

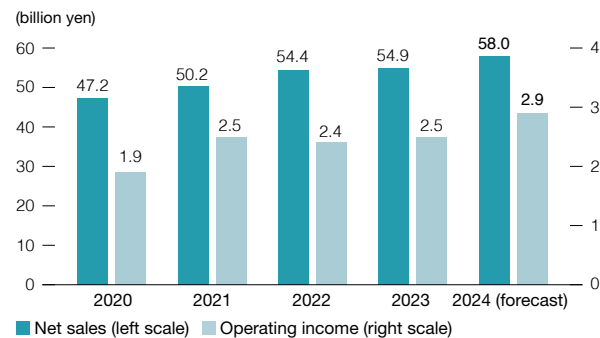
Electronic Systems Business

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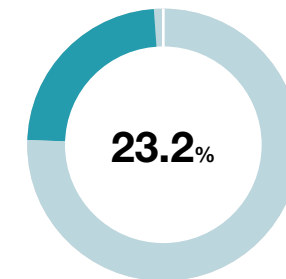


Hiroshi Imamura
Vice President in charge of
the Electronic Systems
Business

Net sales/Operating income



Net sales composition ratio



Business strategy

In the “Marubun Nextage 2024” Medium-Term Business Plan, the Electronic Systems Business is positioned as a “Growth Driving Business.” We are tackling three goals in this business: expansion of business scale and earnings bases in new areas, strengthening of competitive advantages in existing areas, and strengthening of collaboration with the Group. Through these initiatives, we will expand the business’s target market and customer base, further hone the high expertise that is our strength, and work to expand services that leverage the Group’s comprehensive strengths. By doing so, we will solidify our position in the market.

Expansion of business scale and earnings base in new areas

- Promote the development of new markets and new products

Strengthening of competitive advantages in existing areas

- Hone expertise in areas currently handled and solidify position in the market
- Promote horizontal deployment and vertical deepening of the customer base to expand it in Japan and overseas

Strengthening of collaboration with the Group

- Further strengthen collaboration with Group companies in Japan and overseas, and globally provide services that leverage our comprehensive strengths

■ A look back at FY2023 and the outlook for FY2024

Net sales and operating income in FY2023 remained at the levels of the previous year. This is because while performance remains strong in medical equipment, demand has weakened in laser equipment and industrial equipment due to market inventory adjustments and capital investment reductions.

However, our growth initiatives are progressing steadily. We have promoted our handling of products with cutting-edge technologies in the measurement field and have promoted DX proposals and demonstration testing aimed at semiconductor and electronic component manufacturers and the logistics market. We have also built an industrial equipment sales network for Japanese manufacturers entering Southeast Asia and have strengthened our proposals for laser bonding and processing technologies, including processing of composites and three-dimensional shaping. Looking ahead, we intend to expand our handling of high-end products and promote the development of industrial DX solutions.

In our outlook for FY2024, we expect to capture demand in space and defence equipment and laser equipment and to increase both net sales and operating income. As in FY2023, however, we expect sluggish demand in the industrial equipment market, with net sales falling short of the 63 billion yen sales target set in the Medium-Term Business Plan and operating income remaining at 2.9 billion yen.

■ Toward sustainable value creation

In the Electronic Systems Business, we have taken

advantage of our high expertise and knowledge accumulated over many years in the four categories of space and defence, industrial, laser/optical, and medical, always developing new product offerings and providing new services by staying ahead of changes in customer needs and the evolution of goods. The spirit of looking forward and staying ahead has supported the growth of the Electronic Systems Business.

I recognize that I have been assigned a key role in working toward sustainable growth in existing areas based on the noted four categories, while also expanding our earnings base through the development of new product offerings and new areas. As a component of this, we are working to reform employees' mindsets in the Electronic Systems Business under the concept of a shift from selling things to selling services. To optimize sales activities, in April 2024 we reorganized the sales division under a two-department structure, with one department focused on selling products and the other on selling solutions.

The latter department will be at the center of opening up new areas, tackling business expansion under approaches different from those of the past, for example by supplying products that combine multiple modules. We further want to develop a uniquely "Marubun" approach to solutions sales, such as joint sales of equipment and systems developed by customers. In the department focused on selling products, too, it will no longer be possible to survive through sales of commercial offerings only. We need to take a step forward and shift to product sales that solve the diverse issues faced by customers. In FY2023, Group company Marubun Tsusyo delivered strong performance. One factor behind this is the company's proposal

and provision of optimal usage environments for customers, ranging from the planning of equipment deployment to after-sales care following operation, prompt response to troubles, and application of IT to work. As this example shows, it is important that we let customers feel extra value through our provision of timely information and professional engineering support that address their needs.

In each of the noted four categories, we are working to visualize our portfolio divided into four quadrants based on existing products, new products, existing customers, and new customers. We will connect this to the expansion of opportunities for proposals that include the provision of services. In the long term, we intend to form a working group to examine the development of new areas of focus not bound by our existing four categories.

To accelerate these efforts, strengthening collaboration with the Group will also be essential. In addition to the business division within Marubun itself, the Electronic Systems Business has formed a group consisting of the three companies Marubun Tsusyo, Marubun West, and Foresight Techno. As each of these differs in its area of specialization and the region that forms its base, we believe that demonstrating synergies within this group will allow us to deliver better products and services to more customers.

In the Electronic Systems Business, we will continue striving to provide uniquely "Marubun" products and services that contribute to customers' advancement, in order to realize the Company's vision of being the unrivaled and most trusted electronics trading company with unique and original values.