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7609

Daitron

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Daitron Co., Ltd.

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Executive summary

Business overview

Daitron Co., Ltd. (TSE Prime: 7609) is an electronics trading company and manufacturer that is unaffiliated with any corporate group. Equipped with both the marketing capabilities of a trading company and the development and production capabilities of a manufacturer, the company serves about 5,000 customers across a broad range of industries, including the electronics, automotive, and vessel sectors. In FY12/25, consolidated revenue stood at JPY103.1bn (+10.3% YoY) and operating profit was JPY7.0bn (+13.1% YoY). By product domain, Daitron divides its operations into the Electronic Equipment and Components business and the Manufacturing Equipment business. In the Electronic Equipment and Components business, it handles electronic components such as connectors and imaging equipment centered on cameras. In FY12/25, revenue from this business reached JPY75.5bn (+9.7% YoY), accounting for 73.2% of the total. In the Manufacturing Equipment business, the company mainly handles equipment used in the fabrication processes of semiconductors and electronic components. Daitron manufactures own-brand products (Daitron products; see below) in both businesses; revenue from Daitron products in FY12/25 amounted to JPY17.4bn (+10.4% YoY).

In this report, **Daitron products** refers to items the company develops and manufactures in-house under the Daitron brand. As a trading company, Daitron leverages its marketing capabilities to identify the issues customers face; Daitron products represent the solutions to such issues, which the company delivers as a manufacturer.

Daitron describes itself as a technology-driven company. Founded in Osaka in 1952 as Daito Shoji Co., Ltd., the company initially sold tape recorders as an authorized distributor of Tokyo Telecommunications Engineering Corporation (currently Sony Group Corporation; TSE Prime: 6758). Soon thereafter, it expanded its product lineup into electronic components, and in the process, it foresaw the difficulty of sustaining its operations through the trading business alone. As it already had experience designing inspection equipment for aircraft factories, the company decided to expand its capabilities in engineering, development, and manufacturing and established a technical department in-house in 1969. In the same year, it registered the Daitron brand name as a trademark. Daitron is a portmanteau of Daito and electron, with Daito representing Osaka (written with a kanji character also pronounced "dai") as well as the founder's hometown, Kyoto ("to").

As a core strategy, Daitron aims to build a unique corporate group by integrating its trading and manufacturing functions. Daitron products are those the company develops and manufactures in-house to solve customers' issues identified through its marketing capabilities as a trading company, being mindful of the market themes it views as important. These also include Daitron-brand products that the company develops and manufactures jointly with partner companies. Daitron provides own-brand products to markets where demand exists but suitable products are yet to be supplied. Short summaries of the Electronic Equipment and Components business and the Manufacturing Equipment business are provided below. Lists of product categories and products (own-brand and purchased) for each business appear in the "Product category" section under "Business description."

Electronic Equipment and Components business: The company primarily functions as a trading company in this business, but it also develops and manufactures some own-brand products. The Electronic Equipment and Components business covers seven product categories. Of these, the largest by revenue is imaging equipment and parts (23.5% of FY12/25 revenue), where the company procures and sells CMOS cameras and imaging equipment. The second-largest is electronic components and assembly products (22.9%). Here, the company procures and sells electronic components such as connectors and wires/harnesses; it also develops and manufactures underwater connectors as well as automatic photographing equipment that captures images of vessel engine interiors. From FY12/15 to FY12/25, revenue grew at a CAGR of 11.9% in imaging equipment and parts and 5.8% in electronic components and assembly products.

Manufacturing Equipment business: Daitron's role as a manufacturer is central to this business; here, the company mainly develops and manufactures equipment used in the fabrication processes of semiconductors, flat panel displays (FPDs), and electronic components. In the semiconductor/FPD manufacturing equipment category (13.2% of FY12/25 revenue), the company develops and manufactures wafer-edge grinding machines for silicon wafer application, as well as chip-sorting machines that separate good chips from defective ones after dicing. In the electronic component manufacturing equipment category (8.8%), the company develops and manufactures silicon wafer processing equipment and automatic visual inspection systems for chips. It also develops and manufactures aging equipment used to evaluate

the reliability of power devices and light-emitting diodes (LEDs) by placing them under high-temperature, high-load stress conditions. From FY12/15 to FY12/25, revenue grew at a CAGR of 9.0% in semiconductor/FPD manufacturing equipment and 7.4% in electronic component manufacturing equipment.

By reportable segment, Daitron's operations break down into the Domestic Sales segment, the Domestic Manufacturing segment, and the Global segment. The business unit under Domestic Sales is the Marketing and Sales (M&S) Company, and the Domestic Manufacturing segment comprises the Development and Production (D&P) Company. The Global segment consists of the Global Business Division and the company's overseas subsidiaries. In each reportable segment, the company pursues both the Electronic Equipment and Components business and the Manufacturing Equipment business, and Daitron products are handled in all reportable segments. In FY12/25, the Domestic Sales segment generated revenue of JPY71.8bn (+10.2% YoY; 69.6% of total revenue) and operating profit of JPY4.1bn (+8.0% YoY; 56.7% of operating profit before adjustments). The Domestic Manufacturing segment generated revenue of JPY4.4bn (+14.3% YoY; 4.3%) and operating profit of JPY1.2bn (+59.3% YoY; 16.8%). The Global segment generated revenue of JPY26.9bn (+9.8% YoY; 26.0%) and operating profit of JPY1.9bn (+3.3% YoY; 26.5%).

From FY12/15 to FY12/25, revenue grew at a CAGR of 6.9% in the Domestic Sales segment and 7.7% in the Domestic Manufacturing segment. The Global segment recorded the highest revenue growth over the past 10 years, at a CAGR of 20.0%. Daitron opened representative offices in Manila, the Philippines, in 2016 and Hanoi, Vietnam, in 2019. In 2022, it established a local subsidiary in Singapore, and in 2024, it converted the Hanoi Representative Office into a local subsidiary. Additionally, the company stepped up efforts to cultivate business in the Chinese and South Korean markets. Shared Research infers that the Asia business was the main driver of accelerated revenue growth in the Global segment, as the company actively founded bases in the Asian markets over the past 10 years. In the US, the company established Daitron Inc. in Oregon in 1986 and set up a manufacturing plant in Nebraska. This plant manufactures harnesses for the North American market and serves as a base for integrating trading and manufacturing functions in the US.

While some customers annually contribute over JPY1.0bn to Daitron's revenue, no single customer has accounted for more than 10% of the company's overall revenue in FY12/25. Customers in the Electronic Equipment and Components business span a wide range of industries, including automobiles, vessels, and industrial equipment (e.g., semiconductor manufacturing equipment and machine tools). In the automotive industry, the company procures in-vehicle cameras and connectors and sells them to automakers and Tier 1 auto parts manufacturers. In the vessel field, it develops and manufactures automatic photographing equipment for vessel engine cylinder interiors. For the industrial equipment sector, it sells monitoring cameras for semiconductor manufacturing lines and industrial custom PCs used in control systems. As a new business, Daitron designs uninterruptible power supply (UPS) systems and peripheral equipment for data center applications, also handling installation work at the centers. In the Manufacturing Equipment business, customers are concentrated in the electronics field; for instance, Daitron delivers wafer-edge grinding machines and aging equipment to chipmakers and electronic component manufacturers.

Much like its customer base, Daitron also has a broad supplier base and procures products from about 2,000 companies. According to company disclosure, Hirose Electric Co., Ltd. (TSE Prime: 6806) and Sony are major suppliers. In its early years, the company grew as Sony's authorized distributor. As of FY12/24, it still maintains basic transaction agreements with Sony group companies from whom it purchases products such as CMOS cameras and contactless IC card systems. Starting off with Sony tape recorders at its inception, in 1954, the company began handling connectors made by Hirose Manufacturing Co., Ltd. (currently Hirose Electric); from then on, it continued to expand its offerings. On the development and manufacturing front, the company sources electronic components and precision-machined parts (the raw materials for the manufacturing equipment it makes) from suppliers in Japan and overseas.

Daitron has six main manufacturing sites in Japan and overseas, the key facilities being the Ichinomiya Equipment Factory (under the Parts Production Division) and the Chubu Factory (Equipment Production Division), both based in Ichinomiya, Aichi Prefecture. Additionally, the company's subsidiaries also have factories. At the Ichinomiya Equipment Factory, the company manufactures low-noise switching power supplies and equipment for the automotive industry. At the Components Business Division in Ritto, Shiga Prefecture, the company applies its proprietary expertise in sealing glass and metal together to manufacture glass hermetic connectors that demonstrate superior airtightness, pressure resistance, and insulation properties. In FY12/25, the company's fixed assets totaled JPY8.4bn, and the ratio of total fixed assets to total net assets was 23.7%. In FY12/24, the asset with the largest book value was the head office (Yodogawa-ku, Osaka), at JPY1.1bn; the combined value of all factories, including those of subsidiaries, totaled JPY2.6bn.

The company's GPM has generally remained at around 20%. Over the past 10 fiscal years (FY12/16 to FY12/25), GPM was the highest in FY12/16 at 22.4%. That year, capital investments recovered in the electronics industry, and Daitron products in the manufacturing equipment domain performed well. The lowest GPMs were in FY12/21 and FY12/23, when raw material prices rose and remained high after the COVID-19 pandemic. The SG&A ratio has stayed in the 13–18% range.

Over the past 10 fiscal years, the SG&A ratio was the highest in FY12/16 (18.1%) and the lowest in FY12/22 (13.2%). Revenue rose more than 20% YoY for two consecutive years from FY12/21, absorbing higher fixed costs and lowering the SG&A ratio.

Looking at peers, among the independent electronics trading companies with manufacturing arms are Kaga Electronics Co., Ltd. (TSE Prime: 8154) and Hakuto Co., Ltd. (TSE Prime: 7433). The company's revenue is about 20% of Kaga Electronics's and about 55% of Hakuto's. On the other hand, the company's GPM (20.3% in FY12/25) exceeds those of Kaga Electronics (13.1% in FY03/25) and Hakuto (15.2% in FY03/25). In addition to capturing customer demand as a trading company, Daitron develops and manufactures products for markets where demand exists but suitable products are unavailable. Shared Research understands that the company maintains a policy of prioritizing profitability over expansion in scale. Daitron's financial leverage was 2.23x, above Kaga Electronics's 1.84x and Hakuto's 1.99x. Its ROE was 14.4% in FY12/25, above Kaga Electronics's 10.8% and Hakuto's 7.8%.

Business performance

In FY12/25, the company reported revenue of JPY103.1bn (+10.3% YoY), operating profit of JPY7.0bn (+13.1% YoY), recurring profit of JPY7.2bn (+13.0% YoY), and net income attributable to owners of the parent of JPY4.9bn (+12.4% YoY). In FY12/25, GPM was 20.3%, the equity ratio was 44.8%, ROE was 14.4%, and ROA was 9.4%. Inventory adjustments progressed in the electronics industry, demand for AI and IoT applications remained firm, and production activities for electronic components and manufacturing equipment stayed solid. In line with the basic policy of its 11th medium-term management plan (FY12/24–FY12/26), Daitron worked to expand sales of own-brand products, grow overseas operations, and create new businesses. Orders in FY12/25 amounted to JPY108.5bn (+23.7% YoY), and order backlog at end-FY12/25 was JPY69.9bn, up JPY5.8bn from end-FY12/24.

For FY12/26, the company forecasts revenue of JPY103.4bn (+0.2% YoY), operating profit of JPY7.2bn (+2.7% YoY), recurring profit of JPY7.2bn (+0.6% YoY), and net income attributable to owners of the parent of JPY5.0bn (+0.5% YoY). Although delays in inventory adjustment persist in some parts of the electronics industry, the company expects AI- and IoT-driven capital investments, along with the production activities for related electronic components and manufacturing equipment, to remain solid.

Daitron aims to realize its long-term vision, 2030 VISION, by implementing a three-phased series of medium-term management plans. The quantitative target under 2030 VISION is consolidated revenue of over JPY100.0bn. 2030 VISION consists of the 10th medium-term management plan (FY12/21–FY12/23; 10M), the 11th medium-term management plan (FY12/24–FY12/26; 11M), and the 12th medium-term management plan (FY12/27–FY12/30; 12M). The quantitative targets for the final year of 11M (FY12/26) are a GPM of 20% or higher, an equity ratio of 50%, an ROE of 12% or higher, and an ROA of 6% or higher. The company states that its progress under 11M is solid.

Strengths and weaknesses

Shared Research believes the company's main strengths are as follows.

- ▶ The company has the ability to accurately identify customer demand as a trading firm and applies this strength to bolster its manufacturing capability and develop own-brand products.
- ▶ It serves a wide range of industries and maintains a stable GPM.
- ▶ It prioritizes securing profit over expanding business scale; as such, its margins exceed those of peers.

Shared Research believes the company's main weaknesses are as follows.

- ▶ Daitron products in the Electronic Equipment and Components business appear to be facing sluggish production volume growth.
- ▶ Performance in the Manufacturing Equipment business is affected by capital investment cycles in the electronics industry.
- ▶ The company has limited experience in inorganic growth through M&A.

For further details, see the "Strengths and weaknesses" section of this report.

Key financial data

Income statement	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25	FY12/26
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Company forecast
Revenue	44,932	51,684	59,663	61,621	57,418	72,342	87,640	92,156	93,543	103,142	103,400
YoY	4.0%	15.0%	15.4%	3.3%	-6.8%	26.0%	21.1%	5.2%	1.5%	10.3%	0.2%
Cost of revenue	34,880	40,194	46,844	49,139	45,942	58,060	70,052	74,005	74,674	82,164	-
YoY	3.4%	15.2%	16.5%	4.9%	-6.5%	26.4%	20.7%	5.6%	0.9%	10.0%	-
Cost ratio	77.6%	77.8%	78.5%	79.7%	80.0%	80.3%	79.9%	80.3%	79.8%	79.7%	-
Gross profit	10,053	11,491	12,819	12,483	11,476	14,281	17,588	18,152	18,868	20,979	-
YoY	6.2%	14.3%	11.6%	-2.6%	-8.1%	24.4%	23.2%	3.2%	3.9%	11.2%	-
Gross profit margin	22.4%	22.2%	21.5%	20.3%	20.0%	19.7%	20.1%	19.7%	20.2%	20.3%	-
SG&A expenses	8,142	8,968	9,273	9,277	9,072	10,085	11,536	12,208	12,668	13,968	-
YoY	2.7%	10.1%	3.4%	0.0%	-2.2%	11.2%	14.4%	5.8%	3.8%	10.3%	-
SG&A ratio	18.1%	17.4%	15.5%	15.1%	15.8%	13.9%	13.2%	13.2%	13.5%	13.5%	-
Operating profit	1,911	2,522	3,546	3,206	2,404	4,197	6,052	5,944	6,200	7,011	7,200
YoY	23.9%	32.0%	40.6%	-9.6%	-25.0%	74.6%	44.2%	-1.8%	4.3%	13.1%	2.7%
Operating profit margin	4.3%	4.9%	5.9%	5.2%	4.2%	5.8%	6.9%	6.4%	6.6%	6.8%	7.0%
Recurring profit	1,864	2,583	3,593	3,220	2,437	4,326	6,210	6,015	6,336	7,157	7,200
YoY	21.2%	38.6%	39.1%	-10.4%	-24.3%	77.5%	43.6%	-3.1%	5.3%	13.0%	0.6%
Recurring profit margin	4.1%	5.0%	6.0%	5.2%	4.2%	6.0%	7.1%	6.5%	6.8%	6.9%	7.0%
Net income attributable to owners of the parent	1,217	1,868	2,275	2,172	1,611	2,953	4,237	4,015	4,382	4,923	4,950
YoY	7.5%	53.5%	21.8%	-4.5%	-25.8%	83.3%	43.5%	-5.3%	9.1%	12.4%	0.5%
Net margin	2.7%	3.6%	3.8%	3.5%	2.8%	4.1%	4.8%	4.4%	4.7%	4.8%	4.8%
Per-share data (JPY)											
Shares issued at year-end (000 shares)	11,156	11,156	11,156	11,156	11,156	11,156	11,156	11,156	11,156	21,267	-
EPS	109.6	169.2	205.3	195.9	145.2	266.2	381.8	361.7	394.6	424.7	235.0
EPS (fully diluted)	-	-	-	-	-	-	-	-	-	-	-
Dividend per share	15.0	22.5	27.5	30.0	25.0	40.0	57.5	60.0	77.5	95.0	95.0
Book value per share	626.5	699.0	765.5	845.9	892.3	1,011.6	1,171.4	1,325.3	1,484.8	1,687.2	-
Balance sheet (JPYmn)											
Cash and cash equivalents	6,758	5,125	8,953	10,171	12,281	14,203	12,903	11,245	19,561	21,804	-
Total current assets	25,990	29,026	36,583	38,890	39,570	51,409	56,163	60,104	65,205	70,877	-
Total tangible fixed assets	4,096	4,150	4,626	4,488	4,274	4,318	4,400	4,529	4,410	4,356	-
Investments and other assets	1,902	2,128	1,790	2,254	2,264	2,523	2,439	2,728	3,126	3,653	-
Total intangible assets	81	79	115	126	140	204	200	427	413	410	-
Total assets	32,069	35,383	43,115	45,758	46,247	58,454	63,202	67,789	73,153	79,295	-
Accounts payable	10,698	13,058	17,033	16,068	14,753	21,208	23,134	21,227	19,171	23,006	-
Short-term debt	1,123	569	511	506	372	464	552	512	429	344	-
Total current liabilities	14,945	16,696	23,133	23,948	23,221	32,592	33,538	34,650	36,353	40,312	-
Long-term debt	487	334	186	38	2	3	31	249	190	134	-
Total fixed liabilities	3,209	3,194	3,005	3,044	3,227	3,406	3,652	3,687	3,796	3,397	-
Total liabilities	18,154	19,890	26,137	26,992	26,448	35,999	37,190	38,338	40,150	43,709	-
Total net assets	13,915	15,493	16,977	18,766	19,799	22,456	26,013	29,451	33,004	35,586	-
Total interest-bearing debt	1,609	903	697	544	374	467	583	761	619	478	-
Cash flow statement (JPYmn)											
Cash flows from operating activities	1,472	-54	5,503	2,378	3,066	2,797	-275	316	10,013	6,048	-
Cash flows from investing activities	-1,171	-293	-876	-313	-157	-372	-237	-627	-353	-1,465	-
Cash flows from financing activities	202	-1,286	-759	-817	-762	-672	-1,004	-1,502	-1,603	-3,594	-
Financial ratios											
ROA (RP-based)	6.1%	7.7%	9.2%	7.2%	5.3%	8.3%	10.2%	9.2%	9.0%	9.4%	-
ROE	9.0%	12.7%	14.0%	12.2%	8.4%	14.0%	17.5%	14.5%	14.0%	14.4%	-
Total asset turnover	1.48	1.53	1.52	1.39	1.25	1.38	1.44	1.41	1.33	1.35	-
Financial leverage (equity multiplier)	2.31	2.28	2.54	2.44	2.34	2.60	2.43	2.30	2.22	2.23	-
Net margin	2.7%	3.6%	3.8%	3.5%	2.8%	4.1%	4.8%	4.4%	4.7%	4.8%	-

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

Quarterly earnings

Earnings (quarterly)	FY12/24				FY12/25				FY12/25	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	(% of forecast)	FY forecast
(JPYmn)										
Revenue	21,096	44,775	66,589	93,543	23,353	48,853	72,802	103,142	105.8%	97,500
YoY	-13.7%	-2.4%	-2.4%	1.5%	10.7%	9.1%	9.3%	10.3%		4.2%
Cost of revenue	17,097	36,074	53,474	74,674	18,695	38,730	57,904	82,164		
YoY	-12.2%	-1.3%	-2.2%	0.9%	9.3%	7.4%	8.3%	10.0%		-
Cost ratio	81.0%	80.6%	80.3%	79.8%	80.1%	79.3%	79.5%	79.7%		
Gross profit	3,999	8,701	13,115	18,868	4,658	10,123	14,898	20,979		
YoY	-19.5%	-6.6%	-3.5%	3.9%	16.5%	16.3%	13.6%	11.2%		-
Gross profit margin	19.0%	19.4%	19.7%	20.2%	19.9%	20.7%	20.5%	20.3%		
SG&A expenses	2,890	6,040	9,267	12,668	3,087	6,399	9,847	13,968		
YoY	2.2%	3.4%	4.6%	3.8%	6.8%	5.9%	6.3%	10.3%		-
SG&A ratio	13.7%	13.5%	13.9%	13.5%	13.2%	13.1%	13.5%	13.5%		
Operating profit	1,109	2,661	3,848	6,200	1,570	3,724	5,051	7,011	108.7%	6,450
YoY	-48.3%	-23.5%	-18.7%	4.3%	41.6%	40.0%	31.2%	13.1%		4.0%
Operating profit margin	5.3%	5.9%	5.8%	6.6%	6.7%	7.6%	6.9%	6.8%		6.6%
Recurring profit	1,183	2,826	3,827	6,336	1,505	3,652	5,065	7,157	111.0%	6,450
YoY	-44.8%	-20.1%	-20.7%	5.3%	27.2%	29.2%	32.3%	13.0%		1.8%
Recurring profit margin	5.6%	6.3%	5.7%	6.8%	6.4%	7.5%	7.0%	6.9%		6.6%
Net income attributable to owners of the parent	770	1,884	2,575	4,382	1,041	2,555	3,484	4,923	109.4%	4,500
YoY	-46.3%	-20.0%	-19.9%	9.1%	35.3%	35.6%	35.3%	12.4%		2.7%
Net margin	3.6%	4.2%	3.9%	4.7%	4.5%	5.2%	4.8%	4.8%		4.6%
Quarterly (three-month)										
(JPYmn)										
Revenue	21,096	23,679	21,814	26,954	23,353	25,500	23,949	30,340		
YoY	-13.7%	10.6%	-2.6%	12.8%	10.7%	7.7%	9.8%	12.6%		
Gross profit	3,999	4,702	4,414	5,753	4,658	5,466	4,775	6,080		
YoY	-19.5%	8.2%	3.3%	26.1%	16.5%	16.2%	8.2%	5.7%		
Gross profit margin	19.0%	19.9%	20.2%	21.3%	19.9%	21.4%	19.9%	20.0%		
SG&A expenses	2,890	3,150	3,226	3,402	3,087	3,312	3,448	4,120		
YoY	2.2%	4.5%	6.9%	1.5%	6.8%	5.2%	6.9%	21.1%		
SG&A ratio	13.7%	13.3%	14.8%	12.6%	13.2%	13.0%	14.4%	13.6%		
Operating profit	1,109	1,552	1,188	2,352	1,570	2,153	1,327	1,960		
YoY	-48.3%	16.4%	-5.4%	94.0%	41.6%	38.8%	11.7%	-16.6%		
Operating profit margin	5.3%	6.6%	5.4%	8.7%	6.7%	8.4%	5.5%	6.5%		
Recurring profit	1,183	1,643	1,001	2,509	1,505	2,147	1,413	2,092		
YoY	-44.8%	17.9%	-22.3%	110.5%	27.2%	30.7%	41.2%	-16.6%		
Recurring profit margin	5.6%	6.9%	4.6%	9.3%	6.4%	8.4%	5.9%	6.9%		
Net income attributable to owners of the parent	770	1,115	691	1,807	1,041	1,514	929	1,439		
YoY	-46.3%	20.9%	-19.7%	126.2%	35.3%	35.8%	34.5%	-20.3%		
Net margin	3.6%	4.7%	3.2%	6.7%	4.5%	5.9%	3.9%	4.7%		

Source: Shared Research based on company data

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

Quarterly earnings by reportable segment (cumulative)

Quarterly earnings by reportable segment (cumulative) (JPYmn)	FY12/24				FY12/25				FY12/25	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	(% of forecast)	FY forecast
Revenue	21,096	44,775	66,589	93,543	23,353	48,853	72,802	103,142	105.8%	97,500
YoY	-13.7%	-2.4%	-2.4%	1.5%	10.7%	9.1%	9.3%	10.3%		4.2%
Domestic Sales	16,129	33,322	48,585	65,184	17,433	33,398	50,478	71,834		
YoY	-12.3%	-5.7%	-7.1%	-5.9%	8.1%	0.2%	3.9%	10.2%		-
YoY change	-2,259	-2,024	-3,733	-4,080	1,304	76	1,893	6,650		
% of total	76.5%	74.4%	73.0%	69.7%	74.7%	68.4%	69.3%	69.6%		
Domestic Manufacturing	772	1,736	2,799	3,888	982	2,100	3,187	4,444		
YoY	-12.1%	-6.6%	1.1%	-1.7%	27.2%	21.0%	13.9%	14.3%		-
YoY change	-106	-123	31	-69	210	364	388	555		
% of total	3.7%	3.9%	4.2%	4.2%	4.2%	4.3%	4.4%	4.3%		
Global	4,198	9,717	15,205	24,470	4,937	13,355	19,137	26,865		
YoY	-19.0%	12.3%	15.4%	29.2%	17.6%	37.4%	25.9%	9.8%		-
YoY change	-983	1,064	2,032	5,535	740	3,638	3,932	2,394		
% of total	19.9%	21.7%	22.8%	26.2%	21.1%	27.3%	26.3%	26.0%		
Operating profit	1,109	2,661	3,848	6,200	1,570	3,724	5,051	7,011	108.7%	6,450
YoY	-48.3%	-23.5%	-18.7%	4.3%	41.6%	40.0%	31.2%	13.1%		4.0%
Operating profit margin	5.3%	5.9%	5.8%	6.6%	6.7%	7.6%	6.9%	6.8%		6.6%
Domestic Sales	909	2,021	2,700	3,761	1,173	2,032	2,866	4,061		
YoY	-41.8%	-23.9%	-27.2%	-14.9%	29.0%	0.5%	6.2%	8.0%		
YoY change	-652	-636	-1,008	-656	264	10	166	300		
Operating profit margin	5.6%	6.1%	5.6%	5.8%	6.7%	6.1%	5.7%	5.7%		
% of total	78.9%	73.8%	67.9%	59.2%	74.1%	53.8%	55.7%	56.7%		
Domestic Manufacturing	130	219	387	755	141	479	747	1,203		
YoY	-41.6%	-58.9%	-30.2%	-4.0%	8.5%	118.7%	93.1%	59.3%		
YoY change	-93	-314	-167	-32	11	260	360	448		
Operating profit margin	16.8%	12.6%	13.8%	19.4%	14.4%	22.8%	23.5%	27.1%		
% of total	11.3%	8.0%	9.7%	11.9%	8.9%	12.7%	14.5%	16.8%		
Global	113	497	890	1,838	269	1,267	1,534	1,899		
YoY	-69.2%	50.1%	65.0%	113.2%	137.6%	154.8%	72.3%	3.3%		
YoY change	-254	166	351	976	156	770	644	61		
Operating profit margin	2.7%	5.1%	5.9%	7.5%	5.4%	9.5%	8.0%	7.1%		
% of total	9.8%	18.2%	22.4%	28.9%	17.0%	33.5%	29.8%	26.5%		
Adjustments	-44	-77	-129	-154	-13	-54	-97	-152		

Source: Shared Research based on company data

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

Quarterly earnings by reportable segment (three-month)

Quarterly (three-month) (JPYmn)	FY12/24				FY12/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	21,096	23,679	21,814	26,954	23,353	25,500	23,949	30,340
YoY	-13.7%	10.6%	-2.6%	12.8%	10.7%	7.7%	9.8%	12.6%
Domestic Sales	16,129	17,193	15,263	16,599	17,433	15,965	17,080	21,356
YoY	-12.3%	1.4%	-10.1%	-2.0%	8.1%	-7.1%	11.9%	28.7%
YoY change	-2,259	235	-1,709	-347	1,304	-1,228	1,817	4,757
% of total	76.5%	72.6%	70.0%	61.6%	74.7%	62.6%	71.3%	70.4%
Domestic Manufacturing	772	964	1,063	1,089	982	1,118	1,087	1,257
YoY	-12.1%	-1.8%	16.9%	-8.4%	27.2%	16.0%	2.2%	15.4%
YoY change	-106	-17	154	-99	210	154	24	167
% of total	3.7%	4.1%	4.9%	4.0%	4.2%	4.4%	4.5%	4.1%
Global	4,198	5,519	5,488	9,265	4,937	8,417	5,782	7,728
YoY	-19.0%	58.9%	21.4%	60.8%	17.6%	52.5%	5.4%	-16.6%
YoY change	-983	2,046	969	3,503	740	2,898	294	-1,538
% of total	19.9%	23.3%	25.2%	34.4%	21.1%	33.0%	24.1%	25.5%
Operating profit	1,109	1,552	1,188	2,352	1,570	2,153	1,327	1,960
YoY	-48.3%	16.4%	-5.4%	94.0%	41.6%	38.8%	11.7%	-16.6%
Operating profit margin	5.3%	6.6%	5.4%	8.7%	6.7%	8.4%	5.5%	6.5%
Domestic Sales	909	1,112	679	1,061	1,173	858	835	1,194
YoY	-41.8%	1.5%	-35.4%	49.6%	29.0%	-22.8%	22.9%	12.6%
YoY change	-652	16	-372	352	264	-253	156	134
Operating profit margin	5.6%	6.5%	4.4%	6.4%	6.7%	5.4%	4.9%	5.6%
% of total	78.9%	70.2%	54.8%	44.6%	74.1%	39.1%	60.9%	59.3%
Domestic Manufacturing	130	89	168	368	141	338	269	455
YoY	-41.6%	-71.4%	688.6%	58.4%	8.5%	280.2%	59.7%	23.7%
YoY change	-93	-222	147	136	11	249	100	87
Operating profit margin	16.8%	9.2%	15.8%	33.8%	14.4%	30.2%	24.7%	36.2%
% of total	11.3%	5.6%	13.6%	15.5%	8.9%	15.4%	19.6%	22.6%
Global	113	384	393	948	269	998	267	366
YoY	-69.2%	-	88.8%	193.7%	137.6%	159.8%	-32.1%	-61.4%
YoY change	-254	420	185	625	156	614	-126	-583
Operating profit margin	2.7%	7.0%	7.2%	10.2%	5.4%	11.9%	4.6%	4.7%
% of total	9.8%	24.2%	31.7%	39.9%	17.0%	45.5%	19.5%	18.1%
Other	-44	-33	-52	-25	-13	-41	-43	-55

Source: Shared Research based on company data

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

Quarterly revenue by region (cumulative)

Quarterly revenue by region (cumulative) (JPYmn)	FY12/24				FY12/25			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue	21,096	44,775	66,589	93,543	23,353	48,853	72,802	103,142
YoY	-13.7%	-2.4%	-2.4%	1.5%	10.7%	9.1%	9.3%	10.3%
YoY change	-3,350	-1,083	-1,670	1,387	2,257	4,078	6,213	9,600
Japan	16,916	34,995	51,242	68,932	18,411	35,466	53,570	76,111
YoY	-12.0%	-5.1%	-6.5%	-5.3%	8.8%	1.3%	4.5%	10.4%
YoY change	-2,309	-1,893	-3,546	-3,847	1,495	471	2,328	7,179
% of total	80.2%	78.2%	77.0%	73.7%	78.8%	72.6%	73.6%	73.8%
Overseas	4,179	9,779	15,346	24,610	4,940	13,386	19,231	27,031
YoY	-19.9%	9.0%	13.9%	27.0%	18.2%	36.9%	25.3%	9.8%
YoY change	-1,041	810	1,875	5,234	761	3,607	3,885	2,421
% of total	19.8%	21.8%	23.0%	26.3%	21.2%	27.4%	26.4%	26.2%
North America	1,356	2,766	4,007	5,566	1,387	3,628	5,089	7,055
YoY	127.1%	156.8%	108.8%	80.2%	2.3%	31.2%	27.0%	26.8%
YoY change	759	1,689	2,088	2,477	31	862	1,082	1,489
% of total	6.4%	6.2%	6.0%	6.0%	5.9%	7.4%	7.0%	6.8%
Europe	68	293	419	750	52	1,310	1,383	2,045
YoY	-33.3%	11.0%	24.0%	39.9%	-23.5%	347.1%	230.1%	172.7%
YoY change	-34	29	81	214	-16	1,017	964	1,295
% of total	0.3%	0.7%	0.6%	0.8%	0.2%	2.7%	1.9%	2.0%
Asia	2,755	6,719	10,919	18,293	3,501	8,447	12,758	17,931
YoY	-39.1%	-11.9%	-2.6%	16.1%	27.1%	25.7%	16.8%	-2.0%
YoY change	-1,766	-908	-294	2,543	746	1,728	1,839	-362
% of total	13.1%	15.0%	16.4%	19.6%	15.0%	17.3%	17.5%	17.4%
(China)	2,067	4,788	7,668	10,459	1,948	4,214	7,826	10,048
YoY	-	-	-	15.4%	-5.8%	-12.0%	2.1%	-3.9%
YoY change	2,067	4,788	7,668	1,397	-119	-574	158	-411
% of total	9.8%	10.7%	11.5%	11.2%	8.3%	8.6%	10.7%	9.7%

Source: Shared Research based on company data

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

Quarterly revenue by region (three-month)

Quarterly revenue by region (three-month) (JPYmn)	FY12/24				FY12/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	21,096	23,679	21,814	26,954	23,353	25,500	23,949	30,340
YoY	-13.7%	10.6%	-2.6%	12.8%	10.7%	7.7%	9.8%	12.6%
YoY change	-3,350	2,267	-587	3,057	2,257	1,821	2,135	3,387
Japan	16,916	18,079	16,247	17,690	18,411	17,055	18,104	22,541
YoY	-12.0%	2.4%	-9.2%	-1.7%	8.8%	-5.7%	11.4%	27.4%
YoY change	-2,309	416	-1,653	-301	1,495	-1,024	1,857	4,851
% of total	80.2%	76.3%	74.5%	65.6%	78.8%	66.9%	75.6%	74.3%
Overseas	4,179	5,600	5,567	9,264	4,940	8,446	5,845	7,800
YoY	-19.9%	49.4%	23.7%	56.9%	18.2%	50.8%	5.0%	-15.8%
YoY change	-1,041	1,851	1,065	3,359	761	2,846	278	-1,464
% of total	19.8%	12.5%	8.4%	9.9%	21.2%	17.3%	8.0%	7.6%
North America	1,356	1,410	1,241	1,559	1,387	2,241	1,461	1,966
YoY	127.1%	193.8%	47.4%	33.2%	2.3%	58.9%	17.7%	26.1%
YoY change	759	930	399	389	31	831	220	407
% of total	6.4%	3.1%	1.9%	1.7%	5.9%	4.6%	2.0%	1.9%
Europe	68	225	126	331	52	1,258	73	662
YoY	-33.3%	38.9%	70.3%	67.2%	-23.5%	459.1%	-42.1%	100.0%
YoY change	-34	63	52	133	-16	1,033	-53	331
% of total	0.3%	0.5%	0.2%	0.4%	0.2%	2.6%	0.1%	0.6%
Asia	2,755	3,964	4,200	7,374	3,501	4,946	4,311	5,173
YoY	-39.1%	27.6%	17.1%	62.5%	27.1%	24.8%	2.6%	-29.8%
YoY change	-1,766	858	614	2,837	746	982	111	-2,201
% of total	13.1%	8.9%	6.3%	7.9%	15.0%	10.1%	5.9%	5.0%
(China)	2,067	2,721	2,880	2,791	1,948	2,266	3,612	2,222
YoY	-	-	-	-	-5.8%	-16.7%	25.4%	-20.4%
YoY change	2,067	2,721	2,880	2,791	-119	-455	732	-569
% of total	9.8%	6.1%	4.3%	3.0%	8.3%	4.6%	5.0%	2.2%

Source: Shared Research based on company data

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

Full-year FY12/25 results

- Revenue: JPY103.1bn (+10.3% YoY)
- Gross profit: JPY21.0bn (+11.2% YoY)
- Operating profit: JPY7.0bn (+13.1% YoY)
- Recurring profit: JPY7.2bn (+13.0% YoY)
- Net income attributable to owners of the parent: JPY4.9bn (+12.4% YoY)

Summary

In FY12/25, inventory adjustments in the electronics industry progressed. Demand for AI and IoT applications remained strong, and production activities for electronic components and manufacturing equipment held steady. Based on the basic policy of its 11th medium-term management plan spanning FY12/24 to FY12/26 (11M), Daitron worked to expand sales of own-brand products, enlarge overseas operations, and create new businesses. As a result, it reported revenue of JPY103.1bn (+10.3% YoY), operating profit of JPY7.0bn (+13.1% YoY), recurring profit of JPY7.2bn (+13.0% YoY), and net income attributable to owners of the parent of JPY4.9bn (+12.4% YoY) in FY12/25. Achievement rates against the full-year company forecast announced in November 2025 were 105.8% for revenue, 108.7% for operating profit, 111.0% for recurring profit, and 109.4% for net income.

Orders in FY12/25 totaled JPY108.5bn (+23.7% YoY). Order backlog at end-FY12/25 stood at JPY69.9bn, up JPY5.8bn from end-FY12/24. Orders in the green facility business reached JPY13.1bn (+107.4% YoY), leading overall growth. Since data center construction spans several years, the green facility business uses the percentage-of-completion method. As a result, order backlog increased along with growth in orders for this business. Order backlog in the green facility business at end-FY12/25 stood at JPY15.1bn, up JPY5.8bn from end-FY12/24.

Revenue by product category

Revenue from Daitron products reached JPY17.4bn (+10.4% YoY), accounting for 16.9% (+0.1pp YoY) of the company's total revenue in FY12/25.

Revenue from Daitron products reached JPY17.4bn (+10.4% YoY) in FY12/25, accounting for 16.9% of total revenue. Under 11M, the company aims to raise the share of Daitron products to 25%. Nevertheless, the company explained reaching a

25% share by FY12/27 will be challenging as revenue from purchased products is also growing.

Electronic Equipment and Components: JPY75.5bn (+9.7% YoY)

- Electronic components and assembly products: JPY23.6bn (+9.7% YoY)
- Semiconductors: JPY4.6bn (-15.0% YoY)
- Embedded systems: JPY6.7bn (+4.5% YoY)
- Power supply equipment: JPY3.4bn (+5.6% YoY)
- Imaging equipment and parts: JPY24.2bn (+9.1% YoY)
- Information systems: JPY4.7bn (+29.4% YoY)
- Green facility: JPY7.3bn (+56.1% YoY)
- Other electronic equipment and components: JPY863mn (-47.3% YoY)

Revenue in the Electronic Equipment and Components business rose JPY6.7bn YoY. Of this amount, JPY2.6bn came from a YoY increase in revenue from the green facility business. Revenue from electronic components and assembly products also rose JPY2.1bn YoY, and revenue from imaging equipment and parts rose JPY2.0bn YoY.

In electronic components and assembly products, the company noted inventory adjustments progressed among customers who appeared to have been carrying excess inventory at the start of the fiscal year. By industry, demand recovered in semiconductor manufacturing equipment and robotics. Within this product category, the company reported strong sales of high-performance harnesses used in subway cars for mass-transit applications in New York State. The company additionally indicated this is a large project expected to continue over multiple years.

In imaging equipment, cameras embedded in driver-assistance systems for automotive applications performed well. Demand also remained firm for cameras used on production lines, including those for semiconductor manufacturing equipment.

In the green facility business, Daitron handles UPS systems for data centers, along with procurement of associated switchboards and installation work. The company expects investment in data centers will continue over the long term. GPM in the green facility business was 21.0% (-6.4pp YoY) in FY12/25. GPM fell YoY as sales volumes of UPS systems for data center applications increased and competition intensified.

Manufacturing Equipment: JPY27.7bn (+11.7% YoY)

- Semiconductor/FPD manufacturing equipment: JPY13.6bn (+9.1% YoY)
- Electronic component manufacturing equipment: JPY9.0bn (+9.6% YoY)
- Other manufacturing equipment: JPY5.0bn (+24.5% YoY)

Revenue in the Manufacturing Equipment business rose JPY2.9bn YoY. Of this amount, JPY1.1bn came from a YoY increase in revenue from semiconductor/FPD manufacturing equipment.

Orders for semiconductor/FPD manufacturing equipment recovered after the COVID-19 pandemic, and order backlog at end-FY12/22 reached JPY25.8bn, 2.6× the JPY10.0bn recorded at end-FY12/20. The company described FY12/25 as a year for converting this backlog into revenue. Order backlog for semiconductor/FPD manufacturing equipment at end-FY12/25 stood at JPY18.6bn, down JPY4.8bn YoY.

In electronic component manufacturing equipment, equipment for optical device applications performed well. Daitron expects demand for optical devices and optical device manufacturing equipment will increase over the longer term. The company is therefore accelerating development of own-brand products centered on inspection equipment.

Results by reportable segment

Domestic Sales

- Revenue: JPY71.8bn (+10.2% YoY)
- Operating profit: JPY4.1bn (+8.0% YoY)

In the Electronic Equipment and Components business under the Domestic Sales segment, revenue fell YoY for analog ICs (product category: semiconductors) but rose YoY for connectors and wires/harnesses for semiconductor manufacturing equipment applications (electronic components and assembly products). In the imaging equipment and parts category, revenue from automotive lenses grew YoY; in information systems, sales of communication systems

increased. In the Manufacturing Equipment business under the Domestic Sales segment, revenue declined YoY for semiconductor materials manufacturing equipment (product category: semiconductor/FPD manufacturing equipment). However, revenue from manufacturing equipment for data center communication devices (electronic component manufacturing equipment) was up YoY. As a result, revenue in this segment totaled JPY71.8bn (+10.2% YoY), and operating profit totaled JPY4.1bn (+8.0% YoY).

Domestic Manufacturing

- Revenue: JPY4.4bn (+14.3% YoY)
- Operating profit: JPY1.2bn (+59.3% YoY)

In the Domestic Manufacturing segment, the Components Business Division posted higher sales of special connectors, and the Equipment Business Division posted higher sales of processing equipment and inspection equipment for communication devices. As a result, revenue in this segment totaled JPY4.4bn (+14.3% YoY), and operating profit totaled JPY1.2bn (+59.3% YoY).

In FY12/25, OPM in this segment rose to 27.1% (+7.7pp YoY) due to improved production efficiency. As the company worked mainly to convert its order backlog into revenue in FY12/25, Daitron had by then accumulated a certain level of production expertise, while also benefiting from shipments on a meaningful scale, both of which improved efficiency. Nevertheless, utilization rates at production facilities remained high, and the company is looking into expanding production capacity, including potentially rebuilding factories.

Global

- Revenue: JPY26.9bn (+9.8% YoY)
- Operating profit: JPY1.9bn (+3.3% YoY)

In the Electronic Equipment and Components business under the Global segment, sales of imaging equipment and parts declined YoY in South Korea. However, sales of electronic components and assembly products increased YoY in Southeast Asia, as did the sales of imaging equipment and parts in the US and China. In the Manufacturing Equipment business under the Global segment, sales of semiconductor/FPD manufacturing equipment declined in Southeast Asia and China but increased in the US and Europe. Meanwhile, the sales of electronic component manufacturing equipment declined in China but increased in Southeast Asia. As a result, revenue in this segment totaled JPY26.9bn (+9.8% YoY), and operating profit totaled JPY1.9bn (+3.3% YoY).

The Global segment accounted for 26.0% of total revenue in FY12/25, down 0.2pp YoY. Revenue in the segment increased 9.8% YoY, but this expansion was below the YoY growth of 10.2% in Domestic Sales and 14.3% YoY in Domestic Manufacturing, resulting in a decline in the Global segment's share of total revenue. The company sees long-term growth opportunities overseas and aims to raise the Global segment's share to 30% under 11M. Although this objective appears difficult, the company will continue to expand overseas operations with a long-term target of increasing the share of overseas revenue to 50%.

Income statement

The company has a high degree of accuracy in forecasting revenue. The deviation from its initial revenue forecast for FY12/25 was 8.6%. For manufacturing equipment, the lead time from order receipt to revenue recognition is about one year, allowing the company to forecast annual revenue to some extent based on its order backlog. In contrast, the lead time for electronic equipment and components is only a few months, complicating the projection of annual revenue based on order backlogs. To improve the accuracy of demand forecasts, the company's sales staff collects secondary information and obtains forecasts from customers. As Daitron serves around 5,000 customers across a wide range of industries, developments at any one customer have only a limited impact on annual revenue.

Under 11M, Daitron aimed to achieve revenue of JPY100.0bn in FY12/26, but it reached this target one year ahead of schedule. The company cited two reasons for achieving the target early: strong performance in the Manufacturing Equipment business in the US and China and faster-than-expected progress in the green facility business, where revenue is recognized using the percentage-of-completion method.

GPM in FY12/25 was 20.3% (+0.1pp YoY). The company's GPM has remained stable at around 20%, ranging between 19.7% and 22.4% over the past 10 fiscal years. The company maintains it can pass fluctuations in cost of revenue caused by changes in its business environment on to selling prices. In FY12/25, it cited higher raw material costs and rising

personnel expenses as grounds for price revisions, which customers accepted. Under 11M, Daitron targets a GPM of 20% and achieved this goal in FY12/25.

The company balances purchases and sales in foreign currencies, reducing its susceptibility to exchange rate fluctuations. It recorded foreign exchange losses of JPY2mn under non-operating expenses in FY12/25 and foreign exchange gains of JPY55mn under non-operating income in FY12/24, but the impact was less than 1% of operating profit in both years.

Balance sheet

Total assets at end-FY12/25 stood at JPY79.3bn, up JPY6.1bn YoY. Despite the increase in total assets, revenue in FY12/25 rose to JPY103.1bn (+JPY9.6bn YoY), and total asset turnover improved to 1.35x, up from 1.33x in FY12/24. Recurring profit margin rose to 6.9% (+0.1pp YoY), while ROA increased to 9.4% (+0.4pp YoY).

Total net assets at end-FY12/25 stood at JPY35.6bn, up JPY2.6bn YoY. Dividends paid and treasury stock acquisitions reduced net assets by JPY1.8bn and JPY1.6bn, respectively, while the recognition of net income attributable to owners of the parent increased them by JPY4.9bn. As a result, the equity ratio was 44.8% (-0.3pp YoY). Financial leverage at end-FY12/25 rose to 2.23x from 2.22x at end-FY12/24, and net margin in FY12/25 improved to 4.8%, up from 4.7% in FY12/24. As a result, ROE rose to 14.4% (+0.4pp YoY). Under 11M, the company targets ROE of 12% or higher but implies it aims to raise this ratio even further.

Full-year company forecasts

FY12/26 forecast (out February 5, 2026)

(JPYmn)	FY12/24			FY12/25			FY12/26		
	1H results	2H results	FY results	1H results	2H results	FY results	1H forecast	2H forecast	FY forecast
Revenue	44,775	48,768	93,543	48,853	54,289	103,142	50,300	53,100	103,400
YoY	-2.4%	5.3%	1.5%	9.1%	11.3%	10.3%	3.0%	-2.2%	0.2%
Gross profit	8,701	10,168	18,868	10,123	10,856	20,979	-	-	-
YoY	-6.6%	15.1%	3.9%	16.3%	6.8%	11.2%			
Gross profit margin	19.4%	20.8%	20.2%	20.7%	20.0%	20.3%			
SG&A expenses	6,040	6,628	12,668	6,399	7,568	13,968	-	-	-
YoY	-	-	-	5.9%	14.2%	10.3%			
SG&A ratio	13.5%	13.6%	13.5%	13.1%	13.9%	13.5%			
Operating profit	2,661	3,540	6,200	3,724	3,287	7,011	3,260	3,940	7,200
YoY	-23.5%	43.4%	4.3%	40.0%	-7.1%	13.1%	-12.5%	19.9%	2.7%
Operating profit margin	5.9%	7.3%	6.6%	7.6%	6.1%	6.8%	6.5%	7.4%	7.0%
Recurring profit	2,826	3,509	6,336	3,652	3,505	7,157	3,260	3,940	7,200
YoY	-20.1%	41.5%	5.3%	29.2%	-0.1%	13.0%	-10.7%	12.4%	0.6%
Recurring profit margin	6.3%	7.2%	6.8%	7.5%	6.5%	6.9%	6.5%	7.4%	7.0%
Net income attributable to owners of the parent	1,884	2,498	4,382	2,555	2,368	4,923	2,200	2,750	4,950
YoY	-20.0%	50.6%	9.1%	35.6%	-5.2%	12.4%	-13.9%	16.1%	0.5%
Net margin	4.2%	5.1%	4.7%	5.2%	4.4%	4.8%	4.4%	5.2%	4.8%

Source: Shared Research based on company data

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

Summary

The company's full-year FY12/26 forecast, announced on February 5, 2026, is as follows.

- Revenue: JPY103.4bn (+0.2% YoY)
- Operating profit: JPY7.2bn (+2.7% YoY)
- Recurring profit: JPY7.2bn (+0.6% YoY)
- Net income attributable to owners of the parent: JPY5.0bn (+0.5% YoY)

For FY12/26, the company forecasts revenue of JPY103.4bn (+0.2% YoY), operating profit of JPY7.2bn (+2.7% YoY), recurring profit of JPY7.2bn (+0.6% YoY), and net income attributable to owners of the parent of JPY5.0bn (+0.5% YoY).

Outlook by product category

Electronic Equipment and Components revenue: JPY77.7bn (+3.0% YoY)

- Electronic components and assembly products: JPY25.1bn (+6.5% YoY)
- Semiconductors: JPY4.9bn (+7.3% YoY)
- Embedded systems: JPY6.7bn (-0.2% YoY)
- Power supply equipment: JPY3.5bn (+2.8% YoY)
- Imaging equipment and parts: JPY24.0bn (-1.0% YoY)
- Information systems: JPY4.7bn (-1.6% YoY)
- Green facility: JPY8.3bn (+13.3% YoY)
- Other electronic equipment and components: JPY496mn (-42.5% YoY)

In the Electronic Equipment and Components business, Daitron projects that revenue will grow by JPY2.2bn YoY in FY12/26. Of this amount, it expects JPY1.5bn to come from an increase in revenue from electronic components and assembly products. The company also forecasts revenue from the green facility business to rise JPY974mn YoY.

Manufacturing Equipment revenue: JPY25.7bn (-7.1% YoY)

- Electronic components, semiconductors, and substrate materials equipment: JPY15.0bn
- Optical devices and substrate materials equipment: JPY6.2bn
- Power devices and substrate materials equipment: JPY3.5bn
- Equipment for focus areas: JPY970mn

From FY12/26, the company will divide products in the Manufacturing Equipment business into four categories: electronic components, semiconductors, and substrate materials equipment; optical devices and substrate materials equipment; power devices and substrate materials equipment; and equipment for focus areas.

Initial forecast versus results

The company's revenue forecast accuracy is high. In the past 10 fiscal years (FY12/16–FY12/25), FY12/21 and FY12/22 were the only years when actual revenue deviated from the initial company forecast by 10% or more. As a trading company, Daitron accurately captures customer demand and delivers the required amount of goods at the required timing. However, FY12/21 and FY12/22 were periods when economic activities resumed globally as the spread of COVID-19 eased, and Shared Research infers that customer demand also temporarily exceeded the company's expectations, causing actual revenue to exceed the initial forecast by over 10%.

Meanwhile, Daitron's operating profit forecast is not as accurate as its revenue forecast. Over the past 10 fiscal years, actual operating profit differed by more than 10% from the initial company forecasts in seven years (FY12/16, FY12/17, FY12/18, FY12/20, FY12/21, FY12/22, and FY12/25). That said, in six of these seven fiscal years, actual operating profit exceeded the initial forecast, so we understand that the company tends to disclose conservative operating profit projections.

Initial forecast vs. results (JPYmn)	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue (initial forecast)	46,500	47,500	56,500	62,500	63,000	62,000	75,000	88,000	92,500	95,000
Revenue (results)	44,932	51,684	59,663	61,621	57,418	72,342	87,640	92,156	93,543	103,142
Difference from initial forecast	-3.4%	8.8%	5.6%	-1.4%	-8.9%	16.7%	16.9%	4.7%	1.1%	8.6%
Operating profit (initial forecast)	1,650	1,920	2,800	3,550	3,250	2,600	4,100	5,730	6,000	6,350
Operating profit (results)	1,911	2,522	3,546	3,206	2,404	4,197	6,052	5,944	6,200	7,011
Difference from initial forecast	15.8%	31.4%	26.6%	-9.7%	-26.0%	61.4%	47.6%	3.7%	3.3%	10.4%
Recurring profit (initial forecast)	1,650	1,920	2,800	3,600	3,270	2,600	4,100	5,730	6,000	6,350
Recurring profit (results)	1,864	2,583	3,593	3,220	2,437	4,326	6,210	6,015	6,336	7,157
Difference from initial forecast	12.9%	34.5%	28.3%	-10.6%	-25.5%	66.4%	51.5%	5.0%	5.6%	12.7%
Net income (initial forecast)	1,020	1,350	1,900	2,500	2,190	1,750	2,780	3,900	4,000	4,400
Net income (results)	1,217	1,868	2,275	2,172	1,611	2,953	4,237	4,015	4,382	4,923
Difference from initial forecast	19.3%	38.4%	19.7%	-13.1%	-26.4%	68.8%	52.4%	2.9%	9.6%	11.9%

Source: Shared Research based on company data

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

Medium-term earnings outlook

Daitron aims to realize its long-term vision, 2030 VISION, by implementing a three-phased series of medium-term management plans. Its quantitative target under 2030 VISION is consolidated revenue of more than JPY100.0bn. As qualitative targets, the company intends to pursue sustainability across the Daitron group and contribute to the sustainability of society at large.

2030 VISION consists of the 10th medium-term management plan (FY12/21 to FY12/23; 10M), the 11th medium-term management plan (FY12/24 to FY12/26; 11M), and the 12th medium-term management plan (FY12/27 to FY12/30; 12M). The quantitative targets for the final year of 11M (FY12/26) are a GPM of 20% or higher, an equity ratio of 50%, an ROE of 12% or higher, and an ROA of 6% or higher. In FY12/25, Daitron's GPM stood at 20.3%, the equity ratio was 44.8%, ROE was 14.4%, and ROA was 9.4%. The company considers its progress under 11M as solid.

Basic strategic policies

Basic strategic policy 1: Transform the business structure

Daitron aims to transform its business structure into one that ensures stable and sustainable growth that is unaffected by demand fluctuations and economic cycles in the electronics industry, including the silicon cycle. To drive this transformation, the company has identified three core themes—"stability + challenge," "profitability," and "growth"—and has set performance targets for each.

In "stability + challenge," the company is assessing performance based on the revenue mix by business. Specifically, it targets deriving 60% of its FY12/26 revenue from electronics equipment and components (the Electronic Equipment and Components business excluding green facility), 30% from manufacturing and inspection equipment, and the remaining 10% from new business (green facility). In FY12/25, the actual mix was 66.1% for electronics equipment and components (73.2% for the Electronic Equipment and Components business minus 7.1% for green facility), 26.8% for manufacturing and inspection equipment, and 7.1% for new business (green facility).

In "profitability," Daitron aims to derive 25% of FY12/26 revenue from own-brand products. In FY12/25, Daitron products accounted for 16.9% of total revenue.

In "growth," the company targets generating 30% of FY12/26 revenue from overseas operations. In FY12/25, overseas business accounted for 26.2% of the revenue mix by region.

Basic strategic policy 2: Maximize strengths by leveraging the company's uniqueness

Daitron sees itself as being unique for serving as both a trading company and a manufacturer and for having a strong partner base in Japan and overseas. By leveraging this uniqueness, the company plans to build a corporate group that integrates manufacturing and trading capabilities in global markets and thereby strengthen its competitive advantage in the industry.

In the Electronic Equipment and Components business, Daitron supplies customers with intermediate goods such as electronic equipment and components, while in the Manufacturing Equipment business, it supplies capital goods. When seeking out competitive suppliers, the company may choose them from its customer base. In addition, the company may also work together with both customers and suppliers to accelerate product development aimed at strengthening the Daitron brand. In this respect, a single business partner could be a customer, as well as a supplier and a development partner. The company explains that it builds strong ties with its business counterparties based on these multifaceted relationships.

Basic strategic policy 3: Clarify focus areas and markets

Daitron takes on a strategy of analyzing market trends and business opportunities in Japan and overseas, clarifying its focus areas and markets based on the analysis, and accordingly introducing new products and own-brand products proactively. It has designated 14 fields—including semiconductor, data center, automotive, marine, and software fields—as its focus areas and markets.

The company approaches these 14 focus areas and markets with existing, project-based, or new initiatives to convert business opportunities into earnings. Under existing initiatives, it seeks to expand operations in the focus areas and

markets covered by the existing organizational frameworks within the company (e.g., semiconductor-related business, industrial/consumer equipment-related business, etc.). Under project-based initiatives, Daitron sets up companywide cross-functional projects to advance business commercialization and monetization. The company is, for instance, working to achieve commercialization in the automotive (e.g., EVs), medical, and IoT fields, including the development of own-brand products. Under new initiatives, Daitron says it is focusing on creating and developing new businesses in areas such as software and environment/SDGs.

Basic strategic policy 4: Strengthen marketing, manufacturing, and corporate functions for sustainable growth

The company intends to strengthen its marketing, manufacturing, and corporate functions to establish its foundation for sustainable growth. In marketing, the M&S Company and the Global Business Division are working together to expand business with major customers. At the same time, Daitron is strengthening its regional focus and expanding business with strong local companies. The company recognizes that strengthening overseas business is core to its growth strategy and is looking to expand its overseas presence with a focus on the Electronic Equipment and Components business. In the Indo-Pacific region, it is also considering opening a representative office in India.

In manufacturing, the company plans to strengthen production systems in Japan and overseas, particularly stepping up efforts for the Chubu Factory, which is the mother factory for its global production system. In Japan, it will seek to develop new partner companies for harness production and mechanical equipment design while also pursuing alliances and M&A with software development companies. Overseas, the company is increasing headcount at the Lincoln Factory while also developing partner companies in the US and Mexico. As for strengthening corporate functions, Daitron intends to improve productivity and operational quality through digital transformation (DX). While aiming to raise labor productivity through training and education investment, it will also promote diversity and inclusion to create more opportunities for women, seniors, and people with disabilities to play active roles.

Financial and capital strategy

The company's basic financial and capital strategy is to pursue the optimal balance between growth investment and shareholder returns while maintaining financial soundness. Based on this policy, Daitron has outlined its cash allocation approach under 11M. It expects operating cash inflows of around JPY9.0bn over FY12/25 to FY12/26. On top of this, it is also considering the use of interest-bearing debt to bring in funds.

As cash outflows under 11M, the company assumes around JPY6.0bn in growth investment and shareholder returns. Growth investment includes roughly JPY1.0bn in R&D, JPY3.5bn for new businesses and production capacity enhancement, and JPY1.5bn in DX-related spending. Regarding shareholder returns, Daitron raised its target dividend payout ratio from 30% to 40% in FY12/24. In addition to dividends, the company says it will make flexible decisions on share buybacks.

Cash allocation policy (FY12/25 to FY12/26)

Cash inflow		Cash outflow	Details
Own capital and financing (also considering the use of interest-bearing debt)		Growth and rationalization investment	R&D: around JPY1.0bn
			New businesses and production capacity enhancement: around JPY3.5bn DX: around JPY1.5bn
Cash flow from operating activities: around JPY9.0bn		Shareholder returns	Dividend policy: 40% payout ratio
			Share buybacks: flexible decisions

Source: Shared Research based on company data

Business

Business description

Daitron Co., Ltd. (TSE Prime: 7609) is an independent trading company and manufacturer unaffiliated with any corporate group. Equipped with the marketing capabilities of a trading company and the development and production capabilities of a manufacturer, the company serves about 5,000 customers across a wide range of industries, including electronics (semiconductor manufacturing equipment and industrial equipment), automobiles, and vessels.

In FY12/25, revenue came to JPY103.1bn (+10.3% YoY), and operating profit stood at JPY7.0bn (+13.1% YoY). By product domain, the company's operations consist of the Electronic Equipment and Components business and the Manufacturing Equipment business. In the Electronic Equipment and Components business, Daitron handles electronic components such as connectors and imaging equipment centered on cameras. In FY12/25, revenue from this business totaled JPY75.5bn (+9.7% YoY), accounting for 73.2% of total revenue. In the Manufacturing Equipment business, the company handles equipment used in the fabrication of semiconductors and electronic components. Daitron manufactures own-brand products in both businesses. In FY12/25, Daitron products accounted for 16.9% of revenue (+0.1pp YoY).

Product categories

The Electronic Equipment and Components business covers seven product categories: electronic components and assembly products, semiconductors, embedded systems, power supply equipment, imaging equipment and parts, information systems, and green facility (a new business) and other. Among the offerings in the electronic components and assembly products category are own-brand products such as underwater connectors that function under ultrahigh pressure at ocean depths of several thousand meters, as well as pre-bundled harnesses and high-function harnesses used in mass transportation applications such as railway cars. The power supply equipment category also covers Daitron products centered around low-noise switching power supplies that suppress unnecessary current.

The Manufacturing Equipment business has three product categories: semiconductor/FPD manufacturing equipment, electronic component manufacturing equipment, and other manufacturing equipment. The semiconductor/FPD manufacturing equipment category includes Daitron products such as chip-sorting machines, single-wafer washing systems, and wafer-edge grinding machines. The electronic component manufacturing equipment category also covers Daitron products such as scribing/breaking equipment and aging equipment.

Business	Product category	Daitron products			Purchased products		
Electronic Equipment and Components	Electronic components and assembly products	Underwater connectors	Wires & harnesses		Connectors		
	Semiconductors				Analog ICs	Imaging ICs	LED, optical elements
	Embedded systems				Industrial custom PCs	Display systems	Embedded single-board computers
	Power supply equipment	Switching power supplies			Lithium-ion batteries		
	Imaging equipment and parts	Vessel engine interior automatic photographing equipment (Kirari NINJA)			Imaging equipment	CMOS cameras	
	Information systems				Video/audio conferencing systems	Web conferencing devices	Contactless IC card systems
	New business (green facility)				Uninterruptible power supply (UPS)		
	Other electronic equipment and components				Automated guided vehicles (AGVs)		
Manufacturing Equipment	Semiconductor/FPD manufacturing equipment	Chip sorting machines	Single wafer washing systems	Wafer edge grinding machines	Spin cleaners	Fully automatic wafer tape mounters	Surface wafer polishing machines
		Organic EL evaluation systems			Cover glass processing equipment	Imaging inspection equipment	
	Electronic component manufacturing equipment	Aging equipment	Scribing/breaking equipment	Automatic visual inspection system			
	Other manufacturing equipment				Automation, labor-saving equipment	Wire bonders for batteries	Electrode sheet inspection equipment

Source: Shared Research based on company data

Daitron products

Daitron products refers to products that the company develops and manufactures in-house. As a trading company, Daitron leverages its marketing capabilities to identify the issues customers face, and own-brand products represent the solutions to these issues that it delivers as a manufacturer. These offerings also include Daitron-brand products that the company develops and manufactures jointly with partners. With own-brand products, the company seeks to satisfy market demands, which are yet to be met by suitable products. In product development, Daitron mainly pursues four themes within its focus markets: IoT and DX, next-generation measurement technology, AI software and image inspection, and environmental/renewable energy.

Revenue and gross profit by product category

The company discloses revenue composition ratios and GPM by product category.

In FY12/25, revenue in the Electronic Equipment and Components business was JPY75.5bn, accounting for 73.2% of the total consolidated revenue. Imaging equipment and parts generated revenue of JPY24.2bn, accounting for 23.5% of total revenue and the largest revenue mix within Electronic Equipment and Components. Electronic components and assembly products followed, generating JPY23.6bn in revenue, accounting for 22.9% of the total. GPM for electronic components and assembly products stood at 24.7%, exceeding the 13.3% GPM of imaging equipment and parts.

Electronic components and assembly products made up 27.8% of total gross profit in FY12/25, while imaging equipment and parts accounted for 15.4%.

In FY12/25, revenue in the Manufacturing Equipment business was JPY27.7bn, accounting for 26.8% of the total consolidated revenue. Semiconductor/FPD manufacturing equipment generated revenue of JPY13.6bn, accounting for 13.2% of total revenue and the largest revenue mix within Manufacturing Equipment. Meanwhile, electronic component manufacturing equipment generated revenue of JPY9.0bn, accounting for 8.8% of total revenue. Its GPM was 28.5%, higher than the 21.7% GPM of semiconductor/FPD manufacturing equipment. Electronic component manufacturing equipment contributed 12.3% of total gross profit in FY12/25, while semiconductor/FPD manufacturing equipment contributed 14.1%.

Revenue and gross profit by product category

Business	Product category	Daitron products	FY12/25				
			Revenue	% of revenue	Gross profit	Gross profit margin	% of gross profit
Electronic Equipment and Components	Electronic components and assembly products	Yes	23,580	22.9%	5,824	24.7%	27.8%
	Semiconductors		4,593	4.5%	937	20.4%	4.5%
	Embedded systems		6,743	6.5%	1,113	16.5%	5.3%
	Power supply equipment	Yes	3,431	3.3%	611	17.8%	2.9%
	Imaging equipment and parts		24,213	23.5%	3,220	13.3%	15.4%
	Information systems		4,748	4.6%	954	20.1%	4.5%
	New business (green facility)		7,301	7.1%	1,533	21.0%	7.3%
	Other electronic equipment and components		863	0.8%	179	20.7%	0.9%
	(Subtotal)		75,472	73.2%	14,371	19.0%	68.5%
	Manufacturing Equipment	Semiconductor/FPD manufacturing equipment	Yes	13,637	13.2%	2,959	21.7%
Electronic component manufacturing equipment		Yes	9,040	8.8%	2,576	28.5%	12.3%
Other manufacturing equipment			4,992	4.8%	1,088	21.8%	5.2%
(Subtotal)			27,670	26.8%	6,624	23.9%	31.6%
Revenue		103,142	100.0%	20,979	20.3%	100.0%	

Source: Shared Research based on company data

Offerings in the Electronic Equipment and Components business

In the Electronic Equipment and Components business, the company functions both as a trading company and a manufacturer. As a trading company, Daitron sources and sells electronic components (i.e., connectors, harnesses, and semiconductors) and imaging equipment (i.e., CMOS cameras and lenses) manufactured in Japan and overseas. As a manufacturer, it develops and manufactures own-brand products such as underwater connectors and wires/harnesses (both falling under the electronic components and assembly products category), along with switching power supplies that use proprietary low-noise technology (power supply equipment category).

Electronic components and assembly products

Electronic components and assembly products is a product category that demonstrates Daitron's ability to integrate manufacturing and trade. For instance, in addition to sourcing connectors and cables from domestic and overseas suppliers, the company processes them into harnesses at its own factories and assembles units that are embedded with those harnesses. It has the capability to handle orders involving end-to-end processing (e.g., from connecting components to mounting them on circuit boards). Further, it develops and manufactures niche, high value-added products such as underwater connectors that function under ultrahigh pressure at ocean depths of several thousand meters. These connectors apply the glass hermetic sealing technology, which the company honed in the process of developing production equipment in-house.

Underwater connectors (Daitron product)



Source: Company

The company's Components Business Division based in Ritto, Shiga Prefecture, serves as the development and manufacturing base for glass hermetic connectors. These connectors are made using a specialized technology that fuses glass and metal at high temperatures (hermetic sealing). They offer high airtightness and maintain electrical conductivity even in harsh environments such as vacuum and high pressure. They are used in the inside chambers (vacuum vessels) of semiconductor manufacturing equipment, as well as for signal transmission in high-pressure environments such as chemical plants. The underwater connectors noted above use hermetic connector technology.

Glass hermetic connectors (Daitron product)



Source: Company

Harnesses are electronic components made by bundling multiple wires and attaching connectors to the ends. The company manufactures harnesses to match the equipment its customers produce. It can also deliver harnesses that use ultracompact, high-density connectors and connectors with special pin arrangements. Daitron manufactures pre-bundled harnesses, which are intended to reduce the labor required for wire harness installation during electronic equipment assembly and wiring. It also manufactures high-function harnesses used in special applications such as defense and aviation, as well as in mass transportation applications such as railway cars.

Special-application and high-function harnesses (Daitron product)



Source: Company

In 2015, the company jointly developed the automatic photographing system Kirari NINJA with MTI Co., Ltd. (a consolidated subsidiary of Nippon Yusen Kabushiki Kaisha [TSE Prime: 9101]) to automate visual inspections inside vessel engine cylinders. This photographing system has earned strong recognition in the vessel industry for reducing the burden on inspection personnel. In 2024, the company started selling the third-generation Kirari NINJA-DSR, which covers a broader range of cylinders and offers improved operability.

Kirari NINJA-DSR (Daitron product)



Source: Company

Semiconductors

Daitron serves as a distributor for domestic and overseas chipmakers, including Analog Devices, Inc. (NASDAQ: ADI), supplying products mainly to equipment manufacturers. Main offerings are analog ICs, power devices, and optical semiconductors.

Analog IC (purchased product)



Source: Company

Embedded systems

For embedded systems, the company sources and sells display systems and PCs that are embedded in machine tools as control units or in medical equipment as data processing units. It procures CPUs and motherboards that match customer specifications and assembles them for sale. In addition to assembly, the company installs operating systems and configures drivers as part of the software business, a new area it is focusing on.

Embedded CPU board (purchased product)



Source: Company

Power supply equipment

Daitron sources and sells switching power supplies; it also develops and manufactures low-noise switching power supplies as own-brand products. Switching power supplies convert commercial alternating current (AC) into direct current (DC), thereby supplying stable, minimal-voltage-fluctuation DC power to electronic equipment. The switching power supplies developed and manufactured as own-brand products feature low susceptibility to noise (electrical interference), so the equipment manufacturers using them can reduce steps such as adding filters to remove noise. According to the company, its own-brand switching power supplies have earned strong recognition for applications in equipment that turns fine signals into images (e.g., ultrasound and MRI systems) and in inspection equipment that conducts nanometer-level ultrafine measurements.

Medical equipment-certified, ultra-low-noise switching power supply (Daitron product)



Source: Company

Imaging equipment and parts

In this product category, the company sources and sells cutting-edge cameras from Japan and overseas, as well as high-performance cables that connect cameras with equipment. Its product lineup includes cameras capable of ultrahigh-speed transmission, cameras that capture wavelengths invisible to the human eye, and optical equipment specialized in color reproducibility and material sorting. Daitron also develops and manufactures highly flexible cables that can withstand the movements of factory robot arms while delivering the basic function of transmitting data captured by cameras. Additionally, it supplies proprietary software for detecting defects and foreign matter from images.

CMOS cameras (purchased product)



Source: Company

Information systems

The company sells information systems in the security and video transmission fields. In the security domain, it provides systems that can accurately authenticate entries (who entered, when, and where). It also sources and sells contactless IC cards and biometric authentication devices, including finger-vein authentication devices that are difficult to forge. In video transmission, the company sources and sells systems that can rapidly transmit high-quality video; it also handles video conferencing systems.

Video conferencing system (purchased product)



Source: Company

New business (green facility)

As a new business, the company pitches to customers products that improve energy efficiency and reduce environmental impact at data centers and manufacturing sites. Its main offering in this category is uninterruptible power supply (UPS) systems. UPS is a backup power solution that supplies electricity to data centers and factories during power outages. The company sources UPS products from Eaton Corporation plc (NYSE: ETN), which originated in the US and is now registered in Ireland.

Uninterruptible power supply (UPS) system (purchased product)



Source: Company

Offerings in the Manufacturing Equipment business

The Manufacturing Equipment business places a heavier weighting on Daitron's function as a manufacturer, developing and manufacturing equipment used in the fabrication processes of semiconductors, flat panel displays (FPDs), and electronic components. Among the offerings in this business is aging equipment that evaluates the reliability of power devices, LED, and other items by subjecting them to high-temperature, high-load-stress conditions. The company also develops and manufactures wafer-edge grinding machines that perform high-precision grinding and processing on the outer edges of silicon wafers for electronic component applications.

Semiconductor/FPD manufacturing equipment

The company sources and sells spin cleaners used to remove foreign matter during the production and processing of silicon wafers, which are semiconductor raw materials. It also develops and manufactures chip-sorting machines that rapidly sort diced chips into good and defective ones, attach the sorted chips to specialized tape, and transfer them to the next process. Additionally, Daitron develops and manufactures single-wafer washing systems and wafer-edge grinding machines. Single-wafer washing systems remove particles on wafers by immersing the wafers one by one in chemicals,

then putting them through rinsing, spin washing, and drying processes. Wafer-edge grinding machines conduct high-precision grinding and processing on the outer edges of silicon wafers.

Chip-sorting machine (Daitron product)



Source: Company

The company's wafer-edge grinding machines shave the edges of silicon wafers and other substrates and shape them to prevent chipping and cracking. These machines are used not only for silicon wafers but also for grinding the edges of compound wafers such as those made of silicon carbide (SiC) and gallium nitride (GaN), which are difficult to process.

Wafer-edge grinding machine (Daitron product)



Source: Company

In FPD manufacturing equipment, the company develops and manufactures OLED emission inspection systems that can simultaneously measure current and voltage in addition to luminance and chromaticity and plot the device characteristics in a graph. These systems can control temperatures from -30°C to $+90^{\circ}\text{C}$, making operation checks under harsh conditions possible.

OLED emission inspection system (Daitron product)



Source: Company

Electronic component manufacturing equipment

Aging equipment applies loads such as voltage and heat to semiconductors and electronic components to verify, before shipment, that products are free of initial defects. Daitron develops and manufactures aging equipment for laser diodes (LD) and power devices, as well as aging equipment that tests modular products after assembly. In LD aging equipment, the company develops and manufactures systems that apply large currents to test high-output lasers.

Aging equipment (Daitron product)



Source: Company

Product category details: By application

While some customers annually contribute over JPY1.0bn to Daitron's revenue, no single customer has accounted for more than 10% of the company's revenue in FY12/25. Customers in the Electronic Equipment and Components business span a wide range of industries, including automobiles, vessels, and industrial equipment (e.g., semiconductor manufacturing equipment and machine tools). In the automotive industry, Daitron sources products such as in-vehicle cameras and sells them to finished vehicle manufacturers and Tier 1 auto parts manufacturers. In the vessel field, it develops and manufactures automatic photographing equipment that captures images of vessel engine cylinder interiors. In the industrial equipment field, it sells cameras used to monitor production lines as well as custom PCs used in control systems. As a new business, the company also sells uninterruptible power supply (UPS) systems for data centers (DCs) to DC operators. In the Manufacturing Equipment business, customers are concentrated in electronics-related fields. For instance, Daitron delivers wafer-edge grinding machines and aging equipment to chipmakers and electronic component manufacturers.

Electronic Equipment and Components business

For the automotive sector, the company supplies in-vehicle cameras and other products to finished vehicle manufacturers and Tier 1 parts manufacturers. The in-vehicle cameras Daitron handles are purchased products, and one of the company's partners (suppliers) is Taiwan-based oToBrite Electronics, Inc. (TWSE: 2256).

In the vessel (marine) field, Daitron supplies airtight connectors (hermetic connectors) that use the glass hermetic sealing technology, which the company honed through the in-house development of manufacturing equipment. Further, in 2015, the company and MTI jointly developed Kirari NINJA-DSR, equipment that can automatically photograph vessel engine interiors. Traditionally, inspecting the inside of vessel engine cylinders required removing the cylinder cover and having personnel enter the cylinder to conduct the inspection. Kirari NINJA-DSR has allowed personnel to inspect the inside of cylinders without actually entering them, therefore eliminating the need to remove the cylinder cover. The company continues to manufacture this product.

In the medical equipment field, Daitron develops and manufactures ultra-low-noise switching power supplies; it also sources and sells optical connectors mostly supplied by Hirose Electric.

For industrial applications, the company sources and sells digital video cameras equipped with high-speed, high-sensitivity CMOS sensors used in machine vision systems that replace visual inspection. It deals with multiple suppliers depending on customer specifications. The company also manufactures connectors and cables and sells them to manufacturers. Among the suppliers in this field are Sony Group Corporation, from which the company sources thermistors and CMOS-sensor-equipped digital video cameras, and Eaton, from which it purchases UPS systems.

Product by application: Electronic Equipment and Components

Customer industry/application		Daitron products	Notes	Purchased products	Suppliers
Automobiles	In-vehicle components			In-vehicle cameras	oToBrite
Vessels (marine)	Automatic photographing equipment for use in vessel engine interior	Kirari NINJA-DSR	Reduces the burden on inspection workers		
	Connectors	Underwater connectors	Pressure-resistant connectors used under ultrahigh pressure in the deep sea at depths of several thousand meters		
Medical equipment	Power supplies	Ultra-low-noise switching power supplies			
	Components/sensors			Optical connectors	Hirose Electric
Industrial equipment	Connectors	Connectors	Electrical feedthrough terminals for vacuum vessels and pressure vessels		
	Cables	Camera cables	Meets bending requirements for use with robots		
	Sensors			Thermistors	Sony
	Measuring instruments			Digital video cameras equipped with CMOS sensors	Sony
	BCP			UPS systems	Eaton

Source: Shared Research based on company data

Manufacturing Equipment business

In the Manufacturing Equipment business, Daitron sells own-brand products and purchased products to customers in the electronics industry, such as manufacturers of electronic materials and FPDs.

In the electronic materials field, the company develops and manufactures own-brand products such as wafer cleaning systems that brush-clean both sides of rotating small-diameter wafers and automatic visual inspection systems that measure chip dimensions and check for scratches. In this field, the company also sources and sells WET systems for etching oxide and nitride films on wafer surfaces, as well as equipment that grinds orientation flats (the straight edge on the outer circumference of wafers) and notches (V-shaped cutouts on the outer circumference of wafers) after the grinding process of silicon ingot's circumference.

In the electronic components and optical devices field, Daitron develops and manufactures own-brand products such as wafer jet scrubbers and single-wafer lift-off systems. The former equipment rapidly cleans wafers using just pure water, while the latter immerses wafers one by one in chemicals to remove particles, then rinses, spin-washes, and dries them. In this field, the company also develops and manufactures high-function automatic visual inspection systems that inspect the six surfaces of diced chips (using DAVI Engine; see below), as well as scribing/breaking equipment that creates cracks along grooves formed on wafers and separates them into individual chips. In addition, it develops and manufactures high-precision grinding machines that grind the edges of sliced wafers and chip-sorting machines that rapidly mount chips onto sheets after dicing.

Also in the electronic components and optical devices field, the company sources and sells spray coating equipment. The product is used in research and experimentation and can produce samples using small amounts of material; the main supplier is Asahi Sunac Corporation (unlisted). Another product the company sources in this field is the ultrahigh-density atmospheric plasma units for cleaning applications; this product is supplied by Fuji Corporation (unlisted).

Product by application: Manufacturing Equipment

Customer industry/ application	Process	Daitron products	Notes	Purchased products	Notes	Suppliers
Electronic materials	Cleaning	Double-side scrub-cleaning systems for small-diameter wafers	Brush-cleans both sides while rotating the wafer	WET systems	Pre-diffusion wafer cleaning; oxide/nitride film etching	
	Inspection/ measurement	Automatic visual inspection systems	Measures chip dimensions and checks for scratches			
	Grinding/ processing					
Electronic components/ optical devices	Film formation/ drying			Spray coating equipment for research and experimentation	Can produce samples using small amounts of material	Asahi Sunac
	Cleaning	Wafer jet scrubbers	Rapidly clean wafers using only pure water	Ultrahigh-density atmospheric plasma units	Enables high-speed, high-density plasma processing	Fuji
	Photo-lithography	Single-wafer lift-off systems	Immerses wafers one by one in chemicals to remove particles, then performs rinsing, spin washing, and drying; supports 2–6in	Spin etching systems	Performs spray etching, rinsing, and drying on a spin table; supports up to 8-inch wafers	
	Vapor deposition			Evaporation systems	Forms various thin films on semiconductor wafers and other substrates	
	Inspection/ measurement	High-function automatic visual inspection systems (six chip surfaces)	Equipped with DAVI Engine, which integrates the company's proprietary high-precision optical imaging technology with equipment system technology			
	Grinding/ processing	Breaking equipment	Uses blades to break (vertically separate) semiconductor wafers and bar-shaped chips			
		High-precision wafer edge grinding machines	Grinds wafer edges after slicing. Edge-processes wafers after device formation to prevent wafer cracking			
	Mounting/ assembly	Chip-sorting machines	Rapidly mounts chips onto sheets after dicing			
FPD	Film formation			Film formation equipment	Thin-film formation and thin-film processing equipment for large substrates	
	Inspection/ measurement	OLED emission inspection systems	Tests the service life and reliability of OLED panel devices			

Source: Shared Research based on company data

DAVI Engine

Daitron Automatic Visual Inspection (DAVI) Engine is a term the company uses when referring to the integrated technology that combines its technical expertise in proprietary high-precision optical imaging and equipment systems with AI-based deep learning. Daitron explains that DAVI Engine is the core technology applied to replace visual inspections with fully automated inspections using equipment.

DAVI Engine

Source: Company

Functions and features of DAVI Engine

Function	Features
High-definition, high-speed imaging	Uses high-precision lenses to generate images of deep areas that are difficult to capture with ordinary cameras
	Generates images without correction or compression
	Processes images at high speed through dedicated hardware and speeding-up algorithms
Equipment implementation/system integration and control	Meets customer needs, from standalone machines to high-speed multi-process equipment
	Integrated control of all equipment through proprietary software development
Hybrid image processing	Combines AI learning functions (deep learning) and numerical control (rule base) and adjusts them using quantitative indicators
	Processes uncompressed images
DAVI Editor	Uses a graphical user interface (GUI), eliminating the need for programming knowledge or image-processing parameter knowledge
DAVI Em system	Shares inspection-condition settings across equipment (inspection recipes can be shared)
Precise motion control technology	Precision stage technology for high-magnification inspections
DAVI Data Viewer	Reduces gray areas in image determination and improves inspection accuracy
	Achieves easy search through the creation of image database
Consultation	Has a laboratory dedicated to image inspection evaluation (Kanazawa, Ishikawa Prefecture)
	Provides support for inspection conditions after delivery; addresses new themes

Source: Shared Research based on company data

Orders by product category

For own-brand products, Daitron starts production once it receives orders from customers. The lead time from receiving orders to recording revenue is about one year. In some cases, particularly in overseas transactions, the company collects 30% of the total charge at the time it receives a manufacturing equipment order so that it can avoid the risk of cancellation and collect payment without fail. Another 60% is collected at the time of shipment, and the remainder is collected once the customer completes inspection and formally accepts the product. For purchased products, Daitron typically arranges procurement when it receives the customer order. The lead time until product arrival is two to three months. Additionally, the company keeps appropriate inventories for some purchased products to avoid missed sales opportunities due to stockouts. Some of these products can be shipped out on the same day the company receives the order.

Orders rose to JPY116.5bn (+18.3% YoY) in FY12/22 when the spread of COVID-19 subsided. Then orders fell to JPY78.6bn (-32.6% YoY) in FY12/23 because orders in FY12/22 included advance purchases by customers concerned about future parts shortages. In FY12/25, orders recovered to JPY108.5bn (+23.7% YoY), or 93.5% of the FY12/22 level.

By product domain, orders in the Electronic Equipment and Components business fell to JPY58.0bn (-27.5% YoY) in FY12/23, then rose to JPY84.9bn (+26.9% YoY) in FY12/25, exceeding the previous peak of JPY80.1bn in FY12/22. Within this business, orders for electronic components and assembly products rose to JPY26.3bn (+23.2% YoY) in FY12/25, exceeding the previous peak of JPY25.6bn in FY12/22. Orders for imaging equipment and parts rose to JPY25.0bn (+13.3% YoY) in FY12/25, also exceeding the previous peak of JPY20.5bn in FY12/22.

In the Manufacturing Equipment business, orders bottomed out at JPY20.5bn (-43.7% YoY) in FY12/23 and recovered to JPY24.1bn (+15.3% YoY) by FY12/25. Even so, that was only 66.0% of the peak level of JPY36.5bn in FY12/22. Orders for manufacturing equipment move in line with customer capex, so recovery has been slower than in the Electronic Equipment and Components business.

Orders by product category (cumulative) (JPYmn)	FY12/24				FY12/25			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Orders	19,769	39,020	65,130	87,730	21,718	53,747	79,954	108,523
YoY	3.4%	-4.4%	12.9%	11.7%	9.9%	37.7%	22.8%	23.7%
YoY change	652	-1,801	7,455	9,168	1,949	14,727	14,824	20,793
Electronic Equipment and Components	14,875	29,914	48,662	66,868	18,322	42,375	62,394	84,862
YoY	0.6%	-0.8%	11.9%	15.2%	23.2%	41.7%	28.2%	26.9%
YoY change	95	-249	5,157	8,832	3,447	12,461	13,732	17,994
% of total	70.5%	66.8%	73.1%	71.5%	78.5%	86.7%	85.7%	82.3%
Electronic components and assembly products	5,371	10,392	15,839	21,333	6,604	12,650	19,113	26,275
YoY	10.0%	9.8%	15.2%	16.9%	23.0%	21.7%	20.7%	23.2%
YoY change	489	926	2,094	3,091	1,233	2,258	3,274	4,942
% of total	25.5%	23.2%	23.8%	22.8%	28.3%	25.9%	26.3%	25.5%
Semiconductors	807	1,975	3,169	4,224	1,021	2,201	3,365	4,516
YoY	-42.8%	-27.8%	-9.8%	-3.0%	26.5%	11.4%	6.2%	6.9%
YoY change	-605	-759	-345	-132	214	226	196	292
% of total	3.8%	4.4%	4.8%	4.5%	4.4%	4.5%	4.6%	4.4%
Embedded systems	1,275	2,572	4,206	5,549	1,628	3,417	5,020	6,838
YoY	-26.9%	-19.9%	-4.5%	-4.6%	27.7%	32.9%	19.4%	23.2%
YoY change	-468	-640	-198	-268	353	845	814	1,289
% of total	6.0%	5.7%	6.3%	5.9%	7.0%	7.0%	6.9%	6.6%
Power supply equipment	611	1,370	2,179	2,907	844	1,701	2,476	3,406
YoY	-8.9%	4.1%	13.6%	14.0%	38.1%	24.2%	13.6%	17.2%
YoY change	-60	54	261	357	233	331	297	499
% of total	2.9%	3.1%	3.3%	3.1%	3.6%	3.5%	3.4%	3.3%
Imaging equipment and parts	4,617	10,056	15,675	22,070	6,108	11,997	18,123	25,010
YoY	15.5%	26.7%	25.7%	25.3%	32.3%	19.3%	15.6%	13.3%
YoY change	621	2,120	3,203	4,462	1,491	1,941	2,448	2,940
% of total	21.9%	22.5%	23.5%	23.6%	26.2%	24.6%	24.9%	24.2%
Information systems	822	1,541	2,568	3,619	1,160	2,145	3,909	5,147
YoY	-13.6%	-7.7%	2.2%	-1.3%	41.1%	39.2%	52.2%	42.2%
YoY change	-129	-129	56	-49	338	604	1,341	1,528
% of total	3.9%	3.4%	3.9%	3.9%	5.0%	4.4%	5.4%	5.0%
green facility	1,225	1,706	4,158	6,298	804	7,963	9,900	13,064
YoY	271.2%	-41.0%	8.6%	37.7%	-34.4%	366.8%	138.1%	107.4%
YoY change	895	-1,185	330	1,723	-421	6,257	5,742	6,766
% of total	5.8%	3.8%	6.2%	6.7%	3.4%	16.3%	13.6%	12.7%
Other electronic equipment and components	147	302	868	868	153	301	488	606
YoY	-81.5%	-67.8%	-21.9%	-28.9%	4.1%	-0.3%	-43.8%	-30.2%
YoY change	-648	-636	-244	-352	6	-1	-380	-262
% of total	0.7%	0.7%	1.3%	0.9%	0.7%	0.6%	0.7%	0.6%
Manufacturing Equipment	4,894	9,106	16,468	20,862	3,396	11,372	17,560	24,061
YoY	12.8%	-14.6%	16.2%	1.6%	-30.6%	24.9%	6.6%	15.3%
YoY change	557	-1,552	2,298	336	-1,498	2,266	1,092	3,199
% of total	23.2%	20.3%	24.7%	22.3%	14.5%	23.3%	24.1%	23.3%
Semiconductor/FPD manufacturing equipment	2,644	4,015	9,133	10,546	1,360	2,539	5,678	8,779
YoY	3.8%	-39.8%	24.2%	11.9%	-48.6%	-36.8%	-37.8%	-16.8%
YoY change	98	-2,651	1,780	1,124	-1,284	-1,476	-3,455	-1,767
% of total	12.5%	9.0%	13.7%	11.3%	5.8%	5.2%	7.8%	8.5%
Electronic component manufacturing equipment	1,038	2,859	4,378	7,030	1,374	6,157	8,494	11,204
YoY	0.6%	30.8%	9.5%	17.6%	32.4%	115.4%	94.0%	59.4%
YoY change	6	674	380	1,053	336	3,298	4,116	4,174
% of total	4.9%	6.4%	6.6%	7.5%	5.9%	12.6%	11.7%	10.9%
Other manufacturing equipment	1,212	2,232	2,957	3,286	662	2,676	3,388	4,078
YoY	59.7%	23.5%	4.9%	-35.9%	-45.4%	19.9%	14.6%	24.1%
YoY change	453	425	138	-1,841	-550	444	431	792
% of total	5.7%	5.0%	4.4%	3.5%	2.8%	5.5%	4.7%	4.0%

Source: Shared Research based on company data

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

Revenue by product category

The company's revenue has trended upward, reaching a record high for the fifth consecutive year in FY12/25 at JPY103.1bn (+10.3% YoY). Revenue from Daitron products came to JPY17.4bn (+10.4% YoY) in FY12/25. Revenue from Daitron products declined for two consecutive years in FY12/19 and FY12/20 as the US-China trade friction from 2018 prompted capex reduction by major Chinese and other Asian FPD and electronic component manufacturers, which had been Daitron's key customers. However, it continued to rise from FY12/21 onward, in part because the spread of COVID-19 subsided.

CAGR by product category

Over the 10 years from FY12/15 to FY12/25, revenue in the Electronic Equipment and Components business grew at a CAGR of 9.0%. Within this business, revenue from imaging equipment and parts, the largest product category by sales, grew at a CAGR of 11.9%. Revenue from electronic components and assembly products, the next-largest category, grew at a CAGR of 5.8%. Until FY12/23, revenue from electronic components and assembly products exceeded that of imaging equipment and parts. In FY12/24, imaging equipment and parts performed well in the US market, and the ranking reversed.

Over the 10 years from FY12/15 to FY12/25, revenue in the Manufacturing Equipment business grew at a CAGR of 9.3%. By product category, revenue from semiconductor/FPD manufacturing equipment grew at a CAGR of 9.0%, electronic component manufacturing equipment at a CAGR of 7.4%, and other manufacturing equipment at a CAGR of 15.2%. Both categories are affected by capex trends in the electronics industry. Sluggish capex of FPD manufacturers caused revenue from semiconductor/FPD manufacturing equipment to decline for two consecutive years in FY12/16 and FY12/17, whereas revenue from electronic component manufacturing equipment returned to growth in FY12/17. In FY12/20 and FY12/23, revenue declined in both product categories, but the rate of decline was steeper in semiconductor/FPD manufacturing equipment.

Share of revenue from Daitron products

To track the ratio of Daitron products more precisely, the company changed the definition of Daitron products in FY12/21. As a result, the revenue mix of Daitron products fell from 18.3% in FY12/20 to 15.8% in FY12/21. From FY12/22 onward, it trended upward and reached 16.9% in FY12/25.

Product category (revenue) (JPYmn)	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue	44,932	51,684	59,663	61,621	57,418	72,342	87,640	92,156	93,543	103,142
YoY	4.0%	15.0%	15.4%	3.3%	-6.8%	26.0%	21.1%	5.2%	1.5%	10.3%
YoY change	1,718	6,752	7,978	1,959	-4,203	14,924	15,298	4,516	1,387	9,600
Daitron products	10,673	12,531	15,499	13,465	11,662	11,409	14,050	14,818	15,765	17,400
YoY	-0.4%	17.4%	23.7%	-13.2%	-13.4%	-2.2%	23.1%	5.5%	5.8%	10.4%
YoY change	-48	1,858	2,968	-2,034	-1,803	-253	2,641	768	947	1,635
(10-year CAGR)										5.0%
% of total	24.0%	24.2%	26.0%	21.9%	18.3%	15.8%	16.0%	16.1%	16.8%	16.9%
Electronic Equipment and Components	33,960	40,427	44,521	40,765	42,063	54,561	63,272	70,366	68,778	75,472
YoY	6.8%	19.0%	10.1%	-8.4%	3.2%	29.7%	16.0%	11.2%	-2.3%	9.7%
YoY change	2,156	6,467	4,094	-3,756	1,298	12,498	8,711	7,094	-1,588	6,694
(10-year CAGR)										9.0%
% of total	75.6%	78.2%	74.6%	66.2%	73.3%	75.4%	72.2%	76.4%	73.5%	73.2%
Electronic components and assembly products	13,785	15,371	16,052	14,601	15,289	19,076	23,435	21,954	21,486	23,580
YoY	3.0%	11.5%	4.4%	-9.0%	4.7%	24.8%	22.9%	-6.3%	-2.1%	9.7%
YoY change	398	1,586	681	-1,451	688	3,787	4,359	-1,481	-468	2,094
(10-year CAGR)										5.8%
% of total	30.7%	29.7%	26.9%	23.7%	26.6%	26.4%	26.7%	23.8%	23.0%	22.9%
Semiconductors	1,831	2,512	3,167	3,050	3,028	3,894	6,269	7,387	5,406	4,593
YoY	1.9%	37.2%	26.1%	-3.7%	-0.7%	28.6%	61.0%	17.8%	-26.8%	-15.0%
YoY change	34	681	655	-117	-22	866	2,375	1,118	-1,981	-813
(10-year CAGR)										9.8%
% of total	4.1%	4.9%	5.3%	4.9%	5.3%	5.4%	7.2%	8.0%	5.8%	4.5%
Embedded systems	3,058	3,593	3,728	3,405	3,349	4,323	5,443	7,507	6,453	6,743
YoY	8.4%	17.5%	3.8%	-8.7%	-1.6%	29.1%	25.9%	37.9%	-14.0%	4.5%
YoY change	238	535	135	-323	-56	974	1,120	2,064	-1,054	290
(10-year CAGR)										9.1%
% of total	6.8%	7.0%	6.2%	5.5%	5.8%	6.0%	6.2%	8.1%	6.9%	6.5%
Power supply equipment	2,335	3,947	2,036	1,821	1,831	1,921	2,297	3,221	3,248	3,431
YoY	-11.3%	69.0%	-48.4%	-10.6%	0.5%	4.9%	19.6%	40.2%	0.8%	5.6%
YoY change	-296	1,612	-1,911	-215	10	90	376	924	27	183
(10-year CAGR)										2.7%
% of total	5.2%	7.6%	3.4%	3.0%	3.2%	2.7%	2.6%	3.5%	3.5%	3.3%
Imaging equipment and parts	9,662	11,778	12,895	12,767	13,290	16,776	18,761	20,846	22,198	24,213
YoY	22.7%	21.9%	9.5%	-1.0%	4.1%	26.2%	11.8%	11.1%	6.5%	9.1%
YoY change	1,790	2,116	1,117	-128	523	3,486	1,985	2,085	1,352	2,015
(10-year CAGR)										11.9%
% of total	21.5%	22.8%	21.6%	20.7%	23.1%	23.2%	21.4%	22.6%	23.7%	23.5%
Information systems	2,406	2,403	2,305	2,627	2,317	2,201	2,422	3,419	3,670	4,748
YoY	1.0%	-0.1%	-4.1%	14.0%	-11.8%	-5.0%	10.0%	41.2%	7.3%	29.4%
YoY change	25	-3	-98	322	-310	-116	221	997	251	1,078
(10-year CAGR)										7.1%
% of total	5.4%	4.6%	3.9%	4.3%	4.0%	3.0%	2.8%	3.7%	3.9%	4.6%
green facility	-	-	3,360	1,670	2,070	5,394	3,312	5,053	4,678	7,301
YoY				-50.3%	24.0%	160.6%	-38.6%	52.6%	-7.4%	56.1%

Gross profit margin	23.7%	24.7%	23.8%	22.7%	21.7%	20.7%	22.1%	24.3%	24.7%
Semiconductors	543	621	570	527	720	1,304	1,514	1,033	937
YoY	-	14.4%	-8.1%	-7.6%	36.7%	81.0%	16.1%	-31.8%	-9.3%
YoY change	-	78	-50	-43	194	584	210	-482	-96
% of total	4.7%	4.8%	4.6%	4.6%	5.0%	7.4%	8.3%	5.5%	4.5%
Gross profit margin	21.6%	19.6%	18.7%	17.4%	18.5%	20.8%	20.5%	19.1%	20.4%
Embedded systems	543	567	484	509	705	871	1,239	1,097	1,113
YoY	-	4.4%	-14.7%	5.3%	38.4%	23.6%	42.2%	-11.4%	1.4%
YoY change	-	24	-83	26	196	166	368	-142	16
% of total	4.7%	4.4%	3.9%	4.4%	4.9%	5.0%	6.8%	5.8%	5.3%
Gross profit margin	15.1%	15.2%	14.2%	15.2%	16.3%	16.0%	16.5%	17.0%	16.5%
Power supply equipment	975	360	524	449	321	427	564	568	611
YoY	-	-63.0%	45.5%	-14.5%	-28.5%	33.2%	31.9%	0.8%	7.4%
YoY change	-	-615	164	-76	-128	106	136	5	42
% of total	8.5%	2.8%	4.2%	3.9%	2.2%	2.4%	3.1%	3.0%	2.9%
Gross profit margin	24.7%	17.7%	28.8%	24.5%	16.7%	18.6%	17.5%	17.5%	17.8%
Imaging equipment and parts	2,085	2,115	1,890	1,900	2,265	2,833	2,898	2,930	3,220
YoY	-	1.4%	-10.7%	0.6%	19.2%	25.1%	2.3%	1.1%	9.9%
YoY change	-	30	-225	11	364	568	65	33	290
% of total	18.1%	16.5%	15.1%	16.6%	15.9%	16.1%	16.0%	15.5%	15.4%
Gross profit margin	17.7%	16.4%	14.8%	14.3%	13.5%	15.1%	13.9%	13.2%	13.3%
Information systems	627	615	625	605	537	528	800	811	954
YoY	-	-1.9%	1.6%	-3.3%	-11.2%	-1.7%	51.5%	1.4%	17.7%
YoY change	-	-12	10	-20	-68	-9	272	11	143
% of total	5.5%	4.8%	5.0%	5.3%	3.8%	3.0%	4.4%	4.3%	4.5%
Gross profit margin	26.1%	26.7%	23.8%	26.1%	24.4%	21.8%	23.4%	22.1%	20.1%
green facility	-	-	-	-	1,268	1,113	1,319	1,282	1,533
YoY	-	-	-	-	-	-12.2%	18.5%	-2.8%	19.6%
YoY change	-	-	-	-	1,268	-155	206	-37	251
% of total	0.0%	0.0%	0.0%	0.0%	8.9%	6.3%	7.3%	6.8%	7.3%
Gross profit margin	-	-	-	-	23.5%	33.6%	26.1%	27.4%	21.0%
Other electronic equipment and components	119	138	50	84	82	99	-96	187	179
YoY	-	16.4%	-63.9%	69.4%	-2.9%	20.3%	-197.3%	-294.7%	-4.4%
YoY change	-	19	-88	35	-2	17	-195	283	-8
% of total	1.0%	1.1%	0.4%	0.7%	0.6%	0.6%	-0.5%	1.0%	0.9%
Gross profit margin	14.4%	14.1%	6.2%	9.5%	8.4%	7.4%	-9.8%	11.4%	20.7%
Manufacturing Equipment	2,958	3,839	4,393	3,414	4,263	5,559	5,054	5,735	6,624
YoY	-	29.8%	14.4%	-22.3%	24.9%	30.4%	-9.1%	13.5%	15.5%
YoY change	-	881	553	-979	850	1,295	-505	681	889
% of total	25.7%	29.9%	35.2%	29.7%	29.9%	31.6%	27.8%	30.4%	31.6%
Gross profit margin	26.3%	25.4%	21.1%	22.2%	24.0%	22.8%	23.2%	23.2%	23.9%
Semiconductor/FPD manufacturing equipment	981	1,283	2,339	1,540	1,786	2,581	2,441	2,501	2,959
YoY	-	30.9%	82.2%	-34.1%	16.0%	44.5%	-5.4%	2.5%	18.3%
YoY change	-	303	1,055	-799	246	795	-140	60	458
% of total	8.5%	10.0%	18.7%	13.4%	12.5%	14.7%	13.4%	13.3%	14.1%
Gross profit margin	22.7%	17.8%	18.3%	20.6%	21.2%	19.9%	23.7%	20.0%	21.7%
Electronic component manufacturing equipment	1,661	2,013	1,608	1,454	2,145	2,258	1,831	2,244	2,576
YoY	-	21.2%	-20.1%	-9.6%	47.5%	5.3%	-18.9%	22.6%	14.8%
YoY change	-	352	-405	-154	691	113	-427	413	332
% of total	14.5%	15.7%	12.9%	12.7%	15.0%	12.8%	10.1%	11.9%	12.3%
Gross profit margin	32.8%	35.0%	30.2%	28.5%	27.2%	26.4%	25.8%	27.2%	28.5%
Other manufacturing equipment	317	543	446	419	332	719	782	990	1,088
YoY	-	71.5%	-17.9%	-5.9%	-20.8%	116.7%	8.8%	26.5%	9.9%
YoY change	-	226	-97	-26	-87	387	63	208	98
% of total	2.8%	4.2%	3.6%	3.7%	2.3%	4.1%	4.3%	5.2%	5.2%
Gross profit margin	16.9%	24.9%	16.2%	15.1%	22.6%	25.3%	17.8%	24.7%	21.8%

Source: Shared Research based on company data

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

Order backlog by product category

The company's order backlog rose to JPY82.9bn (+51.1% YoY) at end-FY12/22. The backlog converted steadily into revenue and stood at JPY69.9bn (+9.1% YoY) at end-FY12/25. Order backlog trends at about 2.5x the pre-pandemic level of JPY28.0bn at end-FY12/19.

In the Electronic Equipment and Components business, order backlog rose to JPY43.7bn (+56.6% YoY) at end-FY12/22 and then converted steadily into revenue. Order backlog in this business stood at JPY38.7bn (+32.1% YoY) at end-FY12/25, 4.9x the level at end-FY12/18 of JPY7.8bn.

Orders in the new green facility business rose to JPY9.2bn (+132.2% YoY) in FY12/22. In FY12/23, however, orders declined 50.4% YoY to just JPY4.6bn as the construction of customer data centers entered an in-between phase. In FY12/24, revenue from the green facility business came in at JPY4.7bn (-7.4% YoY) since higher construction material prices and labor shortages delayed data center construction schedules. As data center demand picked up again in

FY12/25, orders rose to JPY13.1bn (+107.4% YoY), and order backlog in this business reached a record high of JPY15.1bn (+61.8% YoY) at end-FY12/25.

Product category (order backlog) (JPYmn)	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Order backlog	32,696	28,027	28,630	54,866	82,926	69,653	64,097	69,920
YoY	-	-14.3%	2.2%	91.6%	51.1%	-16.0%	-8.0%	9.1%
YoY change	-	-4,669	603	26,236	28,060	-13,273	-5,556	5,823
Electronic Equipment and Components	7,845	12,367	13,125	27,875	43,663	31,335	29,280	38,672
YoY	-	57.6%	6.1%	112.4%	56.6%	-28.2%	-6.6%	32.1%
YoY change	-	4,522	758	14,750	15,788	-12,328	-2,055	9,392
% of total	13.1%	20.1%	22.9%	38.5%	49.8%	34.0%	31.3%	37.5%
Electronic components and assembly products	2,709	3,163	3,020	9,206	11,582	7,958	7,872	10,573
YoY	-	16.8%	-4.5%	204.8%	25.8%	-31.3%	-1.1%	34.3%
YoY change	-	454	-143	6,186	2,376	-3,624	-86	2,701
% of total	4.5%	5.1%	5.3%	12.7%	13.2%	8.6%	8.4%	10.3%
Semiconductors	837	605	763	3,986	6,166	3,163	1,994	1,913
YoY	-	-27.7%	26.1%	422.4%	54.7%	-48.7%	-37.0%	-4.1%
YoY change	-	-232	158	3,223	2,180	-3,003	-1,169	-81
% of total	1.4%	1.0%	1.3%	5.5%	7.0%	3.4%	2.1%	1.9%
Embedded systems	793	708	690	2,419	4,943	3,252	2,349	2,443
YoY	-	-10.7%	-2.5%	250.6%	104.3%	-34.2%	-27.8%	4.0%
YoY change	-	-85	-18	1,729	2,524	-1,691	-903	94
% of total	1.3%	1.1%	1.2%	3.3%	5.6%	3.5%	2.5%	2.4%
Power supply equipment	748	552	501	1,464	2,906	2,241	1,906	1,882
YoY	-	-26.2%	-9.2%	192.2%	98.5%	-22.9%	-14.9%	-1.3%
YoY change	-	-196	-51	963	1,442	-665	-335	-24
% of total	1.3%	0.9%	0.9%	2.0%	3.3%	2.4%	2.0%	1.8%
Imaging equipment and parts	1,814	1,824	2,155	5,685	7,434	4,216	4,122	4,925
YoY	-	0.6%	18.1%	163.8%	30.8%	-43.3%	-2.2%	19.5%
YoY change	-	10	331	3,530	1,749	-3,218	-94	803
% of total	3.0%	3.0%	3.8%	7.9%	8.5%	4.6%	4.4%	4.8%
Information systems	330	487	512	618	1,129	1,379	1,330	1,729
YoY	-	47.6%	5.1%	20.7%	82.7%	22.1%	-3.6%	30.0%
YoY change	-	157	25	106	511	250	-49	399
% of total	0.6%	0.8%	0.9%	0.9%	1.3%	1.5%	1.4%	1.7%
green facility	289	4,801	5,213	3,793	8,177	7,700	9,320	15,083
YoY	-	-	8.6%	-27.2%	115.6%	-5.8%	21.0%	61.8%
YoY change	-	4,512	412	-1,420	4,384	-477	1,620	5,763
% of total	0.5%	7.8%	9.1%	5.2%	9.3%	8.4%	10.0%	14.6%
Other electronic equipment and components	325	227	271	704	1,326	1,426	387	124
YoY	-	-30.2%	19.4%	159.8%	88.4%	7.5%	-72.9%	-68.0%
YoY change	-	-98	44	433	622	100	-1,039	-263
% of total	0.5%	0.4%	0.5%	1.0%	1.5%	1.5%	0.4%	0.1%
Manufacturing Equipment	24,851	15,660	15,505	26,991	39,263	38,318	34,817	31,248
YoY	-	-37.0%	-1.0%	74.1%	45.5%	-2.4%	-9.1%	-10.3%
YoY change	-	-9,191	-155	11,486	12,272	-945	-3,501	-3,569
% of total	41.7%	25.4%	27.0%	37.3%	44.8%	41.6%	37.2%	30.3%
Semiconductor/FPD manufacturing equipment	20,026	11,342	9,961	16,749	25,825	25,032	23,427	18,592
YoY	-	-43.4%	-12.2%	68.1%	54.2%	-3.1%	-6.4%	-20.6%
YoY change	-	-8,684	-1,381	6,788	9,076	-793	-1,605	-4,835
% of total	33.6%	18.4%	17.3%	23.2%	29.5%	27.2%	25.0%	18.0%
Electronic component manufacturing equipment	3,699	2,407	4,612	7,678	8,615	7,669	6,454	8,641
YoY	-	-34.9%	91.6%	66.5%	12.2%	-11.0%	-15.8%	33.9%
YoY change	-	-1,292	2,205	3,066	937	-946	-1,215	2,187
% of total	6.2%	3.9%	8.0%	10.6%	9.8%	8.3%	6.9%	8.4%
Other manufacturing equipment	1,126	1,911	932	2,564	4,823	5,617	4,936	4,015
YoY	-	69.7%	-51.2%	175.1%	88.1%	16.5%	-12.1%	-18.7%
YoY change	-	785	-979	1,632	2,259	794	-681	-921
% of total	1.9%	3.1%	1.6%	3.5%	5.5%	6.1%	5.3%	3.9%

Source: Shared Research based on company data

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

Collection of trade receivables

In the Electronic Equipment and Components business, Daitron carries standard inventory to avoid missing sales opportunities. Meanwhile, in the Manufacturing Equipment business, the company proceeds to production after receiving the orders, tailoring the equipment to customer specifications. For own-brand products, which mainly fall under the manufacturing equipment domain, the company manufactures the products after receiving orders and adjusts them to customer requirements. As a result, the lead time from order acceptance to revenue posting can become lengthy. For projects with long delivery times (primarily those concerning manufacturing equipment orders from certain overseas countries), the company's basic collection method is to receive 30% of the payment when it accepts the order, 60% when

it ships the product, and 10% after customer inspection and formal acceptance. The company says this method allows it to recoup a certain amount even if an order gets canceled.

Payments received before the company recognizes revenue are recorded in the liabilities section as contract liabilities. Orders in FY12/25 totaled JPY108.5bn (+23.7% YoY), and order backlog at end-FY12/25 stood at JPY69.9bn (+9.1% versus end-FY12/24). Contract liabilities at end-FY12/25 came to JPY13.7bn (-2.4%).

Suppliers

Much like its customer base, Daitron has a broad supplier base and procures products from about 2,000 companies. The company initially grew as Sony's authorized distributor. As of FY12/24, it still maintains basic transaction agreements with Sony Group companies from whom it procures products such as CMOS cameras and contactless IC card systems. As a manufacturer, the company also sources raw materials, including electronic components and precision-machined parts, from Japan and overseas.

The company's procurement can be divided into activities as a trading company, under which it purchases externally manufactured products, and those as a manufacturer, under which it procures raw materials. Daitron discloses Hirose Electric and Sony as its main suppliers. Starting off with Sony tape recorders at its inception, in 1954, the company began handling connectors made by Hirose Shokai Seisakusho Co., Ltd. (currently Hirose Electric Co., Ltd.); from then on, it continued to expand its offerings.

Key contracts with major suppliers

Counterparty	Type of agreement	Main products handled	Contract term
Hirose Electric Co., Ltd.	Special agency agreement	Connectors	One year from December 1, 1999 (automatically renewed)
Sony Corporation	Basic transaction agreement	CMOS cameras and peripheral equipment for OEM application	One year from October 1, 2017 (automatically renewed)
Sony Marketing Inc.	Basic transaction agreement	Consumer products, recording media, and information equipment	One year from April 1, 2005 (automatically renewed)

Source: Shared Research based on company data

To manufacture own-brand products, Daitron procures processing materials and sensors, as well as cast frames used in edge-grinding machines. Cast frames are formed by pouring molten metal, such as iron or aluminum, into molds. They offer high strength and durability.

Capex and R&D

Because Daitron serves as a manufacturer on top of being a trading company, it makes capital investments and conducts R&D activities. Capex has generally remained below JPY500mn, except in FY12/16 and FY12/18, when it reached around JPY1.0bn, largely due to investments in new factories. In FY12/23, capex reached JPY743mn, mainly spent on company-wide investment (common expenses) to upgrade the sales and purchasing management system and conduct factory renovation.

The company invested JPY994mn in a new factory project in FY12/16, bringing total capex for the year to JPY1.2bn. As a result of this investment, the book value of then-consolidated subsidiary Daito Denso Co., Ltd. increased from JPY646mn at end-FY12/15 to JPY1.6bn at end-FY12/16. Daito Denso was absorbed into the company in 2017; the sites previously owned by Daito Denso now operate as the company's factories.

In FY12/18, Daitron invested JPY690mn in the construction of a new factory under the Domestic Manufacturing segment (a reportable segment), bringing total capex for the year to JPY907mn. As a result of this investment, the book value of the Chubu Factory in Ichinomiya, Aichi Prefecture, rose from JPY91mn in FY12/17 to JPY789mn in FY12/18.

The company's R&D activities center on manufacturing equipment; R&D expenses have remained below JPY200mn.

Capex and R&D (JPYmn)	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24
Capex	180	1,163	339	907	227	140	428	412	743	303
R&D	140	167	151	166	150	146	93	151	124	177

Source: Shared Research based on company data

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

Facilities

Daitron has six main manufacturing sites in Japan and overseas, the key facilities being the Ichinomiya Equipment Factory and the Chubu Factory, both based in Ichinomiya, Aichi Prefecture. At the Ichinomiya Equipment Factory, the company manufactures low-noise switching power supplies and equipment for the automotive sector. In the Components Business Division, Daitron applies its proprietary expertise in sealing glass and metal together to manufacture glass hermetic connectors that demonstrate superior airtightness, pressure resistance, and insulation properties. Overseas, the company manufactures wire harnesses for railway vehicles for the North American market at the Lincoln Factory in Nebraska (US).

Fixed assets stood at JPY7.9bn in FY12/24, and the ratio of total fixed assets to total net assets was 24.1%. The facility with the largest book value was the head office (Yodogawa-ku, Osaka), at JPY1.1bn; the value of all factories combined totaled JPY2.6bn.

Status of major facilities (end-FY12/24)

Site name (location)	Reportable segment	Facility details	Book value (JPYmn)	Number of employees	Notes
Head office (Yodogawa-ku, Osaka)	Domestic Sales segment, company-wide/common	Offices, logistics warehouse	1,118	191	
Ibaraki Sales Office (Hitachinaka, Ibaraki) and 13 other sales offices	Domestic Sales segment, company-wide/common	Offices, logistics warehouse	416	123	
Tokki Factory (Nishitama-gun, Tokyo)	Domestic Manufacturing segment	Factory	340	33	
Chubu Factory (Ichinomiya, Aichi) and one other site	Domestic Manufacturing segment	Factory	604	53	
Tama Factory (Nishitama-gun, Tokyo)	Domestic Manufacturing segment	Factory	52	32	
Kameoka Factory (Kameoka, Kyoto)	Domestic Manufacturing segment	Factory	378	37	
Ichinomiya Equipment Factory (Ichinomiya, Aichi)	Domestic Manufacturing segment	Factory	610	31	
Denso Factory (Ritto, Shiga)	Domestic Manufacturing segment, company-wide/common	Offices, factory	326	50	
Components Business Division (Ritto, Shiga)	Domestic Manufacturing segment	Factory	62	27	
Daito-Tec Co., Ltd. (Yodogawa-ku, Osaka) and one other site	Domestic Manufacturing segment	Offices, factory	143	12	Domestic subsidiary
Daitron Inc. (Oregon, the US) and one other site	Overseas segment	Offices, factory	131	95	Overseas subsidiary
(Total for factories)			2,646	370	

Source: Shared Research based on company data

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

Sales structure

The Marketing and Sales (M&S) Company, an in-house company belonging to the Domestic Sales segment (a reportable segment), comprises the Electronics Division, the Machinery Division, and the Green Facility Division. In addition, the Electronic Devices Sales Department and the Information Systems Sales Department directly fall under the M&S Company. Sales for the Electronics Division are handled by the East Japan Area Sales Department, the Central Japan Area Sales Department, and the West Japan Area Sales Department. These departments carry out region-focused sales activities. Sales for the Machinery Division are handled by the East Japan Sales Department and the West Japan Sales Department. The Green Facility Division has a sales team, along with its own engineering department and administration/operations department.

Overseas, Daitron established a local subsidiary in Vietnam in April 2024. In its medium-term management plan, the company targets an overseas revenue ratio of 30% in FY12/26 and is considering setting up satellite offices in India, North America, and Europe. Over the long term, it targets an overseas revenue ratio of 50%.

Overview by reportable segment

Daitron tracks the individual financial results of group business units, based on which its board of directors determines management resource allocations and evaluates business performances. For this purpose, it categorizes its operations into three reportable segments: Domestic Sales, Domestic Manufacturing, and Global. The business unit under the Domestic Sales segment is the Marketing and Sales (M&S) Company, and the Domestic Manufacturing segment comprises the Development and Production (D&P) Company. The Global segment consists of the Global Business Division and the company's overseas subsidiaries. In terms of product domains, each reportable segment pursues the Electronic Equipment and Components business and the Manufacturing Equipment business. Own-brand products are handled in all reportable segments.

Daitron adopts an in-house company system. It says communication between the in-house companies is active and that they work closely together. The M&S Company looks out for unfulfilled market demand (either because no product currently exists or because suppliers cannot meet production) and shares such information with the D&P Company. The D&P Company has accumulated expertise in technologies spanning both the Electronic Equipment and Components business and the Manufacturing Equipment business. Accordingly, it applies the technologies matching the customer demand identified by the M&S Company to develop and commercialize products. Further, the M&S Company and the D&P Company also share these types of information and cases with the Global Business Division, thereby strengthening the Global segment.

In-house company system

	M&S Company	D&P Company
	Domestic Sales segment	Domestic Manufacturing segment
	Global Business Division	
	Global segment	
Electronic Equipment and Components business	Electronic components and assembly products	Hermetic connectors
	Semiconductors	Underwater connectors
	Embedded systems	Industrial wire harnesses
	Power supply equipment	Industrial Ethernet cables
	Imaging equipment and parts	Ultra-low-noise switching power supplies
Manufacturing Equipment business	Information systems	
	Purchased products	Products developed and manufactured in-house

Source: Shared Research based on company data

In FY12/25, revenue in the Domestic Sales segment came to JPY71.8bn (+10.2% YoY; 69.6% of total revenue), and operating profit was JPY4.1bn (+8.0% YoY; 56.7% of operating profit before adjustments). In the Domestic Manufacturing segment, revenue came to JPY4.4bn (+14.3% YoY; 4.3%) and operating profit to JPY1.2bn (+59.3% YoY; 16.8%). In the Global segment, revenue came to JPY26.9bn (+9.8% YoY; 26.0%) and operating profit to JPY1.9bn (+3.3% YoY; 26.5%). Over the 10 years from FY12/15 to FY12/25, revenue grew at a CAGR of 6.9% in the Domestic Sales segment, 7.7% in the Domestic Manufacturing segment, and 20.0% in the Global segment. The Global segment was thus the company's fastest-growing segment over the past 10 years.

Daitron opened a representative office in Manila, the Philippines, in 2016 and another in Hanoi, Vietnam, in 2019. In 2022, it established a local subsidiary in Singapore, and in 2024, it converted the Hanoi representative office into a local subsidiary. At the same time, the company stepped up efforts to cultivate business in the Chinese and South Korean markets. Shared Research infers that the Asia business was the main driver of accelerated revenue growth in the Global segment, as the company actively established bases in the Asian markets over the past 10 years.

A comparison of the three reportable segments indicates that the smaller the revenue scale, the higher its OPM. In FY12/25, the Domestic Manufacturing segment only accounted for 4.3% of Daitron's total revenue, but its OPM was 27.1%, more than three times the OPMs of the Domestic Sales segment (5.7%) and the Overseas segment (7.1%). The Domestic Manufacturing segment accounted for 16.8% of the total operating profit before adjustments. Of the Domestic Manufacturing segment's FY12/25 revenue of JPY4.4bn, the Electronic Equipment and Components business contributed JPY4.403bn (99.1%). Operating profit in the Domestic Manufacturing segment stood at JPY1.2bn in FY12/25, and OPM was

27.1%. Based on these figures, Shared Research infers that the OPM of Daitron products handled in the Electronic Equipment and Components business was at a similar level of around 25%.

Product offerings by reportable segment

	Reportable segment		
	Domestic Sales segment	Domestic Manufacturing segment	Global segment
Electronic Equipment and Components			
Purchased products	Yes	No	Yes
Daitron products	Yes	Yes	Yes
Manufacturing Equipment			
Purchased products	Yes	No	Yes
Daitron products	Yes	Yes	Yes

Source: Shared Research based on company data

Domestic Sales segment

Revenue in the Domestic Sales segment reached JPY71.8bn (+10.2% YoY) in FY12/25, growing at a CAGR of 6.9% over the past 10 years from FY12/15 to FY12/25. FY12/25 revenue was 2.0x the FY12/15 level. OPM in this segment was 5.7% (-0.1pp YoY) in FY12/25, up 4.5pp versus FY12/15. As a result, operating profit came to JPY4.1bn in FY12/25, or 9.1x the FY12/15 level.

Segment assets stood at JPY31.9bn at end-FY12/25, or 2.2x the FY12/15 level, while segment asset turnover declined 0.2x to 2.4x over the same period. Even so, as OPM improved, segment return on assets based on operating profit rose 10.7pp versus FY12/15 to 13.8%.

Domestic Sales segment: Revenue, profit, and assets

Domestic Sales (JPYmn)	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue	36,771	37,674	42,688	44,164	41,545	41,833	52,473	61,645	69,264	65,184	71,834
YoY	13.4%	2.5%	13.3%	-	-5.9%	0.7%	25.4%	17.5%	12.4%	-5.9%	10.2%
(10-year CAGR)											6.9%
% of total	85.1%	83.8%	82.6%	74.0%	67.4%	72.9%	72.5%	70.3%	75.2%	69.7%	69.6%
Electronic Equipment and Components	-	-	-	-	-	-	-	51,305	57,887	53,007	58,235
YoY								-	12.8%	-8.4%	9.9%
% of total								83.2%	83.6%	81.3%	81.1%
Manufacturing Equipment	-	-	-	-	-	-	-	10,340	11,377	12,177	13,599
YoY								-	10.0%	7.0%	11.7%
% of total								16.8%	16.4%	18.7%	18.9%
Segment profit	445	704	1,319	1,628	1,166	1,238	2,222	3,181	4,417	3,761	4,061
YoY	123.1%	57.9%	87.5%	-	-28.4%	6.1%	79.5%	43.2%	38.8%	-14.9%	8.0%
Operating profit margin	1.2%	1.9%	3.1%	3.7%	2.8%	3.0%	4.2%	5.2%	6.4%	5.8%	5.7%
(10-year CAGR)											4.2%
Segment assets	14,534	16,320	20,250	20,895	18,878	18,637	25,273	30,172	31,979	26,932	31,858
Segment asset turnover	2.6	2.4	2.3	2.1	2.1	2.2	2.4	2.2	2.2	2.2	2.4
Operating profit to segment assets	3.1%	4.6%	7.2%	7.9%	5.9%	6.6%	10.1%	11.5%	14.2%	12.8%	13.8%
Depreciation	102	16	29	40	48	43	37	37	31	36	35
EBITDA	547	719	1,348	1,668	1,214	1,281	2,258	3,218	4,448	3,797	4,096
EBITDA margin	1.5%	1.9%	3.2%	3.8%	2.9%	3.1%	4.3%	5.2%	6.4%	5.8%	5.7%
Depreciation/ EBITDA	18.6%	2.2%	2.2%	2.4%	3.9%	3.4%	1.6%	1.2%	0.7%	1.0%	0.9%
Increase in tangible fixed assets	28	25	129	30	22	15	15	24	41	36	25
Number of employees	282	300	369	391	354	371	390	420	437	453	-
Revenue per employee	130.4	125.6	115.7	113.0	117.4	112.8	134.5	146.8	158.5	143.9	
Operating profit per employee	1.6	2.3	3.6	4.2	3.3	3.3	5.7	7.6	10.1	8.3	
Capital intensity (=Segment assets/ Number of employees)	51.5	54.4	54.9	53.4	53.3	50.2	64.8	71.8	73.2	59.5	

Source: Shared Research based on company data

Notes:

- Figures may differ from company materials due to differences in rounding methods.
- At the start of FY12/18, the company integrated the Global Business Division (formerly under the Domestic Sales segment) into the Overseas Subsidiaries segment to form the Global segment. Due to this reclassification of reportable segments, the YoY figure for FY12/18 is shown as "-".

Domestic Manufacturing segment

Revenue in the Domestic Manufacturing segment reached JPY4.4bn (+14.3% YoY) in FY12/25, growing at a CAGR of 7.7% over the past 10 years from FY12/15 to FY12/25. FY12/25 revenue was 2.1x the FY12/15 level. OPM in this segment was 27.1% (+7.7pp YoY) in FY12/25, down 11.7pp versus FY12/15. Still, operating profit itself rose to JPY1.2bn in FY12/25, up 46.9% versus FY12/15, thanks to revenue growth.

Segment assets stood at JPY10.2bn at end-FY12/25, or 1.5x the FY12/15 level, while segment asset turnover remained generally around 0.5x. As a result, segment return on assets based on operating profit was 12.3% in FY12/25, down 0.7pp versus FY12/15.

Revenue in the Domestic Manufacturing segment (JPY4.4bn in FY12/25) amounted to only about 6.2% of the revenue in the Domestic Sales segment (JPY71.8bn). However, depreciation in the Domestic Manufacturing segment stood at JPY198mn, 5.7x the JPY35mn recorded in the Domestic Sales segment. The company is actively making capital investments to develop and manufacture own-brand products. Depreciation accounted for 14.2% of the EBITDA in the Domestic Manufacturing segment, far above the 0.9% in the Domestic Sales segment. This shows that the structures of the two segments differ.

Manufacturing equipment produced in the Domestic Manufacturing segment is affected by the capex cycles in the electronics industry. As a result, OPM in this segment fluctuated widely over the past 10 fiscal years, from FY12/16 to FY12/25, ranging between 19.4% (FY12/24) and 40.7% (FY12/18). In its medium-term management plan through FY12/20, the company set out to accelerate integration of trading and manufacturing functions and accordingly stepped up capital investment. Capex rose to JPY1.2bn in FY12/16 (+JPY983mn YoY), increasing the depreciation burden.

Domestic Manufacturing segment: Revenue, profit, and assets

Domestic Manufacturing (JPYmn)	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue	2,115	2,617	2,755	3,362	3,502	3,845	3,189	3,948	3,957	3,888	4,444
YoY	0.7%	23.7%	5.3%	22.1%	4.2%	9.8%	-17.1%	23.8%	0.2%	-1.7%	14.3%
(10-year CAGR)											7.7%
% of total	4.9%	5.8%	5.3%	5.6%	5.7%	6.7%	4.4%	4.5%	4.3%	4.2%	4.3%
Electronic Equipment and Components	-	-	-	-	-	-	-	3,485	3,520	3,816	4,403
YoY								-	1.0%	8.4%	15.4%
% of total								88.3%	89.0%	98.1%	99.1%
Manufacturing Equipment	-	-	-	-	-	-	-	462	437	72	41
YoY								-	-5.5%	-83.5%	-43.1%
% of total								11.7%	11.0%	1.9%	0.9%
Segment profit	819	931	718	1,368	1,122	870	886	1,124	787	755	1,203
YoY	76.9%	13.7%	-22.9%	90.6%	-18.0%	-22.4%	1.8%	26.8%	-30.0%	-4.0%	59.3%
Operating profit margin	38.8%	35.6%	26.1%	40.7%	32.0%	22.6%	27.8%	28.5%	19.9%	19.4%	27.1%
(10-year CAGR)											28.0%
Segment assets	6,639	7,056	5,426	6,206	6,853	6,166	6,825	8,403	8,920	9,434	10,160
Segment asset turnover	0.3	0.4	0.4	0.6	0.5	0.6	0.5	0.5	0.5	0.4	0.5
Operating profit to segment assets	13.0%	13.6%	11.5%	23.5%	17.2%	13.4%	13.6%	14.8%	9.1%	8.2%	12.3%
Depreciation	97	104	149	144	205	190	182	191	185	194	198
EBITDA	917	1,036	867	1,513	1,327	1,061	1,068	1,315	972	949	1,401
EBITDA margin	43.4%	39.6%	31.5%	45.0%	37.9%	27.6%	33.5%	33.3%	24.6%	24.4%	31.5%
Depreciation/ EBITDA	10.6%	10.1%	17.2%	9.5%	15.5%	17.9%	17.0%	14.5%	19.0%	20.5%	14.2%
Increase in tangible fixed assets	104	1,095	112	787	116	31	255	81	125	57	141
Number of employees	220	218	221	226	237	240	246	253	265	271	-
Revenue per employee	9.6	12.0	12.5	14.9	14.8	16.0	13.0	15.6	14.9	14.3	-
Operating profit per employee	3.7	4.3	3.2	6.1	4.7	3.6	3.6	4.4	3.0	2.8	-
Capital intensity (=Segment assets/ Number of employees)	30.2	32.4	24.6	27.5	28.9	25.7	27.7	33.2	33.7	34.8	-

Source: Shared Research based on company data

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

Global segment

Revenue in the Global segment reached JPY26.9bn (+9.8% YoY) in FY12/25, growing at a CAGR of 20.0% over the past 10 years from FY12/15 to FY12/25. FY12/25 revenue was 6.2x the FY12/15 level. OPM in this segment was 7.1% in FY12/25, down 0.4pp YoY but up 1.7pp versus FY12/15. Operating profit in this segment came to JPY1.9bn in FY12/25, or 8.0x the FY12/15 level.

In the Global segment, the company expanded its overseas bases by opening a representative office in Manila, the Philippines, in 2016 and another in Hanoi, Vietnam, in 2019. In 2022, it established a consolidated subsidiary in Singapore, followed by another in the Netherlands in 2023. In 2024, it converted the Hanoi representative office into a local subsidiary. In the US, it manufactures wire harnesses for the North American market at the Lincoln Factory in Nebraska; the company is also working to advance integration between trade and manufacturing there.

Segment assets stood at JPY14.8bn at end-FY12/25, or 7.1x the FY12/15 level, but segment asset turnover declined only modestly from 2.0x in FY12/15 to 1.7x in FY12/25. As a result, segment return on assets based on operating profit improved 1.4pp versus FY12/15 to 12.2% in FY12/25.

Capital intensity (calculated as segment assets divided by employee count) in the Global segment was JPY64.2mn in FY12/24. This was above the JPY34.8mn in the Domestic Manufacturing segment and even the JPY59.5mn in the Domestic Sales segment, making the Global segment more capital-intensive than both. Shared Research infers that, in addition to fixed assets related to manufacturing, trade receivables and inventories are larger in the Global segment than in the Domestic Manufacturing segment.

Global segment: Revenue, profit, and assets

Global (JPYmn)	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue	4,328	4,642	6,242	12,136	16,575	11,740	16,680	22,047	18,935	24,470	26,865
YoY	3.8%	7.2%	34.5%	-	36.6%	-29.2%	42.1%	32.2%	-14.1%	29.2%	9.8%
(10-year CAGR)											20.0%
% of total	10.0%	10.3%	12.1%	20.3%	26.9%	20.4%	23.1%	25.2%	20.5%	26.2%	26.0%
Electronic Equipment and Components	-	-	-	-	-	-	-	8,481	8,959	11,955	12,834
YoY								-	5.6%	33.4%	7.3%
% of total								38.5%	47.3%	48.9%	47.8%
Manufacturing Equipment	-	-	-	-	-	-	-	13,565	9,976	12,515	14,031
YoY								-	-26.5%	25.5%	12.1%
% of total								61.5%	52.7%	51.1%	52.2%
Segment profit	236	299	576	600	976	358	1,151	1,818	862	1,838	1,899
YoY	335.1%	27.0%	92.6%	-	62.6%	-63.3%	221.3%	58.0%	-52.6%	113.2%	3.3%
Operating profit margin	5.4%	6.4%	9.2%	4.9%	5.9%	3.1%	6.9%	8.2%	4.6%	7.5%	7.1%
(10-year CAGR)											6.4%
Segment assets	2,084	2,565	2,944	5,625	7,722	6,897	10,209	10,419	13,381	16,376	14,766
Segment asset turnover	2.0	2.0	2.3	2.8	2.5	1.6	2.0	2.1	1.6	1.6	1.7
Operating profit to segment assets	10.8%	12.9%	20.9%	14.0%	14.6%	4.9%	13.5%	17.6%	7.2%	12.4%	12.2%
Depreciation	16	19	20	22	26	28	29	21	52	58	69
EBITDA	252	318	597	623	1,003	386	1,179	1,840	914	1,897	1,968
EBITDA margin	5.8%	6.9%	9.6%	5.1%	6.0%	3.3%	7.1%	8.3%	4.8%	7.8%	7.3%
Depreciation/ EBITDA	6.5%	6.0%	3.4%	3.6%	2.6%	7.3%	2.4%	1.2%	5.7%	3.1%	3.5%
Increase in tangible fixed assets	27	29	33	25	39	16	14	56	149	55	67
Number of employees	86	94	108	112	165	170	176	187	218	255	-
Revenue per employee	50.3	49.4	57.8	108.4	100.5	69.1	94.8	117.9	86.9	96.0	
Operating profit per employee	2.7	3.2	5.3	5.4	5.9	2.1	6.5	9.7	4.0	7.2	
Capital intensity (=Segment assets/ Number of employees)	24.2	27.3	27.3	50.2	46.8	40.6	58.0	55.7	61.4	64.2	

Source: Shared Research based on company data

Notes:

- Figures may differ from company materials due to differences in rounding methods.
- At the start of FY12/18, the company integrated the Global Business Division (formerly under the Domestic Sales segment) into the Overseas Subsidiaries segment to form the Global segment. Due to this reclassification of reportable segments, the YoY figure for FY12/18 is shown as "-".

Market and value chain

Market overview

Daitron has about 5,000 customers across a wide range of industries, including the electronics (semiconductor manufacturing equipment and industrial equipment), automotive, and vessel sectors. This allows it to disperse the impact of business fluctuations and capital investment cycles in specific industries or among specific customers.

Markets associated with the Electronic Equipment and Components business

The main customers of the Electronic Equipment and Components business are automakers, shipping companies, and industrial equipment manufacturers, including makers of semiconductor manufacturing equipment and machine tools. For shipping companies, the company sells Kirari NINJA, an in-house-developed/manufactured device that can automatically photograph the interiors of vessel-engine cylinders. The product was jointly developed with MTI to automate visual inspections of cylinder interiors.

Automotive market

Daitron sells automotive components to automakers and Tier-1 automotive parts manufacturers. It also sells measuring instruments and inspection equipment used on production lines. Automobile production by Japanese companies stood at 28.5mn in 2019 (-3.9% YoY) and 23.4mn in 2020 (-17.8% YoY), affected by the spread of COVID-19. After the pandemic subsided, this figure rose to 24.3mn in 2021 (+3.7% YoY). The automotive field is a relatively new area within the company's product category of electronic components and assembly products. In FY12/20, Daitron's revenue in this category reached JPY15.3bn (+4.7% YoY) as an increase in revenue from industrial equipment (the long-standing market in this product category) more than absorbed the impact of lower automobile production.

Automobile production by Japanese companies

('000)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Domestic production volume	9,278	9,205	9,691	9,730	9,684	8,068	7,847	7,835	9,000	8,235
(YoY)	-5.1%	-0.8%	5.3%	0.4%	-0.5%	-16.7%	-2.7%	-0.1%	14.9%	-8.5%
Overseas production volume	18,095	18,979	19,742	19,966	18,850	15,377	16,462	16,962	17,511	16,478
(YoY)	3.5%	4.9%	4.0%	1.1%	-5.6%	-18.4%	7.1%	3.0%	3.2%	-5.9%
Total automobile production volume	27,373	28,184	29,432	29,696	28,534	23,445	24,309	24,797	26,511	24,713
(YoY)	0.4%	3.0%	4.4%	0.9%	-3.9%	-17.8%	3.7%	2.0%	6.9%	-6.8%

Source: Shared Research based on data from the Japan Automobile Manufacturers Association

New shipbuilding market

New shipbuilding completions have been trending upward globally, and Shared Research understands that demand for Daitron's automatic photographing equipment for vessel-engine cylinder interiors remains firm. In October 2025, four key organizations forming Japan's maritime cluster—namely, the Japan Shipowners' Association, the Japan Shipbuilding Industry Association, the Cooperative Association of Japan Shipbuilders, and the Japan Ship Machinery and Equipment Association—submitted a written request to the Ministry of Land, Infrastructure, Transport and Tourism regarding the expansion of shipbuilding capacity. These four organizations aim to secure shipbuilding capacity of 18mn tons by 2035, about double the 2025 level. Shared Research thinks these developments surrounding new shipbuilding should lift demand for the company's product over the long term.

New shipbuilding completions

(mn tons)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Global	67.7	66.7	66.0	58.4	66.3	58.2	61.0	55.9	64.9	70.4
(YoY)	5.5%	-1.5%	-1.0%	-11.5%	13.5%	-12.2%	4.8%	-8.4%	16.1%	8.5%
Japan	12.9	13.4	13.1	14.4	16.2	12.8	10.7	9.6	9.9	9.0
(YoY)	-3.7%	3.9%	-2.2%	9.9%	12.5%	-21.0%	-16.4%	-10.3%	3.1%	-9.1%
% of total	19.1%	20.1%	19.8%	24.7%	24.4%	22.0%	17.5%	17.2%	15.3%	12.8%
South Korea	23.8	25.7	22.7	15.0	21.7	18.4	19.7	16.3	18.3	19.8
(YoY)	6.7%	8.0%	-11.7%	-33.9%	44.7%	-15.2%	7.1%	-17.3%	12.3%	8.2%
% of total	35.2%	38.5%	34.4%	25.7%	32.7%	31.6%	32.3%	29.2%	28.2%	28.1%
China	25.4	22.2	24.0	23.5	23.6	23.6	27.3	26.4	33.1	38.5
(YoY)	9.5%	-12.6%	8.1%	-2.1%	0.4%	0.0%	15.7%	-3.3%	25.4%	16.3%
% of total	37.5%	33.3%	36.4%	40.2%	35.6%	40.5%	44.8%	47.2%	51.0%	54.7%
Europe	1.6	2.7	2.4	2.1	2.5	1.7	1.9	2.5	1.8	1.4
(YoY)	-11.1%	68.8%	-11.1%	-12.5%	19.0%	-32.0%	11.8%	31.6%	-28.0%	-22.2%
% of total	2.4%	4.0%	3.6%	3.6%	3.8%	2.9%	3.1%	4.5%	2.8%	2.0%
Other	4.0	2.7	3.8	3.4	2.3	1.7	1.4	1.1	1.8	1.7
(YoY)	14.3%	-32.5%	40.7%	-10.5%	-32.4%	-26.1%	-17.6%	-21.4%	63.6%	-5.6%
% of total	5.9%	4.0%	5.8%	5.8%	3.5%	2.9%	2.3%	2.0%	2.8%	2.4%

Source: Shared Research based on data from the Japan Shipbuilding Industry Association

Markets associated with the Manufacturing Equipment business

The main customers of the company's Manufacturing Equipment business are electronic component manufacturers and chipmakers. Because Daitron supplies semiconductor manufacturing equipment to chipmakers, it is affected by the semiconductor market trends.

Semiconductor market

The global semiconductor market faced supply shortages in 2021 and 2022 amid supply chain disruption caused by the COVID-19 pandemic and Russia's invasion of Ukraine. As supply chains normalized, the market shifted from shortages to oversupply, and production adjustments continued through 2023. In 2024, demand for generative AI chips drove the market. According to the World Semiconductor Trade Statistics (WSTS), the semiconductor market reached USD631.0bn in 2024 (+19.7% YoY). WSTS expects the semiconductor market to continue growing through 2026.

Semiconductor market (by region)

Semiconductor market (by region)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
(USDmn)	Results	Results	Results	Results	Results	Results	Results	Results	Results	Results	Forecast	Forecast
Global	335,168	338,931	412,221	468,778	412,307	440,389	555,893	574,084	526,885	630,549	700,874	760,700
(YoY)	-0.2%	1.1%	21.6%	13.7%	-12.0%	6.8%	26.2%	3.3%	-8.2%	19.7%	11.2%	8.5%
US	68,738	65,537	88,494	102,997	78,619	95,366	121,481	141,136	134,377	195,123	230,256	242,472
(YoY)	-0.8%	-4.7%	35.0%	16.4%	-23.7%	21.3%	27.4%	16.2%	-4.8%	45.2%	18.0%	5.3%
Europe	34,258	32,707	38,311	42,957	39,816	37,520	47,757	53,853	55,763	51,250	52,969	56,201
(YoY)	-8.5%	-4.5%	17.1%	12.1%	-7.3%	-5.8%	27.3%	12.8%	3.5%	-8.1%	3.4%	6.1%
Japan	31,102	32,292	36,595	39,961	35,993	36,471	43,687	48,158	46,751	46,739	47,037	49,776
(YoY)	-10.7%	3.8%	13.3%	9.2%	-9.9%	1.3%	19.8%	10.2%	-2.9%	0.0%	0.6%	5.8%
Asia Pacific	201,070	208,395	248,821	282,863	257,879	271,032	342,967	330,937	289,994	337,437	370,613	402,252
(YoY)	3.5%	3.6%	19.4%	13.7%	-8.8%	5.1%	26.5%	-3.5%	-12.4%	16.4%	9.8%	8.5%

Source: Shared Research based on WSTS data

Semiconductor/FPD manufacturing equipment market

Daitron's Manufacturing Equipment business belongs to the Japan-made semiconductor/FPD manufacturing equipment market. Overall sales of Japan-made semiconductor/FPD manufacturing equipment reached JPY5.1tn in 2024 (+29.1% YoY), according to the Semiconductor Equipment Association of Japan (SEAJ). Sales of semiconductor manufacturing equipment alone fell 5.9% YoY in 2023 to JPY3.7tn, then rose beyond the 2022 level in 2024. The FPD manufacturing equipment sector posted negative revenue growth in both 2022 and 2023; then sales rose to JPY339.0bn in 2024 (+31.5% YoY). Even so, this figure represented only 63% of the previous sales peak of JPY536.0bn in 2018.

Semiconductor/FPD manufacturing equipment market

Revenue from Japan-made semiconductor/FPD manufacturing equipment (JPYbn)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Results	Results	Results	Results	Results	Results	Results	Results	Results	Results	Forecast	Forecast	Forecast
Semiconductor manufacturing equipment (YoY)	1,309	1,564	2,044	2,248	2,073	2,384	3,443	3,928	3,698	4,768	4,863	5,350	5,510
	1.3%	19.5%	30.6%	10.0%	-7.8%	15.0%	44.5%	14.1%	-5.9%	29.0%	2.0%	10.0%	3.0%
FPD manufacturing equipment (YoY)	299	486	492	536	476	464	481	428	258	339	356	356	427
	10.2%	62.3%	1.2%	9.1%	-11.3%	-2.5%	3.7%	-11.0%	-39.8%	31.5%	5.0%	0.0%	20.0%
Total (YoY)	1,608	2,050	2,535	2,784	2,549	2,847	3,924	4,356	3,955	5,107	5,219	5,706	5,937
	2.8%	27.5%	23.7%	9.8%	-8.5%	11.7%	37.8%	11.0%	-9.2%	29.1%	2.2%	9.3%	4.1%

Source: Shared Research based on SEAJ data

Comparable companies

Looking at peers, among the independent electronics trading companies with manufacturing arms are Kaga Electronics Co., Ltd. (TSE Prime: 8154) and Hakuto Co., Ltd. (TSE Prime: 7433). The company's revenue is about 20% of Kaga Electronics's revenue and about 55% of Hakuto's. By contrast, the company's GPM (20.3% in FY12/25) exceeds those of Kaga Electronics (13.1% in FY03/25) and Hakuto (15.2% in FY03/25).

Daitron's SG&A ratio was 13.5% in FY12/25, higher than the other two companies. In FY03/25, the SG&A ratio was 8.8% at Kaga Electronics and 10.9% at Hakuto. Daitron considers itself a technology-driven company and has its employees attend to detailed customer requirements. We infer that the relatively high SG&A ratio is attributable to this corporate stance. Daitron's revenue per employee was JPY88mn in FY12/24, above Kaga Electronics's JPY64mn in FY03/25 and below Hakuto's JPY139mn in FY03/25. The company seeks to secure a higher OPM than peers by boosting revenue per employee to absorb the high SG&A ratio. Its OPM was 6.8% in FY12/25, above Kaga Electronics's 4.3% in FY03/25 and Hakuto's 4.3% in FY03/25.

Shared Research understands that Daitron prioritizes securing profit over expanding scale. Its net margin was 4.8% in FY12/25 (same below), above Kaga Electronics's 3.1% and Hakuto's 2.8%. Financial leverage was 2.23x, above Kaga Electronics's 1.84x and Hakuto's 1.99x. As a result, the company's ROE in FY12/25 was 14.4%, above Kaga Electronics's 10.8% and Hakuto's 7.8%.

Comparison with comparable companies (income statement, ROE)

(JPYmn)	Daitron (7609)			Kaga Electronics (8154)			Hakuto (7433)		
	FY12/23 (Cons.)	FY12/24 (Cons.)	FY12/25 (Cons.)	FY03/23 (Cons.)	FY03/24 (Cons.)	FY03/25 (Cons.)	FY03/23 (Cons.)	FY03/24 (Cons.)	FY03/25 (Cons.)
Revenue	92,156	93,543	103,142	608,064	542,697	547,779	233,624	182,046	183,133
(YoY)	5.2%	1.5%	10.3%	22.6%	-10.8%	0.9%	22.0%	-22.1%	0.6%
Gross profit	18,152	18,868	20,979	78,514	70,452	71,665	32,379	26,833	27,878
(Gross profit margin)	19.7%	20.2%	20.3%	12.9%	13.0%	13.1%	13.9%	14.7%	15.2%
SG&A expenses	12,208	12,668	13,968	46,265	44,607	48,064	19,668	19,196	19,965
(SG&A ratio)	13.2%	13.5%	13.5%	7.6%	8.2%	8.8%	8.4%	10.5%	10.9%
Operating profit	5,944	6,200	7,011	32,249	25,845	23,601	12,711	7,636	7,913
(YoY)	-1.8%	4.3%	13.1%	54.2%	-19.9%	-8.7%	74.0%	-39.9%	3.6%
(Operating profit margin)	6.4%	6.6%	6.8%	5.3%	4.8%	4.3%	5.4%	4.2%	4.3%
Recurring profit	6,015	6,336	7,157	32,739	25,976	22,593	12,048	6,912	7,321
Net income	4,015	4,382	4,923	23,070	20,345	17,083	8,929	5,175	5,131
Total assets	67,789	73,153	79,295	286,217	286,792	305,671	145,900	137,759	130,376
Shareholders' equity	29,428	32,981	35,540	129,608	150,834	166,218	63,863	65,933	65,546
ROE	14.5%	14.0%	14.4%	19.6%	14.5%	10.8%	14.2%	8.0%	7.8%
Total asset turnover	1.41	1.33	1.35	2.18	1.89	1.85	1.68	1.28	1.37
Financial leverage (equity multiplier)	2.30	2.22	2.23	2.21	1.90	1.84	2.28	2.09	1.99
Net margin	4.4%	4.7%	4.8%	3.8%	3.7%	3.1%	3.8%	2.8%	2.8%

Source: Shared Research based on company data

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

Kaga Electronics provides electronic manufacturing services (EMS; product development and manufacturing service on contract). EMS is the business that transformed Kaga Electronics from a trading company centered on procurement and sales to a trading company that can also manufacture. It is similar to Daitron's operations in the Domestic Manufacturing segment. In FY03/25, EMS accounted for 24.6% of Kaga Electronics's revenue, and OPM in this business was 5.5%.

Hakuto develops and manufactures industrial chemicals in addition to selling electronic and electrical equipment and electronic components. Hakuto's Industrial Chemicals business posted an operating loss of JPY9mn in FY03/25. In FY03/25, the OPM of Hakuto's businesses—excluding industrial chemicals—was 4.6%.

Comparison with comparable companies (segment revenue, segment profit)

(JPYmn)	Daitron (7609)			Kaga Electronics (8154)			Hakuto (7433)		
	FY12/23 (Cons.)	FY12/24 (Cons.)	FY12/25 (Cons.)	FY03/23 (Cons.)	FY03/24 (Cons.)	FY03/25 (Cons.)	FY03/23 (Cons.)	FY03/24 (Cons.)	FY03/25 (Cons.)
Reportable segment (revenue)									
Domestic Sales	69,264	65,184	71,834	458,202	422,219	413,235	221,009	171,258	172,344
Domestic Manufacturing (EMS, Industrial Chemicals)	3,957	3,888	4,444	149,862	120,478	134,544	12,615	10,788	10,789
Global	18,935	24,470	26,865	-	-	-	-	-	-
Other				-	-	-	-	-	-
Reportable segment (% of revenue)									
Domestic Sales	75.2%	69.7%	69.6%	75.4%	77.8%	75.4%	94.6%	94.1%	94.1%
Domestic Manufacturing (EMS, Industrial Chemicals)	4.3%	4.2%	4.3%	24.6%	22.2%	24.6%	5.4%	5.9%	5.9%
Global	20.5%	26.2%	26.0%	-	-	-	-	-	-
Other				-	-	-	-	-	-
Reportable segment (operating profit)									
Domestic Sales	4,417	3,761	4,061	22,686	18,470	16,229	11,862	7,601	7,922
Domestic Manufacturing (EMS, Industrial Chemicals)	787	755	1,203	9,563	7,375	7,372	849	35	-9
Global	862	1,838	1,899	-	-	-	-	-	-
Other				-	-	-	-	-	-
Reportable segment (operating profit margin)									
Domestic Sales	6.4%	5.8%	5.7%	5.0%	4.4%	3.9%	5.4%	4.4%	4.6%
Domestic Manufacturing (EMS, Industrial Chemicals)	19.9%	19.4%	27.1%	6.4%	6.1%	5.5%	6.7%	0.3%	-0.1%
Global	4.6%	7.5%	7.1%	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-

Source: Shared Research based on company data

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

In FY12/25, own-brand products accounted for 16.9% of Daitron's consolidated revenue. This was below the share of the EMS business in Kaga Electronics's revenue mix (24.6% in FY03/25) but above the share of the Industrial Chemicals business in Hakuto's revenue mix (5.9% in FY03/25). The share of revenue generated as a trading company was highest for Hakuto, followed by Daitron, and then Kaga Electronics. Revenue per employee and capital intensity (total assets divided by employee count) also followed the same order. Daitron's revenue per employee was JPY88mn in FY12/24, above Kaga Electronics's JPY64mn in FY03/25, but below Hakuto's JPY139mn in FY03/25. The company's capital intensity was JPY69mn in FY12/24, above Kaga Electronics's JPY36mn in FY03/25, but below Hakuto's JPY99mn in FY03/25.

Comparison with comparable companies (employees)

(JPYmn)	Daitron (7609)			Kaga Electronics(8154)			Hakuto (7433)		
	FY12/22 (Cons.)	FY12/23 (Cons.)	FY12/24 (Cons.)	FY03/23 (Cons.)	FY03/24 (Cons.)	FY03/25 (Cons.)	FY03/23 (Cons.)	FY03/24 (Cons.)	FY03/25 (Cons.)
Number of employees	942	1,003	1,061	8,092	8,021	8,560	1,223	1,203	1,318
Revenue per employee	93	92	88	75	68	64	191	151	139
Capital intensity (=Total assets/ Number of employees)	67	68	69	35	36	36	119	115	99
Number of employees (parent)	778	819	839	546	549	560	682	680	723
Average age (parent)	41	40.9	40.6	43.3	43.3	42.6	44.3	44.3	44.3
Average years of service (parent)	15	14.3	14.0	14.5	14.5	14.0	13.9	14.0	13.2
Average annual salary (parent) (JPY'000)	8,197	8,027	7,543	8,990	8,901	8,523	9,168	10,721	9,452

Source: Shared Research based on company data

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

Strengths and weaknesses

Strengths

The company has the ability to accurately identify customer demand as a trading firm and applies this strength to bolster its manufacturing capability and develop own-brand products.

Because Daitron interacts with suppliers and customers as a trading company, it can gather information on technologies and markets for a wide range of products. In the course of these activities, it has honed the ability to identify markets where demand exists but products suited to that demand are not being supplied. By developing and manufacturing such products in-house, the company has earned customer trust. Daitron's in-house companies work closely together. The Marketing and Sales (M&S) Company, which oversees sales operations in Japan, looks out for market demand that is unfulfilled, either because no product currently exists or suppliers cannot meet production, and shares such information with the Development and Production (D&P) Company. Meanwhile, the D&P Company has accumulated expertise in technologies spanning both the Electronic Equipment and Components business and the Manufacturing Equipment business. Accordingly, it can apply the technologies matching the customer demand identified by the M&S Company to develop and commercialize products. Such sharing of demand and technology-related information across the entire company allows Daitron to develop and manufacture own-brand products.

Daitron's glass hermetic connectors are a prime example of a product for which demand has existed but suitable products were unavailable. These connectors offer high airtightness and maintain conductivity even in harsh environments such as vacuum and high pressure. They are used in the inside chambers (vacuum vessels) of semiconductor manufacturing equipment, as well as for underwater signal transmission that calls for especially high airtightness and insulation. The company has secured a share in this niche market.

The company serves a wide range of industries and maintains a stable GPM.

Daitron is equipped with marketing capabilities as a trading company as well as development and manufacturing capabilities as a manufacturer. Thanks to these attributes, it has secured roughly 5,000 customers across a broad range of industries, including the electronics (semiconductor manufacturing equipment and industrial equipment), automotive, and vessel sectors. In addition to intermediate goods such as electronic components, the company also sells capital goods such as semiconductor/FPD manufacturing equipment. This wide reach has allowed Daitron to remain relatively insusceptible to external changes, including adjustments in certain industries or circumstances affecting certain customers. Over the past 10 fiscal years (FY12/16 to FY12/25), the company's GPM trended stably in the range of 19.7% to 22.4%.

The company's revenue forecast accuracy is high. Over the past 10 fiscal years (FY12/16 to FY12/25), FY12/21 and FY12/22 were the only years when actual revenue diverged from the company's initial forecast by more than 10%. These were periods when economic activities resumed and accelerated globally, with the impact of COVID-19 subsiding. The company's salespeople accurately capture customer demand and secure inventory at the right time. Shared Research believes that the sales activities of these employees are rooted in Daitron's identity as a technology-driven company, and this factor supports the company's stable GPM.

The company prioritizes securing profit over expanding business scale; as such, its margins exceed those of peers.

Like Daitron, Kaga Electronics Co., Ltd. and Hakuto Co., Ltd. are independent electronics trading companies with manufacturing arms. The company's revenue is about 20% of Kaga Electronics's revenue and about 55% of Hakuto's. In contrast, the company's GPM was 20.3% in FY12/25, above Kaga Electronics's 13.1% in FY03/25 and Hakuto's 15.2% in FY03/25. As a trading company, Daitron accurately captures customer demand and delivers the required amount of goods at the required timing. On top of this, it also develops and manufactures products for markets where demand exists but suitable products are unavailable. Daitron's revenue per employee was JPY88mn in FY12/24, exceeding Kaga Electronics's JPY64mn in FY03/25, although lower than Hakuto's JPY139mn in FY03/25.

The company's SG&A ratio was 13.5% in FY12/25, exceeding those of the two peers, but its relatively high GPM has more than absorbed the SG&A expenses. Daitron's OPM was 6.8% in FY12/25, above Kaga Electronics's 4.3% in FY03/25 and Hakuto's 4.3% in FY03/25.

Weaknesses

Daitron products in the Electronic Equipment and Components business appear to be facing sluggish production volume growth.

Since FY12/21, when the company changed the definition of its Daitron products, the revenue mix of Daitron products has trended upward. However, in FY12/25, the revenue mix of Daitron products remained at 16.9% of the total (+1.1pp versus FY12/21), despite the 10.4% YoY revenue growth to JPY17.4bn in value terms. By business domain, the revenue mix of the Manufacturing Equipment business rose 2.2pp from FY12/21 to FY12/25. Hence, Shared Research infers that the increase in the revenue mix of Daitron products came from the Manufacturing Equipment business and that growth of Daitron products in the Electronic Equipment and Components business has been sluggish.

Daitron provides own-brand products to markets where demand exists but suitable products are not being supplied. Because these markets face little competition, the GPM of Daitron products is higher than that of purchased products. On the other hand, demand is localized and limited, which makes market expansion difficult. Shared Research views the limited production volume of Daitron products in the Electronic Equipment and Components business as one of the company's weaknesses.

Performance in the Manufacturing Equipment business is affected by capital investment cycles in the electronics industry.

In the Manufacturing Equipment business, Daitron mainly functions as a manufacturer, developing and producing equipment used in the fabrication processes of semiconductors, FPDs, and electronic components. This means that most revenue in this business comes from the electronics industry. Revenue in this business was JPY15.4bn in FY12/20 (-26.4% YoY) but recovered to JPY17.8bn in FY12/21 (+15.8% YoY). After falling 10.6% YoY to JPY21.8bn in FY12/23, revenue rose again to JPY24.8bn in FY12/24 (+13.6% YoY) and JPY27.7bn in FY12/25 (+11.7% YoY).

Revenue fluctuations in the company's Manufacturing Equipment business largely match movements in the semiconductor manufacturing equipment market. The overall sales of Japan-made semiconductor/FPD manufacturing equipment, which stood at JPY2.5tn in 2019 (-8.5% YoY), recovered to JPY2.8tn in 2020 (+11.2% YoY). However, Shared Research believes that capital investments by FPD manufacturers remained weak, delaying the recovery in the company's manufacturing equipment revenue until FY12/21. The overall sales of Japan-made semiconductor/FPD manufacturing equipment fell 9.2% YoY to JPY4.0tn in 2023, then grew 29.1% YoY to JPY5.1tn in 2024. Revenue movements in the company's Manufacturing Equipment business were in sync with this trend. Shared Research believes that the Manufacturing Equipment business is highly susceptible to the capital investment cycles in the semiconductor sector and the electronics industry at large and that avoiding this effect is difficult.

The company has limited experience in inorganic growth through M&A.

Historically, the management resources obtained through M&A have made only a limited contribution to the company's inorganic growth. In 2017, the company acquired all shares of Tanimoto Denso Co., Ltd. and made it a subsidiary. Tanimoto Denso is now Daito-Tec Co., Ltd., a consolidated subsidiary belonging to the Domestic Manufacturing segment. That said, Daito-Tec only had 12 employees as of end-FY12/24, and the book value of its equipment was JPY143mn, which is immaterial relative to the company's 1,061 employees and tangible fixed assets amounting to JPY4.4bn at end-FY12/24. The company has thus far grown without relying on acquisitions, instead utilizing internally developed personnel, technology, and brand. However, when Daitron seeks to further accelerate business growth, we understand that its limited track record in incorporating external management resources through M&A will become a weakness.

Historical results and financial statements

Historical earnings

Cumulative Q3 FY12/25 results

- Revenue: JPY72.8bn (+9.3% YoY)
- Operating profit: JPY5.1bn (+31.2% YoY)
- Recurring profit: JPY5.1bn (+32.3% YoY)
- Net income attributable to owners of the parent: JPY3.5bn (+35.3% YoY)

Summary

In cumulative Q3 FY12/25 (January–September 2025), inventory adjustments partially waned the appetite for capital spending related to industrial equipment in the electronics industry. However, demand for AI and IoT applications remained strong, and production activities for electronic components and manufacturing equipment held steady. Based on the basic policy of its 11th medium-term management plan spanning FY12/24 to FY12/26 (11M), the company worked to expand sales of own-brand products, expand overseas operations, and create new businesses. As a result, it reported revenue of JPY72.8bn (+9.3% YoY), operating profit of JPY5.1bn (+31.2% YoY), recurring profit of JPY5.1bn (+32.3% YoY), and net income attributable to owners of the parent of JPY3.5bn (+35.3% YoY) in cumulative Q3 FY12/25.

Orders in cumulative Q3 FY12/25 totaled JPY80.0bn (+22.8% YoY). Order backlog at end-Q3 FY12/25 stood at JPY71.2bn (+3.5% YoY), up JPY2.3bn from end-Q2 FY12/25.

Revenue by product category

Revenue from Daitron products reached JPY12.0bn (+10.7% YoY), accounting for 16.5% (+0.2pp YoY) of the company's total revenue in cumulative Q3 FY12/25.

Electronic Equipment and Components: JPY54.3bn (+6.6% YoY)

- Electronic components and assembly products: JPY17.4bn (+9.2% YoY)
- Semiconductors: JPY3.4bn (-17.3% YoY)
- Embedded systems: JPY5.1bn (+4.0% YoY)
- Power supply equipment: JPY2.5bn (-1.3% YoY)
- Imaging equipment and parts: JPY17.5bn (+8.0% YoY)
- Information systems: JPY3.3bn (+20.2% YoY)
- Green facility: JPY4.5bn (+30.5% YoY)
- Other electronic equipment and components: JPY621mn (-41.6% YoY)

Revenue in the Electronic Equipment and Components business rose JPY3.4bn YoY. Of this increase, JPY1.5bn came from a YoY uptick in revenue from electronic components and assembly products. Revenue from imaging equipment and parts also rose JPY1.3bn YoY, and revenue from the green facility business rose JPY1.0bn YoY.

Manufacturing Equipment: JPY18.5bn (+18.2% YoY)

- Semiconductor/FPD manufacturing equipment: JPY8.9bn (+19.1% YoY)
- Electronic component manufacturing equipment: JPY5.7bn (+3.5% YoY)
- Other manufacturing equipment: JPY3.9bn (+45.4% YoY)

Revenue in the Manufacturing Equipment business rose JPY2.8bn YoY. Of this amount, JPY1.4bn came from a YoY increase in revenue from semiconductor/FPD manufacturing equipment.

Results by reportable segment

Domestic Sales

- Revenue: JPY50.5bn (+3.9% YoY)
- Operating profit: JPY2.9bn (+6.2% YoY)

In the Electronic Equipment and Components business under the Domestic Sales segment, revenue fell YoY for analog ICs (product category: semiconductors) but rose YoY for connectors and wires/harnesses for semiconductor manufacturing equipment applications (electronic components and assembly products). In the imaging equipment and parts category, products for automotive and AI semiconductor equipment applications performed strongly; in information systems, sales of communication systems increased. In the Manufacturing Equipment business under the Domestic Sales segment, revenue declined YoY for semiconductor materials manufacturing equipment (product category: semiconductor/FPD manufacturing equipment). However, revenue from manufacturing equipment for data center communication devices (electronic component manufacturing equipment) was up YoY. As a result, revenue in this segment totaled JPY50.5bn (+3.9% YoY), and operating profit totaled JPY2.9bn (+6.2% YoY).

Domestic Manufacturing

- Revenue: JPY3.2bn (+13.9% YoY)
- Operating profit: JPY747mn (+93.1% YoY)

In the Domestic Manufacturing segment, the Components Business Division posted higher sales of special connectors, and the Equipment Business Division posted higher sales of processing equipment and inspection equipment for communication devices. As a result, revenue in this segment totaled JPY3.2bn (+13.9% YoY), and operating profit rose to JPY747mn (+93.1% YoY).

Global

- Revenue: JPY19.1bn (+25.9% YoY)
- Operating profit: JPY1.5bn (+72.3% YoY)

In the Electronic Equipment and Components business under the Global segment, sales of imaging equipment and parts declined YoY in South Korea but increased YoY in the US and China. In the Manufacturing Equipment business under the Global segment, semiconductor/FPD manufacturing equipment posted lower revenue in Southeast Asia, but electronic component manufacturing equipment posted higher revenue there. As a result, revenue in this segment totaled JPY19.1bn (+25.9% YoY), and operating profit reached JPY1.5bn (+72.3% YoY).

1H FY12/25 results

- Revenue: JPY48.9bn (+9.1% YoY)
- Operating profit: JPY3.7bn (+40.0% YoY)
- Recurring profit: JPY3.7bn (+29.2% YoY)
- Net income attributable to owners of the parent: JPY2.6bn (+35.6% YoY)

Summary

In 1H FY12/25, inventory adjustments partially waned the appetite for capital spending related to industrial equipment in the electronics industry. However, demand for AI and IoT applications remained strong, and production activities for electronic components and manufacturing equipment held steady. Based on the basic policy of 11M, the company worked to expand sales of own-brand products, expand overseas operations, and create new businesses. As a result, the company reported revenue of JPY48.9bn (+9.1% YoY), operating profit of JPY3.7bn (+40.0% YoY), recurring profit of JPY3.7bn (+29.2% YoY), and net income attributable to owners of the parent of JPY2.6bn (+35.6% YoY).

Orders in 1H FY12/25 totaled JPY53.7bn (+37.7% YoY). Order backlog at end-Q2 FY12/25 stood at JPY68.9bn (+6.8% YoY), up JPY6.4bn from end-Q1 FY12/25.

Revenue by product category

Revenue from Daitron products reached JPY8.1bn (+9.8% YoY), accounting for 16.5% (+0.1pp YoY) of the company's total revenue in 1H FY12/25.

Electronic Equipment and Components: JPY36.2bn (+6.3% YoY)

- Electronic components and assembly products: JPY11.5bn (+8.8% YoY)
- Semiconductors: JPY2.3bn (-17.6% YoY)
- Embedded systems: JPY3.4bn (-1.1% YoY)
- Power supply equipment: JPY1.6bn (-7.3% YoY)
- Imaging equipment and parts: JPY11.4bn (+6.6% YoY)
- Information systems: JPY2.2bn (+13.9% YoY)
- Green facility: JPY3.3bn (+50.0% YoY)
- Other electronic equipment and components: JPY513mn (-25.8% YoY)

Revenue in the Electronic Equipment and Components business rose JPY2.1bn YoY. Of this increase, JPY1.1bn came from a YoY uptick in revenue from the green facility business. Revenue from electronic components and assembly products also rose JPY923mn YoY, and revenue from imaging equipment and parts rose JPY699mn YoY.

Manufacturing Equipment: JPY12.6bn (+18.1% YoY)

- Semiconductor/FPD manufacturing equipment: JPY6.3bn (+17.0% YoY)
- Electronic component manufacturing equipment: JPY3.5bn (-0.8% YoY)
- Other manufacturing equipment: JPY2.8bn (+58.5% YoY)

Revenue in the Manufacturing Equipment business rose JPY1.9bn YoY. Of this amount, JPY917mn came from higher revenue from semiconductor/FPD manufacturing equipment.

Results by reportable segment

Domestic Sales

- Revenue: JPY33.4bn (+0.2% YoY)
- Operating profit: JPY2.0bn (+0.5% YoY)

In the Electronic Equipment and Components business under the Domestic Sales segment, revenue fell YoY for analog ICs (product category: semiconductors), industrial network boards (embedded systems), and power supply equipment. On the other hand, revenue rose for lenses (imaging equipment and parts), communication systems (information systems), and UPS systems for data centers (green facility). In the Manufacturing Equipment business under the Domestic Sales segment, revenue declined YoY for semiconductor materials manufacturing equipment (product category: semiconductor/FPD manufacturing equipment). However, revenue from manufacturing equipment for data center communication devices (electronic component manufacturing equipment) was up YoY. As a result, revenue in this segment totaled JPY33.4bn (+0.2% YoY), and operating profit came to JPY2.0bn (+0.5% YoY).

Domestic Manufacturing

- Revenue: JPY2.1bn (+21.0% YoY)
- Operating profit: JPY479mn (+118.7% YoY)

In the Domestic Manufacturing segment, the Components Business Division posted higher sales of special connectors, and the Equipment Business Division posted higher sales of processing equipment and inspection equipment for communication devices. As a result, revenue in this segment totaled JPY2.1bn (+21.0% YoY), and operating profit totaled JPY479mn (+118.7% YoY).

Global

- Revenue: JPY13.4bn (+37.4% YoY)
- Operating profit: JPY1.3bn (+154.8% YoY)

In the Manufacturing Equipment business under the Global segment, sales of electronic component manufacturing equipment declined in China but sales of semiconductor/FPD manufacturing equipment increased in South Korea, China, Southeast Asia, and Europe. In the Electronic Equipment and Components business under the Global segment, sales of electronic components and assembly products and imaging equipment and parts increased in the US and China. As a result, revenue in this segment totaled JPY13.4bn (+37.4% YoY), and operating profit totaled JPY1.3bn (+154.8% YoY).

Q1 FY12/25 results

- Revenue: JPY23.4bn (+10.7% YoY)
- Operating profit: JPY1.6bn (+41.6% YoY)
- Recurring profit: JPY1.5bn (+27.2% YoY)
- Net income attributable to owners of the parent: JPY1.0bn (+35.3% YoY)

Summary

In Q1 FY12/25 (January–March 2025), inventory adjustments partially waned the appetite for capital spending related to industrial equipment in the electronics industry. However, demand for AI and IoT applications remained strong, and production activities for electronic components and manufacturing equipment held steady. Based on the basic policy of 11M, the company worked to expand sales of own-brand products, expand overseas operations, and create new businesses. As a result, the company reported revenue of JPY23.4bn (+10.7% YoY), operating profit of JPY1.6bn (+41.6% YoY), recurring profit of JPY1.5bn (+27.2% YoY), and net income attributable to owners of the parent of JPY1.0bn (+35.3% YoY).

Orders in Q1 FY12/25 totaled JPY21.7bn (+9.9% YoY). Order backlog at end-Q1 FY12/25 stood at JPY62.5bn (-9.1% YoY), down JPY1.6bn from end-FY12/24.

Revenue by product category

Revenue from Daitron products reached JPY3.7bn (+14.3% YoY), accounting for 15.8% (+0.5pp YoY) of the company's total revenue in Q1 FY12/25.

Electronic Equipment and Components: JPY18.4bn (+6.8% YoY)

- Electronic components and assembly products: JPY5.6bn (+7.8% YoY)
- Semiconductors: JPY1.2bn (-15.1% YoY)
- Embedded systems: JPY1.7bn (-15.7% YoY)
- Power supply equipment: JPY832mn (-10.0% YoY)
- Imaging equipment and parts: JPY5.7bn (+9.6% YoY)
- Information systems: JPY1.3bn (+19.1% YoY)
- Green facility: JPY1.8bn (+93.1% YoY)
- Other electronic equipment and components: JPY228mn (-46.5% YoY)

Revenue in the Electronic Equipment and Components business rose JPY1.2bn YoY. Of this amount, JPY878mn came from a YoY increase in revenue from the green facility business. Revenue from imaging equipment and parts also rose JPY501mn YoY, and revenue from electronic components and assembly products rose JPY406mn YoY.

Manufacturing Equipment: JPY4.9bn (+28.1% YoY)

- Semiconductor/FPD manufacturing equipment: JPY2.1bn (+19.9% YoY)
- Electronic component manufacturing equipment: JPY1.4bn (-4.5% YoY)
- Other manufacturing equipment: JPY1.4bn (+125.5% YoY)

Revenue in the Manufacturing Equipment business rose JPY1.1bn YoY. Of this amount, JPY354mn came from a YoY increase in revenue from semiconductor/FPD manufacturing equipment.

Results by reportable segment

Domestic Sales

- Revenue: JPY17.4bn (+8.1% YoY)

- Operating profit: JPY1.2bn (+29.0% YoY)

In the Electronic Equipment and Components business under the Domestic Sales segment, revenue fell YoY for analog ICs (product category: semiconductors), industrial network boards (embedded systems), and power supply equipment. On the other hand, revenue rose for lenses (imaging equipment and parts), communication systems (information systems), and UPS systems for data centers (green facility). In the Manufacturing Equipment business under the Domestic Sales segment, revenue declined YoY for semiconductor materials manufacturing equipment (product category: semiconductor/FPD manufacturing equipment). However, revenue from manufacturing equipment for data center communication devices (electronic component manufacturing equipment) was up YoY. As a result, revenue in this segment totaled JPY17.4bn (+8.1% YoY), and operating profit stood at JPY1.2bn (+29.0% YoY).

Domestic Manufacturing

- Revenue: JPY982mn (+27.2% YoY)
- Operating profit: JPY141mn (+8.5% YoY)

In the Domestic Manufacturing segment, the Components Business Division posted higher sales of special connectors, and the Equipment Business Division posted higher sales of processing equipment and inspection equipment for communication devices. As a result, revenue in this segment totaled JPY982mn (+27.2% YoY), and operating profit totaled JPY141mn (+8.5% YoY).

Global

- Revenue: JPY4.9bn (+17.6% YoY)
- Operating profit: JPY269mn (+137.6% YoY)

In the Electronic Equipment and Components business under the Global segment, sales of electronic components and assembly products as well as imaging equipment and parts increased in the US and China. In the Manufacturing Equipment business under the Global segment, sales of semiconductor/FPD manufacturing equipment increased in Southeast Asia, while sales of electronic component manufacturing equipment increased in China. As a result, revenue in this segment totaled JPY4.9bn (+17.6% YoY), and operating profit totaled JPY269mn (+137.6% YoY).

Income statement

Income statement (JPYmn)	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue	44,932	51,684	59,663	61,621	57,418	72,342	87,640	92,156	93,543	103,142
Cost of revenue	34,880	40,194	46,844	49,139	45,942	58,060	70,052	74,005	74,674	82,164
Gross profit	10,053	11,491	12,819	12,483	11,476	14,281	17,588	18,152	18,868	20,979
SG&A expenses										
Salaries and bonuses	4,153	4,526	4,736	4,679	4,768	5,398	6,154	6,372	6,352	7,291
Retirement benefit expenses	231	291	329	289	285	298	334	332	290	310
Provision for bonuses	60	96	91	95	78	97	122	125	122	166
Provision for doubtful accounts	-31	-1	-0	2	11	-9	2	3	0	1
Provision for product warranties	37	-1	-18	-5	-4	-1	17	-2	48	-29
Depreciation	142	179	172	186	184	169	165	234	297	310
Other	3,550	3,878	3,963	4,032	3,752	4,132	4,743	5,145	5,559	5,918
Total SG&A expenses	8,142	8,968	9,273	9,277	9,072	10,085	11,536	12,208	12,668	13,968
Operating profit	1,911	2,522	3,546	3,206	2,404	4,197	6,052	5,944	6,200	7,011
Non-operating income										
Interest income	3	3	2	3	3	3	3	5	5	18
Dividend received	19	26	28	26	25	30	44	47	50	59
Purchase discounts	8	11	10	11	8		15	17	5	-
Subsidy income	-	1	61	8	46	9	10	26	14	44
Foreign exchange gains	-	39	-	-	-	76	82	-	55	-
Miscellaneous income	19	19	19	16	48	45	24	41	48	47
Total non-operating income	62	112	126	76	122	154	179	136	177	187
Non-operating expenses										
Interest expenses	22	19	14	15	8	6	17	37	34	26
Loss on sale of notes receivable-trade	3	2	2	1	1	1	1	1	4	3
Foreign exchange losses	68	-	41	18	59	-	-	19	-	2
Miscellaneous expenses	2	17	8	11	6	6	3	6	4	10
Total non-operating expenses	109	52	79	61	89	25	20	64	42	41
Recurring profit	1,864	2,583	3,593	3,220	2,437	4,326	6,210	6,015	6,336	7,157
Extraordinary gains										
Gain on sale of fixed assets	1	1	4	3	13	0	0	2	0	2
Gain on sale of investment securities	-	13	0	0	-	37	-	8	0	-
Subsidy income	-	-	-	-	-	-	-	-	11	-
Total extraordinary income	1	80	4	3	13	37	0	10	11	2
Extraordinary losses										
Loss on sale and retirement of fixed assets	1	1	4	5	0	1	8	1	1	0
Loss on tax purpose reduction entry of fixed assets	-	-	-	-	-	-	-	-	11	-
Total extraordinary losses	1	1	4	5	0	1	8	1	1	0
Pre-tax profit	1,864	2,662	3,485	3,218	2,450	4,363	6,201	6,024	6,335	7,158
Income taxes-current	653	810	1,176	1,092	876	1,452	2,071	2,134	2,154	2,158
Income taxes-deferred	-6	-16	34	-46	-37	-43	-112	-141	-198	57
Total income taxes	647	794	1,210	1,046	839	1,409	1,959	1,993	1,956	2,215
Net income	1,217	1,868	2,275	2,172	1,611	2,953	4,242	4,030	4,379	4,943
Net income attributable to non-controlling interests	-	-	-	-	-	-	4	15	-3	20
Net income attributable to owners of the parent	1,217	1,868	2,275	2,172	1,611	2,953	4,237	4,015	4,382	4,923

Source: Shared Research based on company data

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

Since FY12/22, the company's revenue has trended at around JPY90.0bn, and OPM has remained above 6.0%. Daitron not only seeks to improve profitability as a trading company centered on purchased products. It also works to bolster its manufacturing business, where it can expect an OPM of about 20%. Its function as a manufacturer contributes to overall operating profit.

Over the past 10 fiscal years (FY12/16–FY12/25), the company's net earnings at the non-operating level has largely remained in the black. Non-operating expenses exceeded non-operating income only in FY12/16.

Profitability

The company's GPM has generally stayed at around 20%. The highest GPM in the past 10 fiscal years (FY12/16–FY12/25) was recorded in FY12/16 (22.4%). That year, capital investments recovered in the electronics industry, and the company's in-house-developed manufacturing equipment (Daitron products) performed well. The lowest GPMs were in FY12/21 and FY12/23, and the third-lowest was in FY12/22. In those years, raw material prices rose and remained high after the COVID-19 pandemic. The SG&A ratio has stayed in the 13–18% range. The highest SG&A ratio in the past 10 fiscal years

was in FY12/16 (18.1%). The company made front-loaded investments mainly in R&D in FY12/16 with a view to expanding sales of own-brand products. The lowest SG&A ratio was in FY12/22 (13.162%; FY12/23 was 13.247%). Revenue increased more than 20% YoY for two consecutive fiscal years from FY12/21, absorbing higher fixed costs and lowering the SG&A ratio.

The company's GPM has stayed stable at about 20%, while SG&A ratio has trended down. The SG&A ratio, which was 18.3% in FY12/15, fell 4.8pp to 13.5% by FY12/25. As a result, OPM rose from 3.6% in FY12/15 to 6.8% in FY12/25.

Profit margins (JPYmn)	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Gross profit	10,053	11,491	12,819	12,483	11,476	14,281	17,588	18,152	18,868	20,979
Gross profit margin	22.4%	22.2%	21.5%	20.3%	20.0%	19.7%	20.1%	19.7%	20.2%	20.3%
SG&A expenses	8,142	8,968	9,273	9,277	9,072	10,085	11,536	12,208	12,668	13,968
SG&A ratio	18.1%	17.4%	15.5%	15.1%	15.8%	13.9%	13.2%	13.2%	13.5%	13.5%
Operating profit	1,911	2,522	3,546	3,206	2,404	4,197	6,052	5,944	6,200	7,011
Operating profit margin	4.3%	4.9%	5.9%	5.2%	4.2%	5.8%	6.9%	6.4%	6.6%	6.8%
EBITDA	2,142	2,801	3,819	3,554	2,741	4,520	6,379	6,335	6,655	7,482
EBITDA margin	4.8%	5.4%	6.4%	5.8%	4.8%	6.2%	7.3%	6.9%	7.1%	7.3%
Net margin	2.7%	3.6%	3.8%	3.5%	2.8%	4.1%	4.8%	4.4%	4.7%	4.8%

Source: Shared Research based on company data

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

Balance sheet

Balance sheet (JPYmn)	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Assets										
Current assets										
Cash and deposits	6,758	5,125	8,953	10,171	12,281	14,203	12,903	11,245	19,561	21,804
Notes receivable	10,721	11,948	12,634	14,037	11,248	13,940	874	878	396	164
Accounts receivable	-	-	-	-	-	-	14,280	16,113	16,593	19,178
Contract assets	-	-	-	-	-	-	1	1,442	-	-
Electronically recorded monetary claims	4,207	5,296	7,179	6,212	5,668	9,026	10,634	9,966	9,314	10,122
Merchandise and finished goods	1,651	2,028	2,828	3,095	3,460	5,785	8,841	9,271	6,906	8,369
Work in process	1,052	3,030	1,881	1,836	2,921	3,264	3,211	3,565	4,288	4,340
Raw materials	330	328	323	352	276	429	651	920	915	1,109
Advance payments to suppliers	-	910	2,477	3,018	3,596	4,457	4,466	6,542	6,946	5,277
Deferred tax assets	102	93	128	-	-	-	-	-	-	-
Other	1,171	267	178	172	129	305	303	165	288	514
Allowance for doubtful accounts	-3	-0	-0	-2	-11	-1	-1	-2	-2	-2
Total current assets	25,990	29,026	36,583	38,890	39,570	51,409	56,163	60,104	65,205	70,877
Fixed assets										
Tangible fixed assets										
Buildings and structures	4,346	4,486	5,173	5,197	5,213	5,418	5,528	5,744	5,824	5,879
Accumulated depreciation	-2,653	-2,785	-2,916	-3,080	-3,263	-3,420	-3,456	-3,612	-3,834	-4,008
Buildings and structures (net)	1,693	1,701	2,257	2,116	1,950	1,998	2,072	2,132	1,990	1,871
Machinery, equipment, and vehicles	402	441	485	526	526	538	540	592	669	711
Accumulated depreciation	-322	-346	-358	-408	-439	-472	-477	-498	-553	-594
Machinery, equipment and vehicles (net)	80	95	127	119	87	66	63	95	116	117
Land	2,199	2,212	2,102	2,102	2,102	2,102	2,102	2,102	2,102	2,102
Other	830	881	827	822	839	870	931	1,014	1,080	1,203
Accumulated depreciation	-707	-739	-686	-671	-704	-719	-767	-813	-878	-937
Other (net)	123	142	141	151	135	151	164	200	202	266
Total tangible fixed assets	4,096	4,150	4,626	4,488	4,274	4,318	4,400	4,529	4,410	4,356
Intangible assets										
Other	81	79	115	126	140	204	200	427	413	410
Total intangible assets	81	79	115	126	140	204	200	427	413	410
Investments and other assets										
Investment securities	1,217	1,503	1,100	1,539	1,688	1,952	1,663	1,956	2,191	3,074
Deferred tax assets	163	105	136	181	180	153	289	300	452	75
Other	527	526	560	539	403	426	496	481	490	512
Allowance for doubtful accounts	-7	-7	-7	-7	-8	-8	-9	-10	-8	-9
Investments and other assets	1,902	2,128	1,790	2,254	2,264	2,523	2,439	2,728	3,126	3,653
Total fixed assets	6,079	6,358	6,532	6,867	6,678	7,045	7,039	7,684	7,948	8,418
Liabilities										
Current liabilities										
Notes and accounts payable	5,865	6,535	7,094	6,192	6,695	8,697	9,348	9,361	9,813	11,603
Electronically recorded obligations	4,833	6,523	9,939	9,876	8,058	12,511	13,786	11,866	9,358	11,403
Short-term borrowings	100	311	360	357	336	460	530	439	348	258
Current portion of long-term borrowings	979	240	140	140	32	-	-	-	-	-

Lease obligations	44	18	11	9	4	4	22	73	80	86
Income taxes payable	379	477	820	569	429	981	1,270	1,156	955	1,157
Provision for bonuses	74	91	102	106	89	111	131	136	136	188
Provision for product warranties	78	58	40	35	31	30	47	44	92	64
Advances received	1,614	1,326	3,378	5,731	6,563	8,464	-	-	-	-
Contract liabilities	-	-	-	-	-	-	6,630	9,557	14,011	13,675
Other	980	1,117	1,249	932	984	1,334	1,775	2,018	1,559	1,878
Total current liabilities	14,945	16,696	23,133	23,948	23,221	32,592	33,538	34,650	36,353	40,312
Fixed liabilities										
Long-term borrowings	452	312	172	32	-	-	-	-	-	0
Lease obligations	35	22	15	6	2	3	31	249	190	134
Deferred tax liabilities	1	-	-	-	-	-	2	0	1	10
Retirement benefit liability	2,653	2,791	2,748	2,947	3,165	3,342	3,557	3,376	3,542	3,200
Asset retirement obligations	46	47	48	48	49	50	51	52	53	53
Other	22	22	22	11	11	11	11	11	11	-
Total fixed liabilities	3,209	3,194	3,005	3,044	3,227	3,406	3,652	3,687	3,796	3,397
Total liabilities	18,154	19,890	26,137	26,992	26,448	35,999	37,190	38,338	40,150	43,709
Net assets										
Shareholders' equity										
Capital stock	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201
Capital surplus	2,483	2,543	2,556	2,557	2,559	2,566	2,570	2,576	2,586	2,487
Retained earnings	9,182	10,551	12,272	13,778	14,779	17,011	20,437	23,119	26,113	27,946
Treasury stock	-21	-58	-52	-50	-49	-44	-42	-40	-37	-258
Total shareholders' equity	13,844	15,237	16,976	18,486	19,490	21,734	25,166	27,856	30,862	32,376
Accumulated other comprehensive income										
Valuation difference on marketable securities	482	663	362	649	733	897	676	873	1,010	1,594
Deferred hedge gains (losses)	3	-0	-1	-1	-1	-1	-0	-	-7	-
Foreign currency translation adjustments	-10	-27	-75	-101	-157	53	345	528	955	1,043
Remeasurements of defined benefit plans	-407	-383	-288	-271	-270	-231	-180	171	161	528
Total accumulated other comprehensive income	67	253	-2	277	305	719	840	1,573	2,119	3,165
Non-controlling interests	3	3	3	3	3	3	6	22	22	45
Total net assets	13,915	15,493	16,977	18,766	19,799	22,456	26,013	29,451	33,004	35,586
Total liabilities and net assets	32,069	35,383	43,115	45,758	46,247	58,454	63,202	67,789	73,153	79,295
Working capital (JPYmn)	7,264	9,572	7,814	9,464	8,821	11,236	15,358	20,928	19,241	20,278
Total interest-bearing debt	1,609	903	697	544	374	467	583	761	619	478
Net debt (net cash)	-5,148	-4,222	-8,256	-9,626	-11,906	-13,736	-12,320	-10,483	-18,942	-21,326
Shareholders' equity	13,911	15,489	16,973	18,762	19,795	22,452	26,006	29,428	32,981	35,540
Equity ratio	43.4%	43.8%	39.4%	41.0%	42.8%	38.4%	41.1%	43.4%	45.1%	44.8%

Source: Shared Research based on company data

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

In FY12/21, capital investments recovered in the electronics industry, and Daitron's revenue from manufacturing equipment rose to JPY17.8bn (+15.8% YoY); revenue from the green facility business, which the company had been developing as a new business, reached JPY5.4bn (+160.6% YoY). The company also accelerated global expansion, and overseas revenue rose to JPY16.8bn (+43.4% YoY). As a result, revenue increased to JPY72.3bn (+26.0% YoY) in FY12/21, and total assets rose to JPY58.5bn (+26.4% YoY). The equity ratio temporarily fell 4.4pp YoY to 38.4% in FY12/21 as earnings and assets expanded, but it rose to 44.8% in FY12/25.

For own-brand products centered on manufacturing equipment, Daitron first receives the orders and then begins production suited to customer specifications. As a result, the period from order receipt to revenue recognition can become long. For long-lead-time projects, mainly for customers in China and South Korea, Daitron generally collects 30% of the total charge at order receipt, 60% at product shipment, and 10% after product inspection and formal acceptance by the customer. The company says this method allows it to recoup a certain amount even if an order gets canceled. Payments received before the company recognizes revenue are recorded in the liabilities section as contract liabilities. Orders in FY12/25 totaled JPY108.5bn (+23.7% YoY), and order backlog at end-FY12/25 was JPY69.9bn (+9.1% vs. end-FY12/24). Contract liabilities at end-FY12/25 were JPY13.7bn (-2.4% vs. end-FY12/24).

Financial indicators

In the Electronic Equipment and Components business, the company keeps standard inventory to avoid opportunity losses. By contrast, for manufacturing equipment, the company first receives the orders and then proceeds to production suited to customer specifications. Over the past 10 fiscal years (FY12/16–FY12/25), the company has expanded revenue from own-brand products, which are centered around manufacturing equipment. As a result, inventory turnover has slowed over the long term. Revenue from Daitron products, which was JPY10.7bn in FY12/16, rose to JPY17.4bn by FY12/25, up 63.3%. Revenue from manufacturing equipment increased 152.2% over the same period, from JPY11.0bn to JPY27.7bn. In FY12/16, inventories were JPY3.0bn and inventory turnover was 11.0x, but in FY12/25, inventories were JPY13.8bn and inventory turnover was 6.3x.

The company has been stepping up capital investments toward better integration of manufacturing and trading functions. As a result, tangible fixed assets grew from JPY4.1bn in FY12/16 to JPY4.4bn in FY12/25, up 6.4%. That said, revenue increased 129.6% over the same period, from JPY44.9bn in FY12/16 to JPY103.1bn in FY12/25. Accordingly, tangible fixed asset turnover rose from 12.4x in FY12/16 to 23.5x in FY12/25, despite the asset increase.

Financial ratios	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
ROA (RP-based)	6.1%	7.7%	9.2%	7.2%	5.3%	8.3%	10.2%	9.2%	9.0%	9.4%
ROE	9.0%	12.7%	14.0%	12.2%	8.4%	14.0%	17.5%	14.5%	14.0%	14.4%
Total asset turnover	1.5	1.5	1.5	1.4	1.2	1.4	1.4	1.4	1.3	1.4
Working capital (JPYmn)	7,264	9,572	7,814	9,464	8,821	11,236	15,358	20,928	19,241	20,278
Current ratio	173.9%	173.8%	158.1%	162.4%	170.4%	157.7%	167.5%	173.5%	179.4%	175.8%
Quick ratio	116.9%	102.3%	93.3%	101.1%	101.3%	86.4%	83.7%	85.6%	100.5%	102.1%
OCF / Current liabilities	9.8%	-0.3%	23.8%	9.9%	13.2%	8.6%	-0.8%	0.9%	27.5%	15.0%
Net debt-to-equity ratio	130.5%	128.4%	154.0%	143.9%	133.6%	160.3%	143.0%	130.3%	121.7%	123.0%
OCF / Total liabilities	8.1%	-0.3%	21.1%	8.8%	11.6%	7.8%	-0.7%	0.8%	24.9%	13.8%
Cash conversion cycle (days)	39.5	44.0	36.7	34.0	43.1	38.3	43.8	63.2	71.2	62.6
Change in working capital	597	2,308	-1,758	1,650	-643	2,415	4,122	5,570	-1,687	1,037
Trade receivables turnover	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
Trade receivables	14,928	17,244	19,814	20,249	16,916	22,967	25,789	28,399	26,303	29,465
Turnover (x)	3.2	3.2	3.2	3.1	3.1	3.6	3.6	3.4	3.4	3.7
Turnover (days)	115.8	113.6	113.4	118.7	118.1	100.6	101.5	107.3	106.7	98.7
Inventory turnover	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
Inventories	3,033	5,386	5,033	5,283	6,658	9,478	12,703	13,756	12,109	13,819
Turnover (x)	11.0	9.5	9.0	9.5	7.7	7.2	6.3	5.6	5.8	6.3
Turnover (days)	33.3	38.2	40.6	38.3	47.4	50.7	57.8	65.2	63.2	57.6
Trade payables turnover	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
Trade payables	10,698	13,058	17,033	16,068	14,753	21,208	23,134	21,227	19,171	23,006
Turnover (x)	3.3	3.4	3.1	3.0	3.0	3.2	3.2	3.3	3.7	3.9
Turnover (days)	109.5	107.9	117.2	122.9	122.4	113.0	115.5	109.4	98.7	93.7
Tangible fixed asset turnover	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
Tangible fixed assets	4,096	4,150	4,626	4,488	4,274	4,318	4,400	4,529	4,410	4,356
Turnover (x)	12.4	12.5	13.6	13.5	13.1	16.8	20.1	20.6	20.9	23.5
Turnover (days)	29.5	29.1	26.8	27.0	27.8	21.7	18.2	17.7	17.4	15.5

Source: Shared Research based on company data

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

Cash flow statement

Cash flow statement (JPYmn)	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Cash flows from operating activities										
Pre-tax profit	1,864	2,662	3,485	3,218	2,450	4,363	6,201	6,024	6,335	7,158
Depreciation	232	279	272	349	338	323	328	391	455	471
Interest and dividend income	-22	-28	-30	-29	-28	-33	-47	-52	-55	-77
Interest expenses	22	19	14	15	8	6	17	37	34	26
Loss (gain) on sale and retirement of fixed assets	-	-0	0	2	-13	1	8	-0	1	-1
Loss (gain) on sale of investment securities	-	-13	-0	-0	-	-37	-	-8	-0	-
Subsidy income	-	-	-	-	-	-	-	-	-11	-
Loss on tax purpose reduction entry of fixed assets	-	-	-	-	-	-	-	-	11	-
Change in accounts receivable-trade, and contract assets	-1,391	-2,221	-2,612	-452	3,339	-5,935	-1,859	-2,513	2,261	-3,126
Change in inventories	278	-2,329	335	-259	-1,402	-2,739	-4,359	-962	1,847	-1,706
Change in advance payments to suppliers	-771	100	-1,568	-541	-580	-852	8	-2,070	-385	1,665
Change in trade payables	477	2,325	4,002	-960	-1,303	6,373	1,837	-1,979	-2,200	3,792
Change in advances received	1,046	-294	2,057	2,355	835	1,868	-	-	-	-
Change in contract liabilities	-	-	-	-	-	-	-	2,909	4,406	-337
Other	323	207	374	-8	411	369	-633	773	-356	121
Subtotal	2,058	707	6,328	3,691	4,054	3,705	1,499	2,550	12,342	7,986
Interest and dividends income received	23	29	31	29	28	33	47	52	55	65
Interests paid	-21	-22	-17	-15	-8	-6	-17	-37	-34	-26
Income taxes paid	-587	-767	-840	-1,327	-1,008	-935	-1,805	-2,249	-2,350	-1,976
Cash flows from operating activities	1,472	-54	5,503	2,378	3,066	2,797	-275	316	10,013	6,048
Cash flows from investing activities										
Payments into time deposits	-	-	-	-	-	-	-	-	-	-1,098
Purchase of tangible fixed assets	-1,127	-298	-822	-213	-100	-293	-171	-466	-223	-207
Proceeds from sale of tangible fixed assets	1	9	12	2	17	0	1	3	1	2
Purchase of investment securities	-24	-27	-29	-27	-26	-29	-34	-36	-37	-41
Proceeds from sales of investment securities	-	16	0	0	-	39	-	31	0	-
Other	-21	-4	-38	-75	-48	-89	-33	-159	-94	-122
Cash flows from investing activities	-1,171	-293	-876	-313	-157	-372	-237	-627	-353	-1,465
Cash flows from financing activities										
Net change in short-term borrowings	-	209	56	-1	-3	85	-1	-125	-138	-82
Proceeds from long-term borrowings	700	100	-	-	-	-	-	-	-	-
Repayments of long-term borrowings	-174	-979	-240	-140	140	-32	-	-	-	-
Dividends paid	-277	-498	-555	-664	-610	-721	-999	-1,332	-1,388	-1,846
Other	-47	-119	-19	-11	-9	-5	-5	-45	-78	-80
Cash flows from financing activities	202	-1,286	-759	-817	-762	-672	-1,004	-1,502	-1,603	-3,594
Effect of exchange rate changes on cash and cash equivalents	-26	-0	-40	-20	-37	170	216	155	260	115
Change in cash and cash equivalents	477	-1,633	3,828	1,228	2,110	1,923	-1,300	-1,658	8,316	1,104
Cash and cash equivalents (beginning of year)	6,251	6,728	5,095	8,923	10,151	12,261	14,183	12,883	11,225	19,541
Cash and cash equivalents (year-end)	6,728	5,095	8,923	10,151	12,261	14,183	12,883	11,225	19,541	20,645
FCF (1+2)										
Net income attributable to owners of the parent (NI)	1,217	1,868	2,275	2,172	1,611	2,953	4,237	4,015	4,382	4,923
Depreciation and amortization (A)	232	279	272	349	338	323	328	391	455	471
Purchase of intangible/tangible fixed assets (B)	-1,152	-325	-851	-240	-126	-322	-205	-502	-260	-248
Change in working capital (C)	597	2,308	-1,758	1,650	-643	2,415	4,122	5,570	-1,687	1,037
Simple FCF (NI + A + B - C)	-300	-486	3,455	630	2,466	538	239	-1,666	6,264	4,109

Source: Shared Research based on company data

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

Cash flows from operating activities

Daitron has been stepping up capital investments toward better integration of manufacturing and trading functions. As a result, depreciation has trended up, rising from JPY232mn in FY12/16 to JPY471mn in FY12/25. The company has also expanded sales of own-brand products centered on manufacturing equipment, and inventory turnover declined from 11.0x in FY12/16 to 6.3x in FY12/25. By contrast, accounts receivable turnover and accounts payable turnover have remained stable, so working capital has trended up. Pre-tax profit increased 3.8x, from JPY1.9bn in FY12/16 to JPY7.2bn in FY12/25, and this increase absorbed the rise in working capital, leading to higher cash inflow from operating activities.

Cash flows from investing activities

Because Daitron is a manufacturer on top of being a trading company, it makes capital investments and conducts R&D activities. Capital investment has generally remained below JPY500mn but rose to around JPY1.0bn in FY12/16 and FY12/18 due to investments in new factories. In FY12/23, capex reached JPY743mn, mainly spent on company-wide investment (common expenses) to upgrade the sales and purchasing management system and conduct factory renovation.

In FY12/16, the company invested JPY994mn in a new factory project, bringing total capex for the year to JPY1.2bn. As a result of this investment, the book value of then-consolidated subsidiary Daito Denso Co., Ltd. increased from JPY646mn at end-FY12/15 to JPY1.6bn at end-FY12/16. Daito Denso was absorbed into the company in 2017; the sites previously owned by Daito Denso now operate as the company's factories.

Cash flows from financing activities

In terms of shareholder returns, Daitron raised the guideline for its dividend payout ratio from 30% to 40% in FY12/24. Dividend per share in FY12/25 was JPY190.0 (before the stock split), up JPY35.0 from FY12/24 (JPY155.0). The payout ratio was 39.3% in FY12/24 and 40.9% in FY12/25. Effective January 1, 2026, the company conducted a 2-for-1 stock split of its common shares. In addition to dividend payments, the company says it will make flexible decisions on share repurchases.

Other information

History

The company started off as an authorized distributor of Tokyo Telecommunications Engineering Corporation (currently Sony Group Corporation; TSE Prime: 6758), selling tape recorders. In 1954, it expanded its product lineup to include transformers made by Tamura Corporation (TSE Prime: 6768) and connectors made by Hirose Shokai Seisakusho (currently Hirose Electric Co., Ltd.; TSE Prime: 6806).

Daitron describes itself as a technology-driven company. It was established in Osaka in 1952 as Daito Shoji Co., Ltd. In the course of expanding its product lineup into electronic components in the 1960s, it foresaw the difficulty of surviving with trading operations alone. While handling inspection equipment for aircraft factories and broadcast equipment for broadcasting stations, it set eyes on the large volume of technical inquiries it had been receiving. In 1969, the company established a technical department to acquire engineering and manufacturing expertise with an aim of uncovering market needs. In the same year, it registered the Daitron brand name as a trademark. Daitron is a portmanteau of Daito, the company's name at the time, and electron.

Year/Month	Event
Jun 1952	Established Daito Shoji Co., Ltd. in Kita-ku, Osaka, with capital of JPY300,000, and began selling tape recorders as an authorized distributor of Tokyo Telecommunications Engineering Corporation (currently Sony Group Corporation)
Jun 1970	Established subsidiary Daito Denshi Kougyou Co., Ltd. (later Daitron Technology Co., Ltd.)
Sep 1986	Established subsidiary Daitron Inc. in Oregon (US)
Apr 1987	Opened the Taipei Representative Office in Taiwan (currently the Taipei Branch)
Feb 1992	Opened the Munich Representative Office in Germany (closed in June 2009)
Jan 1998	Changed the company name from Daito Shoji Co., Ltd. to Daito Electron Co., Ltd.
Mar 1998	Established subsidiary Daitron (Malaysia) Sdn. Bhd.
Sep 1999	Registered shares with the Japan Securities Dealers Association for OTC trading
Jan 2000	Opened the Seoul Representative Office in South Korea (later upgraded to the Seoul Branch; currently Daitron [Korea] Co., Ltd.)
Jun 2001	Listed shares on the Second Section of the Tokyo Stock Exchange and Osaka Securities Exchange
Jul 2001	Opened the Hong Kong Branch in China (currently Daitron [H.K.] Co., Ltd.)
May 2002	Turned the Hong Kong Branch into a local subsidiary, Daitron (H.K.) Co., Ltd.
Oct 2002	Established subsidiary Daitron (Shanghai) Co., Ltd.
Jun 2006	Shares designated to the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange
Nov 2006	Turned the Seoul Branch into a local subsidiary, Daitron (Korea) Co., Ltd.
Jan 2007	Subsidiary Daito Denso Co., Ltd. acquired all shares of Takawa Industry Co., Ltd. and made it a subsidiary
May 2008	Established subsidiary Daitron (Thailand) Co., Ltd.
Aug 2011	Established subsidiary Daito Electronics Consulting (Shenzhen) Co., Ltd. (currently Daitron [Shenzhen] Co., Ltd.)
Jul 2016	Opened the Manila Representative Office in the Philippines
Jan 2017	Absorbed subsidiaries Daitron Technology Co., Ltd. and Daito Denso Co., Ltd. and changed the company name from Daito Electron Co., Ltd. to Daitron Co., Ltd.
May 2019	Opened the Hanoi Representative Office in Vietnam
Nov 2021	Established subsidiary Taiwan Daito Electronics Co., Ltd.
Apr 2022	Moved from the First Section of the Tokyo Stock Exchange to TSE Prime following the TSE market segment restructuring
Oct 2022	Established subsidiary Daitron (Singapore) Pte. Ltd.
Mar 2023	Established subsidiary Daitron (Netherlands) B.V.
Apr 2024	Established subsidiary Daitron (Vietnam) Co., Ltd.

Source: Shared Research based on company materials

Corporate governance

At the annual shareholders' meeting held in March 2025, the company's proposal to transition from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee was approved by the shareholders.

Overview of corporate governance (as of April 2, 2025)

Form of organization and capital structure	
Form of organization	Company with Audit & Supervisory Committee
Controlling shareholder	None
Foreign shareholding	Less than 10%
Directors	
Number of directors under Articles of Incorporation	13
Number of directors	9
Directors' term of office under Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of outside directors	6
Number of independent outside directors	6
Number of members of Audit & Supervisory Committee	4
Number of outside members of Audit & Supervisory Committee	3
Other	
Participation in electronic voting platform	Yes
Providing convocation notice in English (summary)	Yes
Implementation of measures regarding director incentives	Performance-linked compensation
Disclosure of directors' compensation	Individual compensation not disclosed
Policy to determine amount and calculation method of remuneration	Yes
Corporate takeover defenses	None

Source: Shared Research based on company materials

Top management

Shinsuke Tsuchiya, President, CEO, and COO (born August 27, 1961)

Year	Month	Career summary
1984	Apr	Joined the company
2006	Apr	President, Daitron Inc.
2013	Mar	Corporate Officer, Deputy General Manager of Marketing & Sales Division, General Manager of Overseas Business Development Dept.
2019	Mar	Director
2021	Mar	Representative Director and President (to present)
	Apr	President and Corporate Officer; Chief Operating Officer (COO)(to present)
2023	Apr	Chief Executive Officer (CEO; to present)

Source: Shared Research based on company materials

Major shareholders (as of end-June 2025)

	Shares held (000 shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (trust account)	1,203	11.42%
Daitron Welfare Foundation	1,000	9.49%
Custody Bank of Japan, Ltd. (trust account)	465	4.42%
Hikari Tushin, Inc.	423	4.02%
Yasuyuki Ohmori	400	3.79%
Daitron Employee Shareholding Association	338	3.21%
JPMorgan Securities Japan Co., Ltd.	200	1.90%
Daitron Partner Shareholding Association	185	1.75%
Nippon Life Insurance Company	181	1.71%
Mizuho Bank, Ltd.	139	12.32%
Total	4,537	43.08%

Source: Shared Research based on company materials

Note: Shareholding calculations exclude treasury stock.

Shareholder returns

For shareholder returns, the company raised the guideline for its dividend payout ratio from 30% to 40% in FY12/24. In addition to dividend payments, the company says it will make flexible decisions on share repurchases.

	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	FY12/25
Payout ratio	27.4%	26.6%	26.8%	30.6%	34.4%	30.1%	30.1%	33.2%	39.3%	40.9%
Dividend per share (JPY)	15.0	22.5	27.5	30.0	25.0	40.0	57.5	60.0	77.5	95.0
Earnings per share (JPY)	54.8	84.6	102.6	97.9	72.6	133.1	190.9	180.8	197.3	232.3

Source: Shared Research based on company materials

Note: The company carried out a 2-for-1 stock split of common shares effective January 1, 2026. Dividend per share and earnings per share in the table above are calculated based on the post-split number of shares.

Employees

The number of employees rose from 644 in FY12/15 to 1,061 in FY12/24, up 64.8%. Over the same period, revenue grew from JPY43.2bn to JPY93.5bn, up 116.5%. As a result, revenue per employee rose 31.3%, from JPY67mn in FY12/15 to JPY88mn in FY12/24.

Number of employees	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24
Number of employees (consolidated)	644	666	763	795	823	855	893	942	1,003	1,061
Revenue per employee (consolidated; JPYmn)	67	67	68	75	75	67	81	93	92	88
Operating profit per employee (consolidated; JPYmn)	2	3	3	4	4	3	5	6	6	6
Number of employees (parent)	338	354	643	671	694	724	757	778	819	839
Average age (parent)	40.9	41.1	41.3	41.0	40.7	41.1	40.9	41.0	40.9	40.6
Average years of service (parent)	16.8	16.8	15.9	15.2	14.7	15.2	14.7	14.6	14.3	14.0
Average annual salary (parent) (JPY'000)	7,648	7,774	7,897	7,631	7,219	7,288	7,565	8,197	8,027	7,543


Source: Shared Research based on company materials

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