure the most suitable semiconductor and electronic components for their products. Specialized trading companies that handle semiconductors and electronic components act as a bridge between semiconductor and electronic component manufacturers and user companies, playing various roles in product supply, technical support, market information provision, procurement negotiations, logistics management, and marketing.

The benefits of utilizing specialized trading companies that handle semiconductors and electronic components for customers include: 1) reducing the burden of in-house procurement tasks, 2) enabling management of various semiconductor and electronic component supply chains, and 3) receiving technical support and customization services.

Overview by business

Business	Main products and services	Operating companies
Electronic Devices business	Semiconductors (analog ICs, memory ICs, microprocessors, special-use ICs, custom ICs), electronic components (crystal devices, connectors, PCBs), software	Parent, Marubun Taiwan, Inc., Marubun/Arrow (S) Pte Ltd., Marubun/Arrow (HK) Ltd., Marubun Arrow (Thailand) Co., Ltd., Marubun/Arrow (Phils) Inc., Marubun Arrow (M) SDN BHD., Marubun/Arrow Electronics (Shenzhen) Company Limited., PT Marubun Arrow Indonesia
Electronic Systems business	Space & defense electronics, industrial, laser, and medical equipment	Parent, Marubun Tsusyo, Marubun West
Entrepreneur business	Information and communication equipment, software, AI robots, module products, technology licensing, etc.	Parent

Source: Company materials
Note: In addition to the above, Foresight Techno Co., Ltd. provides maintenance and technical services for system equipment and ICT solutions in the Electronic Systems and Entrepreneur businesses.

Glossary of terms for products handled by the Company:
・Semiconductor: A material that has electrical conductivity between that of a conductor and an insulator. Under specific conditions, it can control the flow of electric current and is widely used for applications such as signal amplification and information processing. Types include integrated circuits (ICs), transistors, and diodes.
・Electronic component: Components used in electronic circuits to manipulate and transmit electrical signals. Types include resistors, capacitors, connectors, and coils.
・Integrated circuit (IC): A component that integrates multiple semiconductor devices such as transistors and capacitors onto a silicon substrate to perform a single function.
・Analog IC: A general term for ICs that process real-world signals (analog signals) such as audio, video, and temperature.
・Memory IC: ICs used for data storage. They are broadly categorized into Random Access Memory (RAM), which allows for both reading and writing of data (with data loss upon power loss), and Read-Only Memory (ROM), which is read-only and retains data even after power loss. Examples of RAM include DRAM and SRAM, and ROM includes flash memory.
・Microprocessor: An IC that performs arithmetic and control operations in a computer. Used for arithmetic processing in PCs and image processing in games.
・Special-use IC: ICs specially designed for specific processing purposes.
・Custom IC: ICs made to order for integration into specific products.
・Crystal device: An electronic component that utilizes the properties of crystals to vibrate at specific frequencies when a certain voltage is applied. Used to synchronize the timing of signal transmission and reception among multiple electronic circuits.
・Module product: A unit combining ICs, electronic components, and other parts to provide specific functionalities (assembled products).

The Company's philosophy & principles

Marubun Purpose	Contribute to a brighter future through technologies.
Marubun Vision	Be unrivaled as the most trusted electronics trading company with unique and original values.
Marubun Mission	Looking forward and staying ahead, address societal themes and solve customers' issues by leveraging the Group's human capital, technological strengths and service qualities.
Marubun Values	"Management with integrity and accountability," "Fair business activities," "Contribution to sustainable society," "Contribution to environmental conservation," "Enhancement of customer satisfaction," "Effective enterprise risk management," "Respect for human rights," "Development of an employee-oriented work environment."

Source: Company materials

The Company has upheld and built upon its spirit of foresight, initiative, and the courage to take on new challenges throughout its long history. Embracing significant changes in the business environment as opportunities, the Company aims to become the most trusted and reliable electronics trading company that provides unique value, based on the Company's Purpose, "Contribute to a brighter future through technologies."

History and the source of corporate value as perceived by the Company

Marubun Corporation was founded in 1844 as a kimono fabric merchant. In 1947, it merged with a trading company separately established by the founder of Marubun, undergoing a transformation into a trading company with a focus on imports and exports. Initially, the Company engaged in the sale of daily goods and general machinery. However, in 1952, it entered into a distribution agreement with US-based Rocke International, commencing the import and sale of US-made equipment. In 1965, the Company became the first to import and sell integrated circuits produced by US-based Texas Instruments in Japan. Over the years, Marubun has been a pioneer in introducing to Japan the world's most advanced technologies, such as semiconductors and laser equipment, expanding its business in line with advances and the growing demand for electronic products. Guided by the spirit of foresight and initiative, which has been the Company's foundation since its founding, it has endeavored to enhance corporate value by providing the best products, information, and services that meet the changing environment and societal needs. The Company considers the following as the source of its corporate value.

- Relationships of trust built over many years with stakeholders, including suppliers and customers
- Advanced and specialized knowledge, extensive experience, and expertise

- Beyond simply selling products, the Company provides solutions combining the latest technology and product information, technical support on both hardware and software sides, and services that go beyond the scope of a trading company, such as installation, maintenance, and support
- A wide range of product offerings and a global sales and logistics network developed through joint ventures with Arrow Electronics, Inc., a major electronics distributor in the US
- An energetic corporate culture and a workforce with a strong spirit of initiative and the drive to take on new challenges.

- Marubun has introduced several products in Japan, including integrated circuits and laser equipment. The Company also has a history of pioneering initiatives, such as being the first to co-develop tape recorders with Sony, then an emerging company, and the first trading company to start a foundry business (gate array business). In addition, it was the first electronics trading company approved as a specified exporter in Japan. Since its establishment, the Company has always operated with the spirit of foresight and initiative, constantly anticipating the future and meeting the needs of the next era.

- Among the businesses previously operated by the Company but no longer pursued are kimono sales, household goods trading, construction materials business, and foundry (gate array) business.

Solution proposal capabilities and technical support

The Company provides total solutions by proposing optimal devices/systems/software tailored to customer needs, contributing to shortened development periods and cost reduction. It also offers advanced technical support comparable to manufacturers, from integration of multiple devices and software to maintenance and support.

Marubun provides full support from procurement to operation through six functions: product assortment function, providing solutions, global support, design and development support, system integration, and maintenance and training. The details of these functions provided by the Company are as follows.

- Product Assortment function: The Company handles a wide range of electronic products, from various semiconductors and electronic components to industrial equipment, from over 800 electronics manufacturers worldwide. It also focuses on developing new products to meet customer needs.
- Providing Solutions: The Company proposes optimal devices/equipment/software/functions comprehensively. It also provides support by offering evaluation boards to shorten customer development periods and information on the latest products and technologies.
- Global support: Through joint ventures with Arrow Electronics, Inc., a leading semiconductor distributor, the Company achieves worldwide parts procurement/management, overseas purchasing, production transfer, and just-in-time supply.
- Design and development support: The Company supports hardware/software development, aiming to shorten development periods and reduce costs.
- System integration: The Company integrates multiple devices and software to propose optimal systems. It also develops original products leveraging the Company's expertise.
- Maintenance and training: The service department and specialized engineering companies within the group provide consistent engineering services, including equipment installation/maintenance, operation training, and calibration services.

Electronic Devices business (71.3% of net sales in FY03/26; 55.5% of operating income)

The Electronic Devices business sells semiconductors and electronic components such as analog ICs, memory ICs, microprocessors, special-use ICs, custom ICs, and electronic parts. Leveraging a wide range of products that covers cutting-edge semiconductors to various electronic components and a global sales and support system, the business provides total solutions. The main operating companies are both the parent and overseas subsidiaries. The Company sells its products primarily to manufacturers of consumer devices, industrial equipment, communication devices, and automotive products.

Semiconductors (54.9% of FY03/26 net sales)

The products sold in the semiconductor category include analog ICs (24.8% of total net sales in FY03/26), memory ICs (3.1%), microprocessors (1.4%), special-use ICs (22.0%), and custom ICs (3.7%).

Examples of semiconductor products the Company handles

- Analog ICs: Standard analog (including sensors, discretes)
- Memory ICs: Flash, DRAM
- Microprocessors: MPU, MCU, DSP
- Special-use ICs: ASSP (including LEDs)
- Custom ICs: Custom, ASIC, FPGA

Major suppliers of semiconductors include ABLIC, Allegro MicroSystems, Analog Devices, Asahi Kasei Microdevices (AKM), Broadcom, eYs3D, Gowin Semiconductor, Infineon Technologies, ISSI, Microchip, Monolithic Power Systems, Nuvoton Technology, Qorvo, Seiko Epson, Semtech, Synaptics, TE Connectivity, VISHAY, Western Digital, Wolfspeed, among others.

Electronic components (16.4% of FY03/26 net sales)

Examples of electronic component products the Company handles

- Electronic components: Displays, crystal devices, connectors, switches, circuit boards
- Electronic devices: IoT devices, medical devices
- Others: power supplies, board PCs, software, IP licenses

Major suppliers of electronic components include Analog Devices, Broadcom, eYs3D, Microchip, Molex, Seiko Epson, Telit, VISHAY, etc.

Division Companies

In the Electronic Devices business, the Company has deployed its sales forces, Division Companies, for suppliers by product category under the Devices Sales & Marketing Business Division and the Entrepreneur Business Division. Each Division Company has dedicated product specialists assigned to each supplier, who are responsible for gathering the latest information on suppliers' product knowledge and technology, expanding the range of handled products, and providing product application proposals to customers in collaboration with the suppliers.

Company	Products & solutions	Main suppliers
Aion Company	General-purpose microcontrollers, analog ICs, memory products, wireless solutions	Infineon Technologies, Qorvo, inc., SEMTECH, Vishay Intertechnology
Artemis Company	Broadcom products, wireless products, ultra-low power edge devices (including AI), automotive solutions	Broadcom, EM Microelectronic, Synaptics, Telit Wireless Solutions
Chronos Company	Analog ICs, memory, crystal devices, sensors, connectors, PCBs	Asahi Kasei Microdevices Corporation (AKM), ATP Electronics, Seiko Epson, ELAN Microelectronics, E Ink, Etron Technology, eYs3D Microelectronics, Genesys Logic, Gowin Semiconductor, HOLTEK, Integrated Silicon Solution, Molex, Seiko NPC, Pixart Imaging, Shenzhen Refond Optoelectronics, SEMIKRON INTERNATIONAL, Taiwan Semiconductor, Touch Panel Systems, Western Digital
Kairos Company	Extensive range of analog products, from the latest digital ICs to electronic components	Analog Devices, GaN Systems, Microchip Technology, Qorvo, Semtech, TQ Systems, VISHAY
Zelos Company	Analog ICs and other semiconductor products, circuit protection, sensors, power control components	ABLIC, Chaoyue Precision Electronics (CPE), Littelfuse, Monolithic Power Systems, TE Connectivity
Ceres Company	Analog and communication ICs, as well as various sensors and modules	Allegro Microsystems, Nuvoton Technology, Synaptics, and Telit Cinterion

Source: Company website

- The Company's sales/marketing is divided into two functions: the Marketing Division (in charge of marketing promotion) and the Account Sales Operation Division (in charge of customer sales). The Supplier Sales division consists of about 120 personnel assigned to each Division Company. As an added value of a specialized trading company, it is important to have coordination between the suppliers and customers, not just listening to customers as a seller but also working in collaboration with suppliers. The Company strengthens coordination with the suppliers by employing marketing promotion personnel with extensive expertise in each Division Company. When the Customer Sales team visits customers for product proposals, the marketing promotion personnel accompany them to provide technical explanations about the products.

- When customers select components, they require various information in addition to technical information necessary for circuit design, such as pricing, delivery dates, and the quality management system of the suppliers. It is challenging for the customer sales representatives to timely grasp detailed technical information on the wide range of products handled by the Company, as well as the aforementioned various information. By having Division Companies communicate with their suppliers on a daily basis, information is efficiently shared within the Company. As a result, the Company can provide customers with the necessary information without delay, expanding business opportunities for the Company's products and providing extensive support for customers' product development.

Electronic Devices business net sales by application

Electronic Devices business net sales by application	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
(%)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Under new standard	Cons.	Cons.	Cons.
Electronic Devices business net sales	234,001	220,184	296,524	275,073	239,698	242,050	117,442	168,872	179,011	151,011
% of total										
consumer devices	16%	13%	10%	9%	13%	14%	31%	42%	44%	49%
Automobiles	12%	16%	13%	14%	14%	12%	27%	21%	22%	18%
Industrial equipment and other	9%	16%	15%	13%	9%	9%	23%	21%	20%	20%
Computers&OA	16%	17%	11%	10%	10%	6%	12%	12%	11%	9%
communication equipment	47%	38%	51%	54%	54%	59%	7%	4%	4%	4%

Source: Shared Research based on company data
Note: Net sales of products for communication equipment decreased mainly due to the adoption of a revenue recognition standard in FY03/22.

In terms of the net sales composition by application in the Electronic Devices business, consumer devices have recently accounted for the largest share, followed by automobiles and industrial equipment and others, computers and office automation, and communication equipment. Looking at the net sales trend from FY03/16, consumer devices, industrial equipment, and other communication equipment were on an increasing trend. On the other hand, computers and office automation, and communication equipment were on a downward trend.

- Compared to other electronics trading companies, the Company's Electronic Devices business has the characteristic of having a significant presence in consumer devices, automotive, and industrial equipment applications.

Electronic Devices business performance by product

Results by segment	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Under new standard	Cons.	Cons.	Cons.	Cons.
Net sales	**270,698**	**347,508**	**326,694**	**287,550**	**289,283**	**167,794**	**226,171**	**236,490**	**210,837**	**213,425**
YoY	-3.2%	28.4%	-6.0%	-12.0%	0.6%	-42.0%	34.8%	4.6%	-10.8%	1.2%
Electronic Devices total	**220,184**	**296,524**	**275,073**	**239,698**	**242,050**	**117,442**	**168,872**	**179,011**	**150,525**	**152,245**
YoY	-5.9%	34.7%	-7.2%	-12.9%	1.0%	-51.5%	43.8%	6.0%	-15.9%	1.1%
Semiconductors	**204,418**	**279,472**	**257,769**	**222,414**	**215,787**	**82,353**	**126,562**	**145,171**	**115,438**	**117,276**
YoY	-1.7%	36.7%	-7.8%	-13.7%	-3.0%	-61.8%	53.7%	14.7%	-20.5%	1.6%
analog IC	51,060	62,728	59,034	50,550	34,791	31,826	50,890	59,928	57,694	52,851
YoY	32.0%	22.9%	-5.9%	-14.4%	-31.2%	-8.5%	59.9%	17.8%	-3.7%	-8.4%
memory IC	22,229	19,914	12,478	4,691	5,018	5,765	7,341	6,915	3,195	6,531
YoY	1.2%	-10.4%	-37.3%	-62.4%	7.0%	14.9%	27.3%	-5.8%	-53.8%	104.4%
microprocessor	21,123	14,142	12,431	7,364	5,612	5,031	7,740	7,073	1,720	2,949
YoY	9.1%	-33.0%	-12.1%	-40.8%	-23.8%	-10.4%	53.8%	-8.6%	-75.7%	71.5%
special-use IC	94,386	167,998	162,361	152,516	165,057	33,295	49,840	55,169	42,878	46,997
YoY	-17.4%	78.0%	-3.4%	-6.1%	8.2%	-79.8%	49.7%	10.7%	-22.3%	9.6%
custom IC	11,040	10,943	8,248	5,160	4,550	6,393	10,749	16,085	9,951	7,948
YoY	6.7%	-0.9%	-24.6%	-37.4%	-11.8%	40.5%	68.1%	49.6%	-38.1%	-20.1%
Electronic component	**15,768**	**17,053**	**17,305**	**17,283**	**26,264**	**35,215**	**42,309**	**33,840**	**35,087**	**34,969**
YoY	-39.6%	8.1%	1.5%	-0.1%	52.0%	34.1%	20.1%	-20.0%	3.7%	-0.3%
% of net sales	5.8%	4.9%	5.3%	6.0%	9.1%	21.0%	18.7%	14.3%	16.6%	16.4%

Source: Shared Research based on company data
Note: The Company adopted the revenue recognition standard in FY03/22. The decrease in net sales is mainly attributed to special-use ICs.

- Compared to other electronics trading companies, Marubun's Electronic Devices business is characterized by its handling of numerous special-use and analog ICs. The Company does not handle many memory products.

The product trends of the Electronic Devices business from FY03/14 to FY03/22 (before the adoption of the revenue recognition standard) are as follows.

- Special-use ICs: Net sales declined in FY03/22 due to the adoption of the revenue recognition standard, but excluding this impact, the underlying sales trend was upward. Demand for automotive communications applications was also growing, supported by electrification and the increasing adoption of IoT.
- Analog ICs: After a temporary increase in the mid-2010s, net sales decreased. However, in FY03/23, there was an increasing trend in products from existing suppliers and newly onboarded suppliers such as Analog Devices and MPS.
- Standard logic: The market is shrinking due to the spread of one-chip microcontrollers, ASICs, and programmable logic devices (PLDs, FPGAs), increased PCB mounting density, and higher signal speeds. The Company discontinued handling these products from FY03/22.
- Memory ICs and microprocessors: Memory ICs saw a decrease in demand due to the discontinuation of Samsung Electronics products. Microprocessors experienced a decline due to lower demand from domestic smartphone manufacturers and the transfer of TI-related commercial rights.
- Custom ICs: Custom ICs: Sales had been on a downward trend due to the transfer of TI-related commercial rights but began recovering in FY03/23.
- Electronic components showed a declining trend until FY03/20 but started to increase from FY03/21 onward.

Since FY03/23, sales of analog ICs, memory ICs, and custom ICs have fluctuated without showing a clear directional trend; microprocessor and electronic component sales have trended downward; and special-use IC sales have remained broadly flat.

Electronic Systems business (27.5% of net sales in FY03/26; 45.3% of operating income)

The Electronic Systems business handles sales and maintenance services for electronic devices and advanced components. Leveraging its high level of expertise, the Marubun Group provides integrated solutions. It also promotes the development of new products that meet market needs and supports customers in their manufacturing endeavors. The products handled include space and defense equipment, communication equipment, manufacturing and inspection equipment, laser and optical components, industrial IoT equipment, and medical equipment. Many of these are high-end equipment in the B2B sector. Their main customers include manufacturers of industrial equipment, automotive products, and space and defense products, as well as medical facilities.

The major operating companies are the parent, Marubun Tsusyo Corporation (sales and equipment maintenance services for medical equipment, scientific equipment and industrial machinery) and Marubun West Corporation (sales and equipment maintenance services for testing, analysis, measurement, and scientific instruments). Furthermore, Foresight Techno Co., Ltd. provides maintenance and technical support services such as installation adjustment, operation training, repair, maintenance, and calibration.

- By providing assembly support and selling inspection devices and other equipment through the Electronic Systems business to customers purchasing semiconductors and electronic components from the Company, customers of the Electronic Devices business also become customers of the Electronic Systems business. Through this collaboration between the Electronic Devices and Electronic Systems businesses, the Company provides customers with comprehensive solutions. Leveraging its expertise, the Company supports customers from the development and design stages, providing high-value-added services including installation, training, and repair and maintenance. As a result, the profit margin of the Electronic Systems business tends to be higher than that of the Electronic Devices business.

The breakdown of net sales by product category is as follows: space & defense equipment (4.2% of FY03/26 net sales), industrial equipment (9.7%), laser equipment (3.4%), and medical equipment (10.2%).

Space & defense equipment (4.2% of FY03/26 net sales)

The Company handles various overseas-developed devices, onboard equipment, and electronic components in fields such as rockets, artificial satellites, aircraft, and defense systems.

Examples of space & defense equipment products handled by the Company

- Aerospace-related equipment: Radar systems, boresight calibration systems, telemetry processing/acquisition systems, data recorders, tracking antennas, environment resistant displays, flight/driving simulators

Major suppliers of aerospace-related equipment include SAAB AB, Textron Systems, L3Harris Technologies Telemetry & RF Products, Communication & Power Industries, ScioTeq bvba, TREALITY SVS Belgium BV, and Ansible Motion.

- Space-related equipment: High-reliability components and components for space use, optical encoders, embedded computer and PCI boards

Major suppliers of space-related equipment include Comtech Space & Component Technology, Sensitron Semiconductor, BEI Precision Systems & Space, Aitech Defense Systems, and STMicroelectronics.

- High-frequency electronic equipment: Klystrons, TWTs, amplifiers, earth station antennas, waveguides and coaxial components, power meters, etc.

Major suppliers of high-frequency electronic equipment include Communication & Power Industries and Bird Electronic.

- Measurement equipment, various sensors: Various sensors (acceleration, pressure, load, microphone, angular velocity, displacement), proximity switches, data recording and analysis devices, honeycomb barriers for impact testing, partial discharge monitoring systems, etc.

Major suppliers of measurement equipment and various sensors include Endevco, Baker Hughes Japan, Honeywell Japan, DTS, G.R.A.S. Sound & Vibration A/S, mg-sensor, Plascore, and IRIS Power.

Industrial equipment (9.7% of FY03/26 net sales)

The Company handles essential equipment for implementing manufacturing processes of semiconductors and FPDs, including automatic inspection systems and X-ray non-destructive testing equipment.

Examples of industrial equipment products handled by the Company

- Inspection equipment: High resolution 3D X-ray/CT systems, enhanced lock-in thermography systems, wafer defect inspectors, automated inspection systems, fiber optic sensors, highest-resolution spectrometers

The main suppliers of our inspection equipment include UH System, Nippon FEI, Nippon Baker Hughes, Himec, and LaVision.

- Manufacturing and assembly equipment: Electronic component assembly and transfer systems, temperature characteristic testing equipment, precision bonding equipment, atmospheric pressure plasma surface modification equipment

The main suppliers of our manufacturing and assembly equipment include Akim, Yamaoka Seisakusho, Nippon Avionics, FUJI, HELLER Industries, and SET.

- Embedded solutions: BUS CPU boards, PC boards, AI solutions, etc.

The main suppliers of our embedded solutions include ADLINK Technology, ASUS IoT, AAEON, AVALDATA, ASRock Industrial Computer, DFI, TechNexion, SMART Embedded Computing, and Aitech Systems.

Laser equipment (3.4% of FY03/26 net sales)

The Company provides various types of laser oscillators, peripheral equipment, optical components, lighting systems, and processing/measurement systems, along with technical support, from research and development to industrial applications.

Examples of laser equipment products handled by the Company

- Semiconductor lasers/laser processing machines: High-power semiconductor lasers, industrial fiber lasers, industrial femtosecond lasers, laser material processing equipment

Major suppliers of semiconductor lasers/laser processing machines include nLIGHT, Laserline, Amplitude, NUTECH, FUTONICS, and Scansonic.

- Optical components: LEDs, semiconductor lasers, flash lamps, xenon lamps, sensor devices, optical modules, lighting systems

Major suppliers of optical components include Excelitas Technologies, Luminus, First Sensor AG/TE Connectivity, Young Optics, ViALUX, and Visitech Engineering.

Medical equipment (10.2% of FY03/26 net sales)

The Company provides a wide range of optical equipment, parts, and components along with advanced technical support for medical devices that utilize state-of-art optical technology, electronics technology, material development, and information processing systems. Its main customers include national and private universities, prefectural industrial technology centers, various testing facilities, major public and private medical institutions, and medical-related companies.

Examples of medical equipment products handled by the Company

- Diagnostic imaging equipment: MRI, CT, DR/X-ray, ultrasound diagnostic devices

The Company proposes and provides facilities and systems from the planning phase to post-installation support in medical settings that require cutting-edge technology, such as diagnostic imaging equipment and hospital management systems. The main suppliers of diagnostic imaging equipment are Shimadzu Corporation, Siemens Healthineers, Konica Minolta Japan, and Fujifilm Healthcare.

- Hemodialysis equipment: Hemodialysis machines, dialyzers, hemofiltration systems

The Company provides artificial dialysis machines and various equipment and systems tailored to the specific conditions of hospitals and clinics. It also provides advanced aftercare through collaboration with other departments, going beyond just selling products. Major suppliers of hemodialysis equipment include Nikkiso, Asahi Kasei Medical, and Kaneka Medix.

- Clinical testing equipment: Clinical laboratory machines

The Company provides various medical test equipment tailored to the specific conditions of hospitals and clinics. It also provides advanced aftercare through collaboration with other departments, going beyond just selling products. The main suppliers of clinical testing equipment are Siemens Healthineers and Beckman Coulter.

Electronic Systems business performance by product

Results by segment	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Under new standard	Cons.	Cons.	Cons.	Cons.
Net sales	**270,698**	**347,508**	**326,694**	**287,550**	**289,283**	**167,794**	**226,171**	**236,490**	**210,837**	**213,425**
YoY	-3.2%	28.4%	-6.0%	-12.0%	0.6%	-42.0%	34.8%	4.6%	-10.8%	1.2%
Electronic Systems	**50,513**	**50,983**	**51,621**	**47,852**	**47,233**	**50,226**	**54,494**	**54,941**	**57,336**	**58,623**
YoY	10.8%	0.9%	1.3%	-7.3%	-1.3%	6.3%	8.5%	0.8%	4.4%	2.2%
space & defense equipment	5,000	5,409	6,582	5,316	4,355	4,488	5,613	5,114	7,211	9,054
YoY	-9.9%	8.2%	21.7%	-19.2%	-18.1%	3.1%	25.1%	-8.9%	41.0%	25.6%
industrial equipment			19,462	17,022	18,207	18,750	21,098	20,565	19,569	20,637
YoY	-	-	-	-12.5%	7.0%	3.0%	12.5%	-2.5%	-4.8%	5.5%
laser equipment			5,431	4,768	3,642	5,294	6,745	6,263	7,292	7,238
YoY	-	-	-	-12.2%	-23.6%	45.4%	27.4%	-7.1%	16.4%	-0.7%
medical equipment	19,407	19,116	18,359	18,518	19,208	19,719	21,035	22,999	23,263	21,695
YoY	3.3%	-1.5%	-4.0%	0.9%	3.7%	2.7%	6.7%	9.3%	1.1%	-6.7%

Source: Shared Research based on company data
Notes: The three segments of measurement & inspection equipment, scientific equipment, and laser equipment have been reclassified to industrial equipment, laser equipment, and information and communication equipment from FY03/19.
The revenue recognition standard was applied from FY03/22, but it did not have a significant impact on the Electronic Systems business.
From FY03/22, the Electronic Solutions business was newly established and information & communication equipment was transferred from the Electronic Systems business.

In terms of product-specific net sales in the Electronic Systems business, the space & defense equipment has shown an upward trend. Industrial equipment categories have remained relatively flat over the long term. Laser equipment experienced a declining trend until FY03/21, but has shown an increasing trend since FY03/22. Medical equipment sales have recently remained flat.

- Although net sales in the Electronic Systems business have been increasing moderately, the CAGR for gross profit over the past 10 years is 5.4% and the CAGR for operating income is 8.6%, indicating consistent growth. Due to the high volatility of operating income in the Electronic Devices business, the share of operating income from the Electronic Systems business has averaged about 60% over the past 10 years, highlighting the segment's contribution to overall profitability. When profits in the Electronic Devices business decline, stable earnings in the Electronic Systems business help sustain overall profitability.

Entrepreneur business (1.2% of net sales; -0.6% of operating income for FY03/26)

The Entrepreneur business provides new value through solution proposals centered around communication technology, AI, and robotics, as well as through integration of the Company's extensive product lineup and technological expertise. It also proposes the optimal business model for its customers. The products handled include ICT solutions, AI robots, millimeter-wave radar modules, and wireless power supply licenses. The main operating company is the parent. In addition, Foresight Techno provides maintenance and technical services for ICT solutions. The main customers include manufacturers of communication devices and industrial equipment, as well as medical and nursing care facilities. In FY03/26, the Electronic Solutions business was renamed the Entrepreneur business.

The net sales composition by product category is: ICT Solutions (1.1% of FY03/26 net sales) and AI & Robotics (0.1% of FY03/26 net sales).

Examples of products and services handled by the Entrepreneur business

- ICT Solutions: RF/IP communication, GNSS positioning, network synchronization, security, IoT

The main suppliers for ICT solutions include Microchip Technology, Spirent Communications, HUBER+SUHNER Polatis, Coherent, Calnex Solutions, PCTEL, Accedian, Ranplan Wireless, Bristol Instruments, and Septentrio.

Marubun Service Platform

Leveraging its role as a trading company, Marubun offers unique services that combine its product portfolio with closed networks and cloud environments. Examples include *information system monitoring services* and *online maintenance services*, with further service additions planned. The platform is designed to meet customer needs for solutions where application products are highly effective but difficult to build and operate in-house due to resource constraints.

- AI & Robotics: Humanoid AI robots, millimeter-wave radar modules, ultra-compact power modules, carbon nanotubes, wireless power supply licenses, electronic stethoscopes, flexible circuit boards

The main suppliers for AI robotics include Aeolus Robotics, S-Takaya Electronics Industry, Acconeer AB, FINsix, Nanoramic, OSSIA, StethoMe, and Elephantech.

Division Companies

In the Entrepreneur business, as in the Electronic Devices business, the Company has established supplier-focused sales units called Division Companies, organized by product category.

Company	Products & solutions	Main suppliers
Dione Company	Identify and explore cutting-edge technologies and unique products, primarily in North America	Aeolus Robotics, FINsix Corporation, Nanoramic Laboratories, Ossia Inc., Elephantech Inc., and others
Iris Company	Provide solutions and consultation services focused on information and communication technology	Microchip Technology Inc., Calnex Solutions Ltd., Spirent Communications, PCTEL, Inc., Ranplan Wireless, Athonet S.R.L., and others

Source: Company website

Customers

The Company is a trading company primarily engaged in purchasing and selling domestic and international electronics products such as semiconductors, electronic components, and applied electronic devices. Its main customers are domestic electronic equipment manufacturers involved in developing and manufacturing communication equipment, industrial equipment, automotive electronics, consumer devices, and computer peripherals. The Company's semiconductors and electronic components, supplied through its Electronic Devices business, are adopted in various applications, including communication equipment, consumer devices, industrial equipment, automotive, and computer and office automation equipment. The Company serves over 3,000 customers.

- In customer operations, the Company aims to achieve mutual business expansion with customers over the medium to long term. Through regular information exchange, regardless of the size of net sales, the Company continuously monitors its customers' overall product development projects, enabling proposals for procurement materials available from the Company. It also explores new procurement sources based on customer demands (market demands). Through these activities, the Company aims to maintain and enhance the long-standing relationships of trust with its customers, contributing to business expansion.

The Company's main customers include Nintendo Co., Ltd. (TSE Prime: 7974), Murata Manufacturing Co., Ltd. (TSE Prime: 6981), Sony Group Corporation (TSE Prime: 6758), Alps Alpine Co., Ltd. (TSE Prime: 6770), Olympus Corporation (TSE Prime: 7733), Kioxia Corporation, Kyocera Corporation (TSE Prime: 6971), Keyence Corporation (TSE Prime: 6861), Toshiba Corporation, NEC Corporation (TSE Prime: 6701), and Mitsubishi Electric Corporation (TSE Prime: 6503).

- In the Electronic Devices business, net sales are roughly divided between large enterprise customers and small and medium-sized customers in an 8:2 ratio. The Company states that it has already established accounts with most major electronics manufacturers. Some products from suppliers can be sold and others cannot, depending on the commercial rights. Transfers of commercial rights happen from time to time, so even if a certain product could not be handled before, it may be possible to handle it in the future. Therefore, maintaining the trust of large enterprise customers is important in sales activities, according to the Company.

- In the Electronic Systems business, net sales are roughly divided between large enterprise customers and small and medium-sized customers in a 5:5 ratio, with the latter accounting for about half of the customer base in this business.

- Customers in the Electronic Devices business who purchase semiconductors and electronic components sometimes become customers in the Electronic Systems business, as they also require devices for assembly and inspection. The Company conducts sales activities to contribute to consistent manufacturing for customers across departments. Moreover, the products handled by the Company are often cutting-edge, and introducing them can involve various difficulties. Supplier manufacturers and Marubun's technical sales and technical departments collaborate to solve customers' problems.

- Significant fluctuations in demand from customer companies or the overall electronics market could impact the Company's financial performance. Additionally, the electronics industry undergoes rapid technological innovation and changes in the business environment, while customer demands for the Company continue to diversify and become more complex year by year. If the products offered by the Company become obsolete or there are delays in responding to customer needs, it could affect the financial performance of the Marubun group.

The Company has maintained long-term relationships with many customers, including major electronics manufacturers, automotive-related manufacturers, and industrial equipment manufacturers. To further deepen the trust and credibility the Company has built, it promotes customer-oriented sales activities and expands its presence with the establishment of bases. It also implements improvements to its initiatives based on evaluations from business partners. Additionally, with the progression of changes in the social infrastructure such as the electrification of automobiles and the implementation of smart factories in production sites, the Company is expanding its customer base by improving its product lineup and strengthening its technical support capabilities.

Major customers

(JPYmn)	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Nintendo Co., Ltd.						12,579	27,863	33,395	33,185	32,491
SHENZHEN MURATA TECHNOLOGY CO.,LTD.	49,274	85,490	78,890	75,603	69,071	7,491				
JCET STATS CHIPPAC KOREA LTD.		31,492	33,526	23,246	36,689	671				

Source: Shared Research based on company data

- The Company has stated that the disappearance of certain key clients from the securities report does not indicate the cessation of transactions with them; rather, dealings are ongoing on a certain scale. Regarding Nintendo Co., Ltd., the Company noted that transaction volume has increased in recent years as a result of obtaining commercial rights.

Suppliers

Marubun has signed sales agency and authorized distributor contracts with numerous semiconductor, electronic component, and equipment manufacturers, to provide products and services from over 800 suppliers to customers. In recent years, the number of specialized trading companies handling semiconductor and electronic components as sales agents has been declining due to changes in the distributor policies of semiconductor manufacturers. The Company expects this trend to continue for the foreseeable future. In addition to enhancing its digital marketing and solution proposal capabilities, the Company plans to fortify partnerships with existing suppliers while cultivating new ones. The Company will also conduct investment, financing, and M&A and form alliances if it deems them necessary to strengthen supplier relationships.

- In the Supplier Sales division, a deep understanding of a wide range of products from various suppliers is crucial. There are many specialized fields such as semiconductors, automobiles, industrial machinery, information and communication, and space & defense where expertise is highly valued. The Company deploys roughly 120 specialized supplier sales personnel (for Division Companies) who are well-versed in their respective fields.

Major suppliers

(JPYmn)	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Purchases	**252,510**	**337,858**	**298,960**	**265,557**	**266,727**	**152,919**	**221,086**	**203,475**	**183,348**	**183,338**
Infineon Technologies Japan K.K.	-	-	-	-	-	-	27,913	41,702	29,368	24,777
Ratio (%)	-	-	-	-	-	-	12.6%	20.5%	16.0%	13.5%
Analog Devices International Unlimited Company		-	-	-	-	-	-	-	16,411	19,005
Ratio (%)	-	-	-	-	-	-	-	-	9.0%	10.4%
Avago Technologies	65,397	129,250	127,828	116,552	127,773	10,822	25,273	13,649	-	-
Ratio (%)	25.9%	38.3%	42.8%	43.9%	47.9%	7.1%	11.4%	6.7%	-	-
Cypress Semiconductor Corporation	-	-	-	25,874	28,066	29,395	22,187	-	-	-
Ratio (%)	-	-	-	9.7%	10.5%	19.2%	10.0%	-	-	-
Texas Instruments Japan Limited	43,057	46,504	34,339	22,848	-	-	-	-	-	-
Ratio (%)	17.1%	13.8%	11.5%	8.6%	-	-	-	-	-	-
Samsung Japan Corporation	25,941	-	-	-	-	-	-	-	-	-
Ratio (%)	10.3%	-	-	-	-	-	-	-	-	-

Source: Company's securities report
Note: The omission of figures in the above table is due to the disappearance of some major clients from the securities report but does not indicate the cessation of transactions with them.

The Company's major suppliers include Infineon Technologies, Analog Devices International Unlimited Company, and Broadcom (formerly known as Avago Technologies).

- While the Company strives to maintain good relationships with each supplier and actively pursues the development of new suppliers and products, changes in contract content (commercial rights) or the termination of contracts resulting from revisions to the suppliers' agent policies may potentially impact the Company's financial performance.

Commercial rights refer to the exclusive rights granted by semiconductor manufacturers to specialized trading companies handling semiconductors and electronic components that allow them to engage in exclusive transactions with specific customers. As long as trading companies hold these rights, other trading companies are unable to conduct sales activities with those customers. Semiconductor manufacturers may adjust these rights based on the trading companies' performance, occasionally narrowing down their list of agents or changing existing agents to other companies based on factors such as margin rates and inventory holding capabilities. Particularly, foreign semiconductor manufacturers tend to implement radical changes to ensure their agents remain competitive and secure favorable trading conditions for themselves, disregarding the history and track record of past transactions. Additionally, business consolidations among semiconductor manufacturers can result in the reorganization of agents, potentially leading to the transfer of commercial rights. Therefore, the industry is susceptible to significant fluctuations in sales due to the influence of suppliers.

- The Company's handling of Samsung Electronics has been gradually declining, and in October 2018, it transferred the sales business in Japan.
- In FY03/21, the Electronic Devices business incurred an operating loss as the commercial rights of Texas Instruments were transferred (since 2019, TI has been pursuing direct sales and consolidation of distributors worldwide). However, following the termination of business with TI, the Company started new transactions with over 20 manufacturers (including major analog IC manufacturers), leading to a rapid recovery in performance from FY03/22.
- The consolidation of semiconductor manufacturers makes this an industry where it is common to streamline their distributors (narrowing down the number of trading partners), focusing on a select group of trading partners. The Company states that it has established brand value as a respected presence in the industry and is highly regarded by customers, so it often remains as a distributor following consolidation or is chosen as a new distributor by the acquiring entities.

Network and sales bases

The Company has 14 sales offices (headquarters, branches, and regional offices) in Japan. It also has two logistics centers and one technical center.

Joint ventures with Arrow Electronics, Inc.

Through joint ventures with Arrow Electronics, Inc., a leading semiconductor distributor, the Company has established a global sales and logistics network, operating in more than 50 locations worldwide. They provide consolidated procurement, just-in-time supply, and inventory management services with Japanese quality, offering strong support to customers expanding their business overseas.

Arrow Electronics, Inc. (NYSE: ARW) is one of the world's largest electronic components distributors, handling semiconductors, passive components, electromechanical parts, connectors, and computer-related products. In FY12/25, the company recorded net income of USD0.6bn on revenue of USD30.9bn. Arrow provides products to customers such as OEM manufacturers and EMS (Electronic Manufacturing Services) companies. The decision to establish joint ventures with a Japanese company was driven by Arrow's desire to expand its business with Japanese firms. Arrow recognized that partnering with a well-regarded company with a strong base of long-term relationships with Japanese customers in the industry was the best approach to initiating business with Japanese companies with unique business practices. Subsequently, Arrow proposed a partnership to the Japanese company.

Marubun/Arrow, a joint venture company, was established in 1998 through equal investment by Marubun and Arrow with the aim of strengthening support to major electronics manufacturers engaged in manufacturing overseas. By leveraging Marubun's broad customer base and sales power, as well as Arrow's extensive product lineup and global presence, the company is able to promptly respond to the overseas production transfer needs of its Electronic Devices business customers and provide the same detailed component supply services regardless of the location of their production bases.

- The joint venture overseas subsidiaries with Arrow are responsible for the sales of semiconductors and electronic components to Japanese companies in various countries around the world. The majority of the Company's overseas net sales are generated by the joint venture subsidiaries with Arrow.
- In terms of its approach towards local businesses, the Company tends to have stricter payment terms with local companies compared to Japanese companies, and it does not deal with them from the perspectives of securing profit margins and credit management. Therefore, Arrow is directly responsible for the sales to local businesses.
- Arrow is one of the world's leading electronics distributors and possesses information on suppliers, customers, and competitors worldwide. The Company utilizes this information obtained from Arrow in various business activities. For example, during the semiconductor shortage amid the COVID-19 pandemic in 2020, when customers requested the Company to find products that were not available in its own lineup, the Company reached out to Arrow for assistance. Through Arrow's response, the Company was able to obtain information on which distributors and customers around the world held stock. The Company also routinely obtains and utilizes information on trends in the semiconductor market, which is prone to significant price fluctuations, and when it owns products that may carry inventory risks.

The overseas subsidiaries include seven local entities in Singapore, Hong Kong, Thailand, the Philippines, Malaysia, China, and Indonesia under Marubun/Arrow Asia, Ltd, a joint venture with Arrow Electronics, Inc. They also have a subsidiary in Mexico under Marubun/Arrow USA, LLC. Additionally, the Company has its own overseas subsidiaries in the US and Taiwan.

Net sales by region

Net sales by region	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Under new standard	Cons.	Cons.	Cons.	Cons.
Japan	160,868	158,298	136,382	122,791	113,926	114,163	159,452	166,462	154,686	150,014
Ratio (%)	59.4%	45.6%	41.7%	42.7%	39.4%	68.0%	70.5%	70.4%	73.4%	70.3%
China	58,814	94,088	89,373	82,862	71,820	22,589	25,131	22,108	17,886	24,405
South Korea	3,908	40,268	47,365	33,579	60,796					
Asia	46,243	54,228	51,964	43,085	40,056	28,092	38,222	44,890	37,469	37,630
Other	862	625	1,609	5,231	2,684	2,948	3,365	3,029	794	1,374

Source: Shared Research based on company data

The Company’s overseas net sales have account for roughly 30% of total net sales since FY03/22. Until FY03/21, the percentage of overseas net sales to total net sales tended to increase, and that of domestic net sales was on a declining trend. However, in FY03/22, due to the adoption of the revenue recognition standard and a decrease in net sales for the Electronic Devices business, the proportion of domestic net sales increased to about 70%.

Foresight Techno Co., Ltd.

Foresight Techno Co., Ltd. was established in March 1999 as a joint venture between Marubun and ICT & Device Solutions trading company Mitsuiwa Co., Ltd. It provides maintenance and technical services for the products sold in the Electronic Systems and Entrepreneur businesses. Specifically, it offers engineering services such as equipment customization, maintenance, repair, and calibration services in lasers, testing and measurement, industrial, communication, information, aerospace, space, defense, and other various fields. As of April 2026, the Company has 87 employees.

Consolidated subsidiaries

The Company's consolidated subsidiaries are as follows:

- Domestic subsidiaries:
    - Marubun Tsusyo Corporation (purchase and sale of electronic equipment)
    - Marubun West Corporation (purchase and sale of electronic equipment)
    - Foresight Techno Co., Ltd. (engineering services including technical support for electronic equipment)

- Overseas subsidiaries:
    - Marubun USA Corporation (market development in North America)
    - Marubun Taiwan, Inc. (market development in China and Taiwan)
    - Marubun/Arrow Asia, Ltd. (sales of semiconductors and electronic components to Japanese companies in the Asia region)
    - Marubun/Arrow (S) Pte Ltd.
    - Marubun/Arrow (HK) Ltd.
    - Marubun Arrow (Thailand) Co., Ltd.
    - Marubun/Arrow (Phils) Inc.
    - Marubun Arrow (M) SDN BHD.
    - Marubun/Arrow Electronics (Shenzhen) Company Limited
    - PT. Marubun Arrow Indonesia

The Company has equity-method affiliates, Marubun/Arrow USA, LLC, which is involved in the sales of semiconductors and electronic components to Japanese companies in North America, and Marubun-Arrow Mexico, S. de R.L. de C.V.

Earnings structure

Net sales

As for net sales, the Company primarily deals with domestic and international electronics products such as semiconductors, electronic components, and applied electronic devices. As an intermediary between supplier manufacturers and client companies, it collects and provides information to both parties. The Company places orders with supplier manufacturers, procures the products, and earns a sales margin based on a certain percentage of the sales amount or a fixed amount per unit sold after negotiations with customers.

- According to the Company, the average margin rate (gross profit margin) for the Electronic Devices business is about 10%. Among the different product categories, special-use ICs, which have a high volume, have a slightly lower margin rate compared to others, which have similar rates. The average unit price varies from a few tens of *sen* (one-hundredth of a yen) to several million yen (for high-end equipment), with more than half of the products priced below JPY100. The average quantity sold also varies widely from one unit to several million units.

- For the Electronic Systems business, the average margin rate is around 17%, according to the Company. Space & defense equipment and laser equipment have higher rates, while industrial and medical equipment have slightly lower rates (as the support for domestic products may be provided by the manufacturers themselves through technical support). The average unit price for equipment ranges from a few million yen to around 300 million yen, while parts range from several hundred yen to several tens of thousand yen. Equipment is mostly sold in units of one.

- Net sales fluctuation factors, in the short term, include changes in demand for supplier products linked to the production volume of customer companies and the impact of major commercial rights transfers. In the long term, net sales are influenced by the shrinking domestic market, the direct sales approach by supplier manufacturers bypassing intermediaries, and the integration and consolidation of distributor networks by supplier manufacturers.

The Company adopted the Accounting Standard for Revenue Recognition (Accounting Standard Update No. 29, March 31, 2020) from the start of FY03/22. With the adoption of the revenue recognition standard, when acting as an agent, instead of recognizing the total consideration received from customers as revenue and recording it as sales, as the Company had done in the past, it now recognizes the net amount of consideration received from customers less the amount paid to suppliers. As a result, the absolute amount of net sales has decreased by about half compared to FY03/21 (primarily due to a decrease in net sales of special-use ICs in the Electronic Devices business from JPY172.4bn under the old standard to JPY33.3bn under the new standard).

Regarding maintenance and technical-related services, when receiving orders from customers, the Company provides the corresponding services and receives commission revenue as compensation.

Cost of sales

The cost of sales mainly consists of the cost of purchasing goods.

Inventory valuation gains or losses

The Company's group handles semiconductors and electronic components and always maintains a certain level of inventory to meet customer demand with just-in-time delivery. The Company strives to understand customer demand trends and supplier supply conditions to prevent inventory backlog through thorough inventory management. However, if there are variances from the initially expected required quantities, price fluctuations, or exchange rate fluctuations, inventory valuation losses or disposal losses may occur.

Foreign exchange gains or losses

The majority of the Company's purchases are denominated in US dollars. Sales in US dollars provide a natural hedge without involving yen, while the Company employs a forward contract hedge method for sales denominated in yen.

Methods of currency hedging for sales

US dollar-denominated sales (natural hedge)	Denominate the terms and conditions of a series of transactions from purchase to sales and collection and the corresponding assets and liabilities in US dollars to secure profits in US dollars.
Yen-denominated sales (forward contract hedge)	Place a forward exchange contract for each trade payable transaction, securing profits in yen for every transaction.

Source: Shared Research based on company data

The impact of exchange rate fluctuations when employing the natural hedge method (transactions involving US-dollar purchases and US-dollar sales) is as follows.

- Impact on periodic profit: When recording a series of transactions in JPY, the difference in exchange rates is recognized as foreign exchange gains or losses in gross profit or non-operating income and expenses. This results in fluctuations in "changes in gross profit" and "changes in foreign exchange gains or losses" when expressed in JPY. However, when combining gross profit and foreign exchange gains and losses, the net profit and loss balance out.
- Impact on year-end valuation: Cash, accounts receivable, inventory, accounts payable, and borrowings generated from these transactions are balanced in US dollars. Each item is evaluated in principle at the end of the accounting period using the USD/JPY spot rate. However, inventory is not revalued at the spot rate on the closing date, but rather remains at the exchange rate at the time of purchase. This leads to an imbalance in assets and liabilities when expressed in yen, resulting in foreign exchange gains or losses (foreign exchange losses in a weak yen environment and foreign exchange gains in a strong yen environment). Unrealized valuation gains or losses become factors affecting changes in gross profit in the following fiscal year (however, in a strong yen environment, inventory valuation may be conducted under the lower of cost or market method, preventing a valuation difference in inventory).

- In Electronic Devices business transactions, the majority of transactions with major customers, even domestic customers, are conducted in USD (natural hedge). On the other hand, transactions with smaller customers are mainly conducted in JPY (forward contract hedge). According to the Company, the natural hedge method is employed for about 80% of transactions.

- Regarding USD borrowings necessary for USD transactions, the Company states that the increase in interest rates in the US has led to an increase in interest expenses. However, the Company has managed to pass on the increase to margins and incorporate the interest expenses into contract terms related to transaction prices. Therefore, Shared Research considers that understanding ordinary income is important for understanding the Company's underlying business profit.

SG&A expenses

SG&A expenses (JPYmn)	FY03/17 Cons.	FY03/18 Cons.	FY03/19 Cons.	FY03/20 Cons.	FY03/21 Cons.	FY03/22 Cons.	FY03/23 Cons.	FY03/24 Cons.	FY03/25 Cons.	FY03/26 Cons.
SG&A expenses	17,729	17,390	17,719	16,207	15,193	14,257	16,267	16,623	17,068	16,938
Salaries	6,170	6,137	6,176	6,066	5,946	5,106	5,325	5,477	5,922	6,243
Provision for bonuses	885	882	961	599	504	827	871	892	1,157	961
Retirement benefit expenses	1,048	313	371	429	589	-213	208	420	-162	-192
(Parent) Salaries	3,358	3,267	3,796	3,930	3,920	3,108	3,245	3,286	3,601	3,757
(Parent) Provision for bonuses	562	562	662	361	303	572	603	623	893	636
(Parent) Retirement benefit expenses	850	179	192	351	493	-283	90	312	-225	-197
(Parent) Depreciation	229	245	403	489	577	537	522	350	247	576
(Parent) Outsourcing expenses	-	-	-	-	847	910	950	1,062	1,083	1,248

Source: Shared Research based on company data

The largest component of SG&A expenses is salaries, which account for roughly 40% when including bonuses and retirement benefits. Other expenses include depreciation expenses and outsourcing fees. Expenses not mentioned above are composed of sales-related expenses (such as transportation costs for intermediary trade and expenses related to exports), logistics and warehouse fees, and rent. Outsourcing fees mainly consist of payments to external system development companies and logistics companies.

- Due to the voluntary retirement program conducted (for 115 employees) in FY03/21, salaries for FY03/22 decreased by 14.1% YoY to JPY5.1bn. Since then, salaries have been increasing due to higher headcount and improved compensation.

Profit margin

Results by segment (JPYmn)	FY03/17 Cons.	FY03/18 Cons.	FY03/19 Cons.	FY03/20 Cons.	FY03/21 Cons.	FY03/22 Under new standard	FY03/23 Cons.	FY03/24 Cons.	FY03/25 Cons.	FY03/26 Cons.
Gross profit	**20,612**	**21,161**	**22,767**	**18,577**	**16,217**	**20,251**	**27,264**	**29,607**	**26,223**	**24,701**
YoY	12.5%	2.7%	7.6%	-18.4%	-12.7%	24.9%	34.6%	8.6%	-11.4%	-5.8%
Electronic Devices total	**12,741**	**13,534**	**14,380**	**10,477**	**7,915**	**11,417**	**17,403**	**19,512**	**14,797**	**12,889**
GPM	5.8%	4.6%	5.2%	4.4%	3.3%	9.7%	10.3%	10.9%	9.8%	8.5%
Electronic Systems	**7,871**	**7,627**	**8,386**	**8,099**	**8,302**	**8,834**	**8,932**	**9,222**	**10,108**	**10,669**
GPM	15.6%	15.0%	16.2%	16.9%	17.6%	17.6%	16.4%	16.8%	17.6%	18.2%
Entrepreneur total						**876**	**927**	**871**	**1,317**	**1,146**
GPM	-	-	-	-	-	41.3%	33.0%	34.3%	44.3%	44.8%
Operating income	**2,883**	**3,771**	**5,048**	**2,369**	**1,023**	**5,994**	**10,997**	**12,984**	**9,155**	**7,763**
YoY	-10.2%	30.8%	33.9%	-53.1%	-56.8%	485.9%	83.5%	18.1%	-29.5%	-15.2%
Electronic Devices total	**448**	**1,240**	**2,590**	**591**	**-951**	**3,452**	**8,521**	**10,510**	**5,669**	**4,307**
OPM	0.2%	0.4%	0.9%	0.2%	-	2.9%	5.0%	5.9%	3.8%	2.8%
Electronic Systems	**2,445**	**2,542**	**2,467**	**1,786**	**1,983**	**2,544**	**2,438**	**2,507**	**3,263**	**3,514**
OPM	4.8%	5.0%	4.8%	3.7%	4.2%	5.1%	4.5%	4.6%	5.7%	6.0%
Entrepreneur total							**42**	**-28**	**228**	**-50**
OPM	-	-	-	-	-	-	1.5%	-	7.7%	-

Source: Shared Research based on company data
Note: The revenue recognition standard has been adopted from FY03/22.

The gross profit margin (GPM) and operating income margin (OIM) for the Electronic Devices business have been on a long-term declining trend due to intensified competition and requests for margin reduction from specific major suppliers (see long-term performance below). However, starting from FY03/22, the profit margin has increased as a result of the adoption of the revenue recognition standard and a decrease in the handling of low-margin products, coupled with an increase in the handling of new suppliers with higher profit margins.

- According to the Company, there was a tendency in the industry to prioritize sales, leading them to handle products with extremely low margins in the past. However, in recent years, the goal has been to increase profits, and the Company has made a conscious effort to minimize the handling of products with low profit margins. Therefore, the Company states that the profit margin has been rising in recent years.

- In FY03/21, the transfer of Texas Instruments' commercial rights had a significant impact on net sales and income. However, following the transfer of TI's commercial rights, the Company significantly expanded its base of new suppliers (it developed new suppliers among TI's competitors and other manufacturers that it was not able to handle when it held TI's commercial rights). The transfer of TI's commercial rights ultimately led to an increase in sales of new products with higher profit margins and reversed the trend of declining profit margins.

GPM and OIM for the Electronic Systems business have remained flat, but compared to the Electronic Devices business, they have often been at a higher level. By selling packages that include equipment installation, maintenance, fault detection, and calibration, relatively high profit margins are achieved.

Long-term results

(JPYmn)	FY03/00	FY03/01	FY03/02	FY03/03	FY03/04	FY03/05	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13
Net sales	135,694	174,079	138,146	151,798	157,310	170,891	237,508	275,661	245,289	199,943	207,948	210,455	242,708	220,200
Electronic Devices business	85,881	115,880	87,753	107,734	119,432	131,633	201,585	234,408	205,309	160,791	174,710	177,713	209,000	187,247
Electronic Systems business	49,477	57,864	50,059	44,064	37,878	39,258	35,923	41,252	39,979	39,151	33,238	32,742	33,707	32,953
Entrepreneur	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of revenue	118,189	151,361	121,995	135,442	139,716	151,673	214,400	250,071	222,970	180,981	191,014	193,422	224,682	202,437
Gross profit	17,504	22,718	16,150	16,356	17,593	19,218	23,108	25,589	22,318	18,961	16,933	17,033	18,025	17,763
Electronic Devices business	10,080	14,354	8,890	10,178	11,560	12,827	17,509	19,392	16,362	12,783	11,911	11,710	12,310	12,154
Electronic Systems business	7,292	8,217	7,105	6,177	6,033	6,391	5,599	6,197	5,955	6,177	5,022	5,322	5,714	5,608
Entrepreneur	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GPM (%)	12.9%	13.1%	11.7%	10.8%	11.2%	11.2%	9.7%	9.3%	9.1%	9.5%	8.1%	8.1%	7.4%	8.1%
Electronic Devices business	11.7%	12.4%	10.1%	9.4%	9.7%	9.7%	8.7%	8.3%	8.0%	8.0%	6.8%	6.6%	5.9%	6.5%
Electronic Systems business	14.7%	14.2%	14.2%	14.0%	15.9%	16.3%	15.6%	15.0%	14.9%	15.8%	15.1%	16.3%	17.0%	17.0%
Entrepreneur	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SG&A expenses	14,481	15,197	14,693	14,811	15,957	15,706	17,893	19,091	18,670	17,852	14,783	14,278	15,183	14,771
Operating income	3,022	7,521	1,456	1,544	1,636	3,512	5,215	6,498	3,648	1,108	2,150	2,754	2,842	2,991
Electronic Devices business	1,861	7,124	1,533	2,341	2,716	4,239	6,681	7,707	5,198	2,544	1,852	1,925	1,548	1,619
Electronic Systems business	1,029	2,801	2,081	1,616	1,437	2,330	1,453	1,788	1,766	2,065	311	847	1,302	1,381
Entrepreneur	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPM (%)	2.2%	4.3%	1.1%	1.0%	1.0%	2.1%	2.2%	2.4%	1.5%	0.6%	1.0%	1.3%	1.2%	1.4%
Electronic Devices business	2.2%	6.1%	1.7%	2.2%	2.3%	3.2%	3.3%	3.3%	2.5%	1.6%	1.1%	1.1%	0.7%	0.9%
Electronic Systems business	2.1%	4.8%	4.2%	3.7%	3.8%	5.9%	4.0%	4.3%	4.4%	5.3%	0.9%	2.6%	3.9%	4.2%
Entrepreneur	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(JPYmn)	FY03/14	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Net sales	260,424	273,683	279,571	270,698	347,508	326,694	287,550	289,283	167,794	226,171	236,490	210,837	213,425
Electronic Devices business	220,325	234,428	234,001	220,184	296,524	275,073	239,698	242,050	117,568	168,872	179,011	150,525	152,245
Electronic Systems business	40,098	39,254	45,570	50,513	50,983	51,621	47,852	47,233	50,225	54,494	54,941	57,336	58,623
Entrepreneur	-	-	-	-	-	-	-	-	-	2,805	2,536	2,975	2,556
Cost of revenue	241,581	254,537	261,252	250,085	326,346	303,927	268,972	273,066	147,542	198,907	206,883	184,613	188,723
Gross profit	18,842	19,146	18,319	20,612	21,161	22,767	18,577	16,217	20,251	27,264	29,607	26,223	24,701
Electronic Devices business	12,656	13,162	11,391	12,741	13,534	14,380	10,477	7,915	11,417	17,403	19,512	14,797	12,889
Electronic Systems business	6,185	5,983	6,928	7,871	7,627	8,386	8,099	8,302	8,834	8,932	9,222	10,108	10,669
Entrepreneur	-	-	-	-	-	-	-	-	-	927	871	1,317	1,146
GPM (%)	7.2%	7.0%	6.6%	7.6%	6.1%	7.0%	6.5%	5.6%	12.1%	12.1%	12.5%	12.4%	11.6%
Electronic Devices business	5.7%	5.6%	4.9%	5.8%	4.6%	5.2%	4.4%	3.3%	9.7%	10.3%	10.9%	9.8%	8.5%
Electronic Systems business	15.4%	15.2%	15.2%	15.6%	15.0%	16.2%	16.9%	17.6%	17.6%	16.4%	16.8%	17.6%	18.2%
Entrepreneur	-	-	-	-	-	-	-	-	-	33.0%	34.3%	44.3%	44.8%
SG&A expenses	14,930	14,593	15,106	17,729	17,390	17,719	16,207	15,193	14,257	16,267	16,623	17,068	16,938
Operating income	3,912	4,552	3,212	2,883	3,771	5,048	2,369	1,023	5,994	10,997	12,984	9,155	7,763
Electronic Devices business	2,475	3,142	1,171	448	1,240	2,590	591	-951	3,452	8,521	10,510	5,669	4,307
Electronic Systems business	1,450	1,419	2,051	2,446	2,542	2,467	1,786	1,983	2,544	2,438	2,507	3,263	3,514
Entrepreneur	-	-	-	-	-	-	-	-	-	42	-28	228	-50
OPM (%)	1.5%	1.7%	1.1%	1.1%	1.1%	1.5%	0.8%	0.4%	3.6%	4.9%	5.5%	4.3%	3.6%
Electronic Devices business	1.1%	1.3%	0.5%	0.2%	0.4%	0.9%	0.2%	-0.4%	2.9%	5.0%	5.9%	3.8%	2.8%
Electronic Systems business	3.6%	3.6%	4.5%	4.8%	5.0%	4.8%	3.7%	4.2%	5.1%	4.5%	4.6%	5.7%	6.0%
Entrepreneur	-	-	-	-	-	-	-	-	-	1.5%	-	7.7%	-

Source: Shared Research based on company data

Long-term performance since FY03/00

Net sales from the Electronic Devices business had been on a long-term upward trend until FY03/22, when the revenue recognition standard was adopted. Net sales from the Electronic Systems business remained relatively flat over the long term.

- In line with the development of IoT devices and the increasing adoption of semiconductors and electronic components associated with technological innovation, net sales have been increasing over the long term. The Company estimates net sales before the adoption of the revenue recognition standard for FY03/23 to be about JPY350.0bn, and excluding the impact of the accounting standard, net sales are expected to continue increasing in the long term.

Gross profit did not increase proportionally with the rise in net sales and remained within a certain range (approx. JPY15.0bn–JPY25.0bn). As a result, the gross profit margin for the Electronic Devices business exhibited a declining trend until FY03/21.

- The decrease in net sales from standard logic ICs, which had relatively high profit margins, due to the reduction in production by domestic final product manufacturers (such as domestic smartphone makers), and the increase in the sales composition ratio of special-purpose ICs with lower profit margins, contributed to the decline in GPM.

SG&A expenses remained within a certain range (about JPY14.0bn–JPY20.0bn), and as a result of the decline in GPM, operating income remained within a certain range (roughly JPY1.0bn–JPY10.0bn, although profit levels were lower compared to the 2000s).

Since FY03/22, there has been a continued increase in gross profit due to changes in product mix, such as the decline in sales of low-profit-margin products and the increase in sales of high-profit-margin products, as well as the depreciation of the yen. As a result, the Company has achieved higher profit margins compared to the past.

- Although the foreign exchange impact only provides a temporary boost to operating income, as it is offset when combined with non-operating forex losses, Shared Research believes the improvement in profit margins resulting from increased transactions in high-profit-margin products following the transfer of TI's commercial rights in FY03/21 is sustainable.

Net sales fluctuations due to recent large commercial rights transfers

- In FY03/17, net sales decreased due to a significant decline in semiconductors for communication modules and a decrease in LCD panels for TVs and PCs. As a result, operating income for the Electronic Devices business was at a low level.

- In FY03/20, net sales decreased due to the transfer of the sales business of Samsung Electronics products, resulting in a low level of operating income for the Electronic Devices business.

- In FY03/21, the transfer of a major customer's commercial rights (TI) led to an operating loss for the Electronic Devices business. However, starting from FY03/22, the volume of transactions with new procurement partner manufacturers (including major semiconductor manufacturers such as Analog Devices, MPS, Infineon Technologies AG, and Nuvoton Technology) increased significantly due to the transfer from TI, leading to a rapid recovery in net sales.

- Excluding the aforementioned fiscal periods, the Electronic Devices business has consistently maintained a certain level of operating income.

Key financial data

Profitability snapshot and financial ratios

Profit margins	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
GPM	7.6%	6.1%	7.0%	6.5%	5.6%	12.1%	12.1%	12.5%	12.4%	11.6%
OPM	1.1%	1.1%	1.5%	0.8%	0.4%	3.6%	4.9%	5.5%	4.3%	3.6%
EBITDA margin	1.3%	1.2%	1.7%	1.1%	0.6%	4.0%	5.2%	5.7%	4.5%	4.0%
Financial ratios	**FY03/17**	**FY03/18**	**FY03/19**	**FY03/20**	**FY03/21**	**FY03/22**	**FY03/23**	**FY03/24**	**FY03/25**	**FY03/26**
ROA (recurring profit-based)	2.3%	3.2%	2.3%	1.5%	0.0%	3.0%	4.9%	3.2%	4.1%	2.9%
ROA (net income-based)	1.4%	1.6%	1.2%	-0.1%	-1.7%	1.8%	3.2%	1.9%	2.8%	2.3%
ROE	4.0%	4.9%	3.8%	-0.2%	-5.2%	5.9%	11.5%	6.9%	8.4%	5.9%
Free cash flow yield	-28.37%	-20.79%	-0.90%	-0.52%	29.58%	8.48%	-53.52%	26.97%	0.05%	11.69%
Total assets turnover	232.9%	265.6%	247.6%	221.5%	223.9%	121.9%	139.5%	135.1%	132.1%	147.1%
Current ratio	1.69	1.61	1.51	1.55	1.51	1.45	1.42	1.39	1.65	1.70
Quick ratio	1.07	0.91	0.82	0.93	0.97	0.67	0.62	0.59	0.90	0.98
Equity ratio	33.1%	31.7%	33.9%	32.2%	31.5%	28.8%	27.1%	29.1%	37.8%	39.2%

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

Liquidity indicators

	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Accounts receivable turnover	4.9	6.1	6.5	6.0	6.0	4.0	5.1	4.9	4.6	4.4
Days in accounts receivable	74.9	60.0	56.0	60.7	61.1	92.1	72.2	74.7	79.9	82.5
Inventory turnover	9.2	8.8	6.9	6.4	7.3	4.6	4.7	3.9	3.7	4.1
Days in inventory	39.5	41.6	52.8	56.8	50.0	79.8	77.9	93.4	99.7	89.9
Accounts payable turnover	6.8	8.7	9.7	10.6	9.8	5.7	8.1	7.4	6.9	7.4
Days in accounts payable	53.9	42.1	37.6	34.5	37.2	63.6	45.1	49.6	53.2	49.7
Cash conversion cycle	60.5	59.5	71.2	83.0	73.9	108.3	105.0	118.5	126.4	122.7

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

- According to the Company, there are no significant changes in the collection and payment period. However, due to a high proportion of transactions in US dollars, the yen equivalent value of US dollar-denominated inventory increases with the depreciation of the yen, resulting in an increase in inventory assets and a declining inventory turnover ratio.

Market and value chain

Market overview

The electronics market, to which the Company belongs, is a growing market driven by the advancement of new technologies such as electric vehicle (EV) development, AI/IoT, robotics, and next-generation communications. The market is characterized by the wide range of applied products utilized in corporate production activities and various aspects of daily life. As a result, it is susceptible to fluctuations in the economy and trends in corporate capital investment, making it a market with significant volatility.

Scale of the semiconductor market

Scale of the global semiconductor market

(USDmn)	2000	2005	2010	2020	2021	2022	2023	2024	2025	2026 est.	2027 est.	CAGR
Global	204,394	227,484	298,315	440,389	555,893	574,084	526,885	630,549	795,640	1,511,248	1,913,683	8.6%
(YoY)				6.8%	26.2%	3.3%	-8.2%	19.7%	26.2%	89.9%	26.6%	
Americas	63,975	40,736	53,675	95,366	121,481	141,136	134,377	195,123	256,476	543,654	701,439	9.3%
Europe and other	42,309	39,275	38,054	37,520	47,757	53,853	55,763	51,250	54,694	86,643	101,587	3.3%
Japan	46,806	44,082	46,561	36,471	43,687	48,158	46,751	46,739	44,723	57,050	67,332	1.4%
Asia Pacific	51,303	103,391	160,025	271,032	342,967	330,937	289,994	337,437	439,747	823,900	105,778	2.7%
Japan(JPY, JPYtn)	3.72	4.85	4.08	3.89	4.80	6.33	6.56	7.08	6.69	8.96	10.58	3.9%

Source: Shared Research based on WSTS semiconductor market forecasts
Note: CAGR was measured over the period from 2000 to 2027.

According to WSTS (World Semiconductor Trade Statistics), the global semiconductor market in 2025 grew 26.2% YoY to USD795.6bn. Memory and logic products, which are well-positioned to benefit from data center investment accompanying the expanding use of AI, made a major contribution to semiconductor market growth. For 2026, WSTS forecasts a sharp acceleration in growth to 89.9% YoY. Major IT companies are expected to continue investing aggressively in data centers, supporting strong growth in sales of memory for AI servers and logic products, including GPUs. General-purpose servers are also in an upgrade cycle, which is expected to support MPU sales growth. For 2027, WSTS forecasts continued strong growth of 26.6% YoY.

The global semiconductor market was worth USD204.4bn in 2000 and has been growing over the long term due to the increasing demand for electronic and electrical equipment incorporating semiconductors. Similarly, the Japanese market has also maintained a long-term upward trend.

Scale of the electronic components market

Global shipment statistics for electronic components

(JPYtn)	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26	CAGR
Global total	3.86	4.10	4.03	3.71	3.75	4.38	4.37	4.38	4.53	4.62	1.5%
(YoY)	-2.9%	6.3%	-1.8%	-7.9%	1.0%	17.0%	-0.3%	0.3%	3.4%	1.9%	
Japan	0.93	0.99	0.94	0.86	0.81	0.95	0.91	1.00	1.02	1.02	1.0%
(YoY)	0.5%	6.6%	-5.4%	-8.8%	-5.7%	17.2%	-4.5%	10.4%	2.2%	-0.1%	

Source: Shared Research based on “Global Shipment Statistics for Electronic Components” from JEITA
Note: CAGR was measured over the period from 2014 to 2024.

According to the Japan Electronics and Information Technology Industries Association (JEITA), Japan’s global electronic component shipments in 2025 totaled about JPY4.6tn (+1.9% YoY). In 2021, as COVID-19 vaccination advanced in the US and Europe, economic activity normalized and demand for components increased. Shipments subsequently remained broadly flat but have been increasing gradually since 2024.

Electronics trading industry

There are over 50 listed electronics trading companies in Japan alone, and when including secondary and tertiary trading companies, over 1,000 companies have entered the market.

According to Nikkei, Inc., the market of the specialized trading industry for semiconductors and electronic components in Japan is worth roughly JPY3.7tn (source: "March 2025 Survey," The Nikkei Compass). However, over the past 10 years, this market has nearly halved due to factors such as consolidation of distributors by suppliers, contraction of the domestic market, margin decline due to increased direct sales, and expansion of foreign trading companies in Japan (Source: NIKKEI COMPASS "December 2023 survey").

Electronics trading companies can be divided into two categories: manufacturer-based electronics trading companies, which procure products from suppliers that are major semiconductor and electrical manufacturers in Japan, and non-affiliated electronics trading companies, which procure products from suppliers that are overseas semiconductor and electronic equipment manufacturers as well as mid-sized domestic semiconductor and electronic equipment manufacturers (the Company falls into this category).

- Shared Research believes that manufacturer-affiliated electronics trading companies tend to have high operating income margins as they purchase large quantities from major suppliers and sell in bulk to major customers, seeking economies of scale and reducing transaction costs.

Listed manufacturer-affiliated electronics trading companies
Mitsubishi Electric-affiliated: Tachibana Eletech (TSE Prime: 8159), RYODEN Corporation (TSE Prime: 8084), Takebishi Corporation (TSE Prime: 7510), Kyoei Sangyo Co., Ltd. (TSE Standard: 6973), and Ryoyo Ryosan Holdings, Inc. (TSE Prime: 167A)
Renesas-affiliated: Shinko Shoji (TSE Prime: 8141)
Samsung-affiliated: Tomen Device Corporation (TSE Prime: 2737)

- Non-affiliated electronics trading companies have the advantage of not being limited to specific manufacturers, allowing them to freely develop new customers. As a result, they often have many mid-sized and small customers, leading to higher sales. However, profitability tends to be lower for mid-sized and small customers due to lower transaction volumes. In the semiconductor and electronic components trading industry, there is intense competition, and it is difficult to differentiate products, leading companies to pursue sales expansion even at the expense of shrinking profit margins, resulting in lower operating income margins.

- The Company is positioned as one of the specialized trading companies that handle semiconductors and electronic components, but it also operates in the Electronic Systems and Entrepreneur businesses, making it a comprehensive electronics trading company.

- In the electronics trading industry, there are both manufacturer-affiliated electronics trading companies that focus on domestic semiconductors and non-affiliated electronics trading companies, like Marubun, that are not part of any specific manufacturer group.

In the 2010s, there was a wave of M&A among semiconductor manufacturers such as NXP Semiconductors N.V. (NASDAQ: NXPI) and Freescale Semiconductor, Inc., Avago Technologies US Inc. and Broadcom, and Linear Technology Corporation and Analog Devices. As a result of these M&A activities, there has been a trend of consolidation in the semiconductor industry, prompting independent electronics trading companies to also embark on business integration.

Business integration of electronics trading companies

2009	USC and Kyoshin Technosonic merged to form UKC Holdings.
2015	Macnica and Fuji Electronics merged to form Macnica Fuji Electronics Holdings (now Macnica Holdings).
	UKC Holdings and Kaga Electronics agreed in principle to merge (merger called off in 2016).
2017	Tomen Electronics and Toyotsu Electronics merged to form NEXTY Electronics.
2018	Kaga Electronics announced its acquisition of Fujitsu Electronics.
2019	UKC Holdings and Vitec Holdings merged to form Restar Holdings (currently Restar).
2023	Ryoyo Electro and Ryosan announced the establishment of Ryosan Ryoyo Holdings, a joint holding company, and business integration.
	Macnica Holdings conducted TOB for Glosel.
2025	Satori Electric and Hagiwara Electric Holdings announced they will merge their management operations.

Source: Shared Research based on the respective companies' websites and published materials

Against the backdrop of supplier M&A and changes in distributor policies, the electronics trading industry has been undergoing industry consolidation, acquisitions, and other restructuring measures, and competition in the industry as a whole has intensified. As a result, electronics trading companies are seeking to expand their scale and enhance their competitiveness through business integration, as well as exploring new opportunities in areas such as security equipment sales and IoT services, going beyond traditional trading activities. Recently, there has also been an increase in sales models similar to electronic manufacturing services (EMS), where semiconductor and electronic components are combined with software or manufactured into board products and module products, rather than simply sold as is.

- The Company has built a unique position through its long-standing supply chain expertise, high-level technical support, and global support capabilities. To further differentiate itself from other companies, it is actively expanding its services and functions.

Non-affiliated competitors in the electronics trading industry include Macnica Holdings, Tokyo Electron Device, Hakuto, Kaga Electronics, and Restar. There are also trading companies that deal with system equipment, such as Hakuto and Toyo Corporation.

Comparison of performance of independent electronics trading companies

Name	Ticker	Fiscal period	Net sales (JPYmn)	Operating income (JPYmn)	OPM (%)	Return on equity (ROE) (%)	Equity ratio (%)	Business description
Macnica Holdings, Inc.	TSE Prime:3132	FY03/26	1,214,196	41,950	3.5%	10.5%	39.8%	The largest semiconductor trading company. Merged management with Macnica and Fuji Electronics. Integrated circuits account for about 80% of revenue, and the company also handles electronic devices and networking products.
		FY03/25	1,034,180	39,649	3.8%	10.2%	45.4%	
		FY03/24	1,028,718	63,733	6.2%	21.6%	44.2%	
Tokyo Electron Device Limited	TSE Prime:2760	FY03/26	203,748	10,253	5.0%	15.6%	32.6%	The semiconductor trading division of Tokyo Electron, a semiconductor equipment manufacturer, was spun off. The company mainly sells semiconductors and electronic devices, distributes computer system equipment, and engages in the design and contract manufacturing of semiconductor products.
		FY03/25	216,379	12,457	5.8%	19.1%	30.5%	
		FY03/24	242,888	15,428	6.4%	24.1%	27.7%	
Restar Corporation	TSE Prime:3156	FY03/26	630,905	16,739	2.7%	8.6%	26.6%	The company sells semiconductors and electronic components, engages in EMS (contract manufacturing), sourcing, and distribution of electronic, measurement, and system equipment, and conducts energy and other businesses. The company was formed through M&A and management integration of several trading companies. One of them was a Sony-affiliated trading company.
		FY03/25	561,001	14,174	2.5%	8.8%	27.7%	
		FY03/24	512,484	15,931	3.1%	8.5%	28.9%	
Tachibana Eletech Co., Ltd.	TSE Prime:8159	FY03/26	227,511	7,511	3.3%	7.4%	58.5%	As an electrical and electronic technology trading company, it deals with FA equipment, semiconductor and electronic devices, production line equipment, environmental and energy-saving devices, and building equipment, among others. The company's strength lies in technical support provided by its engineers.
		FY03/25	220,112	8,222	3.7%	7.5%	57.4%	
		FY03/24	231,042	10,764	4.7%	9.6%	51.9%	
Tomen Device Corporation	TSE Prime:2737	FY03/26	633,668	18,784	3.0%	18.4%	17.2%	As a consolidated subsidiary of Toyota Tsusho, the company's strength lies in its relationship with the Samsung Group. Semiconductors, including memory and system LSI, account for a significant portion of its revenue.
		FY03/25	421,671	10,169	2.4%	11.7%	43.5%	
		FY03/24	370,676	9,480	2.6%	4.7%	34.9%	
RYODEN Corporation	TSE Prime:8084	FY03/26	212,772	5,244	2.5%	5.7%	61.2%	Specializes in electronics, factory automation systems, heating and cooling/building systems, healthcare, agriculture-related and other areas. The company's strengths lie in its technological capabilities, global networks, and a broad range of businesses.
		FY03/25	215,790	5,483	2.5%	5.3%	62.7%	
		FY03/24	259,008	8,326	3.2%	6.9%	55.7%	
Kaga Electronics Co., Ltd.	TSE Prime:8154	FY03/26	658,941	27,824	4.2%	17.8%	45.5%	A non-affiliated trading company leading the field of electrical devices, focusing primarily on electronic components and semiconductors. It also engages in the design, development, and manufacture of electronic equipment, known as EMS, which accounts for a quarter of its total revenue. The company also sells personal computers and peripherals.
		FY03/25	547,779	23,601	4.3%	10.8%	54.4%	
		FY03/24	542,697	25,845	4.8%	14.5%	52.6%	
Hakuto Co., Ltd.	TSE Prime:7433	FY03/26	181,178	6,080	3.4%	7.5%	41.4%	Sales of semiconductor devices and other electronic components account for more than 80% of revenue. The company also sells electronic and electrical equipment and produces industrial chemicals. Its strengths lie in providing technical support and maintenance during the development phase of equipment using semiconductors.
		FY03/25	183,133	7,913	4.3%	7.8%	50.3%	
		FY03/24	182,046	7,636	4.2%	8.0%	47.9%	
Marubun	TSE Prime:7537	FY03/26	213,425	7,763	3.6%	5.9%	39.2%	
		FY03/25	210,837	9,155	4.3%	8.4%	37.8%	
		FY03/24	236,490	12,984	5.5%	6.9%	29.1%	

Source: Shared Research based on company materials

Compared to the performance of electronics trading companies specializing in semiconductors and electronic components, Marubun's ROE of 7.1% is lower than the average ROE of 11.3% of its eight competitors over the past three years. OIM is somewhat higher, at 4.5%, compared with the average of 3.8% for its eight peers over the past three years. The average equity ratio of the eight competitors over the past three years is 43.3%, while the Company's ratio is lower at 35.4%.

- For the most recent fiscal year (FY03/26), Marubun's OIM ranked third out of nine companies (the eight peer companies and the Company), and the Company's ROE ranked eighth.

Long-term performance comparison by segment

Electronic Devices business

Competitor comparison			FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26	CAGR/average
Marubun	Electronic Devices business	Revenue (JPYmn)	220,184	296,524	275,073	239,698	242,050	117,442	168,872	179,011	150,525	152,245	-4.2%
		Operating income (JPYmn)	448	1,240	2,590	591	-951	3,452	8,521	10,510	5,669	4,307	13.9%
		OPM	0.2%	0.4%	0.9%	0.2%	-0.4%	2.9%	5.0%	5.9%	3.8%	2.8%	2.2%
		# of employees for Electronic Devices (people)	718	688	623	577	430	413	395	415	426	414	-3.8%
		Operating income per employee (JPYmn)	0.6	1.8	4.2	1.0	-2.2	8.4	21.6	25.3	13.3	10.4	8.4
Hakuto Co., Ltd.	Electronic Devices and Components	Revenue (JPYmn)	98,554	107,331	107,668	123,708	135,390	157,119	197,818	144,287	142,961	140,274	4.8%
		Operating income (JPYmn)	447	1,426	1,331	576	1,121	3,682	10,462	5,929	5,239	3,933	13.1%
		OPM	0.5%	1.3%	1.2%	0.5%	0.8%	2.3%	5.3%	4.1%	3.7%	2.8%	2.3%
		Number of employees	622	617	610	631	621	582	578	539	551	680	0.6%
		Operating income per employee (JPYmn)	0.7	2.3	2.2	0.9	1.8	6.3	18.1	11.0	9.5	5.8	5.9
Tokyo Electron Device Limited	Semiconductors and electronic devices	Revenue (JPYmn)	115,018	142,076	119,660	110,138	119,334	156,446	211,096	209,909	179,051	162,543	5.0%
		Operating income (JPYmn)	591	1,619	1,319	871	1,790	5,083	10,459	10,459	6,149	3,208	15.2%
		OPM	0.5%	1.1%	1.1%	0.8%	1.5%	3.2%	5.0%	5.0%	3.4%	2.0%	2.4%
		Number of employees	588	700	844	845	849	861	884	915	801	820	3.5%
		Operating income per employee (JPYmn)	1.0	2.3	1.6	1.0	2.1	5.9	11.8	11.4	7.7	3.9	4.9
Tachibana Eletech	Semiconductors and Electronic Devices	Revenue (JPYmn)	47,639	54,773	54,077	47,975	54,347	71,599	89,017	85,896	84,021	89,156	6.2%
		Operating income (JPYmn)	1,299	1,584	1,600	1,282	868	2,510	4,071	4,043	2,508	1,446	2.2%
		OPM	2.7%	2.9%	3.0%	2.7%	1.6%	3.5%	4.6%	4.7%	3.0%	1.6%	3.0%
		Number of employees	252	259	255	270	352	336	337	365	403	412	4.6%
		Operating income per employee (JPYmn)	5.2	6.1	6.3	4.7	2.5	7.5	12.1	11.1	6.2	3.5	6.5
RYODEN	Electronics business	Revenue (JPYmn)	146,771	158,635	157,440	146,136	126,243	154,390	181,040	169,971	126,481	117,471	-2.5%
		Operating income (JPYmn)	947	2,586	2,464	2,194	1,616	4,859	7,335	4,914	3,269	3,345	4.8%
		OPM	0.6%	1.6%	1.6%	1.5%	1.3%	3.1%	4.1%	2.9%	2.6%	2.8%	2.2%
		Number of employees	586	588	571	545	551	514	507	475	470	440	-3.3%
		Operating income per employee (JPYmn)	1.6	4.4	4.3	4.0	2.9	9.5	14.5	10.3	7.0	7.6	6.6

Source: Shared Research based on the respective companies' data

When compared to four peer companies in the Electronic Devices business, the Company's CAGR for device net sales over the past 10 years was -4.2%, while the competitors had a CAGR of 3.4%.

- The Company adopted the revenue recognition standard in FY03/22, resulting in a decrease in net sales in the Electronic Devices business (due to the impact of the adoption of the revenue recognition standard, net sales decreased JPY144.7bn and operating income decreased JPY946mn compared to the previous accounting method). The strict application of the revenue recognition standard was the reason for the decrease in net sales in the Electronic Devices business in FY03/22 when compared to other companies (in fact, the competitors' revenues have increased through FY03/22). The CAGR for device revenue under the old standard until FY03/22 was 3.8% for the Company and 5.9% for the five competitors (including Ryosan Company Limited, which was deleted from the table above due to its delisting in 2024).

- The CAGR for operating income for the Company over the past 10 years was 13.9%, while the four competitors had a CAGR of 8.8%. The Company's growth in operating income in the Electronic Devices business surpassed the other companies'. The Company's average OIM and average per capita operating income in the Electronic Devices business over the past 10 years were 2.2% and JPY8.4mn, respectively. This compares with an average OIM of 2.5% and an average per capita operating income of JPY6.0mn for the four competitors. While the Company's average OIM was slightly lower, its per capita operating income was slightly higher.

- In the most recent fiscal year (FY03/26), the Company's per capita operating income was JPY10.4mn, which was higher than the average of JPY5.2mn for the four peer companies. This improvement in profitability was due to starting business with new suppliers of high-profit products and expanding commercial rights, as well as efficiency improvements in back-office operations by promoting the use of RPA.

Electronic Systems business

		Competitor comparison	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	CAGR/average
Marubun	Electronic Systems business	Revenue (JPYmn)	45,570	50,513	50,983	51,621	47,852	47,233	50,226	54,494	54,941	57,336	3.9%
		Operating income (JPYmn)	2,051	2,445	2,542	2,467	1,786	1,983	2,544	2,438	2,507	3,263	8.7%
		OPM	4.5%	4.8%	5.0%	4.8%	3.7%	4.2%	5.1%	4.5%	4.6%	5.7%	4.6%
		# of employees for Electronic Systems (people)	494	516	527	538	577	576	576	537	557	554	2.0%
		Operating income per employee (JPYmn)	4.2	4.7	4.8	4.6	3.1	3.4	4.4	4.5	4.5	5.9	4.3
Hakuto Co., Ltd.	Electronic and Electric Equipment	Revenue (JPYmn)	18,477	19,191	21,146	21,544	18,286	19,029	21,609	22,717	26,547	27,241	2.0%
		Operating income (JPYmn)	1,018	804	1,254	1,418	900	1,770	2,104	1,665	1,777	2,498	10.9%
		OPM	5.5%	4.2%	5.9%	6.6%	4.9%	9.3%	9.7%	7.3%	6.7%	9.2%	6.7%
		Number of employees	266	279	270	267	253	251	254	253	259	257	0.1%
		Operating income per employee (JPYmn)	3.8	2.9	4.6	5.3	3.6	7.1	8.3	6.6	6.9	9.7	5.7
Toyo Corporation	Company-wide	Revenue (JPYmn)	21,679	21,586	23,590	25,547	23,104	23,511	26,490	28,172	35,042	32,559	4.5%
		Operating income (JPYmn)	1,316	1,278	1,427	1,861	1,250	1,725	2,332	1,472	3,366	1,914	4.3%
		OPM	6.1%	5.9%	6.0%	7.3%	5.4%	7.3%	8.8%	5.2%	9.6%	5.9%	6.7%
		Number of employees	489	503	521	523	530	528	539	591	650	653	3.3%
		Operating income per employee (JPYmn)	2.7	2.5	2.7	3.6	2.4	3.3	4.3	2.5	5.2	2.9	3.2

Source: Shared Research based on the respective companies' data
Note: Toyo Corporation's fiscal year ends in September.

When compared to two competitors in the Electronic Systems business, the Company's CAGR for net sales over the past 10 years was 3.9%, while the competitors' CAGR was 3.2%, indicating that the Company's net sales growth rate was slightly above that of its competitors. The CAGR for operating income over the past 10 years was 8.7% for the Company, compared with 7.6% for the competitors, indicating that the Company's operating income growth rate slightly exceeded that of its competitors. The Company's average OIM and average per capita operating income in the Electronic Systems business over the past 11 years were 4.6% and JPY4.3mn, respectively. This compares with an average OIM of 6.7% and an average per capita operating income of JPY4.4mn for the competitors. While the Company's average OIM was somewhat lower, its per capita operating income was at the same level as reported by its competitors.

Barriers to entry

Shared Research considers the following as barriers to entry for the electronics trading industry, to which the Company belongs:

- Technical knowledge and expertise: Procurement and sales of semiconductors and electronic components require advanced technical knowledge and expertise. In addition, customers often lack sufficient information and technical capabilities when dealing with cutting-edge products from overseas, making technical support crucial.
- Global network: In the rapidly evolving semiconductor and electronic components industry, it is essential to have access to information on the latest products from multiple manufacturers worldwide to source components that meet customer specifications.
- Establishment of supply chains: Building long-term relationships with reliable suppliers and manufacturers takes time. In addition, gaining customer trust requires a long-term track record of performance. Existing electronics trading companies have already established these relationships, making it challenging for new entrants to achieve the same level of reliability and network.
- Regulation and compliance: The semiconductor and electronic components industry is subject to strict export control regulations (e.g., US export controls on semiconductors and semiconductor manufacturing equipment to China), and various compliance requirements exist, particularly in international trade. Complying with these requirements requires legal expertise, posing a barrier for new entrants.

Alternatives

Direct sales by semiconductor and electronic component manufacturers could replace electronics trading companies. Direct sales are transactions in which the manufacturer itself offers products directly, bypassing intermediaries such as distributors or distribution channels. In recent years, more and more semiconductor and electronic component manufacturers have chosen direct sales. Reasons for this trend include:

- Maximization of profits: Through direct sales, manufacturers can sell products directly without having to pay a portion of the product price to intermediaries or distributors, allowing them to maximize profits.

- Establishing direct relationships with customers: Direct sales enable manufacturers to increase opportunities for direct communication with customers, allowing for a better understanding of customer needs and customization of products and services.
- Understanding of market trends: Direct sales allow manufacturers to collect information directly related to market trends and demand forecasts, enabling them to adjust product strategies and production plans more effectively.
- Improvement of price competitiveness: By eliminating intermediaries or agent fees, manufacturers can maintain competitive product prices. As a result, they are more likely to maintain a competitive advantage in price competition in the marketplace.

Customers tend to prioritize not only pricing but also the extent to which suppliers can accommodate their specific requirements and customization based on their product specifications, as well as the integrity of the business relationship. Therefore, if semiconductor and electronic component manufacturers can use their own sales networks to engage in detailed sales activities with many customers directly, the customers are likely to favor direct purchasing (and if prices are set lower due to the elimination of intermediary fees, customer support will be even higher).

On the other hand, there are several challenges to the shift to direct sales. For example, sales through intermediaries have the advantage of more accessible adaptation to local markets and cultures. Additionally, for large transactions or handling various products, sales via intermediaries are often more efficient in terms of inventory management and logistics network development.

Strengths and weaknesses

Strengths

A rich product lineup from numerous suppliers and ability to make advanced technical proposals through specialized purchasing sales representatives

The Company has signed sales agent and distributor agreements with numerous semiconductor, electronic component, and equipment manufacturers to provide customers with products and services from over 800 suppliers. In the customer sales of the electronics trading business, specialized knowledge and understanding of various products from multiple suppliers are required. The fields in which the handled products are utilized are highly specialized and constantly undergo technological innovations, and include semiconductors, automotive, industrial machinery, information and communication, and space & defense. Therefore, constantly updating with the latest information in various fields is necessary. When customers select components, they require various information in addition to technical information necessary for circuit design, such as the price and delivery time of the Company's products and the quality management system of the suppliers. To provide value added as a specialized trading company, it is important not only to cater to customers' needs as a seller, but also to consider whether it is possible to coordinate between the supplier's product staff and the sales representative of the customer, based on collaboration with the supplier.

The Company has many highly specialized sales personnel (roughly 120 personnel, assigned to Division Companies) who are well-versed in their respective semiconductor fields. As a company, it divides the fields based on the technical know-how and expertise required for semiconductors such as analog and memory, and has established a division of labor system tailored to each supplier to better acquire product knowledge. It is difficult for customer sales representatives to grasp detailed technical information on the wide range of products handled by electronics trading companies and other various information mentioned above in a timely manner. To address this, the Company's Division Companies, organized by supplier, communicate with their respective suppliers on a daily basis to efficiently share information internally, and promptly provide the necessary information to customers, thereby expanding business opportunities for the Company's products and providing robust support for customers’ product development.

Backed by specialized purchasing sales representatives, the Company possesses advanced technical proposal capabilities. It can also propose the most suitable device, system, and software tailored to customers' needs and contribute to shortening the development period and reducing costs for customers. Moreover, the Company can provide advanced technical support, ranging from the integration of multiple devices and software to maintenance and servicing. Shared Research considers the technical proposal capabilities supported by the specialized sales personnel covering many suppliers are the Company's strengths.

A global sales and logistics network leveraging collaboration with mega-distributor Arrow

Arrow Electronics, Inc. (NYSE: ARW) is one of the world's largest electronic component trading companies, handling semiconductors, passive components, mechanical components, connectors, and computer-related products (net income of USD0.6bn on revenue of USD30.9bn in FY12/25). Arrow sought to expand its business with overseas subsidiaries of Japanese companies, which have unique Japanese business practices. Recognizing that partnering with a well-regarded company which has built long-term relationships with Japanese customers in the industry was the best approach to initiating business with Japanese companies, Arrow established its first joint venture with the Company in 1998.

Through joint ventures with Arrow, the Company leveraged Arrow's extensive product lineup and global reach to achieve worldwide sourcing and management, overseas purchasing, production transfer, and just-in-time supply. As a result, it was able to respond promptly to the overseas production transfers that many Japanese manufacturing customers undertook in the 2010s. By providing the same meticulous component supply services globally, regardless of the location of the production facilities, it was able to capture the demand of Japanese corporate customers' overseas subsidiaries. As a result, overseas sales accounted for about 30% of total net sales.

In addition, as one of the world's largest electronics component distributors, Arrow possesses a wealth of information on suppliers, customers, and competitors worldwide. Marubun utilizes industry information obtained from Arrow in various business activities. For example, during the COVID-19 pandemic in 2020, when there was a semiconductor shortage, the Company inquired with Arrow on customers' behalf to find products it did not have. Arrow provided information on which distributors and customers worldwide held inventory, leading to business opportunities. The Company also routinely obtains information on trends in the semiconductor market, which is prone to significant price fluctuations, and products that may carry inventory risks, and uses this information for risk management such as managing how inventory is held. Shared Research considers its collaboration with Arrow, a mega-distributor, and its global sales and logistics network one of the Company's strengths.

Agile supplier portfolio replacement due to customer trust built over a long history

Marubun Corporation is a well-established company with a long history among electronics trading companies. The Company was established as a kimono wholesaler in 1844. The founder, Kakujiro Horikoshi, had a close relationship with Yukichi Fukuzawa, such that when Mr. Horikoshi passed, Mr. Fukuzawa wrote his epitaph. Mr. Horikoshi also invested as one of the initiators in the Yokohama Specie Bank, the predecessor of the Bank of Tokyo (now MUFG Bank), which was established in 1880 at the request of Mr. Fukuzawa, making significant contributions to Japan's early economy. In addition, in 1965, the Company became the first to import integrated circuits from Texas Instruments in the US to Japan. It also was the first in Japan to offer several other products, including laser equipment and tape recorders, and has built long-standing relationships of trust with its suppliers, customers, and other stakeholders through anticipating future needs by consistently looking one step ahead of the times.

Texas Instruments (TI), which used to be Marubun's main supplier, shifted to direct sales and began selling through consolidated distributors worldwide from 2019. In FY03/21, TI's commercial rights were transferred from the Company, and its main Electronic Devices business incurred a loss. However, among TI's competitors with whom the Company could not do business while holding TI's commercial rights, many were aware of the Company's long-standing relationships of trust with customers. Therefore, when the Company lost trade from TI, Marubun started new businesses with over 20 new manufacturers (including major semiconductor manufacturers such as Analog Devices, MPS, Infineon Technologies, and Nuvoton Technology) from FY03/22.

Around the same time, due to the requests from semiconductor manufacturers to reduce margins and hold inventory, the Company's profitability declined, and OIM of the Electronic Devices business decreased from 2.2% in FY03/00 to 0.2% in FY03/20. From FY03/22, the Company rapidly recovered its performance by starting new businesses with profitable new suppliers, with its OIM rising to 4.2% on average (owing to sales of products from new suppliers that the Company has been dealing with in recent years). Shared Research believes that the long-term relationships of trust the Company has built with its customers over its long history are one of its strengths, allowing it to dynamically develop new suppliers and reshuffle its supplier portfolio, even in cases where significant commercial rights, such as TI's, are transferred.

Weaknesses

Affected by intensified competition due to reorganization of distributors by supplier manufacturers and a greater number of large corporate customers compared to competitors

The mainstay Electronic Devices business accounted for 71.3% of net sales and 55.5% of operating income in FY03/26. The Company strives to maintain good relationships with each supplier and constantly works to develop new suppliers and new products. However, if commercial rights were transferred due to a change in a supplier's distributorship policy, this transfer could have a significant impact on the Electronic Devices business. There have been substantial transfers of rights from the Company, such as for the handling of TI products, which provided net sales of JPY43.1bn in FY03/17 but none in FY03/21. Similarly, Samsung Electronics provided net sales of JPY54.3bn in FY03/15, but net sales contributions from this supplier fell to zero in FY03/18. Such major transfers of rights from key suppliers can cause significant fluctuations in the Company's net sales.

In terms of customer composition, the Company's Electronic Devices business has a large corporate customer base, with the ratio of large corporate customers to small and medium-sized customers being about 8:2. Large corporate customers often have accounts with multiple trading companies, which leads to intensified competition. They also have strong bargaining power, which can result in lower profit margins for trading companies. Some peer companies experience less intense competition and have a larger customer base consisting of smaller customers with weaker bargaining power (such as Macnica, which focuses on venture companies, and Kaga Electronics, which serves many small and medium-sized corporate customers).

Based on the above factors, Shared Research views the significant net sales fluctuations caused by transfers of commercial rights due to distributor reorganizations and the vulnerability to intensified competition due to the high proportion of large corporate customers as weaknesses of the Company.

Positioned as a specialized trading company focused on commercial transactions, it has been slow to develop peripheral businesses such as the Entrepreneur business

The electronics trading industry is characterized by limited opportunities for long-term growth, and companies operating there face challenges in differentiation. This is attributed to several factors, including the distributor reorganizations by supplier manufacturers, a shrinking domestic market, and reduced margins resulting from a rise in direct sales. As a result, competitors have invested in manufacturing functions and expanded into other business sectors as part of their efforts to enhance value-added services. For instance, Tokyo Electron Device Limited, in addition to trading functions, possesses manufacturing capabilities (private brand [PB] business). It is expanding its PB business as a highly profitable business by offering contract services for design and mass production based on customer demands and developing PB products that facilitate automation and labor-saving. Similar strategies can also be observed at Restar (EMS business) and Kaga Electronics (EMS business). Additionally, Hakuto Co., Ltd. has a peripheral business (industrial chemicals business) as an industrial chemicals manufacturer, and Ryoden Co., Ltd. operates a wide range of businesses including cooling and heating systems, building systems, healthcare, and agriculture-related (smart agri) services.

On the other hand, Marubun's policy is to remain a specialized trading company focused on value creation as a technical trading company, without having manufacturing capabilities. Although it had previously engaged in EMS and had manufacturing functions, such as building materials manufacturing and foundry (gate array) businesses, the Company withdrew from these areas due to disadvantages there, such as increased fixed asset investments associated with manufacturing capabilities. Instead, Marubun plans to establish its Entrepreneur business, formerly the Electronic Solutions business, as a separate segment from FY03/23 and expand the business by offering solutions centered around communication technology, AI, and robotics. However, the Company's Entrepreneur business is still small in scale (accounting for 1.2% of net sales in FY03/26).

In FY03/26, the Company recorded zero research and development expenses (source: R&D activities in the annual securities report), while its eight competitors generally spent several hundred million yen or more on R&D on average. From a long-term growth perspective, competitors have strengthened peripheral and new business areas outside the electronic devices business. In Shared Research's view, the Company's relatively small scale of non-trading businesses and lagging R&D activities remain weaknesses.

Unable to capture local demand in overseas markets due to a policy of exclusively dealing with Japanese companies

According to WSTS, the global semiconductor market size in 2024 was USD630.5bn, with Japan accounting for less than 10% at USD46.7bn. While the global market is projected to grow at a CAGR of 6.2% from 2000 to 2026, indicating high growth, Japan is expected to have a lower growth rate of 1.6%. Competitor Macnica Holdings has been actively pursuing acquisitions of overseas companies (completing nine overseas M&A deals since 2008), and its overseas sales accounted for about half of total sales in FY03/26. Restar, on the other hand, has been expanding new local businesses overseas by creating consolidated subsidiaries through joint ventures with overseas companies, leading to overseas sales accounting for slightly less than half of total sales in FY03/26.

In FY03/26, Marubun's overseas net sales amounted to JPY63.4bn, accounting for slightly less than 30% of total net sales. Its overseas subsidiaries, joint ventures with Arrow, are responsible for sales of semiconductors and electronic components to Japanese companies in various overseas countries. The Company's overseas net sales are mainly generated by these joint ventures with Arrow selling to the overseas bases and factories of existing Japanese corporate customers. Arrow sells products directly to local companies, and in principle Marubun does not handle them (not contributing to the Company's net sales and income). The Company tends to have stricter payment terms with local companies compared to Japanese companies, and it does not deal with them from the perspectives of securing profit margins and credit management.

However, there are local companies with outstanding business practices comparable to those of Japanese companies, and competitors are growing by capturing demand from such local companies. If Marubun can sell to these local companies, it may capture more high-growth overseas demand than the low-growth domestic market. The Company's stance of not selling to local companies and the structure of the joint venture companies (redirecting sales to Arrow for local companies) are considered weaknesses by Shared Research, as they prevent the Company from capturing demand in high-growth overseas local markets.

Financial statements

Income statement

Income statement		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**
Net sales		**270,698**	**347,508**	**326,694**	**287,550**	**289,283**	**167,794**	**226,171**	**236,490**	**210,837**	**213,425**
	YoY	-3.2%	28.4%	-6.0%	-12.0%	0.6%	-42.0%	34.8%	4.6%	-10.8%	1.2%
Cost of revenue		250,085	326,346	303,927	268,972	273,066	147,542	198,907	206,883	184,615	188,723
	YoY	-4.3%	30.5%	-6.9%	-11.5%	1.5%	-46.0%	34.8%	4.0%	-10.8%	2.2%
	Cost ratio	92.4%	93.9%	93.0%	93.5%	94.4%	87.9%	87.9%	87.5%	87.6%	88.4%
Gross profit		**20,612**	**21,161**	**22,767**	**18,577**	**16,217**	**20,251**	**27,264**	**29,607**	**26,223**	**24,701**
	YoY	12.5%	2.7%	7.6%	-18.4%	-12.7%	24.9%	34.6%	8.6%	-11.4%	-5.8%
	GPM	7.6%	6.1%	7.0%	6.5%	5.6%	12.1%	12.1%	12.5%	12.4%	11.6%
SG&A expenses		17,729	17,390	17,719	16,207	15,193	14,257	16,267	16,623	17,068	16,938
	YoY	17.4%	-1.9%	1.9%	-8.5%	-6.3%	-6.2%	14.1%	2.2%	2.7%	-0.8%
	SG&A ratio	6.5%	5.0%	5.4%	5.6%	5.3%	8.5%	7.2%	7.0%	8.1%	7.9%
Operating income		**2,883**	**3,771**	**5,048**	**2,369**	**1,023**	**5,994**	**10,997**	**12,984**	**9,155**	**7,763**
	YoY	-10.2%	30.8%	33.9%	-53.1%	-56.8%	485.9%	83.5%	18.1%	-29.5%	-15.2%
	OPM	1.1%	1.1%	1.5%	0.8%	0.4%	3.6%	4.9%	5.5%	4.3%	3.6%
Non-operating income		705	1,773	568	958	160	269	454	551	1,193	646
Non-operating expenses		937	1,327	2,596	1,322	1,149	2,156	3,542	7,908	3,807	4,191
Ordinary income		**2,651**	**4,218**	**3,020**	**2,006**	**33**	**4,106**	**7,909**	**5,627**	**6,541**	**4,218**
	YoY	-20.2%	59.1%	-28.4%	-33.6%	-98.4%	-	92.6%	-28.9%	16.2%	-35.5%
	Ordinary income margin	1.0%	1.2%	0.9%	0.7%	0.0%	2.4%	3.5%	2.4%	3.1%	2.0%
Extraordinary gains		1	6	38	11	31	266	1	1	253	982
Extraordinary losses		65	311	76	1,231	2,603	524	26	6	13	14
Income taxes		535	1,373	952	585	-386	1,185	2,177	1,738	2,227	1,506
	Implied tax rate	20.7%	35.1%	31.9%	74.4%	15.2%	30.8%	27.6%	30.9%	32.8%	29.0%
Profit attributable to owners of parent		**1,650**	**2,077**	**1,636**	**-75**	**-2,133**	**2,437**	**5,201**	**3,401**	**4,409**	**3,303**
	YoY	-8.8%	25.9%	-21.2%	-	-	-	113.4%	-34.6%	29.6%	-25.1%
	Net margin	0.6%	0.6%	0.5%	-	-	1.5%	2.3%	1.4%	2.1%	1.5%

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

- Results were in the red in FY03/09 due to extraordinary losses from investment securities valuation losses and inventory write-offs caused by the impact of the 2007–2008 financial crisis.
- The Company recorded a slight loss in FY03/20 due to a decrease in net sales, as well as the recognition of investment securities valuation losses.
- The Company recorded a loss in FY03/21 due to factors such as the transfer of a major license in the Electronic Devices business (from Texas Instruments), which led to a decrease in net sales and income, as well as investment securities valuation losses and special retirement benefits associated with the voluntary retirement program.
- In terms of the seasonality of net sales, the Electronic Systems business tends to have higher net sales in Q4 due to higher capital expenditures of customers and the completion of government projects, while Q1 net sales tend to be smaller (income contribution also tends to be weighted toward Q4).

Balance sheet

Balance sheet		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)		**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**
Assets											
	Cash and deposits	12,584	13,989	16,348	20,790	26,874	25,245	21,253	23,823	24,246	24,735
	Notes and accounts receivable	59,635	54,593	45,622	50,062	46,723	37,996	51,426	45,432	46,818	49,622
	Electronically recorded monetary claims	5,807	6,227	7,243	5,314	4,334	6,219	7,989	5,422	5,494	4,338
	Merchandise and finished goods	29,385	44,987	43,020	40,678	34,174	30,313	54,558	51,316	49,558	43,440
	Work in process	291	126	199	54	34	118	79	135	98	65

Accounts receivable–other	-	-	-	-	596	35,087	28,914	34,847	2,547	1,183
Deferred tax assets	1,149	1,019	884	858	1,136	1,039	505	-	-	-
Other	4,950	1,369	685	875	944	1,599	1,436	1,679	1,887	5,942
Allowance for doubtful accounts	-90	-13	-16	-14	-11	-12	-17	-38	-41	-27
Total current assets	**113,711**	**122,297**	**113,985**	**118,617**	**114,804**	**137,604**	**166,143**	**162,616**	**130,607**	**129,298**
Buildings and structures (net)	1,367	1,351	1,312	1,353	1,662	1,255	1,186	1,137	1,280	2,650
Tools, furniture, and fixtures (net)	483	459	629	910	876	443	483	450	477	529
Land	1,633	1,618	1,618	1,596	1,596	1,411	1,411	1,411	1,949	1,836
Other	66	101	75	235	87	92	123	295	634	139
Total tangible fixed assets	**3,549**	**3,529**	**3,634**	**4,094**	**4,221**	**3,201**	**3,203**	**3,293**	**4,340**	**5,154**
Total intangible assets	**1,148**	**1,601**	**1,533**	**1,146**	**925**	**1,039**	**898**	**1,356**	**2,284**	**2,269**
Investment securities	3,627	3,634	4,421	3,102	2,518	2,222	2,317	3,299	3,723	4,119
Deferred tax assets	423	1,019	884	858	1,136	1,039	505	191	253	251
Retirement benefit asset	-	-	-	-	-	235	232	677	1,244	1,660
Other	3,525	3,624	3,704	3,632	3,401	2,838	2,699	2,687	2,721	2,249
Investments and other assets	**7,575**	**8,277**	**9,009**	**7,592**	**7,055**	**6,334**	**5,753**	**6,854**	**7,941**	**8,279**
Total fixed assets	**12,273**	**13,408**	**14,177**	**12,833**	**12,202**	**10,575**	**9,855**	**11,504**	**14,566**	**15,702**
Total assets	**125,984**	**135,706**	**128,163**	**131,451**	**127,006**	**148,179**	**175,998**	**174,120**	**145,173**	**145,001**
Liabilities										
Notes and accounts payable	37,987	37,247	25,443	25,410	30,298	21,121	28,005	28,243	25,593	25,751
Short-term debt	25,227	34,833	46,512	48,487	42,311	48,798	69,520	64,602	46,449	44,843
Accounts payable–other	-	-	-	-	1,349	21,855	14,738	19,027	1,416	1,285
Income taxes payable	434	495	272	-	61	617	1,114	853	1,362	213
Provision for bonuses	1,034	1,044	1,038	703	631	975	1,020	1,040	1,354	1,118
Other	2,590	2,146	2,358	1,937	1,515	1,380	2,692	2,904	3,048	2,927
Total current liabilities	**67,272**	**75,765**	**75,623**	**76,537**	**76,165**	**94,746**	**117,089**	**116,669**	**79,222**	**76,137**
Long-term debt	9,061	8,937	1,213	5,204	5,162	5,128	5,122	112	4,083	4,099
Net defined benefit liability	1,586	1,388	1,201	1,089	261	331	365	327	305	313
Provision for directors' retirement benefits	96	108	97	98	95	108	107	116	120	80
Other	418	330	302	317	283	291	230	463	660	1,582
Total fixed liabilities	**11,161**	**10,763**	**2,813**	**6,708**	**5,801**	**5,858**	**5,824**	**1,018**	**5,168**	**6,074**
Total liabilities	**78,434**	**86,529**	**78,436**	**83,246**	**81,966**	**100,604**	**122,913**	**117,687**	**84,390**	**82,211**
Net assets										
Capital stock	6,214	6,214	6,214	6,214	6,214	6,214	6,214	6,214	6,214	6,214
Capital surplus	6,353	6,353	6,353	6,353	6,353	6,353	6,353	6,363	6,367	6,385
Retained earnings	29,206	30,659	31,516	30,656	27,854	30,231	34,388	35,567	38,762	40,339
Treasury stock	-1,630	-1,630	-1,631	-1,631	-1,631	-1,631	-1,631	-1,611	-1,602	-1,538
Accumulated other comprehensive income	1,563	1,439	1,056	692	1,224	1,542	2,422	4,162	5,063	5,486
Non-controlling interests	5,843	6,140	6,216	5,918	5,024	4,863	5,336	5,736	5,976	5,903
Total net assets	**47,550**	**49,177**	**49,726**	**48,204**	**45,040**	**47,574**	**53,084**	**56,433**	**60,782**	**62,790**
Working capital	51,324	62,459	63,398	65,384	50,633	47,306	78,058	68,640	70,881	67,376
Total interest-bearing debt	34,288	43,770	47,725	53,691	47,473	53,926	74,642	64,714	50,532	48,942
Net cash	-21,704	-29,781	-31,377	-32,901	-20,599	-28,681	-53,389	-40,891	-26,286	-24,207

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

Operating assets (notes and accounts receivable, electronically recorded monetary claims, and merchandise and finished goods) account for 60–70% of total assets. When including accounts receivable—other (with the application of the Accounting Standard for Revenue Recognition since FY03/22, inventory items are recorded under accounts receivable—other), operating assets account for 70–80% of total assets. Regarding interest-bearing debt, the Company procures funds for working capital, capital investment, and financing through self-funding and borrowing from financial institutions (short-term interest-bearing debt accounts for roughly 50% of total liabilities). As for inventory, the Company places orders based on customer production plans and customer orders, and provisions and impairments have rarely occurred since the 2007–2008 financial crisis.

- Most of the short-term borrowings were denominated in US dollars, and the Company also holds corresponding US dollar-denominated inventory. Shared Research understands that since 2022, with the rise in US interest rates, there has been an increased demand from overseas customers for the Company to hold inventory for a certain period (to bear the financial function of trading companies), leading to an expansion of the Company's balance sheet (in addition to the depreciation of the yen, which increases US dollar-denominated assets and liabilities).

As for investment securities, specific investment shares held to build relationships make up the majority, with a balance of about JPY2.0bn–4.0bn over the past 10 years.

System investments

In recent years, the Company has focused on streamlining back-office operations through the promotion of RPA utilization (applying it to back-office operations of the sales department and routine tasks of indirect departments such as HR and accounting). Additionally, the Company revamped its website in March 2022 to strengthen digital marketing. In FY03/26, the Company upgraded its core business system. By strengthening its operational infrastructure, the Company will promote the standardization of business processes and real-time utilization of data, thereby improving operational quality and fundamentally enhancing productivity. In the future, the Company plans to modify its systems in stages in line with business needs, including expanding electronic data interchange (EDI) with business partners and enhancing data utilization functions.

Cash flow statement

Cash flow statement	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
(JPYmn)	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**	**Cons.**
Cash flows from operating activities (1)	**-1,204**	**-5,894**	**-7,619**	**1,992**	**-309**	**15,205**	**-2,948**	**-18,981**	**22,694**	**18,617**
Pre-tax profit	3,299	2,587	3,912	2,981	786	-2,537	3,848	7,884	5,622	6,584
Depreciation	343	394	406	547	689	762	703	693	508	423
Change in provision for doubtful accounts	-1	62	13	-14	-	14	-379	35	125	-39
Change in provision for bonuses (-indicates a decrease)	36	46	11	-5	-334	-69	339	37	16	308
Change in retirement benefit liability (-indicates a decrease)	-390	429	-245	-272	-239	-114	-359	8	28	-59
Change in retirement benefit asset (-indicates an increase)	42					-	-235	-194	45	-481
Interest and dividend income	-74	-90	-114	-157	-89	-62	-59	-105	-239	-310
Interest expenses	186	317	659	1,003	972	386	363	2,026	3,851	3,147
Foreign exchange gains and losses (-indicates a gain)	171	911	-1,283	1,656	-782	661	4,338	4,584	6,678	659
Equity in earnings of affiliates (-indicates a gain)	-431	-455	-397	-258	-44	68	-104	-258	-233	155
Loss (gain) on valuation of investment securities (-indicates a gain)		-	171	-	978	1,350	217	21	-	-
Change in trade receivables	10,647	-6,972	4,326	8,177	-2,615	3,969	7,498	-14,189	9,223	-661
Change in inventories (-indicates an increase)	4,067	-1,925	-15,582	986	2,428	6,399	-4,563	-23,771	3,411	2,553
Change in trade payables	-17,811	1,450	-492	-11,795	21	5,093	-9,763	5,912	-340	-3,416
Change in accounts receivable–other (-indicates an increase)		-1,754	1,563	808	-772	-323	-25,492	6,173	-5,931	32,299
Change in accounts payable–other						191	20,704	-7,290	4,504	-17,627
Other	-1,650	-1,014	-762	-1,830	-1,546	-601	-192	-549	-4,587	-4,926
Cash flows from investing activities (2)	**493**	**-1,862**	**-964**	**-495**	**-582**	**-790**	**145**	**-326**	**-1,424**	**-2,146**
Purchase of tangible fixed assets	-235	-635	-237	-420	-517	-427	-314	-100	-461	-1,433
Purchase of intangible assets	-23	-382	-692	-439	-150	-120	-425	-167	-718	-1,018
Purchase of investment securities	-1,216	-234	-44	-516	-26	-44	-25	-28	-29	-258
Other	1,524	-611	9	15	111	-199	909	-31	-216	563
Free cash flow (1+2)	**-711**	**-7,756**	**-8,583**	**1,497**	**-891**	**14,415**	**-2,803**	**-19,307**	**21,270**	**16,471**
Cash flows from financing activities	**-6,724**	**6,282**	**10,374**	**1,243**	**5,188**	**-8,188**	**391**	**14,071**	**-20,050**	**-16,405**
Net change in short-term borrowings (-indicates a decrease)	-5,884	7,456	11,303	2,490	9,197	-5,739	1,754	15,950	-17,266	-13,399
Repayments of long-term borrowings	-1,071	-115	-112	-263	-7,550	-1,050	-50	-50	-25	-5,000
Dividends paid	-653	-731	-653	-784	-784	-731	-469	-1,043	-2,221	-1,360
Dividends paid to non-controlling interests	-115	-297	-132	-179	-582	-573	-766	-704	-450	-557
Other	-31	81	-32	-21	-93	-95	-78	-82	-88	3,911
Depreciation and amortization (A)	343	506	518	659	689	762	703	693	508	423
Capital expenditures (B)	-258	-1,017	-929	-859	-667	-547	-739	-267	-1,179	-2,451
Change in working capital (C)	3,149	14,458	11,720	1,882	202	-15,711	-1,526	32,561	-12,041	1,942
Simple FCF (NI+A+B-C)	**-1,254**	**-13,319**	**-10,054**	**-446**	**-255**	**13,793**	**3,927**	**-26,934**	**14,771**	**302**

Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

In terms of operating activities, there tends to be significant fluctuations in the values of accounts receivable, inventory, accounts payable, accounts receivable—other, and accounts payable—other associated with the trading business, resulting in both positive and negative changes each period. Additionally, there are occasional exchange gains or losses related to foreign currency borrowings.

In terms of investing activities, there are some annual expenditures related to the acquisition of both tangible and intangible fixed assets.

In terms of financing activities, there tend to be significant fluctuations in short-term borrowings each year, associated with the trading business. The Company also occasionally receives proceeds from long-term borrowings and expenditures for repayments.

Historical earnings

Full-year FY03/26 results

- Net sales: JPY213.4bn (+1.2% YoY)
- Operating income: JPY7.8bn (-15.2% YoY)
- Ordinary income: JPY4.2bn (-35.5% YoY)
- Profit attributable to owners of the parent: JPY3.3bn (-25.1% YoY)

Overview

Net sales in FY03/26 increased YoY. Sluggish demand for industrial equipment was offset by firm demand for mobility and consumer equipment, while strong growth in satellite-related demand in the Electronic Systems business drove overall performance. On the profit side, operating income declined YoY due to a decrease in agency transactions and a lower GPM resulting from changes in the product mix. The Company also recorded foreign exchange losses of JPY1.9bn as the yen depreciated throughout the period. As a result, ordinary income and profit attributable to owners of the parent declined YoY.

GPM declined 0.9pp YoY to 11.6%. The SG&A ratio fell 0.2pp YoY to 7.9%. As a result, OPM declined 0.7pp YoY to 3.6%.

Starting from FY03/26, the Company changed its inventory valuation method. The comparative analysis for FY03/25 was conducted using figures with this change applied retroactively.

Achievement of company forecast

In FY03/26, the Company's achievement of its full-year targets was 101.6% for net sales, 110.9% for operating income, 84.4% for ordinary income, and 110.1% for profit attributable to owners of the parent.

Industry trends

In the electronics industry, investment competition related to data centers accelerated further amid the growing adoption of generative AI, leading to tight supply and demand for advanced logic and memory. In PC- and smartphone-related fields, however, rising component costs and shortages of CPUs and memory weighed on shipments, which continued to trend downward, and the expected recovery did not materialize. In the industrial equipment sector, demand remained firm in some areas, including social infrastructure and data centers, and orders for semiconductor manufacturing equipment have recently shown signs of recovery. However, the industry as a whole continued to move sideways.

Performance by segment

Effective from FY03/26, the name of the reportable segment formerly referred to as the Electronic Solutions business was changed to the Entrepreneur business. This is a change in name only and has no impact on segment information.

Electronic Devices business

In the Electronic Devices business, net sales were JPY152.2bn (+1.1% YoY), and ordinary income was JPY562mn (-81.0% YoY).
Demand for industrial equipment remained sluggish, but demand for mobility and consumer equipment was firm, leading to higher net sales. Ordinary income declined due to a lower GPM resulting from a decrease in agency transactions and changes in the product mix, as well as foreign exchange losses stemming from yen depreciation.

By product category, analog IC sales declined to JPY52.9bn (-8.4% YoY; 111.0% of the full-year company forecast) due to lower sales for industrial equipment applications. Memory IC sales increased to JPY6.5bn (+104.4% YoY; 172.7%), driven by higher sales for consumer device and mobility applications. Microprocessor sales grew to JPY2.9bn (+71.5% YoY; 74.5%), as higher sales for mobility applications more than offset lower sales for industrial equipment applications.

Special-use IC sales increased to JPY47.0bn (+9.6% YoY; 116.1%), reflecting higher sales for mobility applications. Custom IC sales declined to JPY7.9bn (-20.1% YoY; 55.8%) due to lower sales for industrial equipment applications. Electronic component sales totaled JPY35.0bn (-0.3% YoY; 97.8%).

Electronic Systems business

In the Electronic Systems business, net sales totaled JPY58.6bn (+2.2% YoY), and ordinary income was JPY3.7bn (+9.8% YoY). Net sales increased as aerospace equipment, including high-reliability components for satellites, grew significantly against the backdrop of expanding aerospace and defense-related markets. Ordinary income increased due to the effect of higher net sales and an improvement in GPM, reflecting a higher sales mix of aerospace-related products, which have relatively high margins within the segment.

By product category, sales of space and defense equipment increased to JPY9.1bn (+25.6% YoY; 100.2% of the full-year forecast), supported by higher sales of highly reliable components for satellites. Industrial equipment sales rose to JPY20.6bn (+5.5% YoY; 99.6%), driven by higher sales of electronic component assembly, inspection, and analysis systems. Laser equipment sales totaled JPY7.2bn (-0.7% YoY; 87.9%). Medical equipment sales declined to JPY21.7bn (-6.7% YoY; 92.3%) due to lower sales of radiation therapy devices.

Entrepreneur business

In the Entrepreneur business, net sales were JPY2.6bn (-14.1% YoY), and the business recorded an ordinary loss of JPY14mn (versus ordinary income of JPY231mn in FY03/25).
Net sales declined due to lower demand for time synchronization systems for communications infrastructure and software products. Ordinary income deteriorated due to factors including lower sales of relatively high-margin software products.

By product category, ICT solutions sales declined to JPY2.4bn (-14.9% YoY; 103.3% of the full-year forecast) due to lower sales of time-synchronization systems and software. AI & Robotics sales totaled JPY161mn (+0.6% YoY; 42.1%).

Other

The Company recorded JPY300mn in cancellation refunds on insurance policies under non-operating income and recorded JPY2.1bn in interest expenses and JPY1.9bn in forex losses under non-operating expenses. It also booked a gain on the sale of investment securities of JPY894mn as extraordinary income.

- In relation to the forex losses, the Company stated unrealized valuation gains on inventories not yet recognized in accounting, which will be realized through sales in FY03/27 and beyond, were equivalent to approximately JPY2.1bn at end-FY03/26.

Alongside the announcement of FY03/26 results, the Company resolved to revise its dividend policy. To strengthen shareholder returns, its dividend policy was changed as follows.

- Before revision: The Company aimed to pay continuous and stable dividends based on the higher of a consolidated payout ratio of 40% or DOE of 2.5%.
- After revision: The Company will aim to pay continuous and stable dividends based on the higher of a consolidated payout ratio of 50% or DOE of 3.5%.

Cumulative Q3 FY03/26 results

- Net sales: JPY152.8bn (+0.6% YoY)
- Operating income: JPY4.3bn (-36.9% YoY)
- Ordinary income: JPY1.5bn (-48.9% YoY)
- Profit attributable to owners of the parent: JPY491mn (-73.6% YoY)

Overview

Net sales grew YoY, supported by steady demand for semiconductors for consumer equipment and mobility in the Electronic Devices business, despite sluggish demand for semiconductors for industrial equipment. Operating income declined YoY due to a decrease in gross profit caused by lower volumes of agent transactions as well as an increase in SG&A expenses. Foreign exchange losses in non-operating expenses remained almost unchanged from cumulative Q3

FY03/25. However, ordinary income and profit attributable to owners of the parent decreased YoY due to lower net sales and operating income.

GPM fell 1.5pp YoY to 11.0%, while the SG&A ratio rose 0.2pp YoY to 8.2%. As a result, OPM declined 1.7pp YoY to 2.8%.

Starting from Q1 FY03/26, the Company changed its inventory valuation method. The comparative analysis for 1H FY03/25 was conducted using figures with this change applied retroactively.

Progress versus company forecasts

In cumulative Q3 FY03/26, the Company's progress toward its revised full-year targets was 72.8% for net sales, 61.1% for operating income, 29.2% for ordinary income, and 16.4% for profit attributable to owners of the parent.

- While progress in ordinary income and profit attributable to owners of the parent was somewhat slow in Q3 FY03/26, the Company's earnings have historically tended to reach targets in Q4, driven by income contributions from the Electronic Systems business. The Company states that in Q4 FY03/26, it expects income growth in the Electronic Systems business to enable a catch-up toward its full-year forecast.

Industry trends

In the electronics industry, investment competition related to data centers aimed at the implementation of generative AI and AI agents has accelerated further. The PC-related business also remained on a recovery path, with shipment volumes increasing due to replacement demand associated with the end of support for operating systems, including Windows 10. Meanwhile, in the industrial equipment sector, although signs of a pickup were seen in certain areas such as social infrastructure and data center-related fields, the sector as a whole remained sluggish and has yet to achieve a full-scale recovery.

Performance by segment

Effective from FY03/26, the name of the reportable segment formerly referred to as the Electronic Solutions business was changed to the Entrepreneur business. This is a change in name only and has no impact on segment information.

Electronic Devices business

In the Electronic Devices business, net sales rose 1.4% YoY to JPY114.1bn (78.2% of the full-year forecast), and ordinary income declined 85.4% to JPY212mn (14.6%). Although demand for semiconductors for industrial equipment fell, demand for semiconductors for consumer device and mobility applications increased, resulting in overall sales growth. Ordinary income dropped YoY, as gross profit was weighed down by a decrease in agent transactions and exchange rate fluctuations had significant impacts.

By product category, analog IC sales declined JPY2.9bn YoY to JPY39.3bn (82.5% of the full-year forecast). An increase in sales for consumer electronics applications was more than offset by a decline in sales for industrial equipment applications. Memory IC sales grew JPY935mn YoY to JPY3.3bn (88.0%). Microprocessor sales rose JPY1.1bn YoY to JPY2.3bn (59.3%), driven by higher sales for mobility applications. Special-use IC sales increased JPY3.5bn YoY to JPY35.9bn (88.8%), reflecting growth in mobility-related demand. Custom IC sales declined JPY1.2bn YoY to JPY6.4bn (44.9%) due to lower sales for both consumer device and industrial equipment applications. Electronic component sales grew JPY195mn YoY to JPY26.8bn (74.9%).

- In cumulative Q3 FY03/26, sales rose YoY thanks to higher demand for consumer device and mobility applications. However, operating income declined due to a decrease in agent transactions and exchange rate fluctuations.

Electronic Systems business

In the Electronic Systems business, net sales totaled JPY37.5bn (-1.0% YoY; 61.1% of the full-year forecast), and ordinary income was JPY1.7bn (+5.1% YoY; 48.8%). Sales of space and defense equipment grew, driven by the expansion of the defense and space-related market. Meanwhile, demand declined in the medical equipment sector. As a result, net sales decreased YoY. Ordinary income grew YoY due to robust sales growth in the space and defense equipment sector, despite lower net sales.

By product category, sales of space and defense equipment increased on higher sales of highly reliable components for satellites, totaling JPY5.7bn (+JPY1.4bn YoY; 62.9% of the full-year forecast). Industrial equipment sales came to JPY13.9bn (+JPY323mn YoY; 67.0%). Laser equipment sales were JPY4.5bn (-JPY397mn YoY; 54.2%). Medical equipment sales declined to JPY13.5bn (-JPY1.7bn YoY; 57.5%).

- In cumulative Q3 FY03/26, demand in the medical equipment sector declined. Nevertheless, income increased, mainly due to growth in sales of space and defense equipment. According to the Company, space and defense equipment sales continue to benefit from expanding defense-related demand and remain on a growth trajectory.

Entrepreneur business

In the Entrepreneur business, net sales declined 22.8% YoY to JPY1.2bn (44.3% of the full-year forecast) due to decreased demand for time synchronization systems for communication infrastructure. The Company recorded an ordinary loss of JPY477mn (compared with a loss of JPY241mn in cumulative Q3 FY03/25). It also posted an ordinary loss due to lower net sales and higher SG&A expenses.

By product category, ICT solutions sales declined JPY342mn YoY to JPY1.1bn (48.2% of the full-year forecast) due to lower sales of time-synchronization systems. Sales of AI and robotics fell JPY11mn YoY to JPY78mn (20.4%).

- In cumulative Q3 FY03/26, net sales declined due to weaker demand for time-synchronization systems for communication infrastructure. As a result of lower sales and higher SG&A expenses, the Company continued to incur an ordinary loss. With regard to ICT solutions, the Company noted seasonal factors, with project activity typically increasing in Q4. While income progress through Q3 FY03/26 was trending below the full-year forecast, the Company expects a certain performance recovery in Q4 FY03/26.

Other

The Company recorded interest expenses of JPY1.6bn and equity-method investment losses of JPY182mn under non-operating expenses. The Company also booked a gain on the sale of investment property of JPY78mn as extraordinary gain.

In Q3 FY03/26 (October–December 2025), the Company recorded foreign exchange losses of JPY1.4bn. The forex losses were mainly due to a sharp depreciation of the yen in Q3, which resulted in settlement losses from the repayment of foreign currency-denominated loans as part of natural hedging. In cumulative Q3 FY03/26, the Company recorded foreign exchange losses of JPY1.3bn. The Company manages exchange rate fluctuation risks on a yen basis, primarily through natural hedging or forward contract hedging.

- The Company stated unrealized valuation gains on inventories not yet recognized in accounting (income to be realized through sales in FY03/27 and beyond) amounted to about JPY1.7bn as of end-Q3 FY03/26. These gains offset the forex losses mentioned above.

Alongside the announcement of cumulative Q3 FY03/26 results, the Company decided to implement a shareholder benefit program. This program applies to eligible shareholders—those holding at least one unit of Company shares (100 shares) for one year or more as of the shareholder record date of March 31 each year. Under the shareholder benefit program, shareholders holding one unit (100 shares) or more but fewer than five units (500 shares) are granted shareholder benefit points worth JPY1,000, while shareholders holding five units (500 shares) or more are granted points worth JPY3,000.

- The effective yield estimated by Shared Research—calculated as the sum of the dividend yield and shareholder benefit yield based on the closing share price on February 2—was about 4.9% for shareholders holding one unit (100 shares), including a shareholder benefit yield of 0.8%, and 4.5% for shareholders holding five units, including a shareholder benefit yield of 0.5%.

1H FY03/26 results

- Net sales: JPY102.7bn (+4.2% YoY)
- Operating income: JPY2.7bn (-37.5% YoY)
- Ordinary income: JPY1.8bn (-43.5% YoY)
- Profit attributable to owners of the parent: JPY985mn (-53.8% YoY)

Overview

Net sales grew YoY, supported by strong demand for semiconductors for consumer equipment in the Electronic Devices business and an increase in space and defense equipment sales in the Electronic Systems business. Although net sales increased, operating income declined YoY due to a decrease in gross profit caused by lower volumes of agent transactions. While foreign exchange gains decreased compared with the same period of the previous year, interest expenses and losses on the sale of trade receivables declined significantly. As a result, ordinary income and profit attributable to owners of the parent decreased YoY.

GPM fell 2.0pp YoY to 10.6%, while the SG&A ratio decreased 0.3pp YoY to 8.0%. As a result, OPM declined 1.8pp YoY to 2.7%.

Starting from 1H FY03/26, the Company changed its inventory valuation method. The comparative analysis for 1H FY03/25 was conducted using figures with this change applied retroactively.

Progress versus company forecasts

In 1H FY03/26, the Company's progress toward its revised full-year targets was 48.9% for net sales, 39.0% for operating income, 35.2% for ordinary income, and 32.8% for profit attributable to owners of the parent.

Industry trends

In the electronics industry, AI investment related to data centers continued to accelerate. The PC-related business also remained on a recovery path, achieving positive growth for the fourth consecutive quarter. While certain markets showed signs of demand recovery amid progress in inventory adjustments, the industrial equipment sector remained sluggish.

Performance by segment

Effective from FY03/26, the name of the reportable segment formerly referred to as the Electronic Solutions business was changed to the Entrepreneur business. This is a change in name only and has no impact on segment information.

Electronic Devices business

In the Electronic Devices business, net sales rose 3.9% YoY to JPY77.8bn (53.3% of the full-year forecast), and operating income declined 44.3% to JPY2.1bn (60.1%). Although demand for semiconductors for industrial equipment fell, demand for semiconductors for consumer equipment increased, resulting in overall sales growth. Ordinary income dropped 55.7% YoY to JPY1.1bn, as gross profit was weighed down by a decrease in agent transactions.

By product category, analog IC sales declined for industrial equipment applications and totaled JPY26.9bn (-JPY1.1bn YoY).
Memory IC sales came to JPY2.4bn (+JPY777mn YoY). Microprocessor sales were JPY1.7bn (+JPY717mn YoY). Special-use IC sales increased for consumer device and mobility applications, reaching JPY23.4bn (+JPY2.8bn YoY). Custom IC sales decreased for consumer device applications and totaled JPY5.1bn (-JPY1.2bn YoY). Electronic component sales were JPY18.2bn (+JPY885mn YoY).

- In 1H, sales rose YoY thanks to strong demand for consumer devices and solid demand for mobility applications. However, operating income declined due to a decrease in agent transactions.

Electronic Systems business

In the Electronic Systems business, net sales grew 6.5% YoY to JPY24.3bn (39.5% of the full-year forecast), and operating income increased 25.9% YoY to JPY1.0bn (28.7%). Sales of space and defense equipment grew, driven by the expansion of the defense and space-related market. As a result, net sales increased YoY. Ordinary income grew 23.1% YoY to JPY1.0bn due to higher net sales.

By product category, sales of space & defense equipment increased on higher sales of highly reliable components for satellites, totaling JPY4.0bn (+JPY1.2bn YoY). Industrial equipment sales came to JPY9.0bn (+JPY246mn YoY). Laser equipment sales were JPY2.6bn (-JPY122mn YoY). Medical equipment sales totaled JPY8.6bn (+JPY180mn YoY).

- In 1H, space & defense equipment sales grew on the back of expansion in the aerospace, space, and defense markets, resulting in higher net sales and profit YoY.

Entrepreneur business

In the Entrepreneur business, net sales decreased 31.5% YoY to JPY656mn (24.3% of the full-year forecast) due to decreased demand for time synchronization systems for communication infrastructure. The Company recorded an operating loss of JPY365mn (compared with a loss of JPY187mn in 1H FY03/25). It also posted an ordinary loss of JPY361mn (compared with an ordinary loss of JPY183mn in 1H FY03/25) due to lower net sales.

By product category, ICT solutions sales declined JPY294mn YoY to JPY611mn due to lower sales of time-synchronization systems. Sales of AI and robotics fell JPY6mn YoY to JPY46mn.

- In 1H, net sales declined as demand for time-synchronization systems for communication infrastructure decreased. In addition, the Company's AI and robotics project acquisition came in below its projection, resulting in an ordinary loss.

Other

In non-operating income, the Company recorded foreign exchange gains of JPY115mn in 1H. Non-operating expenses included interest expenses of JPY1.1bn and equity-method investment losses of JPY135mn. The Company also booked a gain on the sale of investment property of JPY78mn as extraordinary income.

Along with its earnings results announcement, the Company revised its full-year earnings forecast upward (see the "Full-year company forecasts" section below for details).

In September 2025, the Company published its integrated report, Marubun Report 2025. The report highlights the new medium-term business plan launched in FY03/26, as well as the Company's unique value creation model, while showcasing the Group's technologies and the value it provides through concrete case studies.

In the document "Toward the sustainable enhancement of corporate value" released in November 2023, the Company analyzed and assessed its initiatives for "management focused on capital costs and stock prices." In November 2025, the Company prepared an updated version of this material.

Q1 FY03/26 results

- Net sales: JPY49.9bn (-1.8% YoY)
- Operating income: JPY757mn (-72.4% YoY)
- Ordinary income: JPY1.2bn (+85.2% YoY)
- Profit attributable to owners of the parent: JPY625mn (+26.3% YoY)

Overview

Net sales declined YoY, as sluggish demand for semiconductors for industrial equipment in the Electronic Devices business outweighed solid growth in demand for space and defense equipment and medical devices in the Electronic Systems business. Operating income fell YoY due to lower sales and a decline in gross profit stemming from yen appreciation.
Meanwhile, ordinary income rose YoY, supported by lower interest expenses and a foreign exchange gain of JPY1.0bn, as the yen strengthened toward the end of Q1. Profit attributable to owners of the parent grew YoY as well.

GPM fell 3.7pp YoY to 9.7%, while the SG&A ratio decreased 0.2pp YoY to 8.2%. As a result, OPM declined 3.9pp YoY to 1.5%.

Starting from Q1 FY03/26, the Company changed its inventory valuation method. The comparative analysis for Q1 FY03/25 was conducted using figures with this change applied retroactively.

Progress versus company forecasts

In Q1 FY03/26, the Company's progress toward its full-year targets was 24.2% for net sales, 12.0% for operating income, 28.7% for ordinary income, and 25.0% for profit attributable to owners of the parent.

Industry trends

In the electronics sector, demand related to data centers remained firm, and the PC-related business saw a pickup in demand ahead of US tariff increases. Meanwhile, although some markets experienced a recovery in demand as inventory adjustments progressed, the industrial equipment segment remained sluggish. The Company reiterated that the direct impact of US tariff policies remains minor.

Performance by segment

Effective from Q1 FY03/26, the name of the reportable segment formerly referred to as the Electronic Solutions business was changed to the Entrepreneur business. This is a change in name only and has no impact on segment information.

Electronic Devices business

In the Electronic Devices business, net sales declined 4.8% YoY to JPY38.7bn (26.9% of the full-year target), and operating income fell 74.6% to JPY696mn (23.6%). Demand for semiconductors increased for consumer equipment but decreased for industrial equipment and medical/healthcare applications. As a result, net sales decreased YoY. Ordinary income increased 67.6% YoY to JPY1.1bn due to the impact of the yen's appreciation during Q1 FY03/26.

By product category, sales of electronic components increased on higher sales for consumer device applications, totaling JPY9.5bn (+JPY1.2bn YoY). Custom IC sales were essentially flat at JPY2.9bn (-JPY400mn YoY). Special-use IC sales declined to JPY11.0bn (-JPY1.2bn YoY), reflecting weaker sales for consumer device applications. Microprocessor sales were roughly unchanged at JPY1.1bn (+JPY699mn YoY). Memory IC sales were also broadly in line with the prior year at JPY1.3bn (+JPY448mn YoY). Analog IC sales rose for consumer device applications but fell for industrial equipment applications, resulting in JPY12.9bn (-JPY2.7bn YoY).

Electronic Systems business

In the Electronic Systems business, net sales grew 11.0% YoY to JPY10.9bn (18.2% of the full-year target), and operating income surged 98.4% YoY to JPY248mn (7.5%). Sales of space and defense equipment grew, driven by the expansion of the defense and space-related market. Demand in the medical equipment sector also remained firm. As a result, net sales increased YoY. Ordinary income grew 150.2% YoY to JPY280mn due to higher net sales.

By product category, medical equipment sales grew to JPY4.2bn (+JPY707mn YoY), supported by higher sales of diagnostic imaging systems and radiation therapy devices. Laser equipment sales were essentially flat YoY at JPY1.2bn (+JPY291mn YoY). Industrial equipment sales declined to JPY3.4bn (-JPY654mn YoY), mainly due to lower sales of electronic component assembly, inspection, and analysis systems. Space & defense equipment sales increased to JPY2.1bn (+JPY734mn YoY), driven by higher sales of highly reliable components for satellites.

Entrepreneur business

In the Entrepreneur business, net sales decreased 9.0% YoY to JPY354mn (11.8% of the full-year target) due to decreased demand for time synchronization systems for communication infrastructure. The Company recorded an operating loss of JPY185mn (compared with a loss of JPY123mn in Q1 FY03/25). It also posted an ordinary loss of JPY181mn (compared with an ordinary loss of JPY122mn in Q1 FY03/25) due to an increase in SG&A expenses associated with its strengthened sales activities and expanded in-house developed services.

By product category, ICT solutions sales totaled JPY328mn (-JPY44mn YoY), while sales of AI and robotics rose to JPY25mn (+JPY7mn YoY).

Other

In Q1 FY03/26 (April–June 2025), the Company recorded foreign exchange gains of JPY1.0bn.

In August 2025, the Company resolved to dispose of treasury shares valued at JPY77mn in the form of restricted shares, to be allocated to the Marubun Employee Shareholding Association under its restricted stock incentive plan.

News and topics

Marubun announces revision to dividend policy (higher payout ratio and DOE)

2026-05-12

Marubun Corporation resolved to revise its dividend policy.

(Click here for the company's press release.)

The Company positions shareholder returns as one of its highest management priorities and has paid continuous, performance-linked dividends using the consolidated payout ratio and dividend on equity (DOE) as key indicators. To balance growth investment for sustainable growth with shareholder returns, and thereby further improve corporate value and capital efficiency, the Company decided to strengthen shareholder returns by revising its dividend policy and raising the thresholds for both indicators.

- Before revision: The Company aimed to pay continuous and stable dividends based on the higher of a consolidated payout ratio of 40% or DOE of 2.5%.
- After revision: The Company will aim to pay continuous and stable dividends based on the higher of a consolidated payout ratio of 50% or DOE of 3.5%.

The revised dividend policy will apply from FY03/27.

Marubun announces revision to earnings forecast

2025-11-04

Marubun Corporation has announced a revision to its full-year earnings forecast for FY03/26, along with a disclosure of differences between its previously announced forecast and actual results for 1H FY03/26 (the six months ended September 30, 2025).

(Click here for the Company's press release.)

Revised full-year FY03/26 forecast

- Net sales: JPY210.0bn (previous forecast: JPY206.0bn)
- Operating income: JPY7.0bn (JPY6.3bn)
- Ordinary income: JPY5.0bn (JPY4.3bn)
- Profit attributable to owners of the parent: JPY3.0bn (JPY2.5bn)

In 1H FY03/26, net sales exceeded the previous forecast, driven by stronger-than-expected demand for semiconductors and electronic components for consumer equipment in the Electronic Devices business. In addition, space and defense equipment sales in the Electronic Systems business remained robust. Operating income also outperformed the previous forecast, reflecting higher sales and lower SG&A expenses. Furthermore, due to the appreciation of the yen during the period under review, the Company recorded foreign exchange gains under non-operating income, primarily from the settlement of foreign-currency-denominated liabilities and interest-bearing debt. As a result, both ordinary income and profit attributable to owners of the parent significantly exceeded the previous projections.

For FY03/26, the Company has revised its consolidated full-year earnings forecast upward as shown above, reflecting stronger-than-expected performance in both sales and profits during 1H, as well as anticipated changes in market conditions and demand trends for the remainder of the fiscal year.

Other information

History

Year	Details
1844	Started its history as a fabric and textile wholesaler called “Horikoshi” (trade name "Marubun") at the site of the present company headquarters, its business covering export of silk threads and import of Western textiles.
1947	Establishment of Marubun Corporation through the merger of Horikoshi and Nakazen Shoji to engage in sales and import/export of machinery instruments, and daily goods.
	Began sales of scientific instruments, measuring instruments, and medical equipment.
1952	Entered into an agency agreement with Rocke International, Inc. of the US and began import and sales of US-made advanced electronics equipment.
1957	Started import and sales of broadcasting, space & defense, marine, laser, and analytical equipment.
1958	Started import and sales of transistors and diodes. Established a technical office in the headquarters and began technical service operations for imported equipment.
1965	Began import and sales of integrated circuits (ICs, manufactured by Texas Instruments of the US) in Japan.
1968	Established a representative office in the US to obtain information on cutting-edge technologies and to develop suppliers.
1969	Held the Marubun Electronics Show to introduce the latest electronics equipment from overseas.
1985	Established the Minamisuna Logistics Center (currently the East Japan Distribution Center) to strengthen logistics functions.
1988	Established a local subsidiary in Singapore and began expansion in Asia.
1997	Listed on the Second Section of the Tokyo Stock Exchange.
1998	Established Marubun/Arrow Asia, Limited and Marubun/Arrow USA, LLC (1999) jointly with Arrow Electronics, Inc. in the US to expand overseas business.
1999	Established Foresight Techno Co., Ltd. as a joint venture with Mitsuiwa Trading Co. (currently Mitsuiwa Corporation).
2001	Listed on the First Section of the Tokyo Stock Exchange.
2016	Acquired KTL Corporation as a subsidiary through stock acquisition.
2018	Absorbed KTL Corporation.
2022	Started operating the business under the three-business-segment structure.
	Moved from the First Section of the Tokyo Stock Exchange to the Prime Market due to a review of the Tokyo Stock Exchange's market classification.

Source: Company website and securities report

Major shareholders (as of March 31, 2026)

Top shareholders	Shared held ('000 shares)	Shareholding ratio (%)
Arrow Electronics, INC．590000	2,350	8.96%
Marubun Research Promotion Foundation	2,304	8.78%
The Master Trust bank of Japan, Ltd. (Trust account)	1,998	7.62%
Chiba Public Golf Course, Ltd.	1,399	5.33%
Horikoshi LLC.	1,200	4.57%
Kiichi Horikoshi	1,007	3.84%
INTERACTIVE BROKERS LLC	635	2.42%
Momoko Horikoshi	602	2.30%
MUFG Bank, Ltd.	479	1.83%
Marubun Corporation	454	1.73%
Total	12,430	47.37%

Source: Shared Research based on company data

Corporate governance (as of November 2025)

Form of organization and capital structure	
Type of system	Company with Audit and Supervisory Committee
Controlling shareholder	—
Directors and Audit & Supervisory Board members	
Number of directors under Articles of Incorporation	15
Number of directors	9
Directors' term of office under Articles of Incorporation	1 year
Chairperson of the Board of Directors	Company president
Number of outside directors	4
Number of independent outside directors	4
Number of members of Audit & Supervisory Committee	4
Number of outside members of Audit & Supervisory Committee	4
Number of independent outside members of Audit & Supervisory Committee	4
Other	
Implementation of measures regarding director incentives	Performance-linked remuneration
Participation in electronic voting platform	Yes
Provision of convocation notice (summary) in English	Yes
Disclosure of directors' compensation	No
Policy to determine amount and calculation method of remuneration	Yes
Adoption of takeover defense measures	Yes

Source: Shared Research based on company data

SDGs

The Company is committed to addressing social issues through the field of electronics while pursuing its purpose: "Contribute to a brighter future through technologies." By sourcing and procuring the latest products and technologies from around the world and providing unique services and solutions, the Company aims to improve customer satisfaction and contribute to the realization of a better society.

In terms of environmental initiatives, the Company has switched to LED lighting in its offices, reduced the use of company-owned vehicles, promoted the adoption of eco-friendly cars, and utilized green energy. It has set GHG emission reduction targets of a 50% reduction by FY03/31 compared to FY03/20 and a long-term goal of carbon neutrality by FY03/51.

In terms of CSR initiatives, the Company has established the Supply Chain Sustainability Procurement Guidelines to promote responsible practices throughout the supply chain, including component suppliers and raw material suppliers. Additionally, the Marubun Research Promotion Foundation, a public-interest corporation established in 1997, supports international research activities through grants for research exchange among young researchers at universities and national research institutions, as well as recognition of research achievements.

To promote sustainability management, the Company has identified material issues (see below). It is strengthening IR, SR, and PR activities, and is reinforcing human capital management initiatives. The Company is also promoting the establishment of a next-generation integrated core system (as of end-March 2024).

Material issues

In May 2024, the Company determined material issues that it should prioritize in its efforts to realize a sustainable society and increase its corporate value.

Marubun Group's material issues

Material Issue	Key theme	Key goal indicator (KGI for target states)
Contribution to restoration and conservation of the global environment and to its sustainability	Promote initiatives for a circular society	As a milestone toward achieving carbon neutrality by or before 2050, reduce the Group's in-house GHG emissions (Scopes 1 and 2) to less than 50% of the 2019 level by 2030.
		Ensure all the industrial waste generated in the Group's business activities is properly monitored and managed until it is completely recycled or disposed of.
		Continue to be involved in and contribute to the promotion of the resource recycling systems that are needed by society through the Group's business operations and investments.
	Identify and introduce new clean technologies	Further expand ecologically sound product lines across consolidated business operations.
Realization of a safe, prosperous, and sustainable society	Expand activities to contribute to society and local communities	Promote and maintain support for developing the public good and contributing to organizations.
		Continually encourage employees to participate in social action programs and contribution activities.
	Offer reliable products, services and stable supply chain infrastructure	All requests from customers regarding the quality and safety of the Group's products and services are properly addressed.
		Obtain suppliers' full understanding and cooperation with the Group's Sustainable Procurement Guidelines.
		The Group's operational infrastructure has been enhanced and the reliability of its client service operations is maintained at high levels (i.e., the Group's "operational excellence" is effectively achieved and sustained).
Enhancement of human capital strategies in alignment with the Group's Purpose	Strengthen programs for talent acquisition and development to constitute a highly professional group of employees	Human capital strategies consistent with the Group's Purpose and its business strategies are properly defined for their implementation, and all relevant human capital management measures are effectively implemented.
		Support programs for autonomous career development and the cultivation of human resources are effectively designed, established, and functioning.
	Consistently improve employee engagement	Continuously enhance employee engagement through various human capital strategies and HR measures.
		The Group's Employee Net Promoter Score is consistently higher than the average for the wholesale industry category in which the Company operates.
	Encourage the empowerment and promotion of women employees	Ensure that women employees are 15% or more of the Group's management-level employees.
Establishment and administration of a solidified group governance framework	Continuously improve stakeholder engagement	Engagement opportunities for the Group's shareholders and investors are sufficiently offered.
		Through the improvement of IR events and tools, the quality and quantity of the information the Group discloses is continuously reviewed, and a high reputation is objectively and comparatively established among the Group's stakeholders.
	Reinforce the compliance of all Group companies	Throughout the consolidated Group businesses, all legal and policy compliance is thoroughly ensured. (The Group has absolutely zero recognized compliance violation incidents outstanding.)
	Continuously enhance strategy management and risk management frameworks	Business plans at the Group level are institutionally decided and reviewed in a timely manner in light of macroeconomic trends, and the Group's strategic directions are articulately communicated both internally and externally.
		The Group's strategic directions and measures are compatible with the management plans of each business unit as well as with each individual employee's goal setting (via Management by Objectives), and the PDCA cycle is organically and consistently functioning at all levels.
		Integrated risk management is functioning at a high level for the early detection and correction of any specific risk elements or incidents.
		IT systems infrastructure, which is the foundation for managing information, is maintained stably and operated effectively.
Addressing social issues through the development of cutting-edge technologies and solutions	Staying ahead of the change in the demand generated by society, introduce products and services with new added value	Continue to cultivate, identify and deliver products and services with new added value, by way of exploring new potential value for society.
	Solve customers' issues by offering solutions as an electronics trading company	By effectively capturing customers' concerns and needs, continue to offer measures that respond to customers' concerns and needs by leveraging solution development and technological capabilities.
	Initiate innovation through strategic partnerships and collaborations	Products and services in a new scope of business and new business domains created through strategic partnerships and collaborations are

Source: Shared Research based on company data

Top management

The Company's representative director and president is Hiroshi Horikoshi.

Career summary

October 2009	Joined the Company
June 2011	Appointed Director
June 2012	Executive Officer
April 2018	Chief Executive Officer (CEO), Marubun/Arrow Asia, Ltd.
April 2020	Deputy Chief Operating Officer of Sales & Marketing Business Unit
June 2020	Director
April 2022	General Manager, Electronic Devices Division
April 2023	Managing Director
April 2024	Chief Operating Officer (COO) of Sales & Marketing Business Unit (current)
April 2025	President and Representative Director, and CEO (current)

Source: Company materials

Employees

	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Cons.										
Number of employees	1,397	1,381	1,336	1,324	1,145	1,119	1,117	1,167	1,179	1,193
Electronic Devices business	718	688	623	577	430	413	395	415	426	414
Electronic Systems business	516	527	538	577	576	576	537	557	554	564
Entrepreneur							48	47	51	57
Company-wide (common)	163	166	175	170	139	130	137	148	148	158
Parent										
Number of employees	671	670	780	750	613	577	588	615	633	644
Average age	41.2	41.6	43.1	43.5	42.8	43.7	44.2	44.3	44.1	44.1
Average years of service	14.6	14.8	13.9	14.8	15.5	16.2	16.6	16.5	16.4	16.5
Average annual salary (JPYmn)	6.1	6.2	6.5	6.4	6.0	6.8	8.0	7.5	7.4	7.9

Source: Shared Research based on company data

The Company implements various measures, including hiring new graduates and experienced professionals throughout the year, organization-wide training and development programs, and on-the-job training, to foster employee growth and ensure appropriate placement based on individual abilities. The attrition rate over the past five years has been around 3–8% (excluding 2020, when voluntary retirement was implemented). The headcount was slowly declining but turned to a net increase in FY03/24 and beyond.

Human capital development policy

Marubun is committed to developing employees' abilities to fulfill the job responsibilities required for achieving management objectives. The Company implements effective human capital development by advancing a training curriculum in an organized and systematic manner, which involves collaboration on the part of the individual employee, their supervisor, and the Company as a whole. The primary approach to talent development is through "on-the-job training," conducted through everyday work tasks. The Company has developed various curricula, including training programs tailored to qualifications and positions, as well as goal-oriented programs such as finance and language training, to address growth challenges and support career development. In addition, the Company offers distance learning and e-learning curricula, allowing employees to choose and pursue topics of personal interest, promoting self-directed learning and facilitating reskilling initiatives.

In April 2024, the Company established the Human Capital Strategy Committee to develop and promote human capital strategies in line with the Company’s purpose and management strategy. The committee will discuss various issues, including defining the ideal talent profile to realize the mid- to long-term strategy; building a talent portfolio; recruiting, developing, and allocating human resources; and achieving diversity, equity, and inclusion (DE&I). It aims to implement related initiatives swiftly.

Shareholder returns

	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
Dividend	25.0	30.0	30.0	30.0	16.0	30.0	80.0	52.0	66.0	50.0
Payout ratio	39.6%	37.7%	47.9%	-	-	32.2%	40.2%	40.0%	39.2%	39.6%
Dividend on equity (DOE)	1.6%	1.9%	1.8%	1.9%	1.1%	1.9%	4.6%	2.9%	3.5%	2.6%

Source: Shared Research based on company data

In the medium-term management plan announced in May 2022, the Company revised its dividend policy from a consolidated dividend payout ratio of 30% or more to a consolidated dividend payout ratio of 40% or more from FY03/23. In addition to the dividend payout ratio, the Company introduced a dividend on equity ratio (DOE) of 2.5% as a new indicator from October 2023. It indicated that an equity ratio of 20–40% is viewed by management as the target range.

In January 2026, the Company decided to implement a shareholder benefit program. This program applies to eligible shareholders—those holding at least one unit of Company shares (100 shares) for one year or more as of the shareholder record date of March 31 each year. Under the shareholder benefit program, shareholders holding one unit (100 shares) or more but fewer than five units (500 shares) are granted shareholder benefit points worth JPY1,000, while shareholders holding five units (500 shares) or more are granted points worth JPY3,000.

ROE

	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
ROE	4.0%	4.9%	3.8%	-0.2%	-5.2%	5.9%	11.5%	6.9%	8.4%	5.9%
Net margin	0.6%	0.6%	0.5%	-	-	1.5%	2.3%	1.4%	2.1%	1.5%
Financial leverage (equity multiplier)	2.8	3.1	3.0	3.0	3.1	3.3	3.6	3.6	3.0	2.6
Total assets turnover	2.3	2.7	2.5	2.2	2.2	1.2	1.4	1.4	1.3	1.5

Source: Shared Research based on company data

Measures targeting management focused on capital costs and stock prices

In November 2025, the Company announced measures targeting management focused on capital costs and stock prices (an annual update to its material presented in November 2023).
The Company identifies three key challenges: stabilizing ROE at 9% or higher, lowering the expected cost of equity, and achieving a P/B ratio above 1.0 as a result. To sustainably enhance corporate value, the Company aims to ensure ROE of at least 9% and achieve a P/B ratio of 1.0 or higher by effectively circulating its Marubun Group Value Creation Model and its core Value Cycle, and by promoting its three strategic measures. The three strategic measures are presented under "Execution of growth strategies" in the table below.

Initiatives for sustainable enhancement of value

Execution of growth strategies	・Promote initiatives tied to the three business growth policies set out in the Medium-Term Management Plan: pursuing responsible business; implementing business strategies focused on achieving profitability in new businesses, expanding the foundation of existing businesses, and strengthening group synergies; and advancing foundational strategies such as enhancing strategic management to drive the value-creation model and developing human capital strategies
Basic financial policy	・Maintain financial discipline while pursuing both ROE improvement and continuous shareholder returns ・In addition to stabilizing dividends through the dividend on equity (DOE) framework, provide performance-linked dividend returns to enhance shareholder value
Financial measures: Utilization of retained earnings	Work to create a virtuous cycle of "utilizing retained earnings" and "realizing sustainable growth" through efficient and effective allocation of capital resources across four areas—pursuing growth investment opportunities, investing in business infrastructure, investing in human capital, and balance sheet management—taking into account management priorities aligned with current conditions
Non-financial measures	・Promote sustainability management ・Enhance stakeholder engagement ・Strengthen corporate governance

Source: Shared Research based on company data

Other

Symbol

Corporate logo

Communication logo

Source: Company's website

Origin of company name

The Company was founded in 1844 by the first-generation founder, Kakujiro Horikoshi, as a wholesale kimono store (under the name "Marubun"). In 1947, 103 years later, Marubun Corporation was established through the merger of Nakazen Trading Company, which was engaged in the sales of machinery, tools, and daily goods, and Horikoshi Company, which was involved in asset management and real estate business. With the hope of eventually expanding into the trading business, the Company adopted the trade name Marubun, using the original store name to carry on the spirit of its ancestors, who established their business amid the turbulent era of the end of the Edo period and the Meiji Restoration.

The first-generation founder of Marubun, Kakujiro Horikoshi, had a close relationship with Yukichi Fukuzawa and supported the establishment of Keio University. When Mr. Horikoshi passed, Mr. Fukuzawa wrote his epitaph. Kakujiro also participated as an initiator and investor in the Yokohama Specie Bank, established in 1880, which is the predecessor of the Bank of Tokyo (now MUFG Bank), at the request of Yukichi Fukuzawa. Kakujiro was one of the most prominent merchants of the late Edo period, who was not afraid to take risks by investing in stocks and land and built a great fortune.

About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at https://sharedresearch.jp.

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