

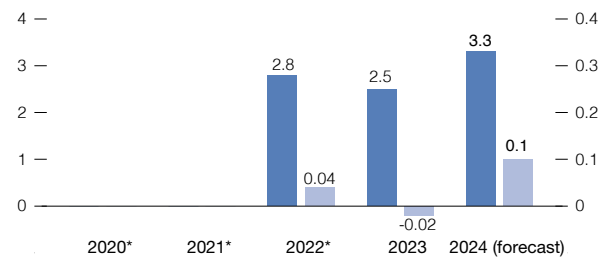
# Electronic Solutions Business

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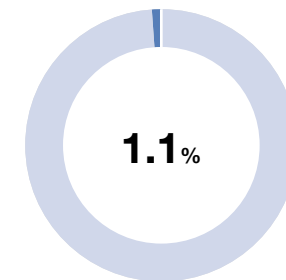
### Net sales/Operating income

(billion yen)



■ Net sales (left scale) ■ Operating income (right scale) \*As the business was established in 2022, data is recorded for FY2023 onward.

### Net sales composition ratio



### Business strategy

The Electronic Solutions Business was established as a “Value Creating Business” in the “Marubun Nextage 2024” Medium-Term Business Plan. We develop, sell, and provide maintenance services for advanced solutions while undertaking the development of high-value-added business, the construction and expansion of new business models, and the enhancement of solutions development capabilities and the creation of group synergies.

Through these initiatives, we continue to discover innovative products and technologies aimed at communication, medical care, nursing care, and other growth markets, as well as to promote their commercialization. Doing so, we aim to establish new business models, including subscription contracts and licensing.

#### Development of high-value-added businesses

- Continuously discover and commercialize innovative products and technologies aimed at growth markets; seek opportunities for investments in promising venture companies and for tie-ups with external partners

#### Construction and expansion of new business models

- Establish new business models such as subscription and licensing

#### Enhancement of solutions development capabilities and creation of group synergies

- Lead collaboration with the Electronic Devices Business and the Electronic Systems Business, and combine products, technologies, and services based on network and IoT technologies to develop solutions unique to the Marubun Group and provide new added value to customers

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

In FY2023, delays in the launches of several new projects resulted in a year-on-year decline in net sales and the recording of an operating loss.

While monetization as a third pillar of the Group is taking time, we have launched cloud services proprietary to the Company, including Net Predy, a network monitoring service, and Iris Customer Portal, which enables online maintenance. Under a capital alliance with Taiwan-based NUWA Robotics Corp., we have begun sales of AI communication robots for the nursing care and medical markets. We also advanced new measures and strategies for the establishment of a business foundation, including the enhancement of our product offerings in the digital healthcare field.

While net sales will grow year-on-year in FY2024, due to the postponement of new business plans we expect net sales of 3.3 billion yen, lower than our target of 4 billion yen in the Medium-Term Business Plan, along with operating income of 150 million yen.

## ■ Toward sustainable value creation

Our Electronic Solutions Business consists of IRIS Company, which seeks to solve social issues through ICT solutions centered on communications-related technologies, and DIONE Company, which aims to uncover

advanced AI, robotics, and other advanced technologies overseas to solve social issues.

The basic policies of IRIS Company are the acquisition of new product offerings through conventional business models (import and sales of ICT-related products) and the acceleration of initiatives aimed at new missions (service provision-oriented business models). We are transferring income from conventional business models to investment in new missions, and have launched the two cloud services noted earlier as first steps in the construction of a service infrastructure. As challenges remain in monetization, however, we are advancing the construction of a structure for efficiently winning orders by means such as the active use of business process outsourcing (BPO) in sales and marketing related to new missions.

Conversely, the basic policies of DIONE Company are maximization of returns through asset-light businesses such as leasing and recurring transactions, realization of diverse revenue models including subscription and licensing businesses, and the securing of competitive advantages by building win-win relationships with customers and partners. DIONE is active in areas targeting business fields with a high degree of social contribution. These include the fields of medical care, nursing care, and security that face labor shortages due to Japan's low birthrate and aging, and environmental fields such as resource conservation. Specifically, through partnerships

with start-up companies holding unique technologies, we are promoting the adoption of wholly new advanced technologies such as AI-equipped robots and wireless power supply technologies in Japan. We are drawing on our knowledge and know-how to advance initiatives for their rapid and easy adoption, including taking on the in-house development of technologies incidental to the products of supplier companies.

DIONE Company is also building a sales network platform, dividing Japan into six regions and developing sales partners in each. We believe that accumulating know-how aimed at scaling up the business will enable early launches using the sales network platform, even as the product offerings handled and target areas increase. We further provide support for management issues faced by partners that are startup companies, and cooperate in the selection of in-country production plants as well as in the determination of specifications for product development. We hope to develop a scheme for growing together through high-level collaboration that goes beyond capital alliances alone.

In the Electronic Solutions Business, we will continue to aim for monetization as a third business pillar of the Group by solving social and customer issues through initiatives by IRIS and DIODE.