Electronic Systems Business

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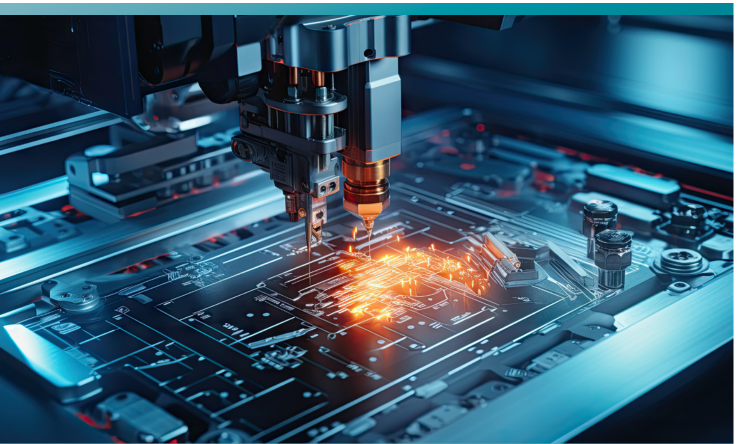
Sales and maintenance services for electronic equipment and systems



Strengths

- Exclusive dealer rights
- One-stop service spanning installation to maintenance

Opportunities and Risks

Opportunities

- Increased national defence awareness
- Growth in space development activity
- Increase in global support requests from customers

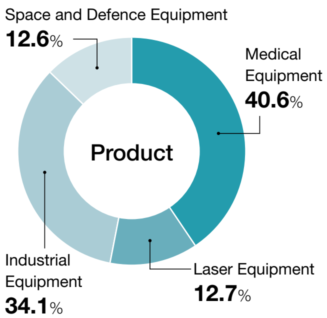
Risks

- Decline in domestic demand due to population decrease
- Large-scale reorganization of small and medium-sized manufacturers
- Geopolitical risks including U.S.-China trade friction (export restrictions, tariffs, etc.)
- Event risks including market conditions, finance, and natural disasters

Business Overview and Future Developments

In the Electronic Systems Business, the space and defence equipment and laser equipment fields account for approximately 10% of net sales while the industrial equipment and medical equipment fields account for 30–40%, a sales composition ratio has been maintained for several years. The medical equipment field in particular has grown steadily since FY2022, driven by the adoption of digital innovations in response to Japan's aging society and shortage of medical professionals. By expanding our areas of sales promotion, we aim to make further contributions to the medical industry. We also expect growth in the space and defence equipment field due to an increased awareness of national defence amid an unstable international situation and the emergence of new threats. Our Company will actively work to expand the Space and Defence Business.

▶ Sales Composition Ratio and Overview by Product Category



Product	Overview	Main Applications / Product Examples
Medical Equipment	Equipment and components specifically designed for diagnosis and treatment in hospitals and clinics.	Imaging diagnostic equipment, radiation therapy equipment, clinical testing equipment
Laser Equipment	General-purpose components and standard laser equipment for use in wide-ranging fields, including laser light sources and optical modules.	Laser oscillators, laser processing equipment, light sources and optical components, optical modules
Industrial Equipment	Equipment and devices used in industrial fields, including factory automation (FA) and manufacturing processes.	Inspection equipment, manufacturing equipment, assembly equipment, embedded solutions
Space and Defence Equipment	Devices, components, and systems used specifically for aircraft and space development.	Aviation-related equipment, space-related equipment, high-frequency electronic equipment, measuring equipment, sensors

Close Up / Laser equipment that supports manufacturing

Our Company has handled laser equipment since 1964, supporting manufacturing via machine tools for welding, cutting, and other purposes. Our current focus is on achieving both improvements to our customers' productivity and contribution to global environmental protection. As one specific initiative, we are working to offer products that reduce electricity consumption. Laser diodes, with their high optical conversion efficiency, use less energy than conventional laser equipment. With every industrial sector facing the need to migrate to clean manufacturing processes, laser diode technology can help reduce our customers' environmental impacts while supporting efficient production activities. Through environment friendly solutions, we will continue contributing to the realization of a sustainable society.

Semiconductor laser oscillator

Hiroshi Imamura
Executive Director in charge of the Electronic Systems Business

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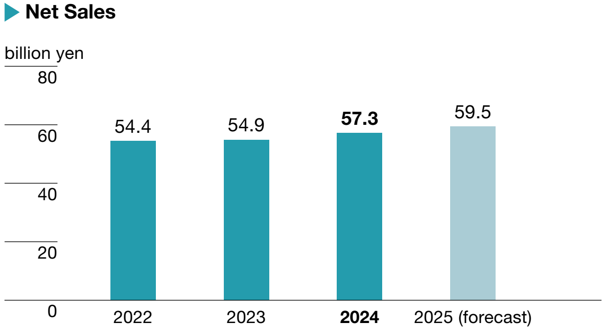

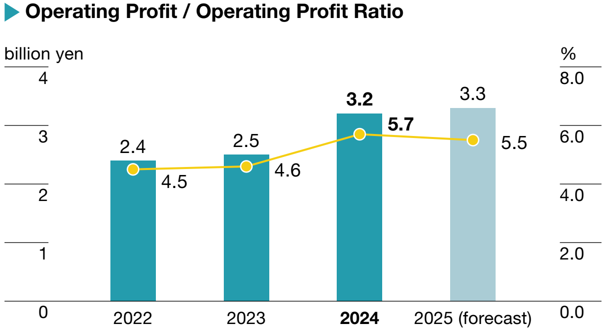

Overview for FY2024

FY2024 net sales in the Electronic Systems Business increased by 4.4 % year on year to 57.3 billion yen. Although net sales in the industrial equipment field fell year-on-year due to constrained capital investment, net sales in the space and defence equipment field increased thanks to the expanding aerospace and defence market as well as recovery in demand for laser equipment. Operating profit* increased by 30.2 % year on year to 3.2 billion yen, driven by higher net sales.

Business Strategy

We position the Electronic Systems Business as a "Growth Driving Business." We are strongly advancing the business strategies set out in the Marubun Nextage 2027 Medium-Term Business Plan (hereinafter "new Medium-Term Business Plan") with the aim of achieving net sales of 67.0 billion yen and ordinary profit of 4.0 billion yen in FY2027.

In "Develop new businesses/develop new products," we expect to face greater uncertainty in the business environment as well as increasingly diverse and complex customer needs. We will solidly capture new business opportunities through our spirit of "looking forward" and "staying ahead." In "Expand existing business domains/scale," we will work to enhance our presence in the industrial equipment, laser equipment, medical, and scientific instrument fields. In the medical equipment field, we will also reinforce ties with regional medical institutions while we seek to uncover new needs and expand the market through our maintenance services. In "Incorporate businesses related to measures promoted by the national government," against the backdrop of growth in Japan's space and defence budget we will draw on the relationships of trust we have built over many years to pursue further business opportunities in the space and defence field. In "Strengthen group management/expand business foundations," we will leverage the strengths that set the Group apart from other companies and will steadily carry out initiatives aimed at driving growth. Finally, in "Establish overseas operations," we aim to promote further development of our

Business Strategy

- Develop new businesses/develop new products
- Expand existing business domains/scale
- Incorporate businesses related to measures promoted by the national government
- Strengthen group management/expand business foundations
- Establish overseas operations

Plan Figures

Net sales: 67.0 billion yen Ordinary profit: 4.0 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.

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overseas business and establish local operations.

In FY2025, we expect greater demand for high-reliability components for satellite applications and defence-related products in space and defence equipment under a robust market environment. In laser equipment, we also foresee increased demand for laser processing equipment and related products. Conversely, in industrial equipment we project a decline from FY2024 due to an ongoing adjustment phase, and expect medical equipment to remain near the FY2024 level.

Toward Sustainable Value Creation

In the Electronic Systems Business, we have leveraged our accumulated expertise and knowledge to develop products and provide services that anticipate the ever-changing needs of customers, based on the four core areas of space and defence, industrial, laser/optical, and medical. What supports this growth is the Company's founding spirit of "looking forward" and "staying ahead." Grounded in this spirit, we will continue to work toward sustainable growth in existing fields while strengthening our revenue base through the exploration of new products and business domains.

The key to making this a reality lies in the shift from selling goods to selling services. We believe it is important that we not only sell products but also contribute to solving customers' problems and creating new value. In 2024, we reorganized our sales division into a structure of two divisions, one focused on selling goods and the other on selling services. Divisions responsible for selling services actively engage in value-added sales activities, including solutions proposals that combine multiple modules and joint sales in collaboration with customers' products and systems. The division responsible for selling goods is also shifting to a consulting-based sales approach that goes beyond product proposals to contribute to solving customers' challenges.

The Electronic Systems Business is implementing a portfolio strategy structured around four quadrants based on existing and new products and existing and new customers. This approach allows us to generate diverse opportunities for proposals that accurately target our customers' needs, offering new products and services to existing customers and providing a wide variety of products and solutions to new customers. During the period of the previous Medium-Term Business Plan, we established working groups for the four quadrants, taking a bottom-up approach that entrusts employees with autonomy to seek out future growth opportunities. These activities not only foster the creation of new businesses but also aid in revitalizing our corporate culture, forming a foundation for the new Medium-Term Business Plan.

We are also working to strengthen collaboration within the Group. The Electronic Systems Business consists of Marubun itself and three group companies: MARUBUN TSUSYO, MARUBUN WEST, and FORESIGHT TECHNO. By leveraging the individual companies' regional characteristics and technological strengths, we are able to deliver optimal proposals to customers. We intend to further strengthen collaboration, including exchanges of personnel, and to continue providing high-quality products and services to an even wider range of customers.

The most important factor in advancing these initiatives is people. The Electronic Systems Business requires high-level expertise, yet also demands that we remain mindful of the risk of overly narrow focus and ensure that every employee is constantly attuned to external changes. I personally value feedback from those in the field and a stance of encouraging employees to "just give it a try." I want to foster an organizational culture that welcomes challenges and create an environment in which people from diverse backgrounds can thrive.

Building trust with customers and expanding business from a long-term perspective are vital in the Electronic Systems Business. By always offering products and services with value that customers recognize, we aim to achieve steady profit growth. We will also focus on improving employees' expertise and proposal capabilities so we can serve as a valuable information intermediary for our customers.

Our goal is to become a trusted partner that encourages customers to turn to Marubun first for advice. Toward that end, under our spirit of "looking forward" and "staying ahead," we will continue providing unique products and services tailored to customers as we steadily work toward realizing our vision: "Be the unrivaled and most trusted electronics trading company with unique and original values."