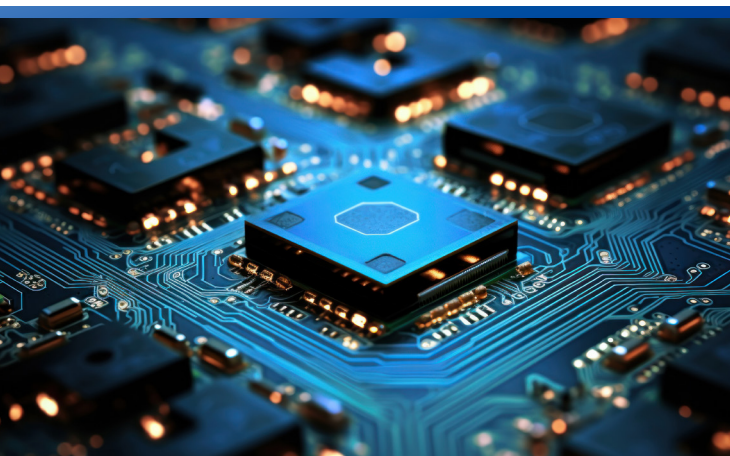


Electronic Devices Business

Distribution business for semiconductors and electronic components



Strengths

- Partnership with Arrow Electronics, Inc.
- Global sales network

Opportunities and Risks

Opportunities

- Further increase in semiconductor demand
- Expansion of Industrial Equipment (robotics, infrastructure), mobility (automotive), and medical/healthcare businesses
- Increase in global support requests from customers

Risks

- Semiconductor shortages
- Further fluidity of commercial rights and other changes in the sales strategies of semiconductor manufacturers
- Geopolitical risks including U.S.-China trade friction (export restrictions, tariffs, etc.)
- Event risks including market conditions, finance, and natural disasters

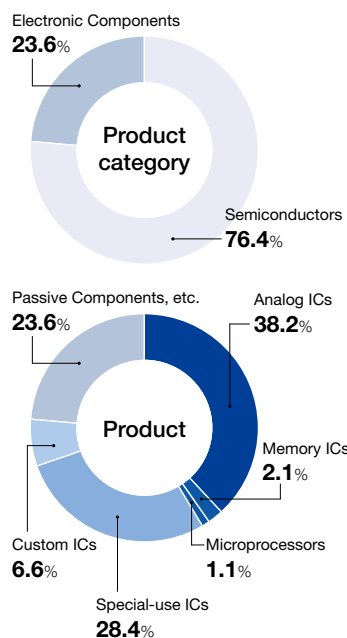
Electronic Devices Business

Business Overview and Future Developments

Leveraging strong partnerships with approximately 800 suppliers, our Company offers a wide range of products. Analog ICs are one of our main products, accounting for about one-third of our sales in the most recent FY2024. Special-use ICs also account for about a third.

Analog ICs accounted for 40–50% of sales a decade ago, but the sales composition ratio has been adjusted to the current values due to changes in accounting standards. The sales composition ratio of Electronic Components, once about 10%, has risen due to growing demand for connectors under the shortage of semiconductors since 2022. Under the current inventory adjustment phase, we expect the composition ratio for FY2025 to decrease slightly from the previous year. Under today's rapidly accelerating technological innovation, we expect the Electronic Components business to grow in importance. We will focus on the highly profitable field of passive components and aim for further business expansion.

► Sales Composition Ratio and Overview by Product Category



Product Category	Product	Overview	Main Applications / Product Examples
Semiconductors	Analog ICs	Integrated circuits for processing and controlling continuous quantities (analog signals) including audio, video, electrical power, and temperature.	Power circuits, audio amplifiers, sensors, wireless communications
	Memory ICs	Integrated circuits specialized for memory and storage of digital information. Examples include DRAM for temporary data storage and flash memory for long-term storage.	PCs, smartphones, SSDs, USB memory
	Microprocessors	The core component that acts as the “brain” of computers and electronic devices, responsible for data computation and overall system control. Includes MPUs and MCUs.	PCs, servers, smartphones, electronic control units (ECU) for vehicles, industrial robots
	Special-use ICs	Integrated circuits designed to achieve general-purpose functions for specific applications (markets). ASSPs fall under this category.	Image processing for smartphones, sensors for in-vehicle cameras, audio processing for audio equipment
	Custom ICs	Integrated circuits specifically designed and manufactured to optimize functions for specific products of specific customers. ASICs and FPGAs fall under this category.	Dedicated customer equipment, cutting-edge communication devices, data centers, etc.
Electronic Components	Passive Components, etc.	Components that provide basic functions for electronic circuits. They play roles including current adjustment (resistors), electrical storage (capacitors), and signal transmission (connectors).	All types of electronic devices (resistors, capacitors, coils, connectors, etc.)

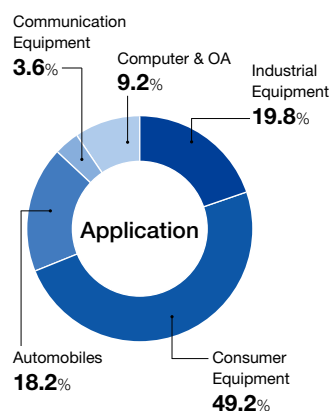
Electronic Devices Business

Electronic Devices Business

Main Markets and Future Developments

The wide-ranging semiconductor products we offer are mainly used by Japanese customers in the manufacturing industry. They contribute significantly to the Consumer Equipment sector in particular, accounting for about half of the sector's sales in FY2024. For approximately eight years until FY2020, the communication equipment field accounted for nearly half of sales. Following changes to the Accounting Standard for Revenue Recognition in FY2021, however, the sales composition ratio of the segment dropped to just a few percent. Conversely, the composition ratio of automotive application products has been increasing over the past three years. In line with the increasing use of electric components and the shift to EVs in the automobile industry, we expect the automotive application market to continue growing. We will focus on this field as a priority for the Electronic Devices Business. Similarly, in the industrial equipment market, we will focus on robotics and infrastructure-related sectors against a backdrop of growing demand amid labor shortages and digital infrastructure development, thereby contributing to our customers' businesses.

► Sales Composition Ratio and Overview by Application



Application	Overview	Main Applications / Product Examples
Industrial Equipment	Products for specialized high-performance devices underlying B2B business, including factory automation (FA) equipment and social infrastructure.	FA equipment, measuring equipment, smart meters, IC testers
Consumer Equipment	Products for B2C personal devices and home appliances used in personal life and at home.	Televisions, digital cameras, home appliances, game consoles
Automobiles	Products for electronic devices installed in automobiles, including communication systems and safety driving support systems.	Car navigation, car audio, electronic control units for vehicles, ETC
Communication Equipment	Products for devices used in building network infrastructure including data centers and base stations that connect the world's information.	Smartphones, Wi-Fi modules, tablets, base stations, switches, communication equipment
Computer & OA	Products for enterprise IT devices and information equipment to enhance the intellectual productivity of offices and individuals.	Servers, PCs, multifunction printers (copiers), projectors

Close Up / Strategic Partnership with Arrow Electronics, Inc.

We have maintained a strategic partnership for 27 years with Arrow Electronics, Inc. (hereinafter "Arrow"), the world's largest semiconductor distributor. We established Marubun/Arrow Asia as a joint venture in 1998, followed by Marubun/Arrow USA the next year. By combining Arrow's vast product lineup, market expertise, and global network with our customer base in the domestic market, we aim to enhance mutual competitiveness.

For Japanese customers seeking global expansion, the abundant products and seamless information logistics network provided by Arrow are highly compelling, a factor leading to our partnership.

Through our partnership with Arrow, we will continue to support customers via prompt procurement of materials, supply chain optimization, and smooth overseas production transfers.



Electronic Devices Business



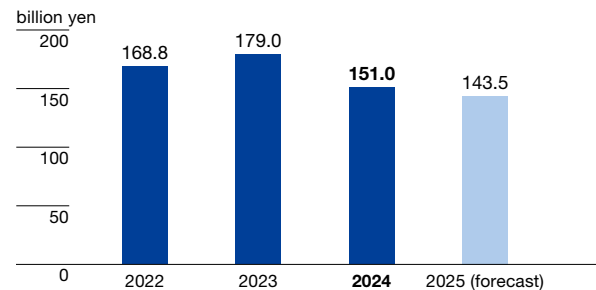
Takehiko Akiyama

Executive Director in charge of
the Electronic Devices Business

Overview for FY2024

Amid ongoing inventory adjustments, the Electronic Devices Business in FY2025 saw a decline in demand for semiconductors for automotive applications and PC and computer peripherals. As a result, net sales decreased by 15.6 % year on year to 151.0 billion yen. Amid lower sales, operating profit* also declined by 42.2 % year on year to 6.0 billion yen.

► Net Sales

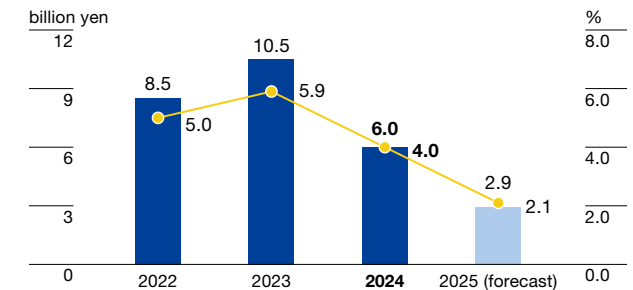


Business Strategy

Under the Marubun Nextage 2027 Medium-Term Business Plan (hereinafter “new Medium-Term Business Plan”), the Electronic Devices Business is positioned as a “Foundation Strengthening Business” with net sales of 167.0 billion yen and ordinary profit of 3.0 billion yen as targets for FY2027.

The New Medium-Term Business Plan sets forth five strategic guidelines. For the three policies of “Select and concentrate on growth areas,” “Provide support to expand, maintain, and restructure sales channels,” and “Develop new technologies and products/expand passive component sales,” we are intensifying sales expansion activities in the growth markets of industrial equipment, automotive applications, and consumer equipment. We are also working to strengthen our sales personnel and enhance demand creation. For the fourth policy of “Achieve group synergy,” we will deepen our focus in niche fields with high barriers to entry including medical healthcare and aerospace and defence, seeking to monetize areas where we can realize synergies.

► Operating Profit / Operating Profit Ratio



Finally, in the policy of “Expand sales channels in the mass market,” we will enhance our sales structure to reach a broader customer base through collaboration with sales partners. Through these initiatives, we aim to expand our market share in growth sectors.

In FY2025, we expect net sales of both semiconductors and electronic components to decline under prolonged inventory adjustments in the industrial equipment market and the transfer of commercial rights. In the area of semiconductors, we expect significant sales growth in custom ICs for consumer applications but project a decline in analog ICs for industrial equipment and PC and computer peripherals.

Business Strategy

- Select and concentrate on growth areas
- Provide support to expand, maintain, and restructure sales channels
- Develop new technologies and products/expand passive component sales
- Achieve group synergy
- Expand sales channels in the mass market

Plan Figures

Net sales: 167.0 billion yen Ordinary profit: 3.0 billion yen or higher

* From the first quarter of the fiscal year ending March 2026, we have made changes to our accounting policies. Figures for the fiscal year ended March 2025 (FY2024) have been retroactively adjusted.

Electronic Devices Business

Electronic Devices Business

Toward Sustainable Value Creation

At present, the semiconductor market is being driven by growth areas including AI, automation, mobility, DX, GX, and IoT, and is expected to reach a scale of one trillion dollars by 2030. At the same time, the market faces an era of unprecedented complexity and turbulence amid growing geopolitical risks, supplier reorganization, and the increasing treatment of technology as a strategic resource. Changes in market power balance are significant, as exemplified by U.S.-China tensions, further increasing supply chain uncertainty.

Under these business conditions, the Electronic Devices Business plans to further promote the expansion of new customers through the development of high-growth product offerings, including high-efficiency, high-durability power semiconductors. Particular areas of focus are growth sectors including the consumer equipment market that is an area of strength for us, the industrial equipment and automotive application markets, and strengthened proposal activities tailored to specific market characteristics. We are also positioning space and defence and medical healthcare markets in which we have long built up expertise as focus markets, further deepening collaboration with the Electronic Systems Business and Entrepreneur Business to generate synergies and pursue high profitability. Outside of semiconductors, too, we are listening to customers' issues in the areas of connectors, capacitors, and other passive components as we work to expand these

business domains. While working to expand sales of high value-added products such as FPGA (field programmable gate array ICs that can be reprogrammed) and electronic components, through the proposal of low-power consumption products we are contributing to carbon neutrality and are pioneering new emerging markets related to EVs and green technologies.

At the same time, for the purpose of risk diversification, we are strengthening our focus on commercial offerings from Asia in addition to Europe and North America. To ably address increasingly complex export regulations and establish a structure for reliably delivering products needed by customers, we aim to deepen collaboration with emerging Asian suppliers and create new business channels that capture the trend toward local production for local consumption of semiconductors. In the Indian market, where significant growth is expected, we signed a memorandum of understanding with L&T Semiconductor Technologies Limited in January 2025 and have begun demand research and support for the development of products aimed at the Japanese market. We are also promoting the optimization of inventory levels and prompt collection of accounts receivable while reducing working capital in order to strengthen our resilience to fluctuations in financial markets. By improving our cash position and pursuing low-cost operations, we aim to further enhance efficiency and productivity.

In 2024, we consolidated our Sales Division to accelerate decision-making and strengthen our organizational foundation. By promoting a flatter organizational

structure along with delegation of authority, we are creating an environment in which young employees can think and make decisions independently. In 2025, we established a Sales Promotion Office to further strengthen our demand creation capabilities. We are building a cross-functional proposal framework and are accelerating the development of new customers and the provision of solutions utilizing our product lineup. We are also utilizing the Sales Promotion Office as a training platform to enhance expertise and communication capabilities through systematic training as we systematically develop and assign young talent. Led by the Digital Marketing Promotion Office, we are also undertaking enhancement of our solution marketing.

We possess solid strengths in our customer base of over 3,000 companies, our broad supplier network and abundant product lineup, and our global network centered on our joint venture with Arrow Electronics, Inc. By fully leveraging these management foundations and engaging in proactive proposals that utilize our technologies and products in new domains, we will contribute to solving the issues and improving the competitiveness of our customers.