



LIMITLESS 2025

Integrated Report

The seeds of tomorrow. 
MACNICA
MACNICA HOLDINGS, Inc.

Corporate Philosophy

Sowing **seeds** continuously under our feet

Purpose

Leading in an ever-changing world,
we seek technology and intelligence
beyond the cutting-edge,
while envisioning the future and creating the **‘Now.’**

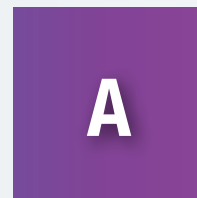
Core Values



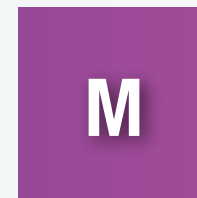
Trust



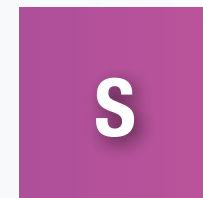
Excitement



Aggressiveness



Move



Stretch

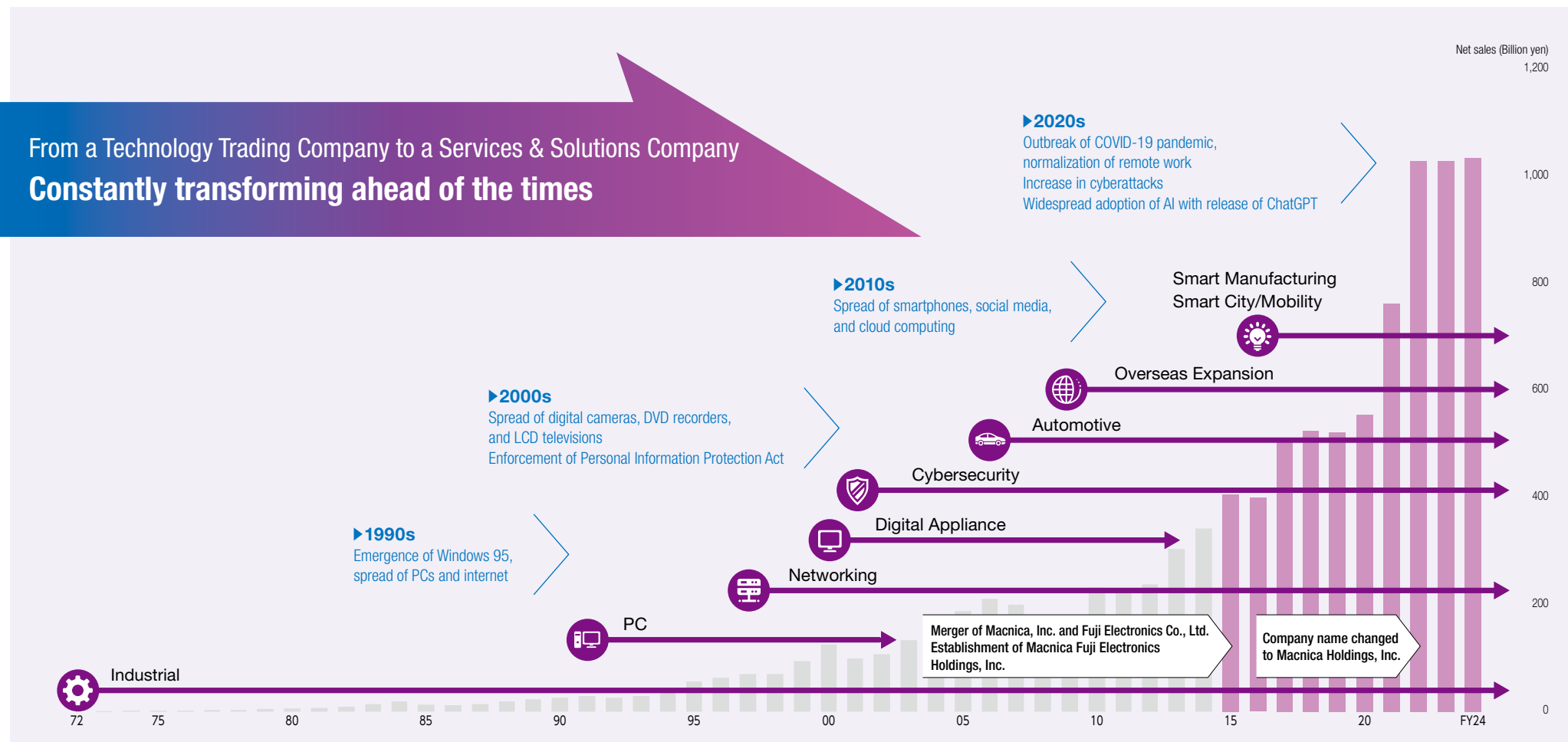


Vision 2030

We will evolve into a Services & Solutions Company and
create new value by connecting the technology and
knowledge of the world to build a prosperous future society

A History of Transformation and Embracing Challenges

From a Technology Trading Company to a Services & Solutions Company
Constantly transforming ahead of the times



1972
Macnica founded

Bringing the world's leading technologies to Japan

Bridging Japan and overseas

Providing quality support for ICs, IT devices, and software

Offering proposals and sales combining the latest technologies

Embracing change, anticipating new needs

A Technology Trading Company

To meet the needs of our customers, Macnica began by venturing into Silicon Valley, amassing cutting-edge technologies and expertise from around the world, and incorporating them into Japanese manufacturing. Recognizing the significant differences in language, culture, and business practice between Japan and overseas markets, Macnica worked to bridge these gaps, and through enabling the adoption of the latest technologies, we played a vital role in enhancing our customers' competitiveness and accelerating their growth.

Leveraging our keen eye for quality and our strong implementation capabilities, Macnica focused on providing robust technical support while driving technological evolution. As an industry pioneer, we established a new business model that prioritized technical support: the "Technology Trading Company."

A Services & Solutions Company

Macnica launched its evolution from a Technology Trading Company to a Services & Solutions Company. Significantly increasing our global presence, particularly in Asia, we transformed ourselves from a Japanese corporation to a truly world-spanning enterprise.

Macnica by the Numbers

The Macnica Group offers cutting-edge technologies, including semiconductors and Cybersecurity, in various countries and regions around the world. The figures below illustrate our current strengths as a Services & Solutions Company.

Macnica Group

As of March 31, 2025



Established

53 years
(Macnica, Inc.)



Number of consolidated employees

5,071



Engineer ratio

1/3



Number of customers

Over **26,000** companies



Suppliers

Over **330** companies



Global network

28 countries and regions
91 locations

Business Performance and Financial Indicators



Net sales

¥**1,034.2** billion



ROE*¹

10.0 %



Equity ratio

45.4 %



Total payout ratio

61.5 %



OpenWork Ranking:
Companies Employees Find
Most Rewarding 2025*²

5th



World's Best Companies in
Sustainable Growth ranking
2025*³

317th

*¹ ROE = Net income attributable to owners of parent / equity (net assets less stock acquisition rights and non-controlling interests, at end of the period)

*² Announced by OpenWork Inc., which operates OpenWork, a career change and employment information platform. This evaluation pertains to Macnica, Inc.

*³ The World's Best Companies in Sustainable Growth 2025 ranking jointly published by *TIME* magazine and Statista

Envisioning the Future, Creating the Now

LIMITLESS 2025 introduces Macnica's vision for the future and the current initiatives aimed at realizing that vision, under the concept of "Envisioning the Future, Creating the Now." Macnica's vision for the future, as outlined in Vision 2030, is to be a Services & Solutions Company. This report focuses on our Medium-Term Management Plan, starting from FY2025, to make that vision a reality. It is our hope that this report will give you a clear understanding of the strength and potential of Macnica's future.

The Evolution of LIMITLESS

2025



Envisioning the Future, Creating the Now

Focusing on the Medium-Term Management Plan (FY2025 to FY2027), we provide a detailed explanation of our growth strategy and human resources, which are our unique strengths.

2024



An Introductory Guide to Macnica's Mechanism

Focusing on our Semiconductor and Cybersecurity* Businesses, we explore the structural strengths and growth potential of our businesses, as well as the corporate culture that supports them.

*Former Network Business

2023



Introducing Macnica

We explain our unique character by unraveling the value we create, the vision we aim to achieve, and the strengths of the people and teams who drive us forward. Professor Emeritus Kunio Ito of Hitotsubashi University contributed to this report.

Period Covered

FY2024 (April 1, 2024 to March 31, 2025)

*Some activities before March 2024 and after April 2025 are included.

Organizations Covered

MACNICA HOLDINGS, INC., Macnica, Inc., and its consolidated subsidiaries

*In this report, the above organizations are collectively referred to as "Macnica," unless otherwise indicated.

Future Outlook

The information contained in this report includes forward-looking statements regarding the performance of the Company and its Group companies. These statements do not guarantee future results and involve risks and uncertainties. Please note that future results may differ from our targets due to factors including changes in the business environment.

What We Wish to Convey in LIMITLESS 2025

01 | Medium-Term Management Plan (FY2025 to FY2027) >>> Strategy

The period of the Medium-Term Management Plan, starting from FY2025, will be a phase in which we will work to strengthen the expertise of our initiatives to date. The Strategy section describes the capital policy, strategies for each business, and efforts to enhance the management foundation of the Medium-Term Management Plan. It provides a detailed explanation of our strategies and initiatives to clarify concretely how we will realize Vision 2030.

02 | People and Organizations that Generate Value >>> Human Capital

Human capital is the source of our value creation. Our core values provide a foundation for the Company's unique practices (Realization Cycle), and for our employees with diverse qualities and characteristics to play active roles within the Company. This report presents the strengths and practices of our human resources in detail. This year's Integrated Report incorporates more diverse perspectives, with the addition of overseas members to the production team, and the lively discussions within the team are presented as employee round-table discussions. We hope that you will be able to get a feel for the daily work and values of our employees and learn more about Macnica's unique character and growth potential.

Simultaneous Release in English and Japanese!

Starting this year, we are simultaneously releasing both the Japanese and English versions of the Integrated Report to ensure fair disclosure for all stakeholders and promote consistent corporate activities across borders. We will continue to strive to enhance our corporate value while providing opportunities for dialogue so that more people can deepen their understanding of and trust in our company.

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About the cover

The semiconductors and other advanced technologies that Macnica handles are like seeds that contain the potential to change the world. This seed image has been incorporated into the cover and logo as a new visual identity.





Envisioning the Future, Creating the Now: Driving Transformation toward Vision 2030

Kazumasa Hara

Representative Director and President

Joined Macnica in 1995, and was appointed President of a semiconductor division company in 2011. At that time, he established an entity focused on the automotive sector, and concurrently served as General Manager of the Automotive Sales Group. Appointed General Manager of the Strategic Innovation Business Group in 2018, promoting new businesses. Appointed Representative Director and President of Macnica Holdings, Inc. in 2019.

Making a Major Social Impact—Macnica Addresses Social Challenges

Technological transformation for all. Macnica sows the seeds. — This emphasizes our expected role of installing cutting-edge technologies in society so everyone can enjoy their benefits, communicating our corporate philosophy of “Sowing seeds continuously under our feet,” and our Purpose, “Leading in an ever-changing world, we seek technology and intelligence beyond the cutting-edge, while envisioning the future and creating the ‘Now.’” In other words, we relentlessly pursue cutting-edge technologies, make them accessible to society, and in doing so, create a better world not tomorrow, but here and now. I think that offering value in this way has always been, and will continue to be, Macnica’s immutable mission.

As I meet with executives of our customer companies, I often feel that this social role is more important than ever. Semiconductors are an industrial staple, essential to manufacturing. They are strategic products that influence the progress of digitization and automation in every industry and every nation. Cybersecurity is no longer a challenge limited to the IT division of a corporation, having grown into a management issue that determines competitiveness and business continuity. Applications of technologies for digital transformation (DX) and AI improve and increase the efficiency of workplaces, but they also help transform business models and develop core strategies that can make a company more competitive.

To our customers, Macnica has become an important partner, offering them comprehensive solutions to address management challenges and be more competitive as well. At the same time, I firmly believe that we can help address social challenges and make a major social impact. This is value that Macnica is uniquely equipped to provide, because we pursue cutting-edge technologies and implement them in society. And now, as the scale of our business continues to expand, we believe that this is also a social responsibility that we must meet as well.

Changes in the Role Society Expects Us to Play Challenge and Determination to Become a “Services & Solutions Company”

Our Vision 2030 states that Macnica seeks to become a Services & Solutions Company. By “Services & Solutions,” we mean to offer and implement in society our proprietary products and services. It’s a new form of value creation – an evolution of the business model we built on our strengths. Why does Macnica hope to do this? The answer lies in the changing roles we are expected to perform.

Traditionally, Macnica has served as a bridge between suppliers and customers, providing customers with technical support as unique added value. In our Semiconductor Business, for example, we play the role of social installer of the technologies developed by our suppliers as we explore the potential issues our customers may face in product development and design. With the rapid digitalization of society in recent years, the semiconductors and cybersecurity we offer are more important than ever, and the expectations our suppliers and customers have for our role are substantially changing. Today’s semiconductor customers expect us, on top of technical support, to manage supply chains to make sustainable purchasing possible. When customers leverage AI and digital technologies, what they require goes beyond simply selecting the most suitable sensors for their needs. They also expect consulting including how to use those sensors to collect, and then best make use of, data, taking the realities of their operations into account. Going forward, Macnica is expected to offer not just products with added technical value, but services and solutions to various customer management challenges. Through consulting and installation support based on a full understanding of customer operations, we would like to be their partner in value creation.

We believe, though, that this shift in roles creates strong synergies for us, given Macnica’s expertise in cutting-edge technologies and intelligence. In semiconductors, we supply products from 17 of the world’s top 21 manufacturers, equipping us with exceptional market intelligence. Similarly, in cybersecurity, the majority of our portfolio consists of state-of-the-art solutions. The ability to combine these technologies and expertise to address a wide range of management challenges for our customers is a value that Macnica is uniquely positioned to deliver.

The evolution of technology is now transforming the very fabric of society. Its implementation is giving rise to new markets driven by social challenges, ushering in an era in which business activities themselves are directly linked to solving societal issues. In other words, economic value and social value have become more closely intertwined than ever before. Among these developments, AI stands out as a technology with unparalleled transformative power. It enables the analysis of massive amounts of data to derive optimal solutions for challenges that were once considered too complex, such as climate change, medicine, education, and issues specific to local communities. This technological trend is a tailwind for

Macnica as well. The creative ideation enabled by generative AI, and the automation and optimization of operations through AI agents, go far beyond mere efficiency gains. They empower us to understand customer challenges more deeply and respond with greater speed and precision. By applying AI in analyzing technological trends, exploring market needs, and verifying specific technologies, we will discover and apply solutions of higher quality for more customers. Macnica can enhance the value of these solutions even more by combining AI technologies with rare data obtained through advanced sensors. The fusion of AI and IoT (cutting-edge sensors) not only creates new value directly linked to solving social issues but also serves as a critical driver of Macnica’s business growth.

The Semiconductor and Cybersecurity Businesses, our core operations, and our new CPS Solutions Business all directly address social challenges. Macnica embraces the challenge of becoming a Services & Solutions Company to help build a world where the pursuit of social value raises economic value as well.

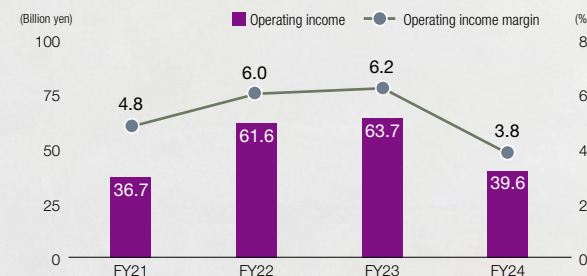
Building Our Growth Foundation and Our Next Leap Results and Challenges of the Previous Three-Year Plan

The years under the previous Medium-Term Management Plan (FY2022–2024) brought the first steps to realizing Vision 2030. During that time, we built up our foundation for long-term growth.

Our greatest achievement has been the significant expansion of our Semiconductor Business and the enhancement of operations. Over the past three years, the consolidation of our suppliers — semiconductor manufacturers — has led to a streamlining of distribution channels, resulting in business being transfer to our Company. This shift reflects the strong recognition we have earned from suppliers for our core strengths: technical implementation capabilities, demand creation, a broad customer base, and global coverage. In particular, in the industrial equipment and automotive markets where we have focused our efforts, we have achieved significant business expansion and increased our market share. Along with this scale expansion in sales, we promoted operational excellence and increased productivity by a factor of three to four at the peak. By investing in IT and DX, we have been able to build up our infrastructure to flexibly respond even to sudden demand spikes, an important result in terms of future growth.

The Cybersecurity Business has performed well, mainly with domestic endpoint security products, leading to a double-digit increase in our compound annual growth rate (CAGR) for the three-year period thanks to the contributions of subsidiary Netpoleon abroad. Another major achievement has been signing distribution agreements with 27 new IT vendors with strong technological capabilities, enabling us to expand our portfolio of cutting-edge solutions, particularly in the area of cybersecurity. In terms of global expansion, we also successfully extended our business into Asia Pacific, the Middle East and Africa.

Trend in Operating Income



Among our business segments, the CPS Solutions Business has shown the most sales growth in terms of three-year CAGR, approximately 33%. We have entered new markets and acquired the state-of-the-art solutions we need to build up our domain knowledge, and have steadily expanded our base of partners and pool of proprietary services. All of these are valuable achievements that help enhance our capabilities over the long term.

On the other hand, FY2024 brought us the challenge of falling operating income margins. This was due mainly to a slowdown of the Chinese economy weighing down industrial equipment markets, which have normally been areas of relatively high profit for the Semiconductor Business. We are working to optimize our operations and logistics to improve profitability with the recovery of those markets.

The market for our CPS Solutions Business has been building more slowly than we projected, and thus taking longer to turn a profit as well. Particularly in the Smart City/Mobility and Smart Manufacturing segments, our solutions have advanced in resolution and reproduction thanks to investments over the previous three-year period. Going forward, a key focus will be on accelerating horizontal expansion and determining how far we can scale. In addition, by engaging in the operational improvement of Navya Mobility SAS, which was consolidated in FY2024, we aim to turn a profit for the entire CPS Solutions Business.

Accelerating Business Model Transformation Beginning the New Three-Year Plan

In FY2025, we started a new three-year management plan, designated as our second step toward the realization of Vision 2030. I think it will be an extremely important period for transforming our business model from a Value-Added Distribution (VAD) model to a Services & Solutions (SS) model.

To make that happen, we have announced new capital policy for accelerating the transformation of our business model in the new Medium-Term Management Plan. We decided to invest ¥50.0-80.0 billion in growth prospects, distributed equally between the VAD and SS models, the latter for the Cybersecurity and CPS Solutions Businesses. The Semiconductor Business grew enough to generate cash during the previous Medium-Term Management Plan. For the business to make sustainable growth and be more resilient, we will work to build market share. To increase our share of Asian markets, India and South Korea in particular, we will invest with mergers and acquisitions abroad in mind. The coming three years will be extremely important for the Cybersecurity Business to adopt the SS model. We have already developed and supplied proprietary services and solutions, such as our Attack Surface Management (ASM) service and others. Going forward, enhancing and expanding their features to provide new added value will be crucial. The SS model is a business model with a scalable revenue structure, allowing services developed to be deployed across multiple customers, thereby increasing profitability as the business grows. We will work to transform our business model and build the profitability of our operation by making growth-oriented investments in the SS model, mainly in the Cybersecurity Business. For the CPS Solutions Business, we will steadily prepare for the coming third step, with major investment in mind, and consider flexible investment where we see growth potential.

An important strategy for the three years ahead will be reinforcing our AI-related businesses. Since its founding, Macnica has grown by modeling the sunflower for its nature of facing toward the sun, actively

choosing promising, sunlit markets and products for them. So we have chosen the AI market, which will likely continue growing, and semiconductors, where we project growing demand. We are increasing sales in particular of AI infrastructure and edge AI solutions for data centers. As more human decision-making comes to involve AI, technology for managing risk and making AI more trustworthy is increasingly indispensable. For that, we will be enhancing our AI-related risk management solutions to promote safe, confident use of AI. Recently, we have been offering services targeting specific industries and businesses. For the pharmaceutical industry, we have an AI-assisted text-reference system designed to address the issues of resource shortages and human error, and the Omatome Ninja system to support the summarizing of reports and meeting minutes. We will seize a growing AI market by enhancing our AI-related businesses and developing our own new AI-assisted services.

Realizing Vision 2030 with Employee Growth The CEO's Role and Responsibilities

I think that it is my responsibility as CEO to create and support work environments that help each employee test their respective potentials and embrace challenges without fear of failure. From personal experience, I strongly believe that business growth depends on the creative ideas of employees brought about through independent thinking, action, and repeated trial and error. As Macnica's business has grown, so too has the size of our organization. Today, our consolidated workforce exceeds 5,000 employees, and the roles within each division have become more specialized than before. While this is a sign of our growth as a company and a natural progression, I also feel that opportunities for young employees to take on challenges and grow have relatively decreased. However, a Macnica system called the Response Cycle (P.43) helps promote employee autonomy. Now that our organization has grown larger, it is more important than ever to put this cycle into practice to avoid losing the entrepreneurial spirit we have had since our founding, through accelerating individual growth and strengthening the capabilities of the entire organization.

We revised our personnel system in FY2024. Behind this is the rapid evolution of AI making fundamental workstyle changes, looking toward a future when our people can feed routine work to AI agents and focus instead on thinking and creating. Such a future is actually just around the corner. Thus, it is more important than ever for our employees to exercise their minds and work creatively. Our system reform is the first step in this direction.

In FY2025, we will take a step further to support each employee's independent growth and transformation through specific action themes. We are promoting full application of digital technologies under the theme "Make Digital Our Force," meaning making full use of AI, IT, and cutting-edge technologies to generate earning power. An image representing the thought behind this is of a person with a thousand hands, evoking the thousand-armed bodhisattva Avalokiteshvara, displaying overwhelming performance. It expresses the importance of mastering cutting-edge technology. I will personally lead the effort to build work environments to facilitate the comprehensive application of digital technology by employees rising to the challenge of creative work that only humans can do. I will take on the important role of spurring employees on as they address this challenging work. Employee endeavors like this, I believe, are the road to the future for Macnica.



Through Macnica as a company, I aim to cultivate as many individuals as possible who possess a broad perspective and a high level of vision, and who can deliver value that society truly needs. I believe that this is both my social responsibility and the ultimate outcome I strive to achieve. Becoming a Services & Solutions Company as set out in Vision 2030 will be highly significant in helping our employees grow and expanding the range of challenging opportunities. Macnica will realize its Vision 2030 through the growth of its people.

Communicating True Corporate Value Dialogue to Cultivate Understanding and Trust

To realize Vision 2030 and make Macnica a Services & Solutions Company, I think dialogue with stakeholders will take on greater meaning than ever. In my investor-related activities, I make it a personal habit to communicate what Macnica wants to become as carefully and clearly as possible. Our annual Integrated Report is an important medium for dialogue with shareholders and investors to communicate Macnica's true corporate value. Through such communications, I hope to cultivate understanding and trust within them. In our Integrated Report for 2024, we carefully explained Macnica's structural strengths in the Semiconductor and Cybersecurity Businesses under the concept "An Introductory Guide to Macnica's Mechanism." We have received numerous positive comments from our shareholders and investors on these initiatives, giving us a strong sense that their understanding of our company has significantly deepened. Going forward, it will be important to clearly communicate Macnica's growth potential, which translates as our own confidence in making Vision 2030 a reality. To that end, for this year's Integrated Report, we adopted the concept of "Envisioning the Future, Creating the Now" with a focus on presenting Vision 2030 in a clear and accessible way that fosters understanding, empathy, and trust. In order to convey Macnica's assets that are not reflected in the financial statements, we included a human capital section dedicated to our corporate culture and the strengths of our people. In preparing this report, project members from Japan and overseas revisited the question, "How will Macnica make Vision 2030 a

reality?", and engaged in extensive discussions to ensure the inclusion of highly reliable information. We hope this report will help everyone to gain a deeper understanding of Macnica's true value.

Since its founding, Macnica has held annual Management Plan Presentation (P.59) to share the Company's management policy with all employees. For this year's briefing, we invited Kunio Ito, Professor Emeritus and Director of Hitotsubashi CFO Education and Research Center, to join my discussions with young employees. What left a particularly strong impression on me was his reference to Peter Drucker's renowned words, "Culture eats strategy for breakfast," highlighting how corporate culture is the single most decisive factor in determining the success of any strategy. I often have the pleasure of witnessing employee action that naturally demonstrates the values and culture of the Company. During meetings where I speak with our customers' presidents, there are times when the customer compliments our corporate culture after seeing our employees actively speak up to me during the discussion. This is just one example of Macnica's culture valuing being simple, open, and fair. I believe this sort of daily scene illustrates Macnica's strong capabilities in executing strategy.

We here at Macnica will continue rising to the challenge of making Vision 2030 a reality, keeping it cheerful, fun, and full of vitality. We hope that this report serves as a catalyst for dialogue that fosters understanding and trust, and will help people to grasp Macnica's corporate value more deeply. I would like to express my sincere gratitude for the ceaseless support and high hopes that have been offered to us.



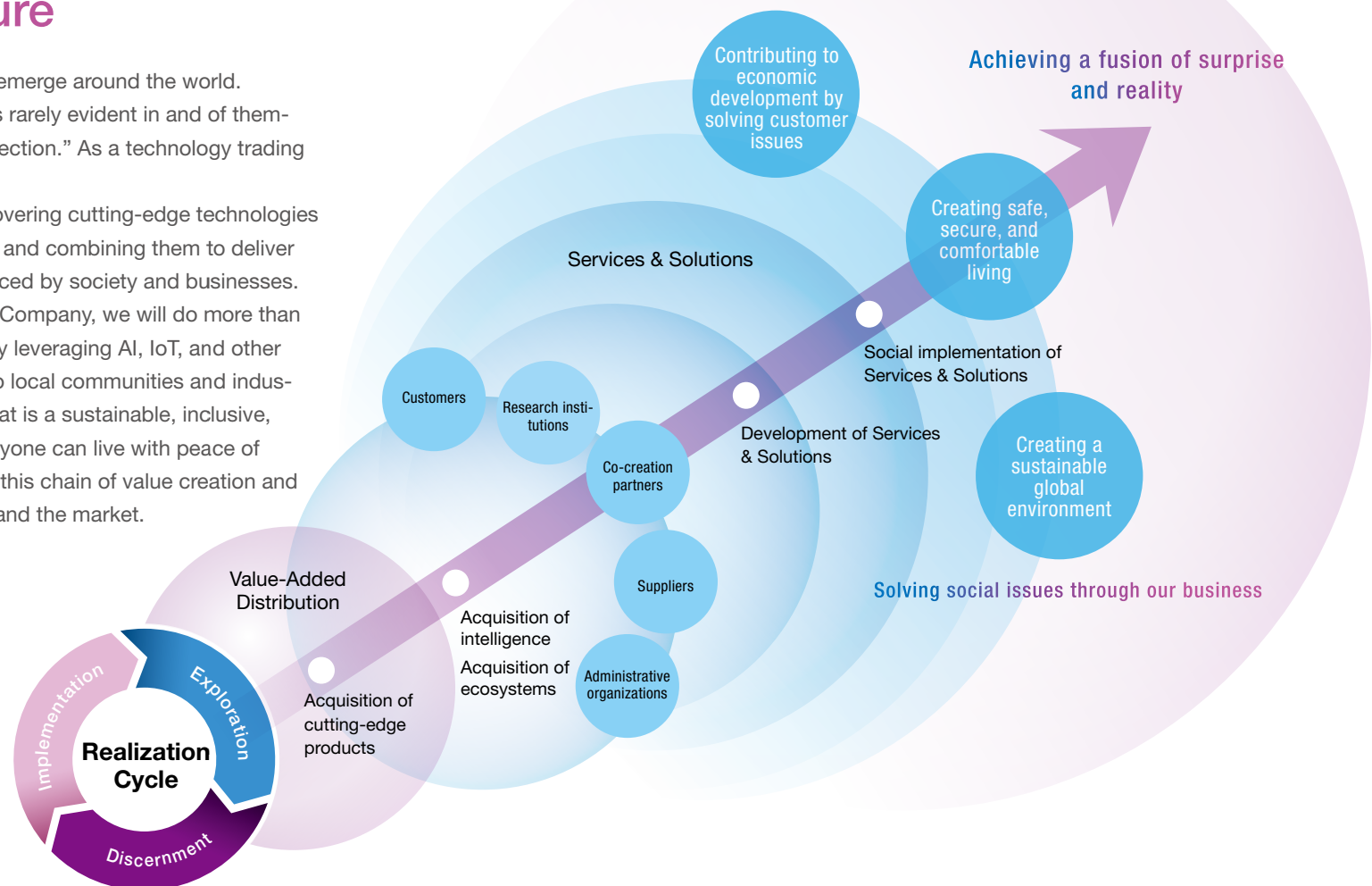
Vision 2030

Envisioning the Future

Every day, new technologies and knowledge emerge around the world. However, the true value of such innovations is rarely evident in and of themselves. What is needed is the “Power of connection.” As a technology trading company, Macnica has long served as a bridge by discovering cutting-edge technologies from around the world, identifying their value, and combining them to deliver optimal solutions tailored to the challenges faced by society and businesses.

Going forward, as a Services & Solutions Company, we will do more than just support the introduction of technology. By leveraging AI, IoT, and other innovations, we aim to bring transformation to local communities and industries, creating new value. What lies beyond that is a sustainable, inclusive, and more prosperous tomorrow in which everyone can live with peace of mind. Vision 2030 is our challenge to expand this chain of value creation and simultaneously open up the future of society and the market.

We will evolve into a Services & Solutions Company and create new value by connecting the technology and knowledge of the world to build a prosperous future society.



Why We Strive to Be a Services & Solutions Company

Macnica has contributed to the development of society and industry as a value-added distributor by discovering cutting-edge technologies from around the world, identifying their value, and delivering them in their optimal form. By leveraging our expertise in evaluating and implementing technologies, we have provided solutions tailored to specific challenges, creating value that goes beyond the traditional role of a trading company. In recent years, expectations have grown among suppliers, client companies, research institutions, and governments for deeper understanding of their issues and proactive problem-solving. We are confident that by creating our own services and solutions, rather than by reselling other companies' technologies, we can address an even greater number of increasingly complex social issues. That is why Macnica is evolving into a Services & Solutions Company that identifies issues, combines technologies, and develops, designs, and provides services and solutions.

Through this transformation, the value we can deliver will exceed previous limits, making it possible for us to contribute to society more broadly and deeply. Vision 2030 serves as a guiding beacon for this challenge and our commitment to the future.

Vision 2030: Leading to Enhanced Corporate Value and Transformation of Our Earnings Structure

Under Vision 2030, we will take on a strategic challenge that will elevate Macnica's corporate value to the next stage. By advancing our Services & Solutions (SS) model, we expect to improve operating income margins and drive higher PBR through enhanced ROE. This model is designed to deliver a stable profit structure that is less susceptible to market fluctuations, which also contributes to a lower cost of capital. Moreover, by working to address social issues, we aim to strengthen the sustainability of both Macnica and society, supporting a long-term reduction in capital costs.

Vision 2030 represents Macnica's intent for the future of aiming to achieve both economic and social value. To achieve this vision, we are accelerating strategic investments in Services & Solutions areas while leveraging our existing strength in value-added distribution. This transformation of the business model is a core initiative in our new Medium-Term Management Plan.

Vision 2030 | Services & Solutions Company

Long-Term Management Targets (2030)

Economic Value

Sustainable business growth

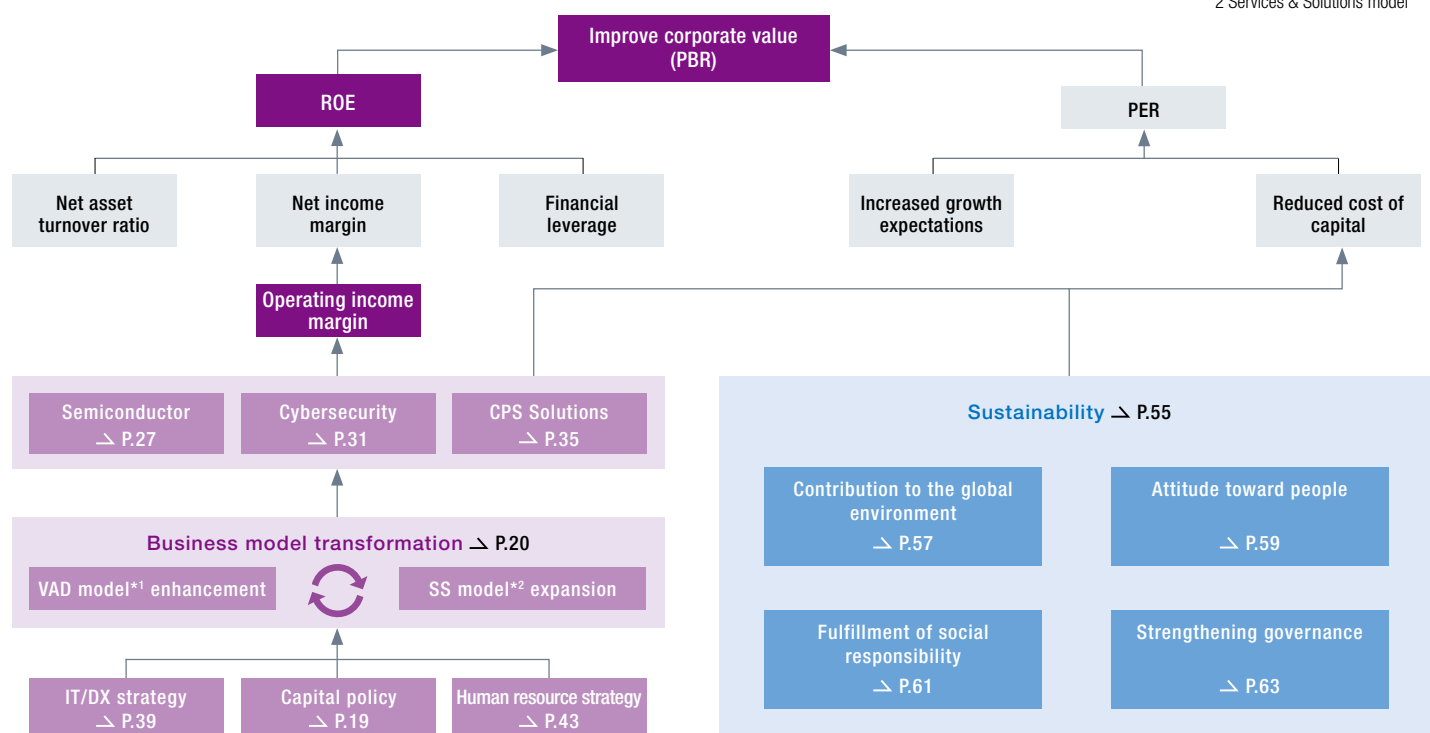
Consolidated net sales	¥ 2.0 trillion
Consolidated operating income	¥ 150.0 billion
Consolidated operating income margin	7.5%
Consolidated ROE*	15%

* Consolidated ROE = Consolidated net income attributable to owners of parent / Consolidated shareholders' equity (net assets less stock acquisition rights and non-controlling interests, as of the end of the period)

Social Value

Driving the development of future society

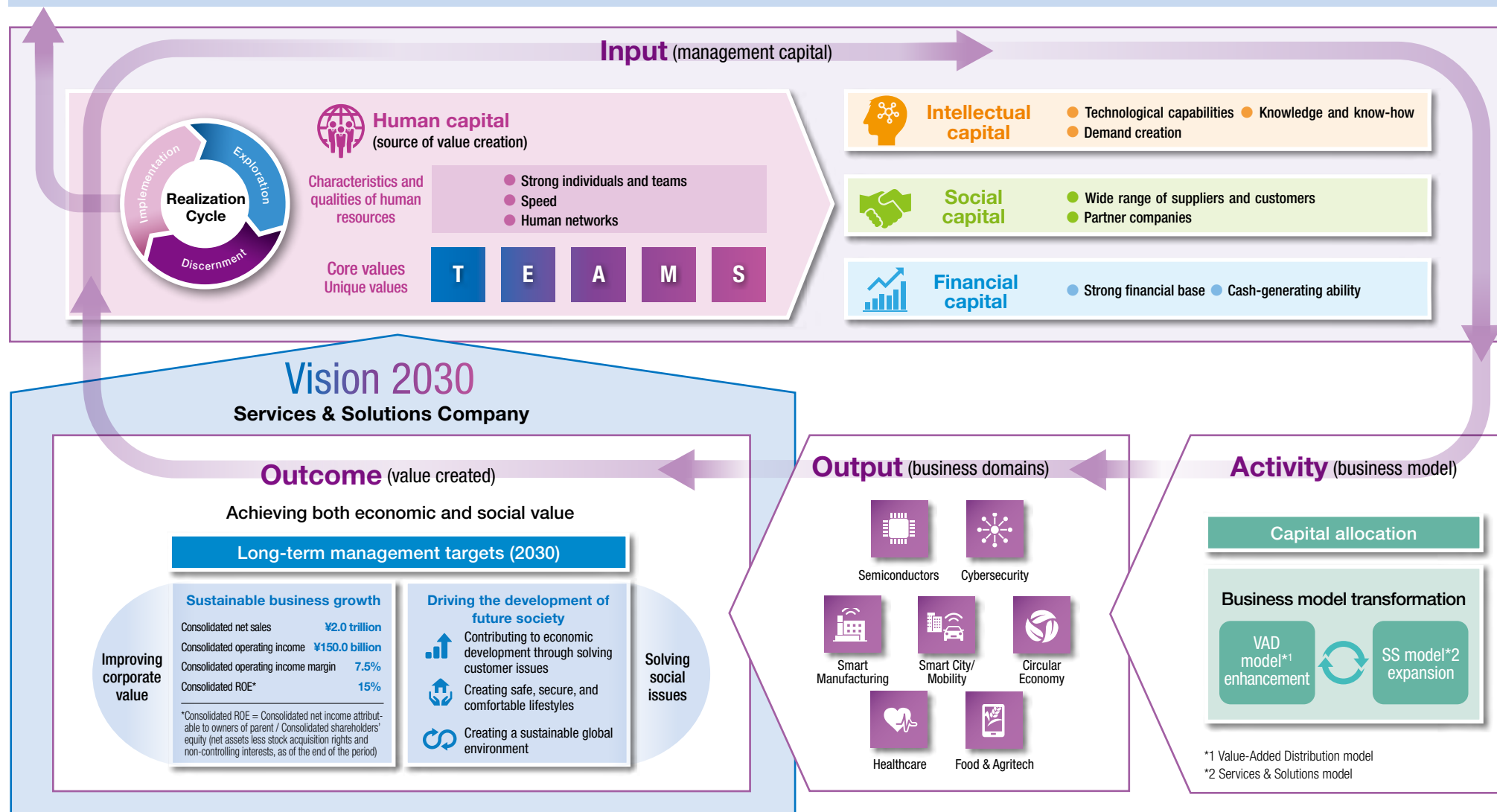
-  Contributing to economic development through solving customer issues
-  Creating safe, secure, and comfortable lifestyles
-  Creating a sustainable global environment



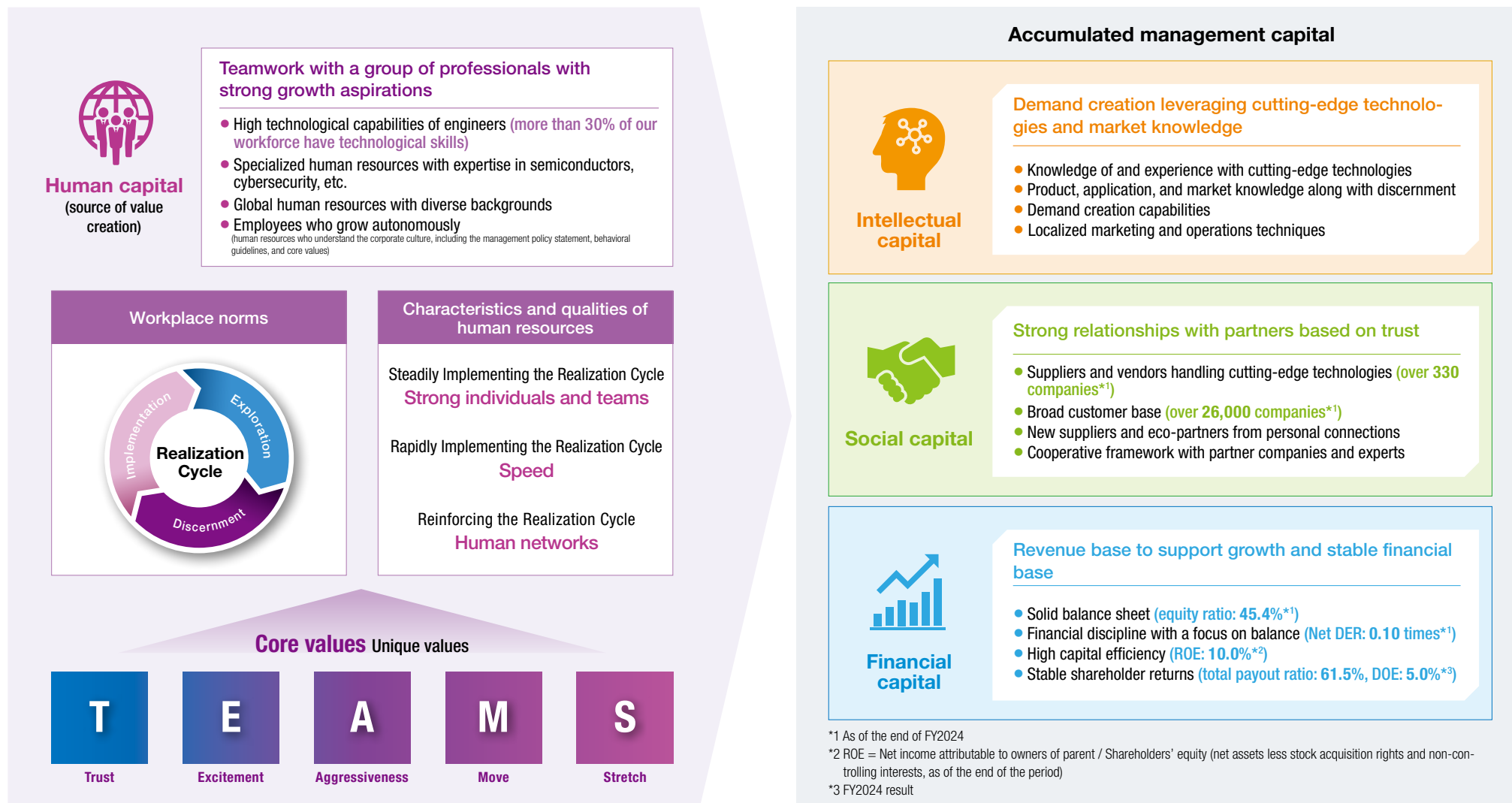
*1 Value-Added Distribution model
*2 Services & Solutions model

Corporate Philosophy **Sowing seeds continuously under our feet**

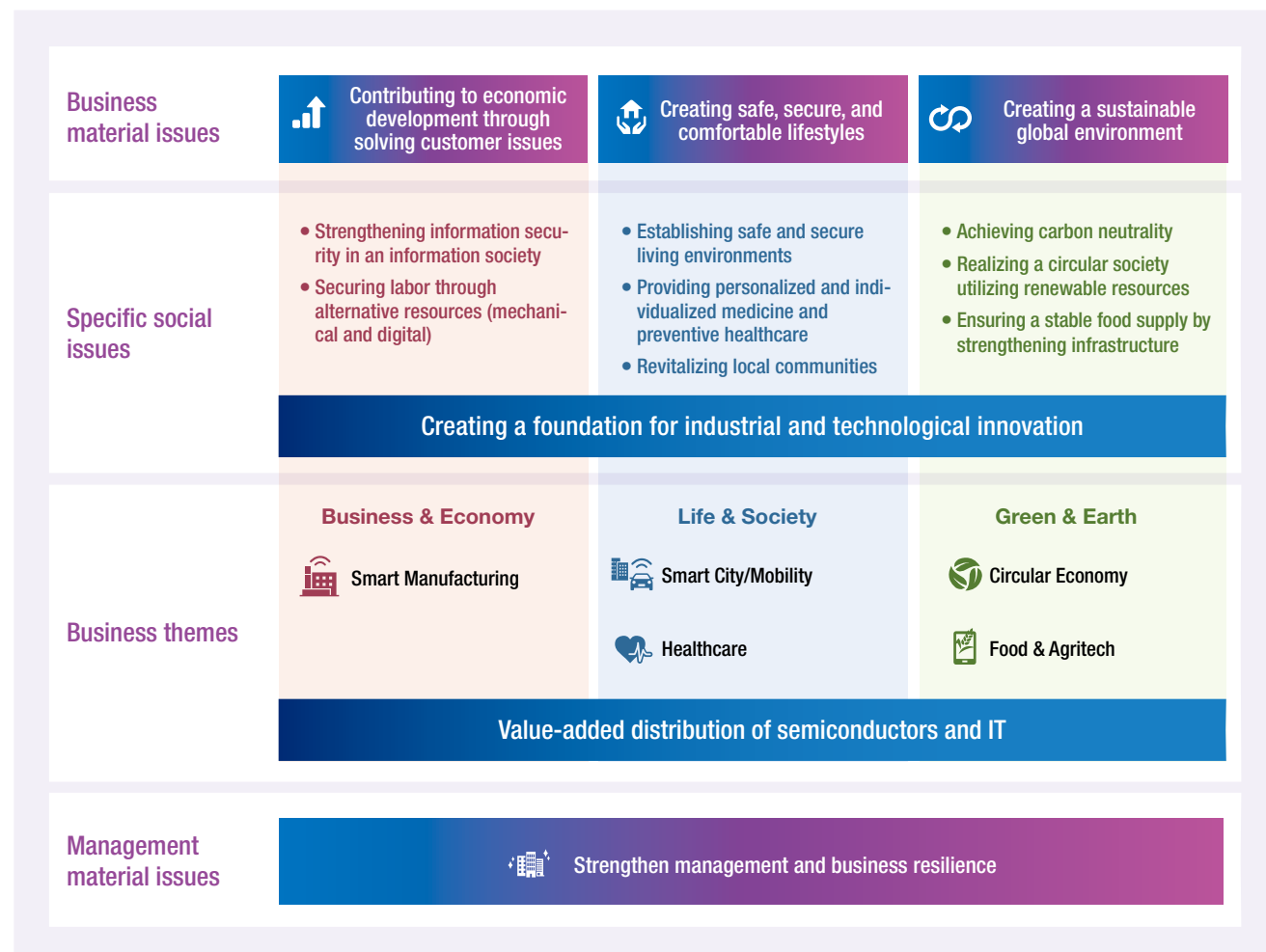
Purpose Leading in an ever-changing world, we seek technology and intelligence beyond the cutting edge, while envisioning the future and creating the 'Now.'



The idea that “everything begins and ends with people,” as expressed by our founder, reflects how people are the source of Macnica’s value creation. The strengths and workplace norms of our human resources, fostered through the deep integration of our core values, along with our corporate culture, form a unique competitive advantage that no other company can imitate. The workplace norms that employees naturally put into practice embody our core values and have taken root in the form of a Realization Cycle that is replicated in daily decision-making and collaboration. Through the coupling of these behaviors and the characteristics of our talent, Macnica continuously accumulates high-quality management capital. By leveraging this accumulated capital, we will continue to evolve as a business that consistently generates new value.



The Macnica Group has identified four material issues and aims to contribute to the global environment as well as social and economic development through its business activities. In identifying material issues, we have narrowed our focus to matters that are of high importance to our stakeholders and that will have a significant impact on the Group's management. With semiconductors, IT, and cybersecurity as the common foundation for all industries, we will work to solve social issues through business in areas where we can leverage the Group's strengths while contributing to the foundation of future industries and technological innovation.



Material Issue Identification Process

The Group identified material issues through the following four steps to ensure comprehensiveness, objectivity, and uniqueness. Material issues will be revised as necessary based on factors including changes in the materiality of issues and the emergence of new issues.





MACNICA

Strategy

Creating the “Now”

Macnica is currently undergoing a significant transformation in pursuit of its Vision 2030. This section provides a clear and structured explanation of the strategic direction outlined in Macnica’s Medium-Term Management Plan (FY2025–2027), detailing how the Company intends to execute these strategies in its journey to become a Services & Solutions Company, and why Macnica is uniquely positioned to deliver on this vision.

Through our capital policy, business strategies, IT and DX strategies, and human resource strategy, Macnica is not only envisioning the future but creating the “Now.” This section articulates the credibility and feasibility of our transformation.

Our Roadmap

By backcasting from Vision 2030—the future state Macnica aspires to achieve—the Company has clarified its current management challenges and the initiatives it must undertake. In pursuit of FY2030 targets, Macnica has formulated a three-phase Medium-Term Management Plan: the Management Resource Fusion Phase, starting from FY2022; the Specialization Enhancement Phase, starting from FY2025; and the Management Resource Integration Phase, starting from FY2028. These phases are the steps through which we will drive the gradual evolution of our human capital, services, solutions, and business foundation, mapping out the path for our transformation to realize Vision 2030. Through these steps, Macnica aims to maximize sustainable growth and corporate value.

Roadmap for Vision 2030

Achieving Long-Term Management Goals through Three Phases of Transformation		FY2022–2024 ①	FY2025–2027 ②	FY2028–2030 ③
CPS Solutions Business	Investment in Development	Strengthen service development	Accelerate service growth	Integrate and stabilize services
	Key Points	Develop individual services	Strengthen individual services and coordinate between services	Standardize platforms
Semiconductor Business	Revenue Structure Reform	Develop value-added products	Expand value-added products	Stabilize value-added products
Cybersecurity Business		Develop in-house services	Expand in-house services	Stabilize in-house services
Common to Semiconductor and Cybersecurity Businesses	Strengthening Businesses	Acquire cutting-edge products, strengthen global operations, expand portfolio		
Company-wide	Strengthening Business Foundation	Strengthen DX development	Strengthen DX dissemination and development	Stabilize DX
	Strengthening Brands	Develop brands	Strengthen brands	Maintain and strengthen brands
Management Resource Fusion Phase		Specialization Enhancement Phase		Management Resource Integration Phase
The first phase involves combining the physical strengths cultivated in the Semiconductor Business and the strengths in cyber technology cultivated in the Cybersecurity Business to sow new business seeds. We created systems and made capital investments to help new business seeds to grow significantly, leading on to the next phase.		In this phase, we will continue to strengthen the capabilities we need for significant business growth, while collaborating with partner companies possessing excellent technology and management capital. Alongside developing our own services and solutions, we will acquire deeper expertise in our focus areas through these collaborations with partner companies.		In the final phase, we will integrate the expertise developed in each area to position ourselves as a platform provider for the industry. We will promote integration by strengthening the coordination of services and data across domains, with the goal of establishing a platform that sets a new industry standard.

Review of the Management Resource Fusion Phase (FY2022–2024)

During the Medium-Term Management Plan (FY2022–2024) period, net sales surpassed ¥1.0 trillion, while three-year cumulative net income grew by 2.7 times from FY2019 to FY2021. The Semiconductor Business, which led this growth, experienced some fluctuation due to external factors, but grew in its core markets of industrial equipment and automotive products, and expanded its market share substantially in Japan and overseas. The segment also made productivity gains through IT and DX investments, and established a structure capable of leveraging economies of scale. The Cybersecurity Business also grew strongly in Japan and overseas, with an overall segment CAGR of 22.8%. Our proprietary Attack Surface Management (ASM) service also captured the top spot in the domestic market for three consecutive years, as our new challenges produced steady results. The CPS Solutions Business did not achieve its targets for FY2024. However, in its leading Smart City/Mobility Business, it made steady progress on expanding its business in municipalities where it conducted trial operations and regular services of self-driving EV buses.

Positioning of the Specialization Enhancement Phase (FY2025–2027)

The Specialization Enhancement Phase is the second step of the Medium-Term Management Plan on the path to realizing Vision 2030. In this phase, it is important to accelerate business model transformation toward the realization of a Services & Solutions Company. Transforming our business model will require the acquisition of additional capabilities. By leveraging the Value-Added Distribution (VAD) model, we will acquire domain knowledge and partners, forming an ecosystem that drives the development of the Services & Solutions (SS) model. We will also make investments to expand our business domains inorganically. Under the current Medium-Term Management Plan, we have presented our capital policy (P.19), and we will execute growth investments toward transforming our business model. While further strengthening the capabilities we need to significantly grow our businesses, we will collaborate with partners who possess outstanding technologies and management capital. In addition, to transition to a completely new business model, we also need to build a management base that can adapt to change. We will strengthen our respective functions and realize sustainable growth.

Medium-Term Management Plan FY2025–2027

Specialization Enhancement Phase (FY2025–2027)

The Specialization Enhancement Phase, which started in FY2025, is a key period in our evolution into a Services & Solutions Company. We aim to achieve medium-term management targets by steadily executing our business strategies and strengthening our management base. Our medium-term management targets for FY2027 are consolidated net sales of ¥1.4 trillion, consolidated operating income of ¥80.0 billion, consolidated operating income margin of 5.7%, and consolidated ROE of 15.0%.

Medium-Term Management Targets

	FY2024 (actual)	FY2027 (medium term)	FY2030 (long term)
Consolidated net sales	¥1.0 trillion	¥1.4 trillion	¥2.0 trillion
Consolidated operating income	¥39.6 billion	¥80.0 billion	¥150.0 billion
Consolidated operating income margin	3.8%	5.7%	7.5%
Consolidated ROE*	10.0%	15.0%	15.0%

* Consolidated ROE = Consolidated net income attributable to owners of parent / Consolidated shareholders' equity (net assets less stock acquisition rights and non-controlling interests, as of the end of the period)

Medium-Term Management Strategy

Company-wide strategy			Strengthen the management base
- Growth investment toward Vision 2030 - Business model transformation - Strengthening AI-related business			- Strengthen financial strategy - Strengthen human capital strategy - Strengthen IR strategy - Strengthen branding - Strengthen IT/DX strategy - Strengthen corporate governance
Semiconductor Business	Cybersecurity Business	CPS Solutions Business	
- Focus investment in growth countries - Continue strengthening growth markets - Enhance AI-related business	- Expand value-added distribution model - Enhance value-added operational support services - Expand services and solutions	- Expand Smart City/Mobility and Smart Manufacturing businesses - Target enhancement of Circular Economy, Healthcare, and Food & Agritech	

Growth Strategy for the Semiconductor Business

We will continue to strengthen the Semiconductor Business as the core revenue base for the Company. Amid rising uncertainties due to factors such as trade friction between the United States and China, we will pursue individual strategies targeting the Chinese market in parallel with focused investment in growth countries outside of China with the aim of expanding our business globally. We will continue to focus on the growth fields of industrial equipment and automotive products. In the automotive field, where the use of software is increasing, we will place particular emphasis on strengthening our software solutions to better respond to the growing automotive software market. In AI-related business, we will organize our sales structure and optimize our business portfolio with a primary focus on infrastructure- and edge-oriented AI solutions for data centers, aiming to drive sustainable growth based on our company-wide AI strategy.

Growth Strategy for the Cybersecurity Business

In the Cybersecurity Business, we aim to further expand our business around the four domains (categories) of security, data/AI, applications, and overseas. We will expand our existing Value-Added Distribution (VAD) model through sales expansion of current products, acquisition of new products, and the development of new subcategories to expand our target segments within each category. Also, by focusing on strengthening the operational support services associated with distribution, we will expand them into the overseas markets. For the expansion of services and solutions, we will look at both organic growth through in-house development and inorganic growth through M&As and other means as we accelerate the transformation of our business model.

Growth Strategy for the CPS Solutions Business

In the CPS Solutions Business, we have reorganized the previous six themes into five by integrating CPS Security into the Cybersecurity Business. Smart City/Mobility and Smart Manufacturing have entered an expansion phase, and we are strengthening our business in domains such as self-driving EV buses and operation control systems and DX for the manufacturing industry. Circular Economy is in a growth phase, and we will promote it in businesses that have been selected for high growth potential. In the Healthcare field, we will launch distribution services in the cardiovascular domain, and develop evidence for creation of value through data use in the future. In Food & Agritech, we are rolling out plant factory-related products while also working on full-scale construction of a data business.

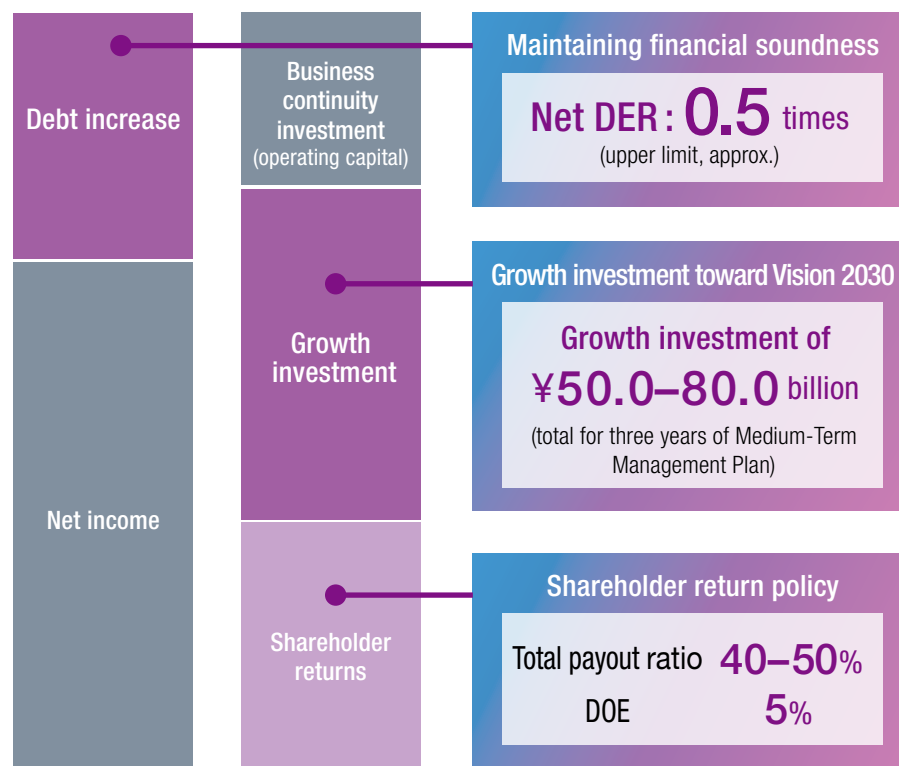
Company-wide Strategy

Growth Investment toward Vision 2030

Aiming to Increase Corporate Value through Growth Investment

Macnica has placed growth investment at the heart of the Medium-Term Management Plan (FY2024–2027), aiming to sustainably increase corporate value. These investments will play a supporting role in the transformation of our business model for the realization of our long-term vision, Vision 2030. We also expect them to result in an improved operating income margin, increased resilience to market fluctuations, and a reduction in cost of capital. Rather than simple business expansion, we will take a strategic approach to achieve both profitability and stability with the aim of contributing to an increase in our competitive capability.

Capital Policy



Balancing Financial Discipline and Shareholders Returns

To support the steady execution of growth investments, Macnica's capital policy emphasizes the balance between financing and shareholder returns, while maintaining financial soundness. Specifically, we target an upper limit for the net debt-to-equity ratio (Net DER) of 0.5 times, and make appropriate use of financial leverage to maintain stable funding operations. Our shareholder return policy aims for a consolidated dividend on equity ratio (DOE) of 5%, with stable and continuous dividend payments. Furthermore, we are working to increase shareholder value by aiming to maintain a total payout ratio (combining dividends and treasury share acquisitions) in the range of 40–50%.

Investment in Key Areas and Future Outlook

Macnica is planning growth investments in the order of ¥50.0 to ¥80.0 billion over the three years from FY2025 to FY2027. Funded from the increase in profit and debt after deducting operating capital, these investments will be evenly spread across value-added distribution as well as services and solutions, mainly aimed at strengthening the Company's businesses through M&As. In the Semiconductor Business, we have a leading share of the Japanese market, and although we face a significant scale difference compared to major distributors in North America and Taiwan, there remains significant potential for overseas expansion.

As manufacturing sites become more dispersed in response to US-China trade friction, we will explore investment opportunities in growth countries outside of China, looking to maintain and expand profitability. At the same time, we will strengthen our in-house-developed services and solutions through investments in related service providers, mainly in the Cybersecurity Business, as well as accelerating the transformation of our business model.

	Planned allocation	Semiconductor Business	Cybersecurity Business	CPS Solutions Business
Services & Solutions	Approx. 50%		Business model transformation	
Value-Added Distribution	Approx. 50%	Sustainable growth		

Medium-Term Management Plan FY2025–2027

Business Model Transformation

The new Medium-Term Management Plan that started from FY2025 has positioned business model transformation as one of the main company-wide strategies. In addition to the previous Value-Added Distribution (VAD) model, we will expand the Services & Solutions (SS) model to evolve our revenue structure and increase our corporate value.

The VAD model involves providing unique added value such as technical and operational support for semiconductors and IT solutions. It is the core business model that has supported Macnica's growth. By introducing cutting-edge technologies mainly from overseas to markets primarily in Japan and Asia, and providing fully integrated support from design and development through to quality assurance and stable supply, we have built up trust with our customers and a strong revenue base.

The SS model is one that provides value proactively and continuously to address customers' issues through services and solutions that Macnica has developed itself.

In addition to providing services such as system integration (SI) and consulting, we have also created even higher value by rolling out in-house-developed solutions. The SS model has a scalable revenue structure that enables services to be expanded to multiple customers once they have been built for a single case. This creates a system for growing business while also increasing profitability. Compared to the VAD model, with its main focus on variable costs, the SS model has a high contribution margin ratio and is expected to lift our profit margin.

Going forward, we will retain the VAD model as the core revenue driver in our Semiconductor Business and Cybersecurity Business, while focusing on expansion of the SS model, which includes the CPS Solutions Business. We have positioned the SS model as a pillar of our future growth, mainly by addressing social issues such as Smart City/Mobility and Smart Manufacturing. Leveraging the domain knowledge and partnerships we have accumulated with the VAD model, we will combine organic growth and inorganic investments, such as M&As, to increase productivity and accelerate our business model transformation.

	VAD Model	SS Model
Nature of Business	Sale of supplier products enhanced with technical and operational support	Provision of in-house-developed services and solutions
Business Domains	Semiconductor Business, Cybersecurity Business	Semiconductor Business, Cybersecurity Business, CPS Solutions Business
Revenue Structure	Scalable, focus on variable costs	Scalable, high contribution margin ratio
Approach to Growth	Organic and inorganic (M&As, etc.)	Organic and inorganic (M&As, etc.)
Roles (Strategic)	Revenue core	Pillar of growth
Management Impact	Building a stable management base	Increasing profit margins, sustainable growth of corporate value

Strengthening AI-Related Business

Under the new Medium-Term Management Plan, strengthening AI-related business is presented as one of Macnica's company-wide strategies. With the rapid evolution of generative AI, the AI market is expanding and changing at an unprecedented speed. For companies, technology selection and discerning applicable domains are the key to competitiveness. In this environment, Macnica is moving quickly in each business division, and has formulated a company-wide AI strategy. We will focus on domains where the Company can demonstrate sustainable value, and optimize our portfolio. In the VAD model, we are enhancing our handling of AI-related solutions in the Semiconductor Business. Specifically, we are focusing on AI infrastructure solutions for data centers, which are facing a surge in demand with the spread of generative AI and large language models, and edge-oriented AI solutions in the field of manufacturing front lines and mobility, which are expected to expand going forward. In the Cybersecurity Business, we will strengthen the expansion of platforms for our own in-house AI utilization as well as system-oriented AI solutions related to AI security, building a sales system to capitalize on our expertise in the field.

Meanwhile, in the SS model, we are promoting the development of industry- and operation-specific solutions. We offer services that are closely aligned to frontline issues, such as AI solutions for the retail industry that automatically analyze the content of reports from stores and AI solutions for the manufacturing industry that support quality assurance operations. We also provide customized AI solutions for the needs of individual clients to help customers gain a competitive advantage. In addition, we have been working to advance our in-house use of AI, where we are promoting operational efficiency gains using generative AI and the creation of systems for knowledge-sharing. By thus enabling the creation of value through integrated knowledge from inside and outside the Company, we are leveraging AI to achieve further business expansion.

	Semiconductor Business	Cybersecurity Business	CPS Solutions Business
SS Model	Industry- and operation-specific general services / customized solutions for individual clients		
VAD Model	Infrastructure-oriented AI solutions Edge-oriented AI solutions	System-oriented AI solutions	Specialized

Strengthen the Management Base

To realize Vision 2030, it is essential to strengthen the management base so that we can respond flexibly and swiftly to the rapidly changing business environment. While strategically strengthening functions such as finance, human resources, IR, branding, and IT and DX, we will also enhance our governance systems, both in Japan and globally, to create a management base that will support sustainable growth.

Financial Strategy

Based on the capital policy outlined in the Medium-Term Management Plan, we will maintain financial soundness, as measured by net DER, while prioritizing investment in intangible assets and M&As to develop our own services and solutions, which will be essential for future growth. The necessary funds for these purposes will be generated through cash flows from operating activities, improvements in working capital turnover, and financing primarily consisting of interest-bearing debt. Regarding our shareholder return policy, we will target a guideline DOE of 5%. We will implement a stable and continuous dividend policy and look at treasury stock acquisitions as a flexible means for providing shareholder returns, giving consideration to capital efficiency and market conditions, and aiming for a total payout ratio of 40–50%.

Branding Strategy

In FY2024, we launched a new brand communication accompanied by the tagline “Technological transformation for all.” As the final customer of our business edges closer to being the consumer, branding targeted at general consumers is becoming more important, and we are strengthening media relations, such as TV commercials and advertising. Looking ahead, we will increase our presence in society through strategic branding and marketing activities. At the same time, we will contribute to the corporate activities of the entire Group by aiming to increase recognition and understanding of Macnica, and thereby to maximize its corporate value.

Human Resource Strategy

Macnica reflects the important founding principle that “everything starts and ends with people” in its specific initiatives. In FY2024, we revamped our human resources and compensation systems to stimulate employees’ autonomous growth with the ultimate aim of increasing our ability to respond to change as we continue working to realize Vision 2030. In FY2025, we aim to expand investment in human capital and upgrade our human resource development systems by linking them to a Response Cycle that supports employee development and growth. Moreover, each division is striving autonomously to improve based on the results of our annual Building a Strong Company Questionnaire, and we will look to build trust relationships and maximize human capital by valuing close communication between employees and management.

IT & DX Strategy

Under the previous Medium-Term Management Plan, we promoted initiatives such as the development of common platforms supporting company-wide DX, including the Digital Execution Factory and Macnica Common Service Platform (MCSP), the domestic implementation and overseas expansion of core systems, the introduction of new technologies to improve productivity, and the establishment of a zero trust environment to enable safe and flexible working styles. During the current Medium-Term Management Plan, we will extend this base, aiming to establish an IT ecosystem that is linked with business and corporate divisions. Moreover, we will support the realization of Vision 2030 through the building of relationships with outside partners and a global support system.

Investor Relations

Under the previous Medium-Term Management Plan, we actively promoted investor relations activities, expanding information disclosure with the publication of an integrated report and renewal of our investor relations website and strengthening our touchpoints with overseas institutional investors. These initiatives produced a substantial increase in opportunities for face-to-face interaction with investors, and with a boost from earnings growth and a surge in focus on semiconductor-related stocks, our valuation in the market climbed steadily. Looking ahead, we will further expand opportunities for engagement with shareholders and investors, while strengthening both the quality and quantity of our disclosure content. In addition, we will also focus on communicating our medium- to long-term growth strategies and non-financial information, aiming to further increase our corporate value and to establish a system for disclosing highly reliable information.

Corporate Governance

The Company transitioned to a Company with an Audit & Supervisory Committee in June 2024, aiming to utilize dynamic tension between execution and supervision by building a constructive conflict structure. In June 2025, we changed the composition of the Board of Directors so that outside directors constitute a majority, and established a lead outside director. Toward the realization of Vision 2030, the Board of Directors will reinforce its corporate governance system by strengthening its supervision structure, mainly through discussion focused on strategy, human resources, and risk management, which are key areas for the Company, and increasing management transparency for stakeholders.

**Makoto Okawara**

Director, Managing Executive Officer and
General Manager of Financial Group,
Macnica, Inc.

Maximize Corporate Value by Investing for Growth and Balancing Shareholder Returns

FY2024 Review

A Close Eye on Results and Challenges

In FY2024, our Cybersecurity Business, which we formerly called our Network Business, performed well both in Japan and abroad, increasing sales substantially by 27% year on year. Our Semiconductor Business had a year of growth and challenges overall due to the severe impact of a deteriorating market. The recovery of the semiconductor industry that we had anticipated at the beginning of the fiscal year did not happen, even in the second half. This slowing of normally profitable segments including industrial machines affected our profits significantly.

As a result, our consolidated sales for FY2024 stood at ¥1,034.2 billion, about the same level as in FY2023, but all in, the profit column showed year-on-year drops. So it was a year of higher sales and lower profits.

Higher SG&A expenses were one factor compressing profit as Navya Mobility SAS (hereafter, Navya) and Glosel Co., Ltd. became consolidated subsidiaries. For Navya, we are in the stage of upfront investment, mainly in software development for Level 4 autonomous driving. On the strength

of development of its self-driving bus, Navya is offering solutions for driver shortages, a social challenge. Its buses are operating on a test basis or normal commercial basis under several local governments. We see our investment in Navya as a contributor to growth over the medium to long term.

Consolidation of Glosel had some short-term negative effects, including higher inventory levels and a drop in our profit margin. However, we project the company will help make our businesses more competitive in a relatively short time as we were able to secure much sought-after human capital, especially technical personnel, giving us greater potential to expand new businesses.

In FY2024, while the Cybersecurity Business showed strong growth, we also faced many challenges, such as the temporary effects of our new consolidated subsidiaries and a decline in the semiconductor market. The Semiconductor Business still has room for growth, so we are actively hiring, investing in information technology and steadily implementing initiatives with the future in mind. I see FY2024 as a year for important preparatory moves for medium- to long-term growth.

FY2024 Financial Highlights (Billion yen)

	FY2024 result	YoY		FY2025 plan	YoY	
Net sales	1,034.2	+5.5	(+1%)	1,050.0	+15.8	(+2%)
Semiconductor Business	880.3	-27.6	(-3%)	883.0	+2.7	(+0%)
Cybersecurity Business*	153.9	+33.0	(+27%)	167.0	+13.1	(+9%)
Operating income	39.6	-24.1	(-38%)	42.0	+2.4	(+6%)
Semiconductor Business	26.3	-30.3	(-54%)	24.1	-2.2	(-8%)
Cybersecurity Business*	13.3	+6.2	(+88%)	17.9	+4.6	(+35%)
Net income attributable to owners of parent	25.3	-22.8	(-53%)	27.0	+1.7	(+7%)
Cash flows from operating activities	24.2	-15.7	(-39%)	—	—	—

Notes: 1. In the reporting segment, figures for the CPS Solutions Business are included under the Semiconductor Business and Cybersecurity Business.

* Former Network Business

2. Exchange rate used for FY2024 results = ¥152.60/USD

Review of Medium-Term Management Plan (FY2022–2024)

Looking back on the three years under the Medium-Term Management Plan (FY2022–2024), we see substantial growth in sales compared to the period under the previous plan (FY2019–2021), greatly exceeding initial plans. Sales exceeded ¥1.0 trillion and net income grew by a factor of 2.7 on a cumulative basis. The Semiconductor Business in particular grew faster than the market as we gained market share, giving us a larger presence in Japan and abroad. In the Cybersecurity Business, we significantly expanded our share of the security product market domestically, and we are now operating in more countries. The CPS Solutions Business showed sales growth mainly in the Smart City/Mobility and Smart Manufacturing segments. I think in this three-year period the market steadily gave Macnica higher assessments for its active investor relations efforts and enhanced shareholder returns, made possible through share repurchasing and higher dividends.

FY2025 Projections

Flexible Action with an Eye on Market Trends

In the Cybersecurity Business, our upfront investments began contributing to positive results going into FY2025, giving us hope for continuing high growth. In the Semiconductor Business, on the other hand, we are preparing a flexible strategy leading to steady growth without unreasonable optimism, despite our projection of a gentle market recovery. While pushing to increase our market shares in Japan and abroad, we are considering possible mergers and acquisitions abroad. In an adjustment period like this, in particular, excellent investment targets are relatively more affordable, and we plan to make flexible, fast decisions depending on the situation.

In addition, we will have to stay alert in FY2025 to macro movements in the external environment, such as exchange and tariff trends. For tariffs, the direct effects may be limited, but we may be indirectly impacted by changes in customer operations. We continue to monitor the situation particularly carefully, as the risk of relapsing trade friction between the US and China may affect customer production and sales plans.

With these uncertain factors in mind, we drew up our FY2025 plans on the condition that the recovery of the semiconductor market will be limited. I think this year we will have to embrace the challenge of taking flexible action to deal with difficult market conditions and building market share.

We will continue working to keep the Cybersecurity Business growing steadily and surely, and in the Semiconductor Business, we will be sure to take growth opportunities at home and abroad and put a range of measures into practice. In the CPS Solutions Business, we will keep an eye on buds for growth with the understanding that we are still in the phase of exploration and cultivation.

New Medium-Term Management Plan and Capital Allocation

Clear Guidelines for Growth-Oriented Investment and Shareholder Returns

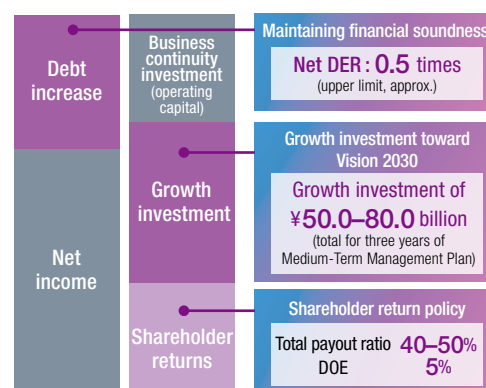
To more clearly indicate our balanced priorities on growth and financial strategies, our new Medium-Term Management Plan starting in FY2025 clearly indicates in specific figures our basic position on capital allocation. Under the plan, as the shareholder return policy, we will keep our dividend payments reliable and sustainable, with a dividend on equity ratio (DOE) of about 5%, and work to maintain 40–50% as our total payout ratio. For growth-oriented investment, we project ¥50.0–80.0 billion. To clearly indicate the balance between this investment and shareholder returns, we will further enhance our work to make management more transparent and our strategies more consistent.

We have announced our policy to equally divide growth-oriented investments between the Value-Added Distribution (VAD) model and the Services & Solutions (SS) model. Under the VAD model for our core Semiconductor Business, we will invest for sustainable growth to build market shares abroad. For the Cybersecurity and CPS Solutions Businesses, on the other hand, we will focus on investing in the SS model to accelerate the transformation of their respective business models. In the Cybersecurity Business, where our foundation for growth is firming up, we will invest to enhance our proprietary services and solutions to build profit margins. For the CPS Solutions Business, we consider the three-year period starting FY2025 as preparatory to full-scale investment. Putting the Smart City/Mobility and Smart Manufacturing segments at the core, we will operate cautiously, prepared for risks and with a sharp eye out for business opportunities.

From the standpoint of financial discipline, we will disclose net DER, meaning the ratio of net interest-bearing debt to equity, for the first time with a cap of 0.5 times. This expresses our resolve to invest for growth more aggressively, applying leverage without compromising our financial health.

In the Medium-Term Management Plan (FY2025–2027), we set our goals to make ¥1.4 trillion in sales, ¥80.0 billion in operating income with a 5.7% margin, and ROE of 15% on a consolidated basis. The key to the successful achievement of these goals will be capital policy, closely linking our growth and financial strategies for each business. As the CFO, I will execute and monitor all the related initiatives with the intention, based mainly on capital policy, to build corporate value over the medium to long term.

Capital Policy



Breakdown of Growth Investments

	Planned allocation	Semiconductor Business	Cybersecurity Business	CPS Solutions Business
Services & Solutions	Approx. 50%		Business model transformation	
Value-Added Distribution	Approx. 50%	Sustainable growth		

Raise Profitability for Higher ROE

Our Commitment to the Operating Income Margin

To raise capital efficiency, Macnica has designated higher consolidated ROE as an important management indicator. Our consolidated ROE for FY2024 was 10.0%*, a drop from around 20% in the past. We plan to raise it back up to around 15% in the medium term.

To raise ROE, it is essential to enhance the quality and level of profits, and improving our operating income margin is crucial. We set that margin to 7.5% as a long-term management goal under Vision 2030. This is also the number that guarantees another goal, ROE of 15%. Macnica is fully committed to raising the operating income margin and making across-the-board efforts to achieve that 7.5% target.

Specifically, we will put the Semiconductor Business at the core of our earnings base and work for reliable sales and profit, as well as cash generation for the business. The actual operating income margin of the business is about 5%, which may not be enough to help drive the margin for the entire Company, but making the most of economies of scale from the expanded business, it is definitely helping raise the bottom line of Macnica's overall corporate value.

In the Cybersecurity Business, a double-digit operating income margin is on the horizon, and we anticipate higher profitability. Investments in personnel over the past few years began yielding results in FY2024, which is helping improve the operating income margin. In the Cybersecurity segment, where we project continuing high market growth, we will build profit on the strength of sourcing and identifying risk, and will further raise profitability by developing and offering proprietary services and solutions.

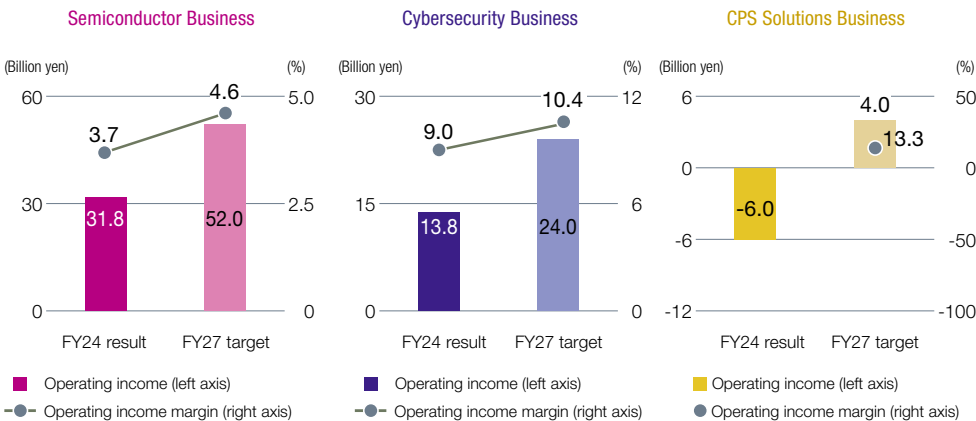
The CPS Solutions Business holds the key to the earnings structure we hope to build by 2030. That business has been losing money, but its projected profit ratio is higher than that of the Semiconductor and Cybersecurity Businesses. We see the role of this segment as boosting the operating income margin for the entire Company in the future. Its target operating income is ¥4.0 billion for FY2027. We will work to have the business turn a profit by expanding scale, especially in the Smart City/Mobility and Smart Manufacturing segments.

We will buy back our own shares flexibly and in a timely manner with an eye on the total payout ratio. While dividends are the basis for shareholder returns, we will flexibly contribute to this in other ways, depending on investment opportunities and the balance with growth-oriented investment. Through these initiatives, we are assuring appropriate shareholder returns while raising capital efficiency at the same time.

To increase our consolidated ROE, it is essential that we create a balanced combination of several business portfolios to maximize the strength of each. Rather than focus too much on short-term profits, we will promote comprehensive initiatives of strategic importance with medium- to long-term growth of corporate value in mind.

* Consolidated ROE = Consolidated net income attributable to owners of parent / Consolidated shareholders' equity (net assets less stock acquisition rights and non-controlling interests, as of the end of the period)

Operating Income by Segment



Note: Figures for the Semiconductor Business and Cybersecurity Business are shown excluding duplication with the CPS Solutions Business.

A System for Building Capital Efficiency

Floor-Led Risk Control by Business and Financial Divisions

Part of the foundation of Macnica's financial strategy is systems for raising capital efficiency and communication to spread the system across the organization. We conduct our core Semiconductor Business on a long cycle from purchasing to sales, always prone to various risks in terms of inventory, accounts receivable, exchange rates, and credit access. For that reason, it is essential that the business and financial divisions operate as one. The success or failure of a financial strategy depends on floor-led risk control.

Basic techniques for operating-capital management, such as preventing excess inventory and long-term accounts receivable and hedging exchange risk, are meaningful only when each salesperson understands their importance and consistently applies them in practice. This is precisely why the financial division is expected to go beyond a command-and-control approach and instead to play the role of companion to the frontline teams. For that reason, we think it is an important responsibility for those divisions to avoid using technical terms, opting for more plain language and paying attention to interpretation, preparing materials for direct appeal through the liberal use of visuals, for instance.

As part of our corporate culture, we place strong emphasis on operating through structured systems. In other words, rather than relying on individual expertise or tacit knowledge, we aim to establish an environment in which everyone can perform their duties based on consistent decision-making criteria — thereby enabling the organization as a whole to sustainably enhance capital efficiency. Even now, despite substantially increasing in scale since its founding, Macnica continues to place great importance on initiatives that communicate company-wide and divisional policies all the way to the front lines through venues such as Management Plan Presentations and department meetings. As a result of these practices, each division and team can work on a given project under its own steam, a defining quality of Macnica. These initiatives will gain more importance as the Macnica Group moves toward integrated operations across the entire group.

As the financial division, our goal is to embed the concept of capital efficiency not merely as a financial metric, but as a common practice throughout the Group. For this reason, it is vitally important that the financial division and frontline divisions build relationships of trust and maintain close dialogue. Going forward, by continuing to practice finance that is grounded in frontline perspectives and effectively communicates its value, we aim to further enhance the Company's overall capacity for value creation.

Dialogue with Investors

Communicating Our Strengths and Growth Potential

To build corporate value over the medium to long term, reducing cost of capital is an important factor in addition to improving ROE. To those ends, we continue enhancing our IR program, including through dialogues with investors and greater disclosure of information.

Investor dialogue in particular, a key feature of Macnica, is an important responsibility for me as CFO, and the President is also actively involved in this in Japan and abroad. By putting top management before investors to speak on the Company's business strategy and financial policy, honestly and in detail, we are building relationships of trust with them and encouraging their support for the medium to long term. In talking with investors, we pay special attention to communication — describing Macnica's structural strengths and uniqueness in a logical and concrete manner. As a semiconductor and IT distributor, our business model may be unfamiliar to many overseas investors. However, by clearly communicating Macnica's structural strengths, we have been able to gain a certain level of understanding from the investor community, which has responded positively.

In the Semiconductor Business, our globally integrated sales network and strong engineering-driven technical expertise have earned us high recognition from suppliers. This underscores the substantial value we deliver, reflected in the fact that leading semiconductor manufacturers worldwide consider us an indispensable partner.

As for Cybersecurity Business, Macnica's competitive edge comes from its ability to source using extensive human networks and readily bring solutions to market. We read industrial trends ahead of others, explore and assess products globally, and quickly deliver them to the Japanese market. Customers evaluate these functions very highly as unique value that no other company can offer.

On the other hand, with regard to the CPS Solutions Business, we recognize that there are still aspects that have not been fully communicated through our investor relations activities. Currently, we are in a phase focused on building a solid track record. Looking ahead, we aim to enhance the visibility of our implementation cases and achievements, and to articulate a clear, compelling story for our investors. Given its potential to address critical social challenges, this area attracts significant interest regarding its future prospects. We are committed to improving transparency by providing timely updates on our progress, thereby reinforcing confidence in our growth trajectory.

I also think that limited analyst coverage is a challenge to overcome. We will increase contact with many trading houses and analysts in order to deepen their understanding of Macnica. Starting in FY2025, we have begun efforts to secure a credit rating as part of building a solid foundation to enhance our visibility and presence in the capital markets. Through these initiatives, we aim to build a more flexible and strategic capital structure and reinforce our commitment to transparency for shareholders and investors.

Macnica's investor relations activities go beyond simple information disclosure, placing high priority on two-way dialogue with investors. The candid opinions and questions from investors offer meaningful insights that help shape our management decisions and strategic direction. We also make a conscious effort to minimize technical jargon and design visually clear investor materials that facilitate intuitive understanding.

Going forward, we will continue enhancing our investor relations efforts so that investors will better understand Macnica's strengths and growth story, in turn deepening our relationships of trust with them.

Future Potential for Macnica

Moving to the Next Stage with Change as the Engine

Macnica is working to increase corporate value in sustainable ways with a structure of three businesses — Semiconductors and Cybersecurity, our core pillars, and CPS Solutions, a new challenge. In FY2024, we encountered difficulty in the areas of our business affected by changes in the external environment. It was a year of patience and preparation, which we took as an important stage for medium- to long-term growth.

In the new Medium-Term Management Plan, starting from this fiscal year, we clearly state our priorities of equal importance: investment for growth and shareholder returns. This is an important guideline for Macnica to transform its business model and make Vision 2030 a reality. Becoming a Services & Solutions Company, with the CPS Solutions Business at the core, pushes us beyond our traditional distribution framework to rise to the challenge of creating new value. In addition to raising profitability and efficiency, we hope to win the markets over as a Services & Solutions Company, and in doing so, raise our corporate value (PBR) over the medium to long term. From the standpoint of offering solutions to social issues, this challenge holds significant meaning. We will continue refining the value unique to Macnica, which generates economic and social value simultaneously.

Through my daily work, I experience firsthand the potential of Macnica and have great confidence in its future. We will press on with investors and all our stakeholders, driven by change and seeking yet another opportunity for a leap forward. We hope you will continue supporting Macnica, today and in the future.



Segment Highlights | Business Summary

	Semiconductor Business	Cybersecurity Business (Formerly the Network Business)	CPS Solutions Business
Business model	Macnica primarily procures semiconductors from world-class manufacturers in the United States, Europe, and Japan, and sells them to customers across a wide range of applications, with a focus on the industrial equipment and automotive markets. By leveraging our extensive product lineup from analog to digital integrated circuits and the advanced technical expertise of engineers who have a deep knowledge of customers' applications, we drive demand creation. With a global sales and support system in place, we accurately respond to customers' needs. Acting on behalf of our suppliers, we provide a wide band of customers with timely technical proposals, sales, and market information, thereby contributing to the expansion of the semiconductor market.	Macnica rapidly discovers highly effective cutting-edge digital technologies from around the world and provides them to customers including corporations and public agencies. We focus on technologies to counter emerging cyberattacks, many of which are not yet widely recognized, as well as innovative digital solutions that drive transformation in business processes. Furthermore, we actively promote the value of these technologies to the market. In the technology implementation phase, we work in collaboration with partner companies such as system integrators to ensure smooth deployment. In addition, in the operation phase, we provide robust technical support to help our customers advance the utilization of their IT systems.	Cyber-Physical System (CPS) refers to a system that collects diverse data existing in the real world via sensor networks and other means, then analyze it to convert it into knowledge in cyberspace, in order to utilize the resulting information and value to address various challenges. Macnica provides original solutions using its expertise in fields such as Smart City/Mobility and Smart Manufacturing. We contribute to the resolution of social issues and the creation of sustainable value through CPS implementation.
Trend in net sales	(Billion yen) 1,200 600 0 871.1 868.2 1,140.0 FY2024 result FY2025 target FY2027 target	(Billion yen) 300 150 0 153.8 166.8 230.0 FY2024 result FY2025 target FY2027 target	(Billion yen) 30 15 0 9.3 15.0 30.0 FY2024 result FY2025 target FY2027 target
Trend in operating income	Operating income (left axis) Operating income margin (right axis) (Billion yen) (%) 60 30 0 3.7 3.3 4.6 31.8 28.4 52.0 FY2024 result FY2025 target FY2027 target	Operating income (left axis) Operating income margin (right axis) (Billion yen) (%) 30 15 0 9.0 10.9 10.4 13.8 18.1 24.0 FY2024 result FY2025 target FY2027 target	Operating income (left axis) Operating income margin (right axis) (Billion yen) (%) 6 0 -6 -12 -6.0 -4.5 4.0 13.3 FY2024 result FY2025 target FY2027 target

Note: Figures for the Semiconductor Business and Cybersecurity Business are shown excluding duplication with the CPS Solutions Business

Business Segment Strategies

Semiconductor



Akinobu Miyoshi
Representative
Director and
Vice President



From left:

Executive Officer, Company President, Clavis Company, Macnica, Inc.	Keisuke Ito
Executive Officer, Company President, Finesse Company, Macnica, Inc.	Yuichi Yoshioka
Executive Officer, Company President, TecStar Company, Macnica, Inc.	Koji Senga
Executive Officer, Company President, Altima Company, Macnica, Inc.	Yusuke Kobayashi

Review of Previous Medium-Term Management Plan Period

The semiconductor market during the period of the previous Medium-Term Management Plan reached a record-high level following the COVID-19 pandemic, but turned around in the middle of FY2022 with demand coming to a prolonged standstill due to the downturn in the Chinese economy. The after-effects have persisted to the present. In FY2024, AI-related demand continued to expand, and the GPU and memory markets recovered. Meanwhile, the Company focused on its core industrial equipment and automotive markets. Additionally, through the acquisition of Glosel — primarily aimed at strengthening our human resources — we secured new distribution channels, resulting in an increase in our domestic market share to 20%. In sourcing activities, we discovered seeds for future businesses, including the development of power semiconductors and AI-related solutions. Through these initiatives, the Semiconductor Business achieved a rapid compound annual growth rate (CAGR) of 9.1% from FY2021 to FY2024, compared to the global semiconductor market CAGR of 4.3% from 2021 to 2024, according to the World Semiconductor Trade Statistics (WSTS).

Review of FY2024

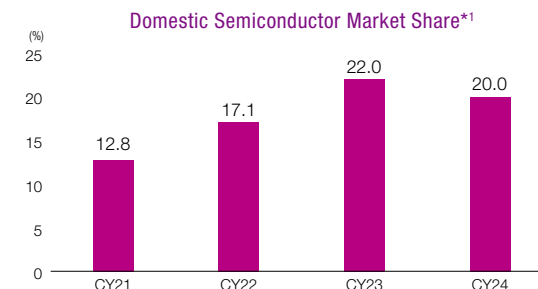
With AI-related demand leading the market, the memory market, in which we have only a small volume of transactions, expanded, while the mainstay industrial equipment market saw an ongoing stall in demand with a resultant decline in our domestic market share from 22% to 20%. Meanwhile, net sales for the automotive market grew strongly, increasing 41% year on year, mainly due to the consolidation of Glosel and the acquisition of new distribution channels. As a result, net sales decreased 3% year on year to ¥880.3 billion*. Despite these challenging market conditions, we continued to secure new business transfers from other distributors, and pursue growth investments through acquiring a business in South Korea and enhancing operations in India, thereby expanding our customer base both domestically and internationally.

*Includes figures for the CPS Solutions Business. Consequently, figures differ from FY2024 results presented on P.26.

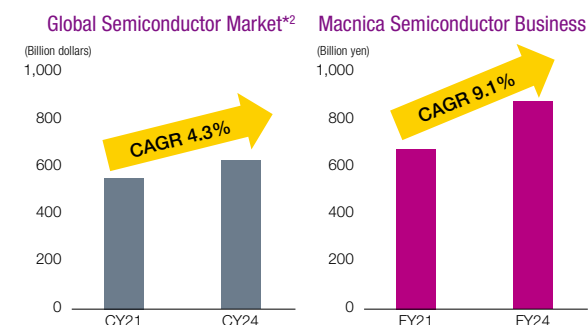
FY2025 Outlook

Our performance for FY2025 is expected to be level with FY2024, due to the continuation of an adjustment phase centered on industrial equipment throughout the year. From the second half, however, we expect to see a gradual market recovery. In addition, we expect the direct impact of US tariff policies to be limited. Leveraging our strengths in terms of technical capabilities and global coverage, we will look to make further gains in market share for our mainstay industrial equipment and automotive markets, as we steadily advance the new Medium-Term Management Plan.

Macnica Market Share Trend



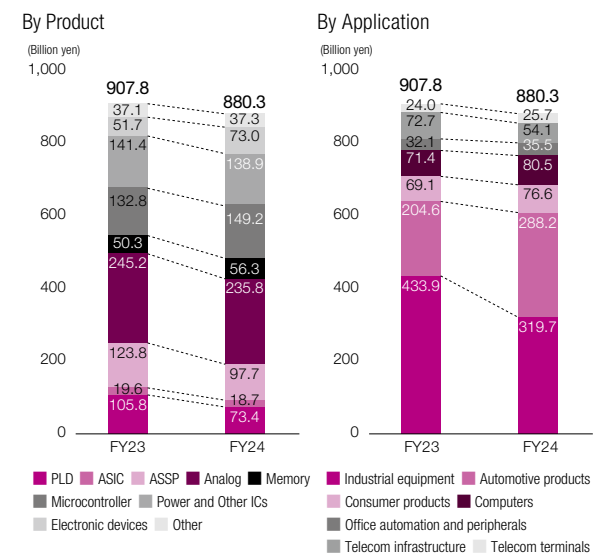
Semiconductor Sales Growth Rate



*1 Source: Gartner® Sources and disclaimer on P.83

*2 Created by Macnica from WSTS data

Net Sales Trend



Medium-Term Management Plan: Semiconductor Business Strategy

In the Semiconductor Business, we are working on focused investment in growth countries, continued strengthening in growth markets, and enhancing AI-related business. Amid growing uncertainty due to the trade friction between the United States and China, we are promoting parallel strategies of investment in growth countries other than China as well as executing a custom strategy for the Chinese market. In the growth markets of industrial equipment and automotive products, we will continue aiming for global growth. As for AI-related business, we will conduct effective business portfolio management centered on AI infrastructure for data centers and edge-oriented AI, in line with our company-wide AI strategy. The Semiconductor Business remains a key foundation of revenue, and going forward, we will work to further expand its market share and improve its profitability through greater efficiency.

Expanding Our Global Share

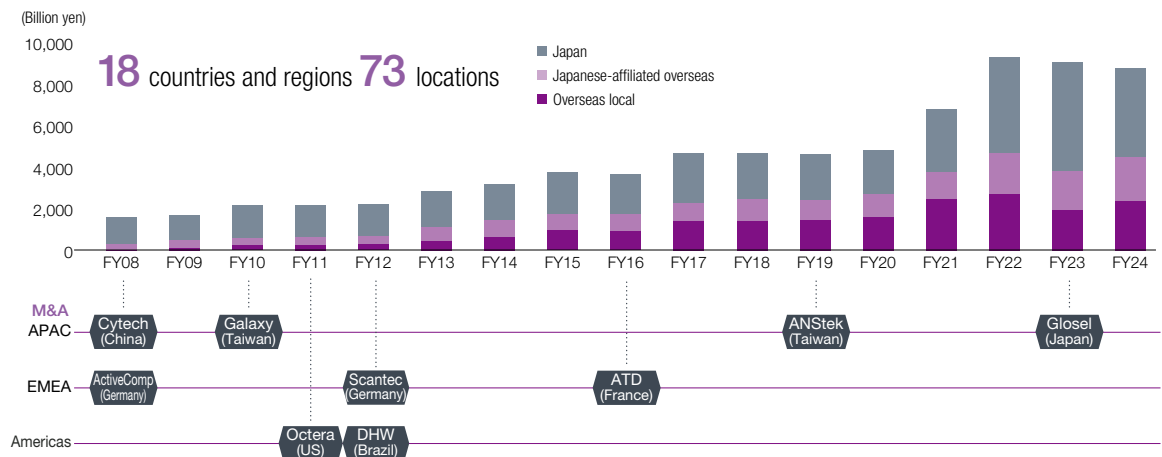
Macnica has captured a substantial 20% share of the Japanese market. Overseas, however, there is room to expand our share and we are working on this in Asia especially.

We have a broad product lineup, handling products from 17 of the leading 21 semiconductor manufacturers in the world. With a global network encompassing Asia, North America, South America and Europe, and with a high level of technical capability, we are able to support customers around the world. Going forward, we will draw on these strengths to further expand our global share, with a view to achieving dramatic growth targeting net sales of ¥1,140.0 billion in FY2027, representing a CAGR of 9.4% for FY2024–2027.

Looking at specific initiatives, we will create demand by rapidly assessing market needs in Asia while providing high-quality technical support through coordination between Japan and local subsidiaries, ultimately winning the trust of customers and achieving sales growth. Similarly, in Europe and North America, where business has traditionally centered on transfers from Japan, we will promote local demand creation by sharing Japanese expertise. In addition to expanding sales of products from suppliers that we already handle, a key measure for expanding market share is also to acquire new semiconductor manufacturers with products for the growing Chinese market and rapidly developing AI applications. Moreover, to further expand our global network, we will carry out strategic investments, including M&As in India and other growth countries where markets are expected to expand.

Through these initiatives, we plan to steadily capture demand in growth countries and expand our global share.

Global Distribution



*Semiconductor Business only, including former Fuji Electronics Co., Ltd.

Initiatives in Growing China

Macnica is reinforcing its strategic approach to the rapidly growing Chinese market. Chinese semiconductor manufacturers have seen a surge in growth in recent years, with an attendant rise in customer demand for Chinese products. Given this market environment, we have concluded distributor agreements with Chinese semiconductor manufacturers with a view to increasing our competitive capability in the local market. This approach enables us to respond rapidly to local demand, while also expanding our product lineup.

Looking ahead, we will explore further market opportunities with an eye to synergies with the products we currently handle by discovering new Chinese semiconductor manufacturers to actively diversify our product lineup and increase our competitive advantage.

Topic Further Expansion of Our Product Lineup

Macnica is constantly exploring the latest information from around the world and increasing the number of distributor agreements with semiconductor manufacturers. We handle core devices that determine the performance of our customers' products, such as CPUs, FPGAs, and high-precision linear ICs, enabling us to be deeply involved from the early stages of product development and to provide design support with a comprehensive understanding of the entire project. Furthermore, we also offer general-purpose devices typically selected in the later stages of development, allowing us to propose a wide range of devices.

When acquiring new semiconductor suppliers, we employ a rigorous evaluation system to carefully select those with unique characteristics, focusing on companies that can generate synergies with our existing product portfolio, those with strong demand in our key markets of industrial equipment and automotive products, and those offering AI-related products with significant growth potential. For the semiconductor manufacturers too, there is a strong appeal in terms of synergies with core devices handled by Macnica, our broad customer base and strong relationships, and our excellent demand creation capabilities. In many cases, a distributor agreement with Macnica is considered a pillar of a manufacturer's sales expansion strategy.

Global Top 21 Semiconductor Manufacturers Handled by Macnica

Global Top 21 Semiconductor Manufacturers	Handled by Macnica
AMD	●*1, 2
ANALOG DEVICES	●
BROADCOM	●
Infineon	●
Intel	●*1
Marvell	●
MediaTek	●*2
Microchip	●
Micron	●
NVIDIA	●
NXP	●
onsemi	●
Qualcomm	●
Renesas	●
Skyworks	●
Sony	●*2
Texas Instruments	●
KIOXIA/Western Digital	
Samsung	
SK hynix	
STMicroelectronics	

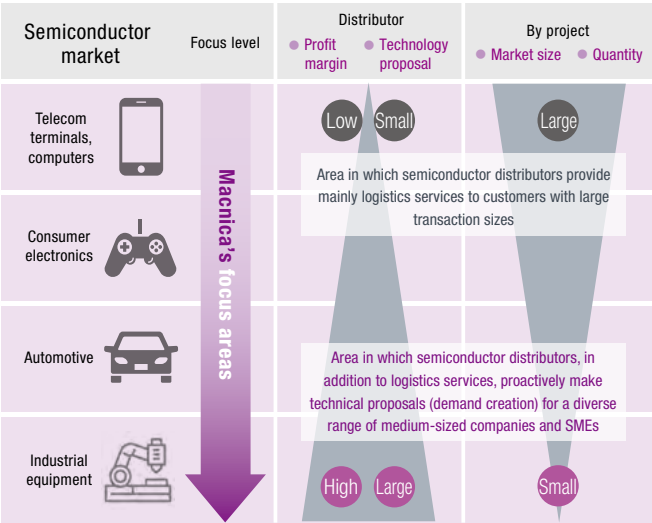
*1 FPGAs only *2 Handled by overseas subsidiaries

Focusing on the Growth Markets of Industrial Equipment and Automotive Products

In Macnica's Semiconductor Business, the industrial equipment and automotive markets account for approximately 70% of total sales. With both markets expected to continue growing, we will continue to strategically strengthen our sales in these areas.

The Japanese industrial equipment market is expected to continue growing, with a CAGR of 8.1% from 2024 to 2029. In addition, since many of the customers in this market sell a wide range of products – including factory automation equipment, machine tools, semiconductor manufacturing equipment, measuring equipment, and medical equipment – the market is also distinguished by its low-volume, high-mix sales. The adoption of IoT along with automation and labor-saving trends are elements that determine customers' competitiveness, and cutting-edge semiconductor technologies are vital for achieving these innovations. Macnica approaches these market needs by deploying a full complement of information from its lineup of products from over 170 companies, helping customers to increase their competitive capabilities by introducing the latest products and technologies to them. Furthermore, the global industrial equipment market is expected to outstrip the growth of the Japanese market with a projected CAGR of 10.0% from 2024 to 2029. Going forward, Macnica will further expand its global franchise network — meaning establishing distribution agreements with existing suppliers across multiple countries — and leverage successful approaches from the Japanese market to drive growth internationally, aiming to increase its global market share.

Macnica's focus areas that realize high profitability and high proposed value



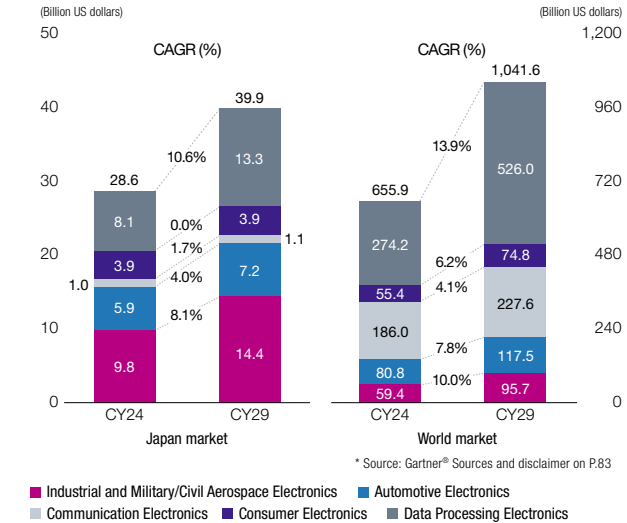
The automotive market, another key focus area, is expected to experience continued growth in semiconductor content, driven by the transition to electric vehicles and advancements in vehicle performance and safety. In addition to the analog technology that has long been our strength, Macnica has expanded its capabilities through its integration with Glosel, inheriting advanced digital technology expertise and broadening the scope of our support.

We will continue to strengthen our initiatives in key markets by leveraging our core strengths to contribute to enhancing our customers' competitiveness while pursuing our own sustainable growth.

Industrial Equipment Categories

Major Categories	Subcategories
Factory automation and machine tools	Factory automation equipment, PLCs, industrial robots, servos, inverters
Semiconductor and flat panel display production equipment	Semiconductor testers, semiconductor production equipment, flat panel display production equipment
Measuring and testing equipment	Measuring equipment, testing equipment, analysis devices, recorders
Medical equipment	Imaging diagnostic equipment (MRI, CT), biological information monitors, endoscopes
Social infrastructure	Railway and road systems, smart meters, power (generation, transmission)
Military and aerospace	Space development equipment, military-related equipment, aircraft-related equipment
Financial equipment	Currency identification devices, POS-related equipment, electronic money, ATMs
Building and factory equipment	Elevators, air conditioning and refrigeration equipment, lighting equipment, alarms
Professional broadcast video equipment	Broadcasting station equipment, audio equipment, cameras, large displays
Amusement	Pachinko and pachislot gaming machines, etc.
Other industrial equipment	Power tools, industrial power units, UPS, 3D printers, agricultural machinery, construction machinery

Semiconductor Market Forecast by Application



Topic Changes in Automotive Development Trends and Automotive Software Strategy

Up until now, automotive development has focused mainly on hardware, but with the expansion of Advanced Driver Assistance Systems (ADAS), connected cars, and automated driving technology, the importance of high-performance semiconductors and software development to power these systems has been increasing.

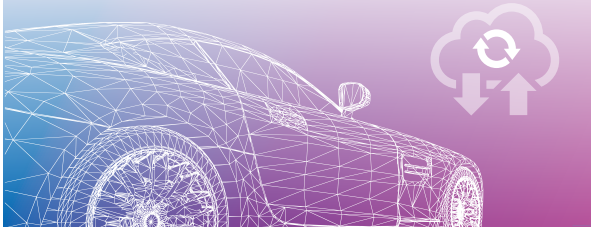
One of the latest trends in automotive software is the standardization of remote update architecture. This enables the addition of new functions and quality improvements to existing hardware even after delivery to end users, thereby providing continuous value to customers. Against the backdrop of such trends, the competitiveness of automotive software is expected to become a critical factor in determining a company's market advantage going forward.

In development, it is essential to leverage standard software and adopt development processes such as agile development and DevOps* in order to deliver new features to the market quickly and flexibly.

Building on this trend, in addition to the hardware technical support and stable supply that Macnica has traditionally provided, we will offer software solutions and development support services to our customers, thereby contributing to the growth of the automotive electronics market.

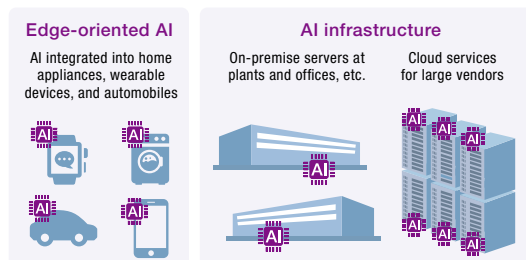
*A portmanteau of Development and Operations. The concept involves personnel assigned responsibility for development and operation of systems and software coordinating closely to achieve flexible and speedy development and operations.

	Past	Future
Determinants of performance	Hardware	Software, UX design
Development process	V process	Agile/DevOps
Value provided to users	Finished products (hardware) only	Continuous function additions and quality improvement through software
Services of distributors	Technical support and stable supply of semiconductors	In addition to support and stable supply, software/AI solution proposals and development support services



Strengthening AI-Related Business

We have entered an era in which the adoption of AI has come to exert a profound influence on national economies. Companies must also engage with AI as an essential element for sustainable growth. As part of our company-wide AI strategy, the Semiconductor Business is focusing on AI infrastructure for data centers and edge-oriented AI.



Data Center AI Infrastructure Business

An AI training environment requires expensive servers equipped with GPUs capable of performing high-speed parallel processing. Furthermore, when the trained AI model is then used in an inference environment (an execution environment for performing predictions and classifications using the AI model), issues arise with compatibility.

Based on our extensive experience in supporting numerous AI businesses, Macnica is highly regarded by customers for its ability to provide integrated technical support that combines hardware and software. This includes proposing cost-effective optimal devices tailored to the scale of development and offering technical advice to resolve compatibility challenges.

Building an AI training environment requires various technical verifications, such as optimal system configuration verification and AI model operation confirmation. Macnica's AI TRY NOW PROGRAM is a proof-of-concept support program that allows companies to rapidly experiment with the latest cloud AI technology. It combines large-scale testing environments, specialist technical support, and technical training to facilitate the smooth progress of customers' AI projects.

In this way, Macnica provides coordinated technical support for hardware and software vital for AI development, from the planning stage through proof of concept to full-scale implementation.

Edge-Oriented AI Business

Edge AI, which enables high-speed, real-time processing without relying on communication with servers, is expected to be utilized in a wide range of applications, from wearable devices to construction sites. To meet these needs, Macnica offers a diverse product lineup ranging from high-spec products used for development to devices for mass production, enabling it to provide support at every step from development to manufacturing. For example, we supply NVIDIA Jetson for development purposes, propose low-power and cost-effective microcontroller units for home appliances and wearables, and offer high-performance SoCs with all necessary functions embedded on a single chip for high-load AI processing, such as facial recognition, object detection, and real-time translation.

Macnica's support goes beyond providing hardware to encompass every phase of edge AI implementation. This includes offering tools for each process from AI model design through to implementation and optimization, providing box-type computers with software pre-installed, and delivering custom edge AI devices tailored to specific industries and applications, either as contract development or finished product provision. Since edge AI is mainly used for inference processing, compatibility issues with AI models developed in training environments often arise. Through providing integrated technical support that coordinates hardware and software, however, Macnica addresses these challenges flexibly, ensuring smooth implementation and stable operation.

Topic Transforming Operations to Enhance Global Profitability

To further enhance the profitability of the Semiconductor Business, it is essential to streamline the operations that support it. By standardizing operations while meeting the varying requirements of suppliers, customers, and regions, we can achieve economies of scale through revenue growth.

In Japan, we have already implemented system-based initiatives such as automated delivery of lead-time responses. Going forward, we will examine leveraging our Macnica Customer Portal to automate processes such as order reception and issuance and shipment notification. In addition, to facilitate further business expansion, we will promote initiatives aimed at automating and streamlining operations at our logistics centers.

Overseas, meanwhile, we are expanding use of the ERP system used in Japan to optimize operations on a global scale. Following its introduction in the United States in FY2024, in FY2025, we plan to roll it out in Europe and then Asia. This initiative also serves as an effective measure from a business continuity planning (BCP) perspective in the event of disasters and other disruptions.

We began full-scale introduction of supply chain management (SCM) centered on the Semiconductor Business in Japan in FY2020, and have been working to increase the precision and standardization of the various supply and demand management systems across different business units. In addition, in FY2023, we also introduced SCM for our business serving Japanese customers that are supported by our overseas subsidiaries, enabling headquarters to monitor overseas orders, procurement, and inventory in real time. The result has been smoother communication between offices in Japan and overseas, and has been highly regarded by our suppliers as well. Now, we aim to expand the standardization of operations for our overseas business as we have done domestically, with the goal of achieving what we call a Global One Operation.

Topic Overseas Development of Initiatives in Japan

For semiconductor manufacturers with distribution agreements that extend internationally, we not only provide local support at each site but also establish diverse cross-border collaboration frameworks.

For example, in the case of Altera's business, Macnica launched FPGA development kits and development support seminars that were originally created in Japan simultaneously worldwide, hosting seminars using the same materials in over 30 cities across Japan, China, Asia, and North and South America. In addition, Macnica's proprietary technical expertise, accumulated through nearly 40 years of PLD development support, is automatically translated into multiple languages using AI-powered machine translation and published online as over 700 technical content resources, supporting product development for customers around the globe.

By sharing and effectively leveraging knowledge and resources on a global scale, we can rapidly expand our business and ensure its scalability.



Business Segment Strategies

Cybersecurity

Akinobu Miyoshi

Representative
Director and
Vice President



From left:

Executive Officer,
Company President, Networks Company, Macnica, Inc.,

**Yusuke
Kobayashi**

Executive Officer,
General Manager, Global Strategy Office, Macnica, Inc.

Jun Ikeda

Review of Previous Medium-Term Management Plan Period

Under the previous Medium-Term Management Plan period (FY2022–2024), the Cybersecurity Business achieved remarkable sales growth with a CAGR of 22.8%, exceeding ¥150.0 billion in FY2024. This growth was driven by endpoint security associated with expansion of remote work and the use of cloud systems in Japan and by the overseas business (net sales ¥54.3 billion, CAGR 35%). Furthermore, as a foundation to support future growth, we concluded distributor agreements with 27 new suppliers, all with excellent technological capabilities, aiming to expand the range of products we handle. On the profit front, despite a temporary decrease in profit margins, mainly reflecting upfront investments in human resources and the yen's sharp depreciation, by the final fiscal year, FY2024, the trend had turned, and the profit margin was on a recovery trend.

Review of FY2024

In FY2024, net sales for the segment grew 27.3% year on year to ¥153.9 billion* against the backdrop of a growing cybersecurity market in Japan and overseas. In Japan, sales grew sharply as the target for endpoint security expanded, mainly among major corporations, while data analysis and cloud security gateways also grew significantly due to major projects for government agencies and financial institutions. In addition, the overseas business also grew rapidly atop expansion of the security market, mainly in Southeast Asia.

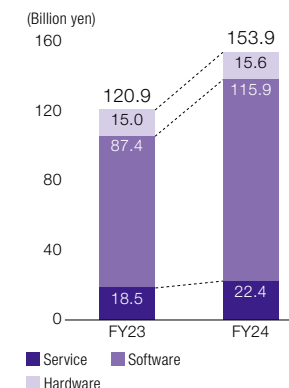
*The figures include those from the CPS Solutions Business. Therefore, the numbers differ from the FY2024 results shown on page 26.

FY2025 Outlook

In FY2025, the Cybersecurity Business is expected to continue growing, driven by market expansion in Japan and overseas, with the operating income margin also expected to continue its recovery trend. In recent years, reports of security incidents and damage caused by cyberattacks have heightened the sense of urgency among management teams, leading to increased investment in more advanced security solutions. Macnica will expand sales of products with advanced technologies and strengthen its provision of original Attack Surface Management (ASM) services in response to growing demand for identifying and managing security risks from the attacker's perspective. Moreover, we also expect cybersecurity demand to increase overseas amid progress on the rapid shift to digital technologies.

Net Sales

By Product



Hardware

Refers to physical devices such as network equipment in data centers. Includes licenses tied to hardware.

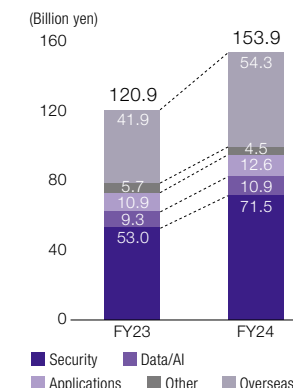
Software

Programs designed to enhance operation efficiency, manage data, and improve security. Includes cloud-based services such as SaaS.

Services

Support provided by the Company, such as consulting and design assistance, as opposed to the sales of equipment. Includes maintenance services and system integration.

By Category



Security

Software and hardware designed to protect networks and data from unauthorized access and attacks. Includes endpoint protection software.

Data/AI

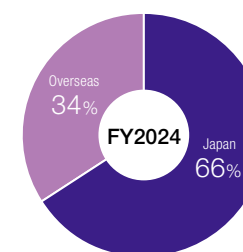
Tools and related products for collecting and processing data to obtain insights. Includes AI and data analysis infrastructure software.

Applications

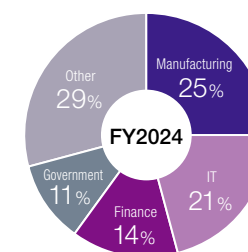
Software that supports, streamlines, and automates business processes using digital technology. Includes cloud storage.

Net Sales Composition

By Region



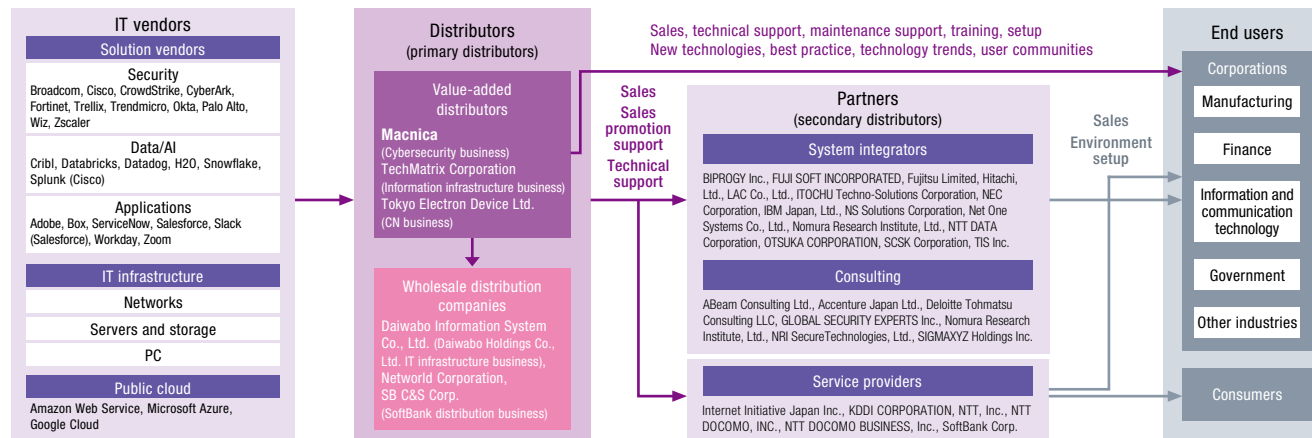
By Industry of End-User Customer (Japan)



Macnica's Business Model and the Cybersecurity Market

A Business Model that Generates High Added Value

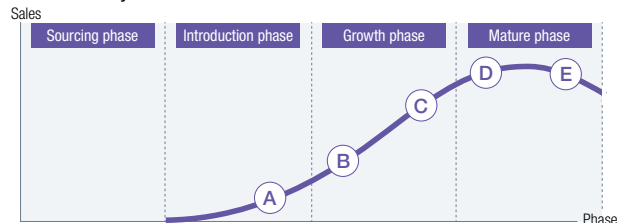
Macnica leverages its expertise as a value-added distributor (VAD) that provides technological value to achieve both sustainable high growth and stable profitability. In the areas of cybersecurity in particular, constant innovation is required to address changes in the external environment, such as increasingly sophisticated threats, advances in IT, and the tightening of regulations. By combining world-leading technical knowledge and marketing capabilities, we deliver high added value to our customers. For end users, we provide information on the latest threat trends and countermeasure solutions, while for partner companies responsible for system development and operations, we support efficient sales expansion through both sales and technical assistance. Furthermore, Macnica enables overseas IT vendors to expand their market presence more efficiently and effectively by developing customers and partners tailored to each country's market and providing technical support.



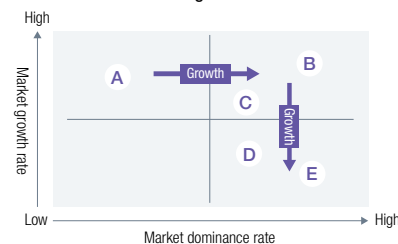
Product Lifecycle and Portfolio Management

To achieve sustainable growth while keeping pace with rapid technological change, Macnica practices strategic portfolio management that carefully assesses the competitive environment for each product, serving as a driving force behind powerful results. We have built up marketing expertise and business bases that are optimized for each stage of the product lifecycle, establishing a competitive advantage particularly before market growth accelerates and competition intensifies. During the sourcing phase, we leverage our unique worldwide human networks to identify technologies with high future potential, then during the introduction phase, we build up practical knowledge by deeply engaging with the challenges of advanced end users. Furthermore, during the growth phase, we utilize our partner support expertise accumulated over many years to promote efficient and effective sales to high-growth markets.

Product Lifecycle

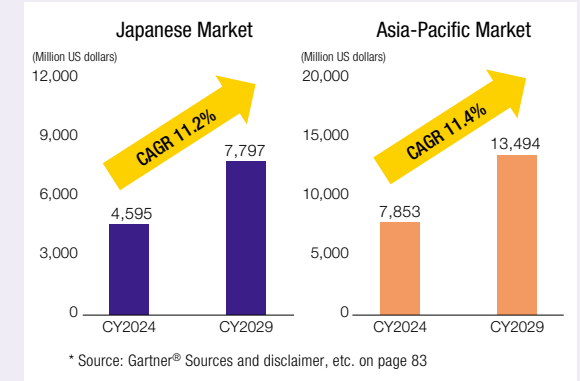


Product Portfolio Management



Topic Continuously Expanding Security Market

The cybersecurity market is expected to continue growing strongly, driven by the gap between the spread of increasingly sophisticated and diverse threats, such as ransomware and supply chain attacks, and defense systems.



In recent years, the spread of cryptocurrencies and anonymous communication has led to an increase in profit-motivated attacks, while attacks by groups with suspected links to governments have also become more apparent. Moreover, attacks targeting supply chains have had a severe impact on corporate activities, with recent examples including the suspension of video streaming services and production halts at automotive manufacturers. According to a survey, the percentage of companies reporting total damages from cyber incidents exceeding ¥10.0 million in the past year rose to 44% in 2024. While awareness of these risks among management continues to grow, the shortage of cybersecurity professionals remains a challenge. Bridging this gap requires robust security solutions and expert guidance, which are key drivers of market growth.

Targeted companies	Cause/attack method and impact
Automaker (February 2022)	A ransomware infection at a primary supplier resulted in 1 day stoppage at 14 domestic plants, impacting the production of approximately 13,000 automobiles. This incident highlighted how vulnerabilities in the supply chain can have a direct impact on business operations.
IT and communication service company (November 2023)	Unauthorized access via an outsourced contractor led to intrusions into internal systems and external services, resulting in an information leak. This incident demonstrated how inadequate management of contractors can lead to data breaches.
Local government (May 2024)	A local government outsourcing provider leaked approximately 1.5 million items of personal information due to an attack that exploited a VPN vulnerability, with resulting impacts on the local government and corporations. Widespread damage occurred in this classic example of a supply chain attack.
Publishing and image content company (June 2024)	A ransomware attack caused prolonged outages of video services and other platforms, along with the leakage of information on over 250,000 individuals. This incident impacted cultural and economic activities and reinforced the importance of robust security measures.

Source: KPMG Japan (2025) Cybersecurity Survey 2025

Medium-Term Management Plan: Cybersecurity Business Strategy

Under the Medium-Term Management Plan (FY2025–2027), we aim to maintain revenue growth in the Cybersecurity Business over the medium to long term by expanding sales of core products in areas such as endpoint security and acquiring new solutions with advanced technological capabilities. We will also look to create a stronger revenue stream by supporting the operation of solutions after implementation within customer organizations through our own services. In addition, we will leverage our accumulated knowledge of cybersecurity to drive development and sales of our own solutions, such as Attack Surface Management (ASM) services, aiming to transition to a more profitable business model. In the fast-growing Asia-Pacific region, we will accelerate business growth by providing advanced security solutions aligned with local needs.

Expanding the Value-Added Distribution Model

Under the current Medium-Term Management Plan, Macnica will continue to promote sales of core products through Value-Added Distribution (VAD) model and to identify IT vendors that can become future earnings pillars. Our competitive advantage in this model resides in our ability to find and make contracts with leading IT vendors and technologies during the sourcing phase of the product lifecycle, and our ability to create markets in Japan and other countries and markets that we enter during the introduction phase. These abilities typically ensure dramatic earnings growth during the growth phase.

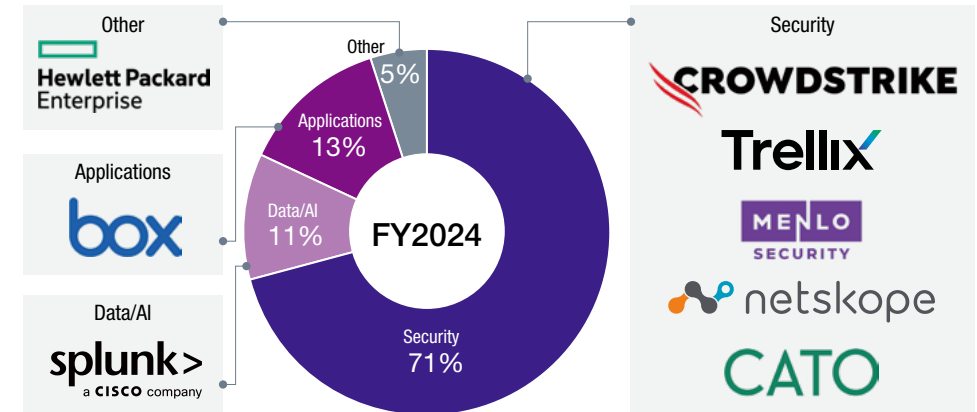
Promoting Sales of Core Products

Expanding products currently in their growth phase is the most critical strategy for driving revenue in our Cybersecurity Business strategy. The cybersecurity domain is highly specialized, and new competitive products and technologies continue to emerge. Macnica's approach is to establish a specialized organization for each product that conducts autonomous, flexible sales activities, so that product managers are in direct conversation with customers to obtain feedback that can be reflected immediately into daily activities. From a product perspective, we are strengthening ties with end users and partners through initiatives such as customer success activities for the product from CrowdStrike Inc. This includes expanding coverage to more users and devices within large enterprises, upselling new features and solutions, and increasing penetration among mid-sized and smaller companies. The Cybersecurity Business sales composition ratio is diversified with even top suppliers at around 15%, and we expect sales of suppliers such as Menlo Security, Inc., Netskope, Inc., and Cato Networks Ltd. to expand going forward.

Introduction of New Leading Products and Portfolio Expansion

Macnica concluded a distributor agreement with Cisco Systems, Inc. after Cisco acquired Splunk, and it will now look to expand sales by combining Cisco's broad product portfolio with Macnica's knowledge and value-added services. Furthermore, to meet increasingly complex security challenges as technological innovation accelerates and the market around cloud solutions rapidly expands, Macnica has started carrying solutions developed by Wiz, Inc. Looking ahead, we will aim to grow our business sustainably by partnering with vendors with leading technologies in Japan and overseas to provide optimal solutions for the IT environments of increasingly diverse customers.

Sales Composition by Category (Japan) and Main IT Vendors



Creating New Revenue Opportunities through AI Risk Management

The recent surge in popularity of generative AI centered on large language models (LLMs) is having an enormous impact on operations and technology strategies in Japanese corporations. In tandem with this, important management issues have emerged in connection with the use of AI in the areas of governance, privacy, and security. Macnica was quick to recognize the importance of AI-TRiSM (Trust, Risk, and Security Management) for the comprehensive management of AI trust, risk, and security, and has been using its expertise in the field of cybersecurity to promote the enhancement of AI-related solutions. Specifically, we have concluded agreements for leading technologies, such as solutions that enable visualization, detection, and countering of AI risks, such as the AI Defense of Cisco Systems, Inc., and solutions by DeepKeep Ltd., along with the data and AI integration platform provided by Databricks, Inc. Through these initiatives, Macnica is poised to capture new growth opportunities and strengthen its earnings base in the Japanese market, where AI use is expanding.

AI-TRiSM (Trust, Risk, and Security Management)

AI-TRiSM is the collective name for frameworks, methods, tools, and processes for dealing with trust, risk, and security management challenges associated with the use of AI technologies. This concept is a framework for safe and effective use of AI incorporating perspective such as ethics, privacy, security, accountability, and fairness in the implementation and operation of AI systems.

Issues Facing Companies Seeking to Use AI	Trust Can AI output be trusted?	Risk Is the system following laws and ethical guidelines, and is personal information being handled appropriately?	Security Is the system safe from information leaks and malicious use?
Resolution approaches (Management)	Centralized management of data platforms and AI development platforms	Anonymization of data	AI security
Macnica's Solutions	databricks, Deepkeep	brighter AI, PRIVATE AI	WIZ, Deepkeep

Overseas Expansion of VAD to Capture High-Growth Markets

Macnica provides Value-Added Distribution (VAD) cybersecurity products in 11 Asia-Pacific countries, including India. The core vendor, Netpoleon (headquartered in Singapore) was merged into the Macnica Group through an M&A in FY2017, and provides the world's most advanced security solutions for local subsidiaries. With solid market growth in each region, the business is expected to expand continuously, with supplier development and sharing of expertise in coordination with businesses in Japan also expected to produce synergy effects. In FY2025, we launched the provision of the BOX cloud-based content management solution, which has performed well in Japan, in Singapore, and we will accelerate the overseas expansion of technical support capabilities we have cultivated in Japan. Furthermore, in FY2022, we concluded an agreement to acquire CyberKnight Technologies FZ-LLC* (headquartered in the UAE, with offices in 12 countries in the Middle East and Africa), and will build a structure covering the area from Japan to the Middle East and Africa, further reinforcing Macnica's competitive capability as a global security distributor.

*Non-consolidated (FY2024)

Operation Support Services to Promote Continuous Use

As IT utilization and cybersecurity enhancement progress further, the increased operation load on IT system divisions has become a major issue. Macnica is developing and supplying its own operation support services to lighten the load for IT managers. For example, we offer the Macnica U's Case Visualizer (MUCV) tool, which enables visualization and analysis of various IT solution data without requiring any special settings. The steadily expanding range of target products includes LANSOC for worker management and endpoint countermeasures, BOX for cloud content management, S&J SOC services, CyberArk privileged identity management, and Okta authentication management. These services free the administrator from routine tasks such as setup, operation, and maintenance, and enable high-level analysis that is difficult to achieve with conventional solutions alone. Macnica's operation support service enhances the convenience and effect of IT, encouraging ongoing use by customers.

Increase in Profitability through Transition to Service Solutions

Under the Medium-Term Management Plan (FY2025–2027), Macnica is working on a business model transformation aimed at increasing profitability. By transitioning from our existing distribution model to a model based on services and solutions developed in-house, we aim to improve our profit margin and achieve sustainable business growth. Within these, our Attack Surface Management (ASM) service, which utilizes technologies from our Security Research Center, has earned a strong evaluation in the Japanese market and is drawing attention as a growth domain with high profitability. Service solutions are positioned as a key investment area for strengthening the Macnica Group's overall revenue structure, and we are examining strategic measures including M&A. With these initiatives, we aim to strengthen our competitive capabilities and increase our corporate value.

Attack Surface Management (ASM) Service



Achieved No.1 Market Share in the ASM Segment



ITR Market View: Cybersecurity Consulting Services Market 2024 – Vendor Revenue Share

Topic Business Support and Social Value Creation by the Security Research Center

Macnica established the Security Research Center in FY2013, and has been continuously engaged in analysis of cyberattacks targeting Japan and research on counter-technologies. The center's accumulated high-level analysis capabilities and expert knowledge are used to conduct technology evaluations prior to concluding agreements with new IT vendors, and to enhance our proprietary expertise through examination of attack methods after sales have commenced. Over the past few years, Macnica has utilized the knowledge of the Security Research Center in the development of its services and solutions. The information acquired through research is provided to public institutions and private companies, thereby contributing to stronger cybersecurity for Japan overall. Through these initiatives, Macnica is continuously providing technical support to help protect all of society from cyberthreats.

Topic Practical Knowledge and Social Contribution Arising from Connections between Security Personnel

Macnica runs a community that brings together IT and security experts, who tend to be isolated, and enable them to share knowledge that we obtain through surveying and analyzing cyberthreats in Japan and abroad with relevant people in and outside the Company. Launched in FY2023, the community has over 100 members, who engage in lively discussion based on actual issues and attack cases. In addition, the community also discusses countermeasures and updates after countermeasure solutions have been implemented, promoting the accumulation and sharing of practical knowledge. We consider the sharing of security-related information with the entire society and contribution to increasing Japan's overall security level through cooperation between different roles to be an important social responsibility.



Business Segment Strategies

CPS Solutions



Kazumasa Hara
Representative
Director and
President



From left:

Managing Executive Officer,
General Manager of New Business Development Group, Macnica, Inc.

Shigenori Mori

Executive Officer,
General Manager of Strategic Innovation Business Group, Macnica, Inc.

Atsushi Sato

Review of Previous Medium-Term Management Plan Period

Although the CPS Solutions Business fell short of its FY2024 sales target of ¥12.0 billion, it nevertheless grew substantially over the period of the previous Medium-Term Management Plan with a CAGR of 32.5% and reached net sales of ¥9.3 billion. The Smart City/Mobility domain particularly drove business growth, reaching net sales of ¥4.5 billion for a CAGR of 56.6%, mainly due to sales of the self-driving EV buses and sensor software of Navya Mobility SAS, which became a consolidated subsidiary in FY2024, and Macnica's in-house developed remote fleet management system, everfleet, and businesses such as systems integration. In Smart Manufacturing, net sales reached ¥0.7 billion, for a CAGR of 25%. During the three-year period of the previous Medium-Term Management Plan, the number of customers for the CPS Solutions Business's value-added distribution approximately doubled, while the number of partners expanded three-fold. Under this ecosystem, we have released a total of 21 in-house services. Underpinned by the growth of the CPS Solutions Business, we will continue to create a sustainable future through further innovation and partnerships.

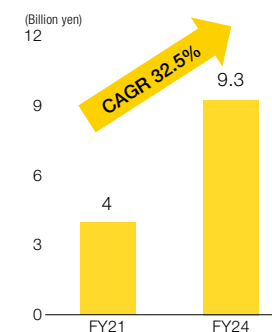
Review of FY2024

In FY2024, we proceeded to reinforce our foundation – Smart City/Mobility and Smart Manufacturing – which will be an earnings pillar going forward. In Smart City/Mobility, we have now accumulated a total of 50 trial operations for self-driving EV businesses, and increased the number of regular operations to six. Furthermore, we established a structure for promoting this business, with vehicle body developer and seller Navya Mobility SAS becoming a consolidated subsidiary, and through a joint investment with Nippon Telegraph and Telephone West Corporation. As for Smart Manufacturing, we promoted sales of the low-code tool Mendix and Macnica's internally developed manufacturing site data platform, DSF Cyclone. We also made steady progress on our initiatives in other areas through the year. In Healthcare, we obtained marketing approval for a medical device program for use in long-term blood pressure monitoring, while in Circular Economy, we conducted a large-scale durability test of perovskite solar cells at Yokohama Osanbashi Pier, and expanded sales of Macnicut, a heat-shielding and insulating paint that can reduce power consumption for air conditioners and so forth.

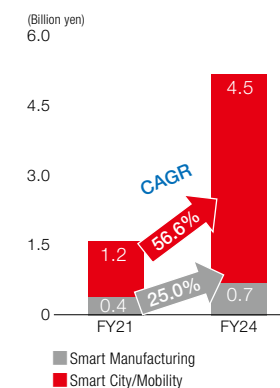
FY2025 Outlook

This fiscal year we plan to increase the scale of our operations in preparation for FY2027, the final year of the current Medium-Term Management Plan. In Smart City/Mobility, we will work with local governments to increase the number of regular operations and promote the acquisition of automated driving level 4 certification, aiming to steadily progress our more than 50 current trial operations into regular operations. Meanwhile, in Smart Manufacturing, we will collaborate across industry, government, and academia to promote and develop highly reproducible digital technology implementation methodologies. For other themes as well, we plan to accelerate value creation activities through demonstration experiments and joint research with partners.

**Trend in Net Sales
(CPS Solutions Business)**



**Net Sales Growth Rate
(Smart City/Mobility,
Smart Manufacturing)**



Five Themes of CPS Solutions Business



Smart Manufacturing

Working closely with the manufacturing industry to address manufacturing challenges and accelerate operational streamlining as a partner through providing optimal solutions for digital technologies.



Smart City/Mobility

Aiming to realize a vibrant society with state-of-the-art mobility technology, we provide optimal solutions to resolve challenges facing local governments and MaaS providers, such as automated driving and fleet management.



Healthcare

Aiming to realize a society where high-quality treatment, nursing care, and prevention services are accessible to anyone, anywhere, we deploy cutting-edge technology to provide innovative healthcare solutions.



Circular Economy

Seeking to preserve an abundant global environment for the next generation, we provide a host of solutions that contribute to building a decarbonized society and an advanced circular society.



Food & Agritech

Providing solutions driven by the latest technologies, we aim to realize sustainable and efficient agriculture and a society that supports abundant and secure diets.

Overview of CPS Solutions Business

CPS (Cyber-Physical Systems) bring together various data in physical space (the real world) through sensor networks, then analyze it in cyberspace (the digital realm) via cutting-edge technologies such as AI and machine learning to convert said data into knowledge. CPS is positioned as a next-generation foundation technology that will enable solutions to issues facing society and industry through sophisticated fusion of the real world with digital technology. For example, while the global population is increasing, Japan is seeing a progressive trend of low birthrates and population aging. As the country becomes a super-aged society where more than 21% of the population is aged 65 or over, Macnica is using its CPS framework to address social issues such as labor shortages, the transmission of agricultural techniques, and the extension of healthy life expectancy.

We have identified five themes* for resolving social issues: 1) Smart City/Mobility, 2) Smart Manufacturing, 3) Circular Economy, 4) Healthcare, and 5) Food & Agritech, and are promoting the building of ecosystems through capital and business alliances with partners. Based on our strengths in the Value-Added Distribution (VAD) model of sourcing, proposing and implementing cutting-edge from around the world, we will proactively enter emerging markets, accumulate domain knowledge and promote the building of ecosystems that include our partners. This will enable us to create our own solutions and aim to build a Services & Solutions (SS) model with higher contribution margin ratios than VAD and scalable revenue structures.

*One of the previous six themes, CPS Security, has been integrated into the Cybersecurity Business.

Business Strategy

Under the new Medium-Term Management Plan, which started from FY2025, in the CPS Solutions Business we are working toward achieving profitability with net sales of ¥30.0 billion and an operating profit of ¥4.0 billion in FY2027, focusing in particular on expanding our business in Smart City/Mobility and Smart Manufacturing, where among the five themes we have made the fastest progress on commercialization. In Smart City/Mobility, we will expand the provision of self-driving EV buses by our consolidated subsidiary, Navya Mobility SAS, and the use of our cloud-based remote fleet management system, everfleet – our own solution for fleet management, which is indispensable for automated driving. We will grow this business by increasing the regular services business while continuing to conduct trial operations. Furthermore, in Smart Manufacturing, we are expanding sales of DSF Cyclone, which we developed in-house as a tool for realizing high-productivity plants by connecting manufacturing performance and production plans using structured data to visualize issues in manufacturing. For our Circular Economy, Healthcare, and Food & Agritech themes, meanwhile, we will promote business centered on VAD, while leveraging the knowledge acquired in the process to develop our own solutions as we accelerate initiatives for building an SS model and drive its social implementation.



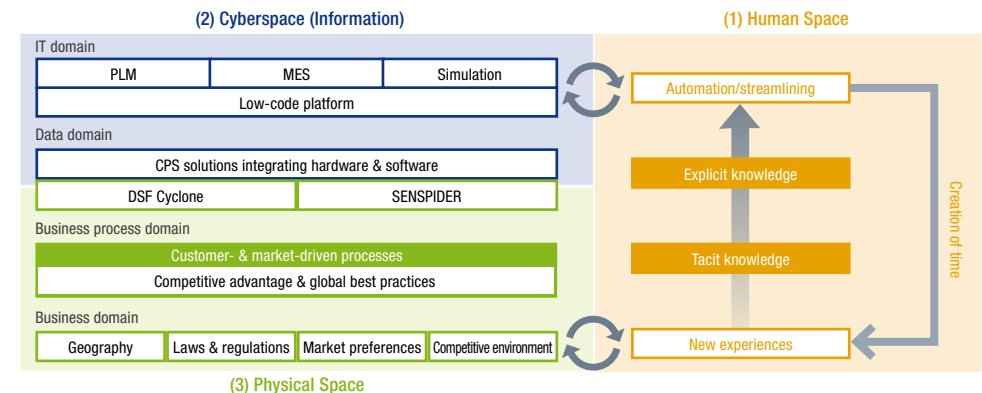
Smart Manufacturing Strategy Innovation Spanning Frontline Operations to Management

Macnica aims to support the future of Japanese manufacturing through the promotion of smart manufacturing, which is bringing innovation to the front lines of the manufacturing industry. Beyond merely the introduction of new technologies, we work closely with the front lines to provide partnership-based digital technology services that facilitate the building of sustainable and high-value-added operations.

Japan's manufacturing industry today faces serious issues in the form of a decline in productivity, a decreasing worker population, and the retirement of experienced technicians. Despite this situation, there has been little progress on solutions to meet frontline needs or the introduction of digital services, mainly due to constraints on management resources such as capital and IT talent, and a gap in awareness between management and the front lines. Meanwhile, Japan's manufacturing front lines have long-established expertise and knowledge based on the keen desire for improvement of individual employees and their creative solutions that have not been manualized. This tacit knowledge has supported high-quality service levels. Considering this situation, the key to success is not to simply introduce standardization and digitalization, but rather to drive Japanese-style digital technologies, promoting standardization and digitalization while utilizing frontline expertise and knowledge.

To achieve this, Macnica is building a structure for comprehensively supporting all aspects from the manufacturing front lines to upper management, including consultation for carefully identifying frontline issues, provision of hardware and software including internally developed sensor terminals, systems integration, and operation support. The Company uses a low-code development platform and its production-site data platform DSF Cyclone, which was developed in-house for realizing productivity and efficiency improvements, to convert tacit knowledge accumulated on the front lines into explicit knowledge, which helps to resolve issues by standardizing and digitalizing expertise. These initiatives are already producing results in the market, and are expected to grow as a basis for recurring revenue. Looking ahead, we plan to accelerate sales of high-level manufacturing digital technology solutions, such as manufacturing execution systems (MES) and cloud-based product lifecycle management (PLM), and thereby transition to a highly profitable, sustainable business model that leverages the economy of scale. Through smart manufacturing, Macnica will contribute to increasing the competitiveness of Japan's manufacturing industry and resolving social issues as it works to create the future of sustainable manufacturing.

Overview of Smart Manufacturing



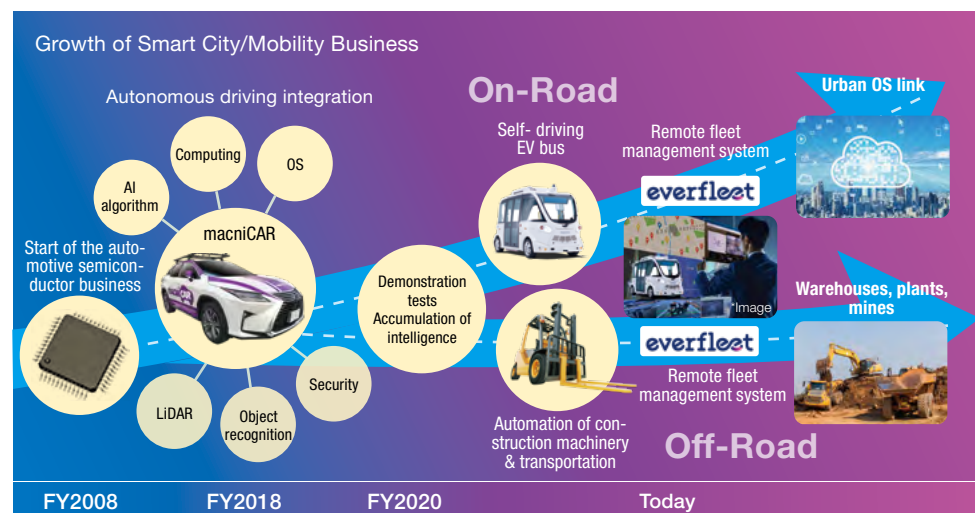


Smart City/Mobility

Social Implementation of Next-Generation Mobility in Preparation for a Super-Aged Society with Labor Shortages

In the Smart City/Mobility domain, we are working to realize vibrant societies by leveraging state-of-the-art mobility technology to resolve customers' issues in various fields, such as local communities and at plants. Currently, Japan's population is aging faster than anywhere else in the world. In 2024, the population of those aged 65 or above comprised 29.1% of the total population, and by 2040 the ratio is projected to increase to over 35%. With this trend, issues such as labor shortages and the aging of drivers working in regional transport are becoming more severe. In the field of logistics and transport in particular, around half of truck drivers are aged 50 or above, and the total number of drivers is projected to decline by 22% in 2040 and 32% in 2050 compared to 2020. There are concerns that it will become difficult to maintain transport capacity, and doubts regarding the sustainability of transportation infrastructure.

Macnica started to address these social issues over a decade ago, aiming to resolve them through using technology. We accumulated knowledge of automotive technologies through our handling of semi-conductors for automobiles, and developed our own autonomous driving demonstration vehicle, macniCAR, to gain a deeper understanding of autonomous driving technology. During this process, we encountered French self-driving EV bus manufacturer Navya Mobility SAS, which then became a consolidated subsidiary in FY2024. Moreover, in the area of fleet management systems, which are essential for the safe operation of automated driving vehicles, we gained knowledge through our links with other companies, and released our in-house-developed cloud-based remote fleet management system, everfleet. Macnica offers full-line smart mobility services combining autonomous driving vehicles and fleet management systems for both the on-road (public road) and off-road (on-site) domains. By providing optimal technologies and solutions to meet each customer's needs, we will accelerate social implementation and contribute to the improved sustainability of local communities.



Initiatives in On-Road Market and Overseas Development

Macnica provides packages combining self-driving EV buses and our everfleet remote fleet management system to local governments. Through linking with an urban operating system and MaaS apps, we are optimizing regional transport and securing a means of transportation for seniors and tourists. This business dovetails with the Japanese government's policy for revitalizing and renovating regional public transport and the RoAD to the L4 project, with a target of introducing level 4 autonomous driving in 100 or more locations nationwide by 2027. Macnica has already advanced cooperation with over 50 local governments, and is expanding the area of introduction year by year.

Our everfleet system employs a scalable architecture that is not hardware-dependent, and can be applied to various vehicles and business models. This enables us to craft a highly profitable business model with the potential for both expanding our range of customers in the future and increasing recurring revenue. Since this business serves a domain that is highly public in nature, we have positioned this as a growth field that combines both social significance and business stability. Currently we have six regular operations (including Hitachiota City in Ibaraki Prefecture, Yokkaichi City in Mie Prefecture, and Hane-da Innovation City in Tokyo), and a cumulative total of 50 trial operations. Over 100 local governments nationwide have expressed interest in introducing the system, and 25 new trial operations are currently underway. Since we provide technical support from behind the scenes, Macnica is building trust with local governments and transport providers alike. Furthermore, in the on-road domain, we are also expanding into overseas markets across Asia, the Middle East, Europe, and elsewhere. Through our partnerships with transport providers and local governments in each country, we are providing autonomous driving solutions and operation support tailored to local needs, thereby helping to resolve mobility issues globally. Within the rapidly expanding global autonomous driving-related market, Macnica is targeting the highly profitable and highly stable domains of public transport and regional transport.

Expansion into Off-Road Market

Autonomous driving needs are also growing in secure areas, such as the manufacturing industry, logistics, airports, and mines, due to labor shortages and working hour constraints.

Macnica is integrating LiDAR sensors and autonomous driving algorithms into on-site transport vehicles used in factories, plants, and warehouses, as well as into construction machinery used in mines and other sites (dump trucks, bulldozers, forklifts, towing tractors, etc.). Linking these with our everfleet in-house remote fleet management system enables users to perform real-time remote monitoring, control, and analysis.

In 2024, we started trialing unmanned operation in plants and airports. In the future, flexible operations capable of accommodating mixed manned and unmanned environments are expected. In the off-road market, each company that introduces autonomous driving sees a significant impact on operational efficiency improvement, and capital investment appetite is strong. The market is therefore expected to grow rapidly.



Healthcare

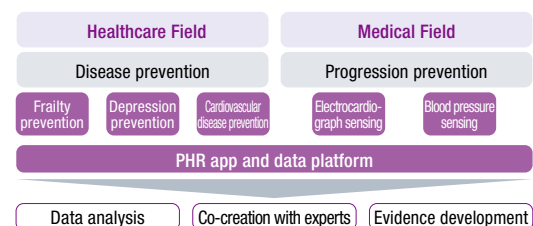
Striving to Prevent Disease Onset and Progression to Extend Healthy Lifespans

In Healthcare, we are working to prevent disease progression for cardiovascular and cerebrovascular diseases, as well as to prevent their onset due to lifestyle habits, with the aim of extending healthy lifespans. In the medical sector, we obtained a license to sell specially controlled medical devices in FY2023, and sales of a patch-type electrocardiograph made by our capital and business alliance partner Kokoro Mill Co., Ltd. have progressed strongly, expanding to medical institutions throughout Japan. In FY2024, our alliance partner Arblet Inc. obtained marketing approval for a medical device program that is effective for long-term blood pressure monitoring. We also plan to start offering a new blood pressure monitoring service using a cuffless*1 wearable device.

We have also been working for some time in the Healthcare field on development of solutions for the early detection of depression, and conducting sales promotion activities for frailty prevention services for seniors. In addition, we have developed a PHR*2 management app and made progress on building a data platform, with the aim of enabling accumulation of vitals data in daily life, and a life log. Furthermore, by analyzing various data obtained through our own advanced sensing devices and other sources, and by promoting the development of evidence that also utilizes expert medical opinion on cardiovascular disease and medical AI, and so forth, we will develop solutions that generate completely new value.

*1. A type of device that does not require a cuff to be placed around the arm when taking measurements

*2. Personal Health Record, a type of data recording information about an individual's health and body



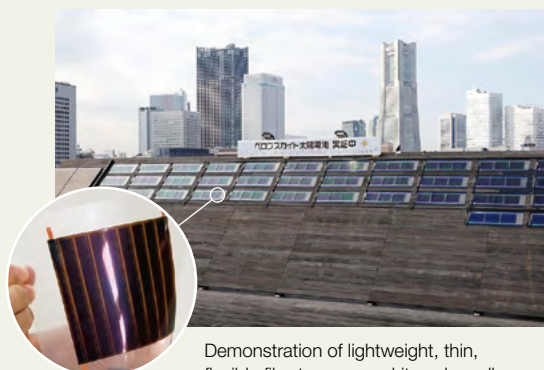
Provision of new value solutions that can contribute to prevention of disease onset & progression



Circular Economy

Striving to Use Renewable Energy and Recycle Resources to Transition to a Circular Economy

In the Circular Economy field, we are endeavoring to create a sustainable circular society through business development focused on energy management, energy-saving management, and resource-recycling management. In the energy management sector, we are advancing the development of perovskite solar cells, which have been gaining attention as a climate change countermeasure. Being lightweight, having highly efficient power generation performance, and being suitable for flexible manufacturing, they can be easily installed in places that were not easily accessible for conventional solar cells, and they are expected to be used in various applications including the walls of buildings, EVs, and drones. In FY2024, we conducted an outdoor trial of the cells at Yokohama Osanbashi Pier, as part of the Ministry of the Environment's Regional Co-creation, Cross-Sector Carbon Neutral Technology Development and Demonstration Project. The trial was intended to test the cells' durability, and their mass production technology, in a harsh salt environment in which ordinary solar cells corrode. In addition, we commercialized the small lead-acid battery system Soldam, which is 100% recyclable for minimal environmental impact, and achieved resource visualization and management through the building of an energy management system using Kisense. Through providing these highly efficient solutions at every step of energy production, storage, and usage, we will contribute to the creation of a circular society.



Demonstration of lightweight, thin, flexible film-type perovskite solar cells (Yokohama Port Osanbashi Rooftop Plaza)



Food & Agritech

New Challenges for the Future of Agriculture and Sustainable Food Production

In the field of Food & Agritech, we are working to build systems that will enable stable supplies of food, which is a pressing social issue in the context of climate change and a decreasing population of farmers. Utilizing the latest technologies, such as AI, we aim to realize high-quality, stable food production systems through data-driven, environmentally-controlled agriculture. Using the Food Agri Tech Incubation Base, which commenced operation in FY2023, as a technology sandbox, we are collecting data with 3D sensors and hyperspectral cameras that analyze light by wavelength to obtain detailed data related to plants' environments and growth. Based on this data, we then conduct data visualization, implement growing plans, and handle equipment control, while also providing systems that deliver crop growth analysis using AI.

By combining these innovations with the advanced technologies and agricultural knowledge gleaned from joint research with universities and research institutions in Japan and overseas, we will create models of crops that predict their growth responses given environmental factors, such as air, water, and light. We will then use these to develop next-generation environmentally-controlled plant factory platforms that can create the optimal conditions for plants to grow in.

We will draw out the full latent potential of plants using the power of technology, and contribute to the realization of sustainable food production and societies through stable production of high-quality crops and optimal energy usage efficiency.



IT & DX Strategy

Through the full use of IT and digital technology, we will ensure business stability by improving resilience, and realize rapid and flexible value creation by improving agility, creating an environment that fosters innovation and supports our Vision 2030 of “Evolving into a Services & Solutions Company.”

Keigo Ando

Executive Officer,
General Manager,
Information Technology Group,
Macnica, Inc.



Message from the General Manager

Change is accelerating in modern society. Promoting DX to enable rapid response is key for companies to maintain and increase their competitiveness. Therefore, each employee must become proficient in using IT and digital systems. We will work on initiatives to accelerate DX, and to create systems that will support employees in achieving this proficiency.

Review of the Previous Medium-Term Management Plan and New Medium-Term Management Plan

Through thorough utilization of IT and digital technology, Macnica is planning and promoting measures on the three key themes of Transformation for accelerating company-wide DX, Growth for further strengthening existing businesses through productivity enhancement, and Foundation for supporting them. In the previous Medium-Term Management Plan (STEP 1), the Company promoted these respective measures with the goal of preparing a global IT and digital environment.

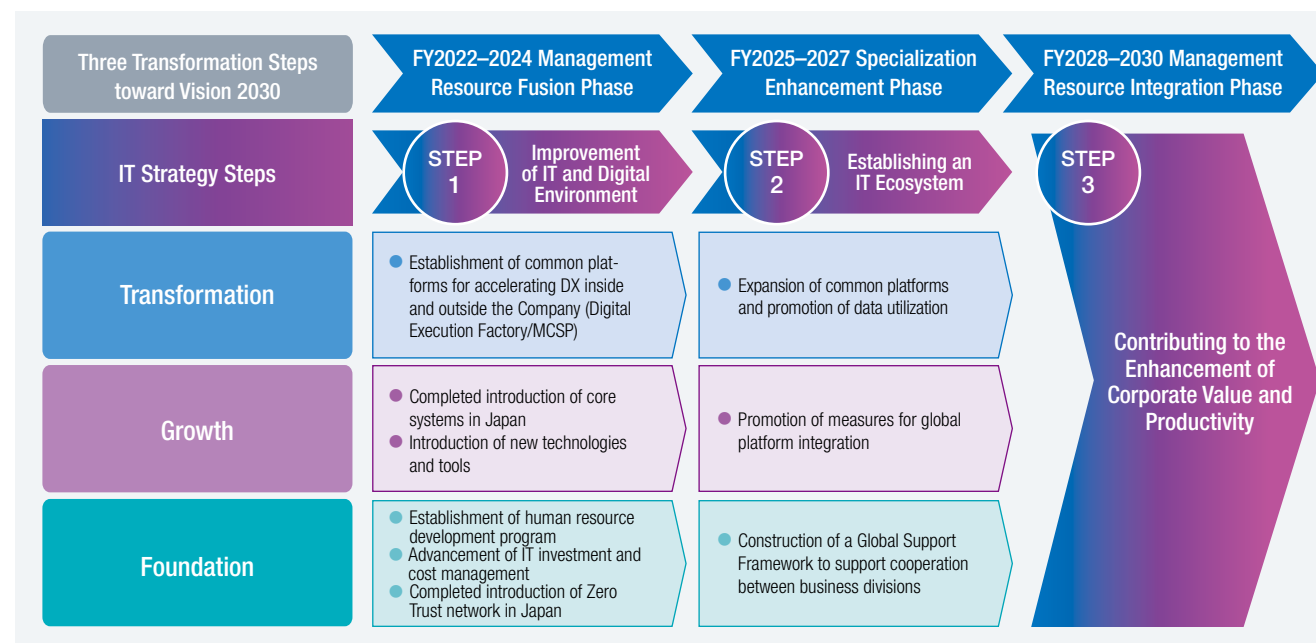
In the area of Transformation, we created common platforms for rapid and flexible implementation of company-wide DX in the form of the Digital Execution Factory, which provides an environment and functions for accelerating the practical embodiment of DX ideas, and the Macnica Common Service Platform (MCSP), which is a group of common functions needed for new services. These common platforms are helping to expedite the implementation of DX ideas and new services and solutions.

In the Growth area, in FY2022, we completed the introduction of new core systems in Japan aimed at doubling productivity. From FY2023, with a view to increasing productivity by globally introducing new technologies and tools, we began expanding the core systems to our locations in Europe, the United States, and Asia. We

also embarked on a program of hyper-automation, which seeks to automate as many operations as possible by combining multiple technologies, centered on RPA and including generative AI as well as low-code and no-code development. Our initiatives also included process mining—the visualization and analysis of work processes based on information recorded in our systems to help streamline work processes.

In the Foundation area, we completed the rollout in Japan of a Zero Trust network, which stringently evaluates all access and communication from outside the Company without trusting them, to enable the realization of safe and flexible workstyles for all employees. The Zero Trust network is being expanded overseas along with our core systems to further reinforce the foundation supporting our Transformation and Growth initiatives.

Based on the results of the previous Medium-Term Management Plan (STEP 1), under the new Medium-Term Management Plan (STEP 2), we aim to augment the IT and digital environment that we have developed to date and to establish an IT ecosystem (P.40) that will realize the co-creation of value through coordination with every business and corporate division. To support the embodiment of our concept for Vision 2030 articulated by each division, we will strengthen our cooperation with external partners, and build a global support framework to support smooth coordination between the divisions.



Overview of IT Ecosystem and Global Support Framework for the Ecosystem

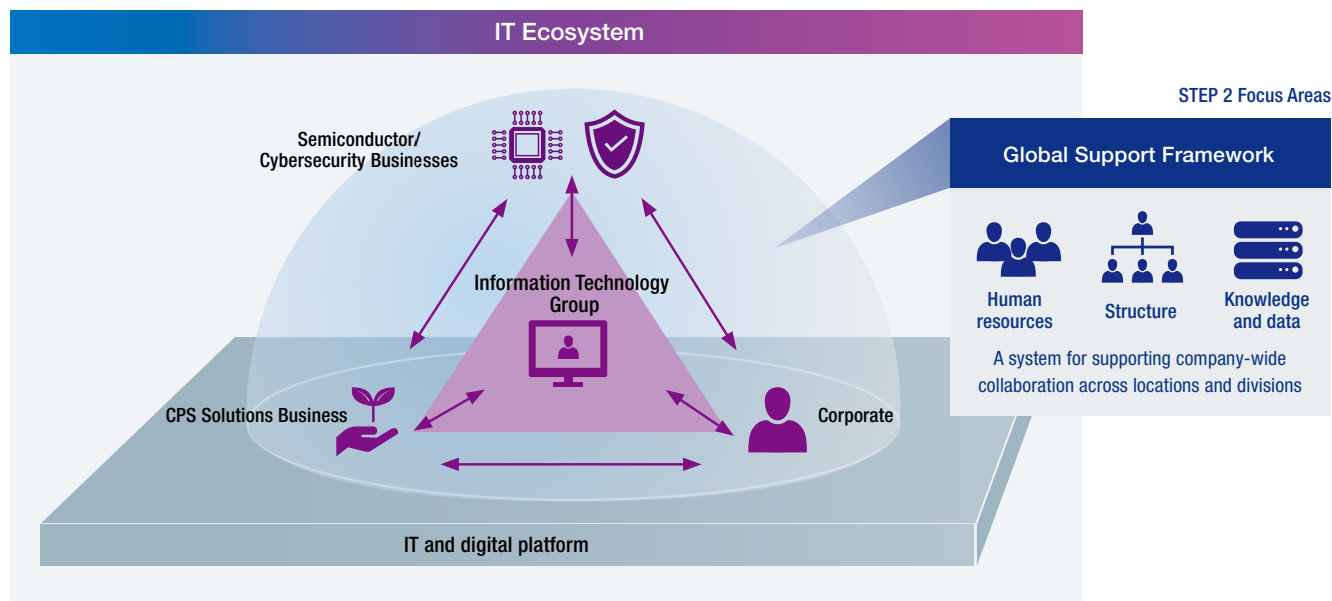
Aiming to Establish an IT Ecosystem

Macnica defines an IT ecosystem as having two elements in place: an IT and digital environment and a Global Support Framework as a system to support the use of the environment. We have been working to realize this ecosystem in stages.

During the period of the current Medium-Term Management Plan (STEP 2), we will focus on building a Global Support Framework with the aim of establishing a system to support full utilization of the IT and digital environment set up during STEP 1. By FY2027, we aim to establish an IT ecosystem that will realize an even further increase in corporate value through DX acceleration by having both the IT and digital environment and the Global Support Framework in place.

Global Support Framework for the IT Ecosystem

To accelerate DX, in addition to the IT and digital environment, it is essential to build a Global Support Framework—a system that organically connects our limited management resources in terms of personnel, knowledge, and data, which are dispersed among businesses and corporate divisions, by sharing them globally across locations and divisions. Macnica recognizes the following three elements as the components of the Global Support Framework.



Concentration, Development, and Utilization of IT and DX Human Resources

We provide programs for systematically developing human resources with advanced IT and DX skills who are able to operate globally. Moreover, we have systems in place for sharing internal IT and DX personnel company-wide so as to increase our ability to respond to change by rapidly assembling the necessary human resources. The aim of this system is to eliminate the issue of resource shortages that occurs when human resources are concentrated in certain departments.



Construction of a Global-Level IT Support System

To cover areas where we lack expertise, we made use of external partners and promoted the recruitment of specialists with expertise in each area. Strengthening our global-level IT support system will enable us to provide swift support for the transformation of each location and division as we promote the utilization of advanced technologies such as generative AI and internalization of development. By flexibly incorporating external knowledge and technologies, we plan to steadily expand our areas of competence.



Concentration and Utilization of Knowledge, Expertise, and Data Assets

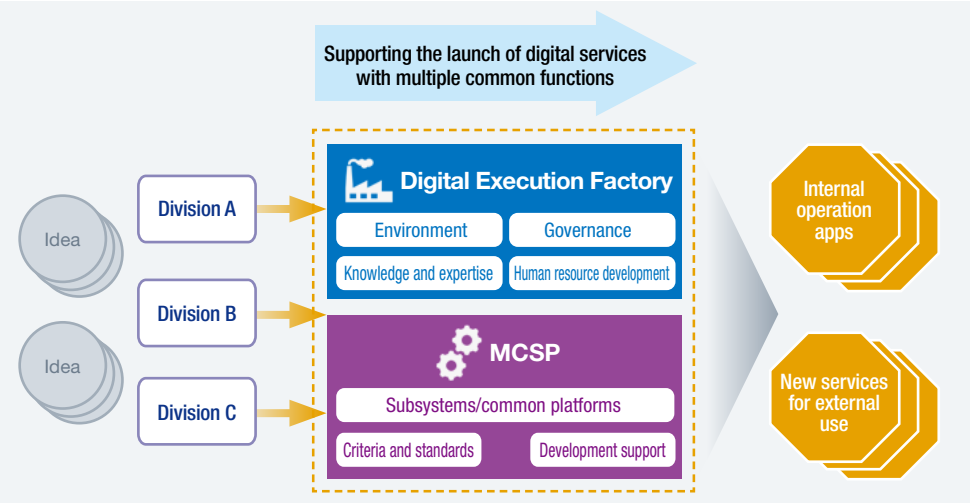
We will centralize the knowledge and data that have been dispersed across locations throughout the world, and share them internally in a reusable form. This initiative will enable streamlining of operations and promotion of data-based decision-making. Moreover, we expect it to accelerate our handling of issues that had been dealt with by individual locations and divisions, and we also expect the creation of new value from shared knowledge.

FY2025 Initiatives

Transformation Rapid Realization of DX Ideas and New Services and Solutions for Internal and External Use

In our development of digital services for internal and external use, the lack of an environment and knowledge for realizing DX ideas has been an obstacle, leading to delays in service commencement in some cases. To address these challenges, in FY2024, Macnica established the Digital Execution Factory, a cross-company support organization with an environment serving four functions: citizen development, governance, knowledge and expertise, and human resource development. The organization realized six ideas by the end of FY2024. One example is the internal development of an app that can centrally manage aspects of demonstration experiments for autonomous buses, such as schedules, vehicle settings, and parts inventory. In FY2025, we aim to realize 12 ideas for the year by further strengthening development support systems.

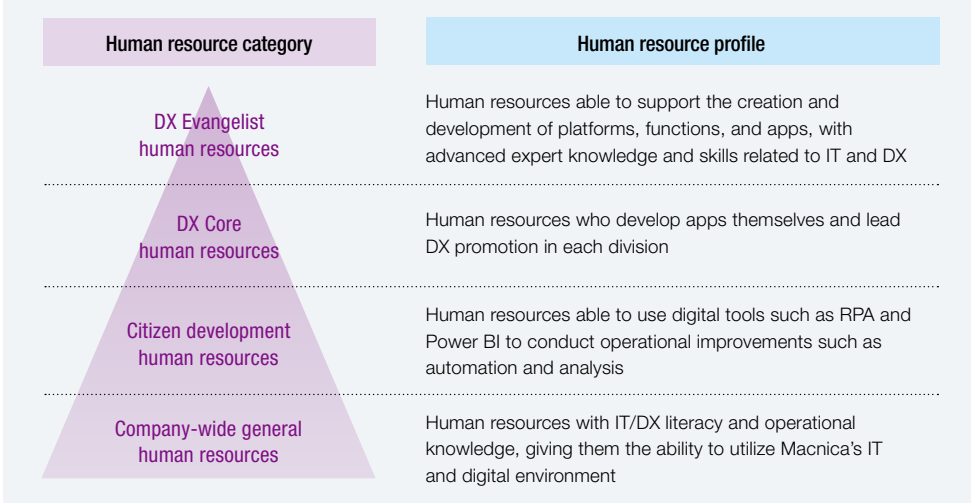
In the CPS Solutions Business, since each digital service that is launched for external use requires the construction of individual systems and functions, delays in development speed had been an issue. We addressed this by providing commonly needed functions through the Macnica Common Service Platform (MCSP), which enabled more efficient launching of services. Furthermore, harnessing information accumulated on an integrated data management platform on the MCSP enables the discovery of new insights and ideas, leading to the creation of more digital services. As of FY2025, we have applied MCSP to 17 existing services, while also working to develop new functions.



Foundation Creating a Training System to Support Autonomous DX Human Resources

To respond to recent advances in digital technology and rapid changes in the business environment, it is essential to create a situation where individual frontline employees can promote DX autonomously. There has been an issue that the desired human resource profile has not been fully communicated at the front lines, and we have not had systematic training programs in place. To address this, we have analyzed the necessary roles for DX promotion at Macnica and classified our human resources into four categories: DX Evangelist (DXE) human resources, DX Core (DXC) human resources, citizen development human resources, and company-wide general human resources. We are creating a system that can deliver highly effective training for each category by clearly setting out their respective training objectives and responsible departments.

In FY2024, we promoted the creation and execution of training programs for each human resource category. For DXE human resources, the training visualized the trainees' skill level using original criteria based on digital skill standards, then conducted training to address skill gaps. Training for DXC human resources targeted employees with strong interest and passion for DX by supporting the realization of ideas and acquisition of knowledge and expertise through practical work in the Digital Execution Factory. For citizen development human resources, training using hyper-automation and BI tools was completed by around 150 selected employees from every division. For company-wide general human resources, a new company-wide training course was created in coordination with the Human Resource Group, covering basic knowledge of IT and DX. In FY2025, we will continue to aim to increase the overall level of human resources throughout the Company, while promoting training to achieve our targets for FY2027 of 80 DXE human resources, with approximately 10% of employees being DXC human resources and approximately 20% being citizen development human resources.

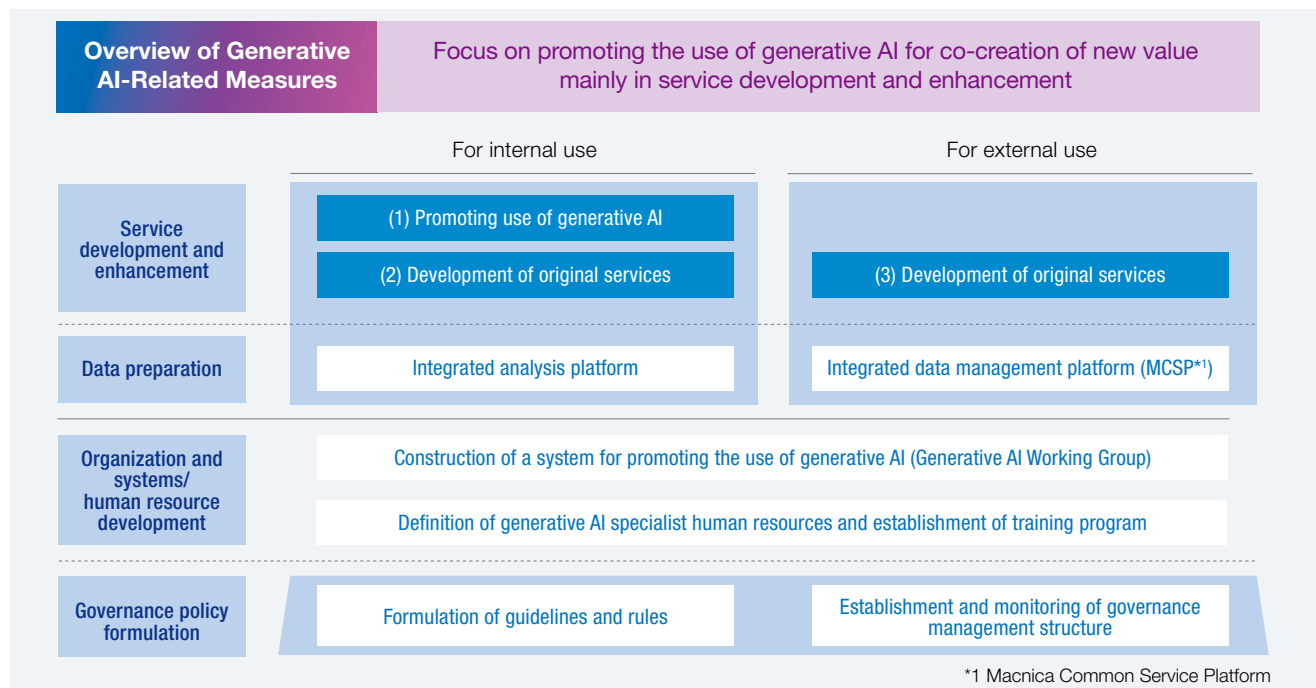


FY2025 Initiatives

Transformation

Growth

A Multifaceted Approach to Utilization of Generative AI



(1) Promoting use of generative AI

We are aggressively promoting the use of generative AI in our core business, where further productivity gains are needed. For example, in hyper-automation, OCR*² reading accuracy has been a bottleneck preventing automation of estimate operations. The combined use of OCR and generative AI has realized substantial improvements in accuracy. By automating multiple operations across the Company, we have achieved a significant boost in productivity.

*2 Optical Character Recognition

(2) Development of original services (internal)

In the Semiconductor Business, sharing and utilization of knowledge regarding inquiries about aspects such as product specifications and defects had not progressed due to concerns about confidential information and security. Macnica addressed this by creating a service capable of performing data anonymization and search functions using generative AI running in our own environment. In this way, we created our own environment enabling the safe and simple use of knowledge.

(3) Development of original services (external)

We are promoting the development of various solutions for customer needs using generative AI. Examples include the development and release of Omatome Ninja, which can generate reports and meeting minutes easily through voice recognition, and the Generative AI Utilization Platform, which can be flexibly scaled to meet the operational requirements of the front lines. We are currently promoting trials and implementations at several companies, with expectations for further deployments going forward.

Growth

Overseas Expansion of Core Systems

Following their introduction in the United States in FY2024, in FY2025, we plan to complete the introduction of core systems in Europe. We have also initiated a project in Asia with the aim of completing the introduction to all of the Group's locations by FY2030. We are steadily rolling out core systems globally with a view to establishing the Global One Platform to support a direct contribution to increasing corporate value and expanding profits, which are the stated goals of STEP 3 of the IT strategy steps.

Foundation

Overseas Expansion of the Zero Trust Network

We completed implementation of a Zero Trust network in Japan to enhance global network security, access control, and authentication management. We aim to complete implementation at all locations in Europe, the United States, and Asia in FY2025. A further aim is the realization of an environment where all employees can work safely and flexibly, while achieving uniform application of head office security guidelines to all locations and increasing operational efficiency when obstacles arise.

Foundation

Upgrading IT Investment and Cost Management

We developed an original IT investment and cost management system using the Digital Execution Factory, with the aim of realizing timely and accurate planning and analysis, as well as swift decision-making, for IT and DX investment. With highly convenient budget entry and budget performance management functions based on frontline feedback, as well as a report function that enables checking from the perspectives of profit and loss and cash outflow, the system enables both streamlining and upgrading of IT investment and cost management operations.

Human Resource Strategy

Macnica's founder believed that "Everything begins and ends with people." This belief has been passed down through the Company, and we have long viewed people not simply as resources, but as valuable assets—and have worked to maximize this human capital.

This belief is at the foundation of Macnica's cherished original values, the core values of T.E.A.M.S., and its redefined Purpose expressing Macnica's character and reason for existence. These core values and Purpose inform the measures we take for our people and organization.



Ichiro Hotta
General Manager,
Human Resource Group,
Macnica, Inc.

A Virtuous Cycle of Growth

A company's growth is started by the power of people. Since its foundation, Macnica has practiced people-centric management based on the belief that "Everything begins and ends with people." The continuous growth of a company is supported by the individual growth of its employees, and for this reason, it is essential to have an environment where people can work with pride and a positive attitude. We believe a fulfilling work environment is one where people can feel their own value through a sense of growth, appropriate compensation, and a lively workplace. Employee fulfillment creates a virtuous cycle by increasing the power of an organization, enabling the company to furnish opportunities for new challenges and a better environment, and leading in turn to further happiness and growth. To support this cycle, Macnica is encouraging the growth of its human resources through both systems and culture.

Our core values, T.E.A.M.S., comprise Trust, Excitement (Be bright, fun and vibrant), Aggressiveness (Obsession with victory), Move (Create change), and Stretch (Growth through challenge). By ensuring that all employees understand, practice, and share these values, we are building a flexible and robust corporate culture. People grow, and the organization evolves. It is this link that is the source of Macnica's competitiveness.

Envisioning the Future, Creating the Now

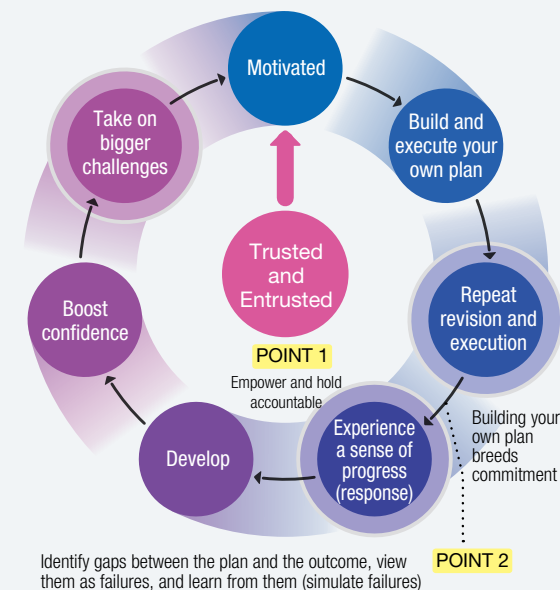
—A Human Resource Strategy to Support Vision 2030

In a rapidly changing society and industry structure, strategic human resource management that draws out the full potential of a company's people is essential if it is to continue creating value sustainably. At Macnica, we have clarified our Purpose, "Leading in an ever-changing world, we seek technology and intelligence beyond the cutting edge, while envisioning the future and creating the 'Now,' as our reason for existence, and articulated our vision under Vision 2030 as "We will evolve into a Services & Solutions Company and create new value by connecting the technology and knowledge of the world to build a prosperous future society." To realize these, we have positioned our human resource strategy at the core of management, and we are working to maximize our human capital. In April 2024, we introduced a new personnel system that is linked with our Purpose. This system is based on the concept of "strengthening capabilities and accelerating transformation," and aims to develop human resources who are able to anticipate change and drive transformation. We abolished the previous general and managerial career track system, and introduced a new course system of Value-Enhancing Positions and Change-Creating Positions based on job quality (mission). The new system enables employees to proactively plan their careers according to their own expertise and aspirations. Moreover, by clarifying the jobs that are needed for realizing Vision 2030, redefining jobs, and arranging a list of jobs, we have made it easier for employees to visualize in concrete terms their own roles and personal vision for the future. The compensation system pay range has also been extensively revised to encourage challenge-taking and growth, and we have realized fair compensation based on results and contribution. In both recruiting and development, we are working to acquire human resources who are resilient to change and to support their growth. We are increasing the value of our human capital in terms of both personnel systems and organizational culture through initiatives for hiring diverse human resources, the creation of a human resource development system linked to a "Response Cycle" that supports employee growth, and enhancement of onboarding measures. Macnica believes in the power of individual growth to create the future for the Company. Drawing on the power of people, we will embody our Purpose and advance steadily toward the realization of Vision 2030.

Topic Growth through Trust & Empowerment: Response Cycle

At Macnica, we are nurturing a culture based on the concept of Trust & Empowerment, which involves delegating authority to employees and encouraging their autonomous action. Employees will conduct planning, execution, and judgment, then grow through the resulting success or failure. The "positive response" obtained through this kind of experience gives rise to confidence and sharpens employees' appetite for further challenges.

Supervisors also play an important role in supporting this growth cycle. By trusting their team members and delegating responsibility to them at the right time, they provide growth opportunities, which also helps to build their own management capabilities. Macnica refers to this chain of growth as the "Response Cycle," and it is a central part of human resource hiring and development. The Response Cycle promotes the autonomous growth of employees, while functioning as a mechanism for enhancing the speed of growth and competitive capability across the entire organization. For younger employees, especially, an environment that enables them to accumulate experience from an early stage and have their achievements evaluated fairly helps to develop their ability to autonomously plan their own careers.



| Acquire Human Resources

Acquire Human Resources Who Can Support Company Growth

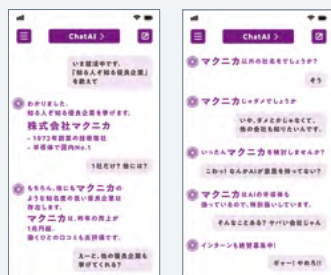
Acquiring human resources is an important point that affects a company's growth. At Macnica, we focus on recruiting highly capable human resources who identify with the Company's culture of acting autonomously with a spirit of challenge. We have a wide range of touchpoints with diverse human resources by way of recruitment branding, and by achieving a deeper sharing of values through dialogue with employees, we recruit people who will grow deep roots in the organization and thrive over the long term.

Creating a Demographic of Applicants through Recruitment Branding

Macnica works to secure human resources who can support sustainable corporate growth through a key strategy of widening the demographic of applicants. Strengthening our recruitment branding has steadily increased the Company's level of recognition. We have widened our touchpoints with younger applicants using a variety of media including TV commercials, radio commercials, social media, and in-school advertising, which has led to the formation of a pool of human resources who feel a high level of affinity with our corporate culture.



Commercials (TV, ABEMA, TVer)



Short video (Instagram)



Building Affinity with the Corporate Culture through Interaction with Employees

Macnica is promoting recruitment activities with a strong emphasis on deep affinity with our corporate culture and values. To communicate our corporate culture of respecting a spirit of challenge and autonomy to candidates, we have actively provided opportunities for candidates to experience our workplace environment directly through interaction with employees. In new graduate hiring, we hold company visit days for both sales and technical roles. In addition to an explanation about the usual work, we also take steps to achieve a flat and open workplace atmosphere by conducting a panel discussion between employees and one-on-one interviews. In mid-career hiring, where we deal mainly with recruiting agents, we insist on having them visit the Company for an office tour and so forth. By having them directly experience Macnica's workstyle and values, we enable them to provide highly reliable information to candidates while enhancing our appeal to candidates. As a result of these initiatives, in our induction survey for new graduate recruits in 2025, approximately 70% of the responses regarding reasons for joining the Company were related to our employees and our corporate culture. This reveals that allowing candidates to experience our corporate culture and values has a significant impact on their decision to join the Company.



Panel discussion on the sales internship

Virtuous Cycle of Human Resource Acquisition

Macnica believes it is important that employees feel an affinity with the Company so that they will continuously achieve their potential after joining the Company and become settled in the organization. For this reason, in our recruitment activities, we emphasize affinity with the Company's values and workstyles, and we have created a system in which employees themselves participate as recruiters. Candidates recommended by employees are introduced with a clear understanding of the Company's culture and job responsibilities, resulting in a strong alignment in values and workstyles, and creating a sustainable positive cycle in recruitment. As a result, even amid fierce competition for human resources, around 25% of hires at Macnica are referral hires introduced by our employees. In terms of the workplace environment, we recognize that job satisfaction results from employees feeling valued through a sense of growth, appropriate compensation, and a vibrant work environment. As a result of these efforts, we have received strong recognition from both employees and management, ranking 5th in the Ranking of Companies Employees Find Most Rewarding 2025 and 11th in the Ranking of Companies Rated Highly by Managers announced by OpenWork. Furthermore, in the annual Building a Strong Company Questionnaire administered to all employees, the item measuring willingness to recommend the Company as a workplace has consistently scored highly, suggesting strong trust in and engagement with the organization.

Through these initiatives, we have realized a high retention rate and stable organization, which enable us to consistently and strategically acquire human resources.



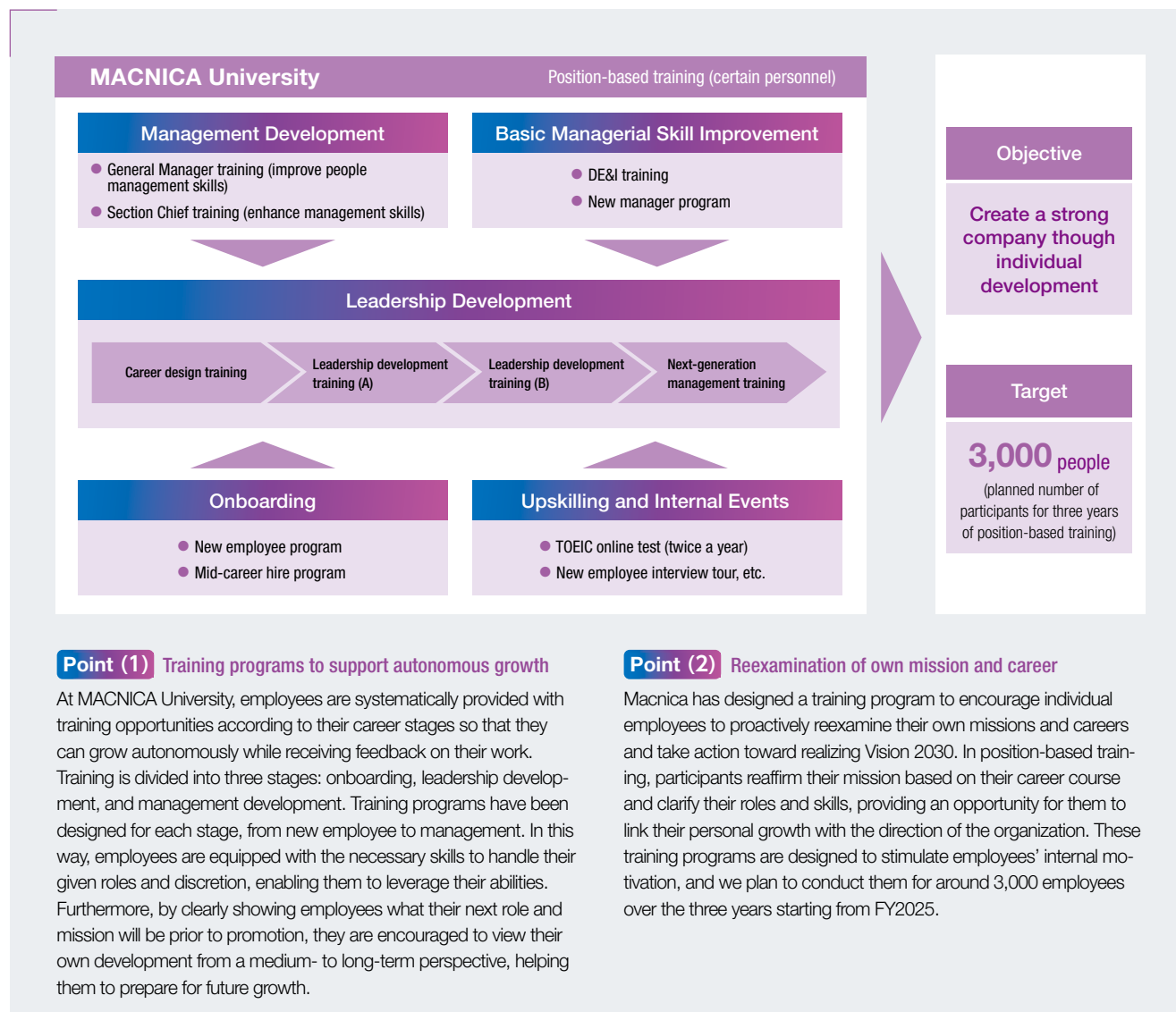
*The awards are announced by OpenWork Inc., which operates the information platform OpenWork for people seeking to find or change jobs. The ranking is for Macnica, Inc.

Supporting Growth

Redesign of MACNICA University Human Resource Development System

Macnica considers it essential to support the skill development and career formation of each employee in order to realize sustainable growth. Guided by the thinking that individual growth boosts the competitive capabilities of the organization and leads to increased corporate value, in FY2024, we redesigned our human resource development system, MACNICA University. Under the new human resource development system, we have integrated elements such as position-based training, programs to assist with obtaining qualifications, career support, and new employee training to provide a system that allows employees to take training courses according to their own career stage. Furthermore, from FY2025, we have more than doubled the amount of training investment to strengthen our support for more diverse needs. In addition, as an original initiative for the Company, we have introduced a system in which in-house trainers participate in position-based training. This system fosters involvement of personnel with management experience who have completed executive management candidate training in the development of their junior colleagues, so that employees who have outstanding performance and practical experience in organizational management are able to pass on their knowledge, values, and standards for judgment. This training is conducted across divisions, so that it helps to build internal networks and spark innovation.

To promote DX, the Information Technology Group and Human Resource Group will coordinate with a plan to start an education program to increase the IT literacy of all employees and support the adoption of digital systems in operations. To respond to the challenge of globalization, we hold free TOEIC English language tests online, and the number of employees taking the test repeatedly has increased, driven by an increasing desire to improve language capabilities. We are also focusing on the development of the next generation of executive management candidates. A pool of selected employees mainly in their 30s attend a 1-year in-house MBA program to cultivate their mindset as managers. Over the five years up to FY2024, approximately 100 people participated in the program, which has helped to build our human resource portfolio of future managers. Macnica considers investment in human resources to be an investment in the future of the Company, and we will continue to actively support their growth going forward.



| Onboarding

Macnica supports the autonomous growth of individual employees with the aim of maximizing its human capital and creating sustainable corporate value.

Training Programs for New Employees

New graduate recruits acquire the foundational skills needed for working professionals, such as logical thinking and information organization, in stages over a three-year training program. Group training is combined with on-the-job training to provide problem-solving training closely aligned to practical duties in order to enhance trainees' practical capabilities. Another program unique to the Company that has been running for over 20 years is the interview tour, where new employees visit multiple departments and interview their senior colleagues about their work and career steps. This program provides a deeper understanding of job positions and nurtures their ability to create their own career vision. We also have a long-established culture of senior employees becoming actively involved in the training of new employees by serving as trainers. Over 100 people gave lectures in FY2025. Through conversation and feedback, they communicate Macnica's values and code of conduct through their actual experience, aiming to pass on the corporate culture and accelerate new employees' development into effective team members.

New Employee Interview Tours

To help new employees map out their own future vision, Macnica conducts an internal interview event known as an "interview tour." New employees are freely allowed to make an appointment to speak with senior colleagues and management team members, and over a two-month period in FY2024, a total of more than 1,500 interviews were carried out—an average of around 20 per person. Employees can also interview the Chairman and the President, providing a valuable experience to encounter their perspectives on careers and values. From a training perspective, they are evaluated by their senior colleagues with regard to how they make the appointment, their attitude during the interview, and their ability to ask questions. They receive specific feedback on this through their supervisors. By having other employees cover points that supervisors tend to miss, the training quality is enhanced. This initiative also helps to cultivate an open, flat corporate culture that promotes dialogue across roles and divisions and nurtures psychological safety and mutual understanding.



Training for New Employees in Technical Roles

New employees who join the Company in technical roles participate in a technical specialist program that lasts from three months to up to one year, in addition to general training. During this period, they systematically develop the necessary thinking and specialist skills and industry knowledge for engineers, developing the ability to make valuable proposals to customers as a technology trading company. At the final stage of training, a practical production exercise is conducted, where trainees experience all aspects from system design to component selection, assembly, operation testing, and announcement, giving them insight into the flow of manufacturing and the customer's perspective. After the training, they accompany senior colleagues on sales activities and accumulate practical work experience through conversation with customer engineers as they grow into engineers that are entrusted with frontline operations.



Onboarding of Mid-Career Hires

Macnica conducts annual career follow-up training to enable mid-career hires to acclimatize to the organization quickly and play active roles. One year after joining the Company, the employees have conversations with management through roundtable meetings and informal meetings to help them understand the Company direction and expectations, and to clarify their own role and career direction. In addition, sharing internal issues directly based on past experiences encourages proposals for improvement which helps to create a flexible organization with a healthy culture. Operational alliances across divisions are encouraged through interaction, creating opportunities for new initiatives. Furthermore, trust relationships are built through internal events, creating operational coordination and an environment where people can consult with each other easily. This supports employee retention and progression to fully capable team members.



Career Ownership Management Awards 2025

Macnica Wins Grand Prize in the Personnel/HR Transformation Category (Large Corporation Division)

Macnica won the Grand Prize in the Personnel/HR Transformation Category (Large Corporation Division) at the Third Career Ownership Management Awards 2025. This marks the third consecutive year the Company has received an award, having won an Excellence Award in the First Edition and a Grand Prize in the Management Transformation Category (Large Corporation Division) in the Second Edition. The Company was recognized for defining new job concepts and establishing an environment that enables individuals to connect their own personal growth to the realization of their vision under the new personnel system that started in FY2024; for organically linking the system with development by establishing a new human resource development system for all positions in the form of MACNICA University; and for an acceleration in the movement of employees attempting different jobs after the introduction of the system and an increase in the effectiveness of system reforms. Furthermore, the marked increase in penetration of the Company's Purpose in the employee engagement survey and measures such as the revision of the compensation and position retirement age system were highly rated as initiatives to promote transformation.



How Macnica Turns Vision into Reality

Since its foundation over 50 years ago, Macnica has grown through finding the latest technologies (exploring), determining their value (discerning), and introducing them to society (implementing). This cycle of exploring, discerning, and implementing has been built up through many years of experience and forms the core of our value creation. We call this process a Realization Cycle, and it is implemented naturally in daily operations by every employee. By continuing to drive this cycle, we will support Macnica's further growth and steadily progress toward the realization of Vision 2030. In this section, we turn the spotlight on Macnica employees implementing the Realization Cycle, and consider the people and organizations that create value.

Human Capital

People and Organizations That Create Value

C o r e V a l u e s

Pioneering the Future beyond Challenges

Macnica's core values, T.E.A.M.S., are deeply cherished and unique to the Company. These values are a source of competitiveness, serving as a strength that sets us apart from other companies. As each employee acts in accordance with T.E.A.M.S., they take on new challenges and engage in proactive activities. Moreover, having all employees acting with a shared aim results in a high level of teamwork. The accumulation of these initiatives produces the driving force that pioneers Macnica's future and supports its sustainable growth.

T

Trust

Drive Empowerment with Mutual Trust and Respect.

E

Excitement

Enjoy Excitement at work with open and fair communication across all levels.

A

Aggressiveness

Be Aggressive, Adventurous and Win with Integrity and high standards.

M

Move

Move Fast. Lead Change and Nurture Innovation with Insight for the Future.

S

Stretch

Unlock Inner Potential and Stretch for Growth with a Challenging Spirit.

Embodying Our Purpose—Molding Employee Workplace Norms with Our Core Values

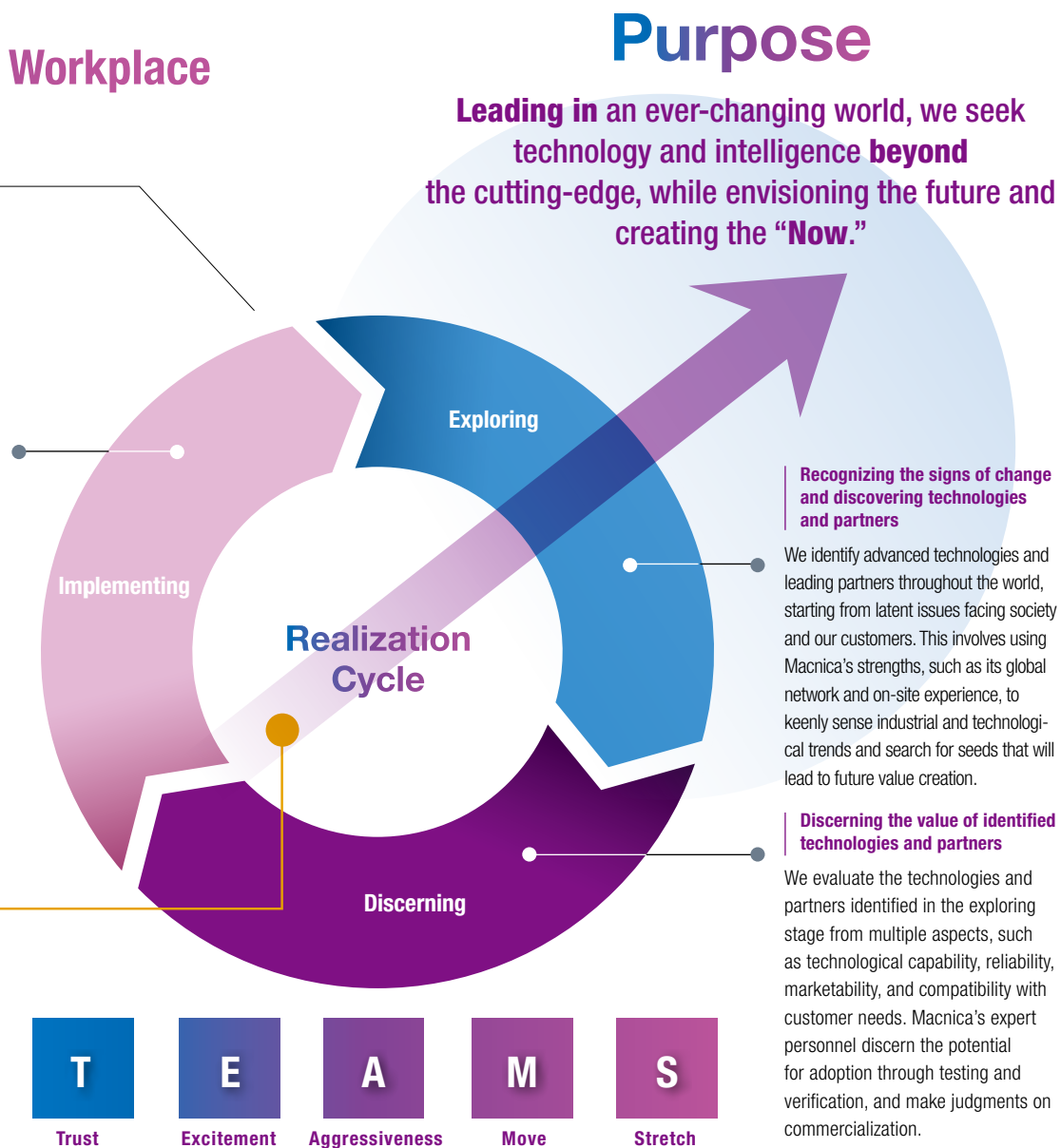
Macnica has articulated its Purpose as “Leading in an ever-changing world, we seek technology and intelligence beyond the cutting-edge, while envisioning the future and creating the ‘Now.’” This policy runs through all of our business activities, embodied in the behavior of each employee. Our system for implementing this Purpose at the workplace level is our unique practice known as the Realization Cycle. The Realization Cycle consists of the three steps of exploring, discerning, and implementing, and systemizes a flow from anticipating changes in technologies and markets to discerning optimal solutions and rapidly translating experiments and learnings into value. This cycle is rooted in our core values, T.E.A.M.S., integrating employee decision-making and conduct and accelerating value creation across the organization. Continuous implementation of the Realization Cycle is truly the driving force behind Macnica’s competitive advantage and its sustainable growth.

Delivering the selected technologies to society to create value

We provide technologies and partner services selected at the discerning stage to customers and society. We undertake all aspects from proposal to adoption, operation support, and improvement proposals, leading to actual results. We will realize continuous value provision while building relationships of trust with customers.

Macnica’s Unique Workplace Norm Support Value Creation

The Realization Cycle is comprised of three steps—exploring, discerning, and implementing—which form the workplace norms at the core of Macnica’s value creation. Having each employee implement the cycle in their daily work helps to resolve issues for customers and society. This practice is also the embodiment of Macnica’s Purpose.



Employees Adopt the Purpose as Workplace Norms

The Realization Cycle of exploring, discerning, and implementing is a daily activity for Macnica employees. It is by continuously implementing the Realization Cycle in their daily work that they become able to embody the Purpose. Here, we explore instances where employees working on the front lines of each division have implemented the Realization Cycle in their daily work and talk with them about the core of Macnica's value creation.

(Photograph from left)

Jacky Ho, MACNICA CYTECH / Takuya Ishida, Information Technology Group / Keiko Yoshida, Business Operations Group / Yuya Takahashi, Management Planning Group / Yoji Kaneko, Clavis Company



| Daily Work Embodying the Purpose

Takahashi Jumping straight in, have you experienced any instances where you implemented the Realization Cycle of exploring, discerning, and implementing in your daily work?

Kaneko I have been working for many years in semiconductor sales, and I would like to share something about the Realization Cycle from our history that I heard from my senior colleagues. Today, Macnica handles semiconductors from globally recognized major semiconductor manufacturers, but in the past, the Company handled semiconductors from niche start-up companies that were unknown to our customers. While identifying the technology needs and trends of customers in Japan, Macnica employees went to Silicon Valley to search for niche products and manufacturers. This would have developed their abilities in exploring and discerning. I heard that Macnica was often the first sales agency in Japan for many start-up semiconductor manufacturers, and since they did not have local subsidiaries here, Macnica was truly responsible as a sales agency for all aspects such



as market development, technical support, sales, and post-sales support. I think this would have given the Company implementation capabilities beyond those of other companies. By implementing the Realization Cycle, the Company earned the trust of its customers and suppliers, creating a virtuous cycle that led to new business opportunities. In my work also, I am engaged in exploring new markets and customers, and working through the Realization Cycle.

Jacky I work at one of Macnica's subsidiaries, Cytech. Recently in China, the number of semiconductor suppliers has been growing and there is now an extremely large number of local suppliers. With this abundance of suppliers, we need to choose carefully, and are conducting the exploring and discerning steps of the Realization Cycle when making these selections. When we make a new distributor agreement, we start by setting out our objectives and aims, and it is very important to create synergies with our current suppliers. With so many suppliers around, it is extremely difficult to explore and discern those that would complement our current suppliers. In my daily work, by gathering information on customers and markets and continuing to



explore, I have also cultivated my ability to discern. As a result, we have been able to explore and discern technologies that align with our goals. So, I think that almost all of my daily work relates to the Realization Cycle.

Yoshida I am in the Business Operations Group, where my work is mainly focused on operations. The discerning and implementing aspects of the cycle are part of my daily work. In a past project to upgrade to a next-generation system, we examined all stages, from development to design and operation, to streamline and automate our Semiconductor Business operations. In this process, I think it was particularly notable that the employees who actually conduct Semiconductor Business operations themselves considered how to improve efficiency and discerned whether the system suited what they wanted to achieve. We have aggressively incorporated RPA, and I think that our discernment and implementation of systems to streamline and automate operations is a prime example of putting the Realization Cycle into practice. The project has already resulted in a tangible reduction in workload, so we are beginning to see the benefits of its implementation too.

Ishida In the Information Technology Group, I am sure the introduction of in-house systems tends to be seen as an implementing operation, but in fact, we also conduct exploring and discerning work in cooperation with other departments. For example, to resolve issues facing the Business Operations Group, we conduct initiatives to explore and select optimal solutions. In doing so, it is important to discern the essential nature of any underlying issues, rather than simply resolving those on the surface. The project to upgrade to this next-generation system was an initiative that involved engaging with the essential issues of operations. For the Information Technology Group, in addition to simply introducing systems, an increasingly crucial part of our role is to practice discernment with a view to their future operation. To realize services and solutions, we recently started citizen development initiatives through the Digital Execution Factory, as well as human resource development through these initiatives. I feel it will be increasingly necessary for each frontline employee to enhance their implementing and discerning capabilities for DX going forward.



Takahashi I have only just joined Macnica's Management Planning Group. This year, I have been in charge of the Integrated Report project from the planning stage, and I have established a goal of simultaneously releasing the report in Japanese and English, which we are currently working toward. Looking back, in promoting this project, I think we have implemented the Realization Cycle in several ways. Integrated reports also have trends, and as we conducted the information gathering and content planning steps, we practiced discernment in selecting the optimal partner for achieving our goal of simultaneous publication.



There was an opportunity to reflect on daily operations and discuss them, and I noticed that for Macnica employees, implementing the Realization Cycle is engrained to the point that they do it without thinking. Each person faces challenges in their daily work, and I think that subconsciously applying the Realization Cycle to resolve those challenges is at the core of Macnica's value creation. So, why do you think Macnica employees are able to put the Realization Cycle into practice?

| Core Values Generate the Realization Cycle

Kaneko In the case of sales, I believe we are able to put the Realization Cycle into practice precisely because we think deeply and thoroughly about how to sell the products we handle. Macnica's organization is an in-house company system based on products, which means employees can focus intensively on how to sell the specific products in their charge. Employees also have an ingrained habit of approaching problems by thinking about how things can be achieved, rather than searching for reasons why they can't. This approach reflects a deep-rooted principle of our core values—confronting essential issues head-on rather than avoiding or ignoring them. In fact, my team reads through the core values together, and we do not simply read them but envisage actual situations and use examples as we read. In this way, the values have become embedded in how we act, and this has become our standard practice. I think this is the reason that in business we have earned the trust of our suppliers and customers.

Yoshida Another point is that at Macnica there is a culture of trusting subordinates to do their jobs. I think this attitude is another reason why the Realization Cycle has become part of our standard practice. In my role as a supervisor, I find that trusting my team members to handle big projects naturally creates situations for them to implement the Realization Cycle. In the example mentioned before, I said that the project leader conducts the discerning

and implementing steps, but in the process of realizing the streamlining and automation of operations, numerous challenges arise. When the project leader thinks through and resolves all of these issues, a wealth of ideas comes from that experience of success, along with a sense of achievement that encourages them to be even more engaged in their work. I think that this process arises from a deeply embedded attitude of Trust, which is highly valued in Macnica. To add to this, people tend to think of operations as performing predetermined actions in predetermined ways, but at Macnica, we enjoy the process of creating operations itself, and we are used to systems changing from day to day. I think this is also because the core values of Excitement and Move have been embedded in our behavior.



Throughout this discussion, we have seen how each of the employees is practicing the Realization Cycle of exploring, discerning, and implementing on a daily basis.

This behavior is deeply rooted in Macnica's core values. It is found across the organization and steadily encourages the realization of the Group's Purpose.

Going forward, Macnica's value creation will continue to be led by its employees as they continue to evolve the Realization Cycle.

The Driving Force That Powers the Realization Cycle

Strong Individuals and Teams



Strong Individuals and Teams

Steadily Implementing the Realization Cycle

At Macnica, the driving force behind our corporate activities is “strong individuals” who can work autonomously to identify issues and take steps to resolve them based on Trust & Empowerment. Each person’s capabilities are connected through the shared values of T.E.A.M.S. to build trust and mutually complementary relationships that form “strong teams.” Macnica’s strong individuals and teams work synergistically to enhance each other, steadily implementing the Realization Cycle to create an organization that is highly resilient to change and able to learn from experience.

Speed

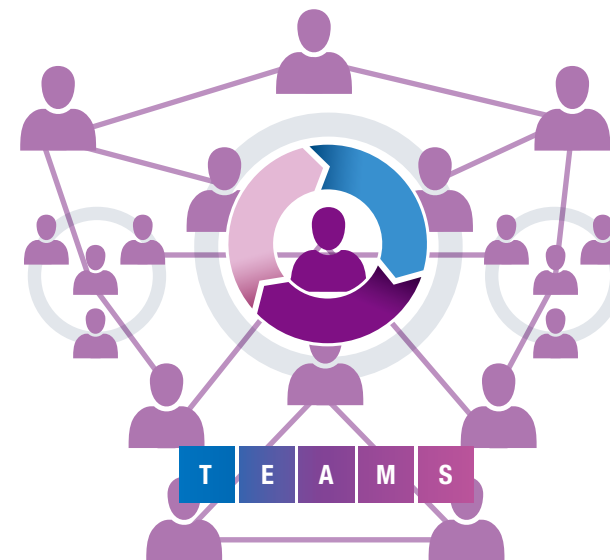


Speed

Rapidly Implementing the Realization Cycle

Macnica is promoting organizational operations with an emphasis on speed in decision-making and execution in response to the rapidly changing market environment. Our structure gives each individual employee discretion to swiftly make decisions and take action on the front lines, enabling them to implement the Realization Cycle quickly and to learn through experience. Employees have a desire to stay ahead of other companies and a strong focus on results, which shows that the concept of “beyond the cutting edge” in our Purpose has thoroughly permeated our employees and is generating competitive capabilities and flexibility that can meet the expectations of our customers and society.

Human Networks



Human Networks

Reinforcing the Realization Cycle

Macnica’s strength lies in the multi-tiered human connections that extend throughout the Company and beyond. Trust between employees and human relationships with customers and partners that span their professional lives promote the circulation of unknown information and emerging technologies and form the starting points for new businesses. Furthermore, these relationships go beyond simple starting points, as mutual understanding and trust increase the probability of business success. Macnica creates connections with partners all over the world, building relationships of trust while further strengthening the Realization Cycle.

Macnica's Strength in Developing People

Macnica considers people to be its greatest management capital. How do individual employees create Macnica's strength? Here, we take a look at how Macnica's competitive advantages are formed through a roundtable discussion with employees of diverse backgrounds.

(Photograph from left)

Eiji Hadano, Networks Company / Toshihiro Koga, Management Planning Group / Gaku Ito, Human Resources Group / Satoshi Yamada, New Business Group / Riki Nakade, Corporate Branding Group



Engrained Values Bring Out the Appeal and Strengths of Macnica Employees

Koga I would like to talk about the appeal of Macnica employees and their strengths as human resources. Let me start directly by asking you what you think about the appeal of Macnica employees.

Nakade Having built up practical experience in the Account Sales Group, I am now working in the Corporate Branding Office, where we engage in branding activities to help achieve wider recognition of Macnica with a view to increasing corporate value. Something I've noticed both in my time in sales and after moving to my current department is that Macnica employees speak enthusiastically about

the Company. I think this is the most appealing thing about them. Since they have an open and honest sense that their work has meaning, the formulation of Macnica's Purpose has enabled them to speak with greater confidence by stating clearly in words the kind of company Macnica is and its reason for existing in society.



The ability for executive management and frontline employees to express a consistent message is also a strength from a branding perspective.

Ito I was also previously in sales dealing with semiconductors. Currently, I am responsible for new graduate and mid-career hires in the Human Resources Group. In recruitment work, I have felt that the main reason for people choosing Macnica is "the appeal of its people." At internships and company explanation briefings, I strive to create as many opportunities as possible for students to speak directly with employees, and many of the students have said that actually seeing the employees is what inspired them to want to work here. Students who initially did not have Macnica down as their first choice often experienced a change of heart after talking with veteran employees and ended up choosing to join us. I think students naturally pick up on our employees' proactive stance and sense of striving to achieve high targets, as well as our bright and positive work atmosphere. This corporate culture is the result of thorough penetration of our core values, and I think it constitutes one of Macnica's strengths in the recruitment arena.



Yamada I joined Macnica mid-career, and I am now overseeing a new business related to healthcare. What surprised me when I first joined was that I was actually given opportunities when I expressed an interest in doing something, with no concern about my age or previous career. I think this is because at Macnica everything is based on trust between employees, as expressed in the core values, and there is a deeply ingrained culture of delegating authority. Many of the employees at Macnica are autonomous types who think and act for themselves, but that is not to say that they are on their own. Whenever trouble arises, whoever you ask for help is always caring and supportive. For example, they will point you in the direction of someone who has detailed knowledge of the problem right away, regardless of whether it is someone inside or outside the Company. I am very grateful that this kind of support system has developed naturally here. On top of that, individual employees are usually very positive and energetic, and most people work enthusiastically and cheerfully. This kind of atmosphere is infectious,

Employee Roundtable Meeting—Macnica's Strength in Developing People

and helps to lift the spirits of the entire team. This environment, where even mid-career hires can work comfortably right away and feel that they want to work with the people around them is a major point of appeal for Macnica. I think we truly have strong individuals and teams.

Hadano I head up a team in the Cybersecurity Business. The organization I belong to also recognizes that trust is very important. In cybersecurity, we often handle cutting-edge technologies from around the world, and many of these technologies are often not yet known in the market. When a business is just starting up, they sometimes operate at a loss. However, we believe it is important to believe in future growth and keep working persistently. In the process, these products gain recognition in the market, and as the business grows, you can firmly gain the first-mover advantage. Our ability to take on this kind of challenge is really due to the mutual trust that exists within Macnica. I think this has been achieved as a result of the Company's aggressive stance on seeing things through to completion, which is a strong part of its culture.

Koga I have a background in the Cybersecurity Business, and I can really relate to what Hadano-san is saying. I think Macnica has a characteristic ability to discover new products early, what do you think?

Hadano I feel the speed with which we are able to be the first to discover the latest technologies in the Cybersecurity Business is also because the core value Move is strongly established. This is why I believe our work practices, grounded in the core values, are directly connected to Macnica's strengths. In addition, since we are handling cutting-edge products, we are able to provide customers with the latest information. I think this is a kind of added value that only we can provide.



Value Generated by Employees | Forms High-Quality Capital

Koga Listening to what you have all said has reaffirmed for me the appeal and strengths of Macnica's people. I also transferred to this department four years ago, and have found that business partners from my time in sales still reach out to me. I think that Macnica often creates new business opportunities through the career changes or entrepreneurial ventures of its suppliers' representatives. What are your thoughts on this?



Hadano I am responsible for dealing with CrowdStrike, which is a case in point. It is really common at Macnica for businesses to be created through "human networks." When we start businesses together and share experiences of trials and successes, it creates very strong trust relationships with our partners. I think the accumulation of these connections and trust between individuals will ultimately make our social and relationship capital, effectively as a company, grow stronger and stronger.

Nakade It is very important to trust our partners, but I think it is also extremely important to win the trust of others. Macnica's people never shy away from challenges no matter how difficult the situation—put simply, our strong individuals and teams have the ability to see things through to completion—and this is why we have been able to build the trust relationships we have with our partners over many years. Currently, my work is in corporate branding, and I feel that it will be increasingly important to garner wider recognition for Macnica and to enhance its brand value going forward. Through branding, I would like to properly communicate our approach and value to society, and promote communication and the creation of contact points that earn the trust of various stakeholders, including suppliers, customers, and business partners, and inspire them to want to work with us.

Yamada I couldn't agree more. Macnica has an environment that enables individuals and teams to be strong and leverage their abilities. Because our human resources come from diverse backgrounds and work with abundant information and human networks, we have built up a strong body of knowledge and experience as a company. This also promotes the evolution of our unique Realization Cycle of exploring, discerning, and implementing. In the health-care field, we continue to take up various challenges with speed, and the experience we gain from these efforts is a unique strength specific to Macnica that cannot be matched by other companies. Having these strengths gives me confidence that we can continue to create new businesses going forward.



Through this roundtable discussion, it became clear that the driving force behind Macnica's value creation is not only its technological capabilities and systems, but also the characteristics of its people. Strong individuals and teams combined with speed and human networks have enabled the continuous evolution of the organization. We will continue to face the challenge of change without fear, and create new value for society.

Making a Prosperous Future Society Possible

In striving to make a more sustainable society possible, Macnica has put sustainability at the heart of management. In this section, we introduce the Company's environmental contributions, approach to care and respect for people, actions to meet its social responsibilities, and governance enhancement. Through sustainability management, we not only seek to build trust with society at large, but to heighten our responsiveness to change in order to make the future imagined in Vision 2030 a reality. In an era of intense change, our position remains to build relationships of trust with society and to act responsibly with regard to our future. We consider this an undeniable step in our commitment to making a prosperous future society possible.

Sustainability

Continuous Growth

Environmental Contributions P.57-

- Environment/
Supply Chain Engagement

Approach to People P.59-

- Employee Engagement

Practicing Social Responsibility P.61-

- Diversity, Equity, and Inclusion/
Human Rights
- Social Contribution Activities

Enhancing Governance P.63-

- Discussion between the Chairman
and the Lead Outside Director
- Corporate Governance
- Risk Management
- Dialogue with Capital Markets

Sustainability

Ongoing Enhancement of a Foundation for Sustainable Growth

The Macnica Group has defined a basic policy on sustainability, and takes steps to solve social challenges and realize sustainable growth.

In line with four priority policies, we strive to uphold both our business activities and sustainability.

Macnica also discloses sustainability information on the web-site below in accordance with the GRI Standards framework.

<https://holdings.macnica.co.jp/en/sustainability/gri/>

Macnica Group Sustainability Policy

At Macnica, we view responding to environmental and social challenges as one of the most important management concerns. Accordingly, we strive for activities that enable the Group to move toward achieving its Purpose: Leading in an ever-changing world, we seek technology and intelligence beyond the cutting-edge, while envisioning the future and creating the “Now.”

Four Priority Policies

1. Identifying key issues, and promoting business initiatives and business investment management that contribute to solving social challenges and fostering a sustainable society
2. Promoting global management and strengthening the supply chain with consideration for the environment and human rights
3. Gaining social trust and enhancing governance and risk management systems
4. Educating and raising awareness of employees to promote sustainability

Sustainability Promotion System

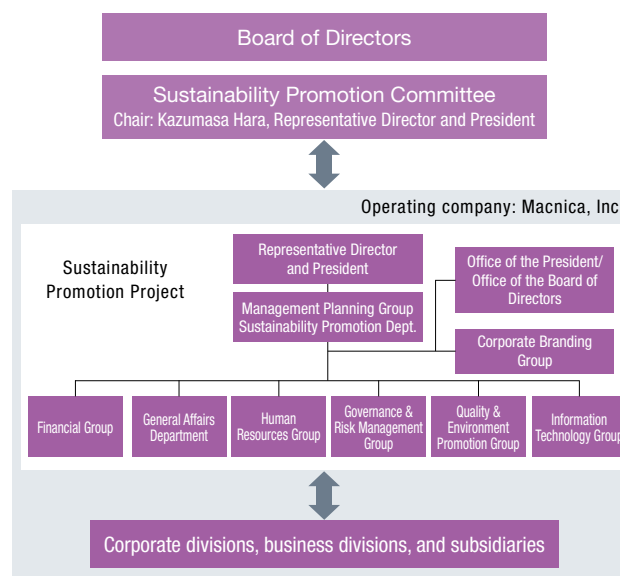
Sustainability Promotion Committee

In FY2021, the Macnica Group established the Sustainability Promotion Committee to promote sustainability management across the entire Group.

Efforts to address issues in areas such as the environment, human rights, and the supply chain, as well as specific measures targeting human capital, which forms the foundation of our corporate management, are proposed by the Sustainability Promotion Committee. After subsequent deliberation and decisions by the Group Management Committee, the Group's highest executive

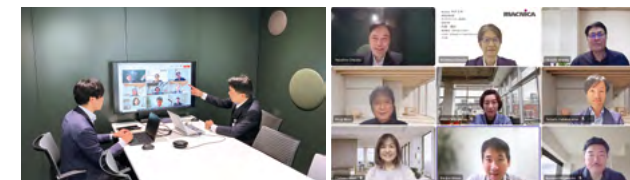
decision-making body, the final outcome is reported to the Board of Directors.

The Board of Directors receives reports from the Sustainability Promotion Committee, and discusses and supervises policies, measures, and action plans to address the Group's sustainability-related issues. The Representative Director and President serves as chair of the Sustainability Promotion Committee, and is ultimately responsible for making management decisions related to sustainability.



Sustainability Promotion Project

To effectively promote sustainability management, from FY2021, we launched the Sustainability Promotion Project at Macnica, Inc. Focused primarily on responding to climate change and human rights risks in the supply chain, the project investigates issues, and explores and enacts specific measures, across departments and divisions. Details regarding these activities are regularly reported to the Sustainability Promotion Committee. Starting from FY2025, the Management Planning Group will be home to a new Sustainability Promotion Department that will function as a project hub, connecting actions company-wide and further strengthening promotion capacity.



Sustainability Promotion Project meeting (in-person and online hybrid format)

Risk Management System for Sustainability

The Macnica Group has established the Compliance and Risk Management Committee, chaired by the Representative Director and President, to strengthen the management of risks and compliance in the Group's business operations. In addition to assessing and analyzing the Group's risk status and compliance system, with findings reported to the Board of Directors and the Group Management Committee, this committee promotes the planning and proposal of relevant measures. With respect to climate change and other important sustainability-related risks, the impact on business operations is evaluated and response policies deliberated by the Sustainability Promotion Committee. Where specified risks and opportunities are concerned, both committees work together in an effort to enhance the group-wide risk management system.



Environment/Supply Chain Engagement

Assessment and Analysis of Climate Change-Related Risks and Opportunities

In FY2024, the Macnica Group again conducted qualitative analyses and assessments of climate change-related risks, opportunities, and countermeasures for the Group's main businesses using multiple scenarios, and updated the information in accordance with the TCFD framework. Macnica remains committed to bolstering relationships of trust with stakeholders through robust information disclosure with regard to climate change, in contributing to making a sustainable society possible. Refer to our website for more details. <https://holdings.macnica.co.jp/en/sustainability/environment/climate/#03>

Environmental Management

In February 2023, the Macnica Group formulated its Environmental Vision and Environmental Policy based on its Long-Term Management Concept and Medium-Term Management Plan. (Partially revised October 2024)

Environmental Vision

The Macnica Group positions the creation of a sustainable global environment, in tandem with the realization of efforts to "contribute to economic development through solving customer issues" and "create safe, secure, and comfortable lifestyles," as its most important issues (materiality).

Accordingly, the Macnica Group will not only reduce its own CO₂ emissions and achieve carbon neutrality in Scope 1 and 2, but also contribute to realizing a carbon-neutral world by 2050 through its business activities and supply chain. To this end, we will do our utmost to solve social issues such as global environmental conservation and restoration, and a reduction in environmental impact.

Environmental Policy

The Macnica Group is committed to environmental conservation activities based on the following four basic policies, combining our Purpose of "leading in an everchanging world," our business activities, the products we handle, and the corporate culture and social contribution activities that the Group has cultivated over the years. Accordingly, we engage in environmental conservation activities that meld decarbonization with our uniqueness as a company.

1. Achieving carbon neutrality for the entire Macnica Group
2. Realizing a green society through our business activities
3. Pursuing social contribution activities as a good corporate citizen
4. Continuous reductions in environmental impact through promotion of environmental management activities

Additional details can be found on our website.

<https://holdings.macnica.co.jp/en/sustainability/environment/management/>

Basic Policy on Biodiversity

In April 2025, Macnica formulated and announced a basic policy on biodiversity. Under this policy, our aim is to uphold both biodiversity and business activities by viewing the preservation of biodiversity as both an aspect of business risk management and an opportunity for growth. Furthermore, by analyzing and evaluating our level of dependency and impact on natural capital, we are moving toward the sustainable use of that capital.

Visit our website for more details.

<https://holdings.macnica.co.jp/en/sustainability/environment/climate/>

Evaluation of ESG by External Entities

In a 2024 survey, Macnica was evaluated by CDP, an NGO that evaluates initiatives targeting the environment, receiving a score of "B" in the area of climate change and "B-" in the area of water security. Over the years, Macnica has taken various action toward achieving carbon neutrality. Among others, these include the establishment of an Environmental Vision and Environmental Policy, the deployment of a system targeting environmental risks, the adoption of renewable energy, the acquisition of Science Based Targets (SBT) certification, more accurate calculation of greenhouse gas (GHG) emissions, and request for third-party examination. We view this most recent evaluation as a recognition of our solid initiatives for addressing environmental concerns and the transparency of our information disclosure.



CDP 2024 Scores

Climate Change B

Water Security B-

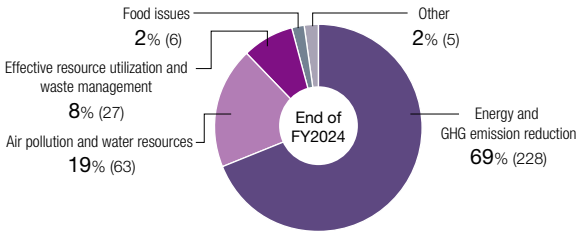
In a bid to improve the accuracy and reliability of the calculation of its GHG emissions, the Macnica Group has solicited third-party examination by the Japan Management Association Sustainability Center of the calculated results of its emissions performance since FY2023. Going forward, the Group remains committed to properly monitoring and managing the impact of its business activities on the environment, and correctly conveying that information to stakeholders.



Expansion of Environmental Contribution Businesses

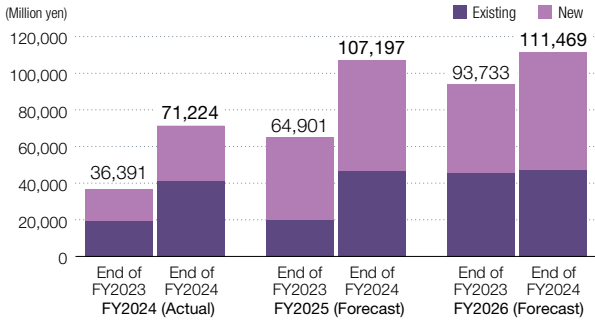
The Macnica Group is leveraging the ISO 14001 framework in continuously monitoring the degree to which products and services Macnica handles contribute to the environment. Efforts in this vein include "direct contributions" from the circular economy and other environmental solutions, such as AiryQconnect air quality monitors, self-driving EV buses, and Macnicut thermal insulation paint. Semiconductors adopted for use in EVs, solar power systems, and other environmentally friendly products, as well as IT solutions, meanwhile, are positioned as "indirect contributions." In these ways, Macnica will continue working through business to reduce its environmental impact.

Numbers of Environmental Contribution Businesses



- Numbers of projects related to end products and services in environmental contribution businesses have been classified by contribution area.
- The largest proportion is businesses intended to reduce GHG emissions.

Scope of Sales from Environmental Contribution Businesses



- Projected scope of sales from environmental contribution businesses was investigated and calculated as of the end of FY2023 and FY2024.
- New businesses include those that are still under review but are likely to be adopted.

Responding to Environmental Issues in the Supply Chain and Building a Responsible System

For Macnica, as a company with global operations, confronting environmental issues in the supply chain is a critical step that directly links to our material topic of “creating a sustainable global environment.” We also recognize the connection between addressing these issues and building a responsible supply chain. Through two initiatives—addressing climate change and responding to water risk—Macnica is showing leadership in the environmental field, and contributing to the creation of a sustainable global environment.

Accurate Assessment of GHG Emissions and Stronger Ties with Suppliers

Scope 3, Category 1 (purchased products and services) accounted for roughly 99% of all GHG emissions from the Macnica Group. Previously, this emission volume was calculated by multiplying the purchase cost by an emissions factor based on an input-output table. It was determined, however, that this approach did not adequately reflect reduction efforts by suppliers, leading to a significant divergence from the actual emissions picture. To address this, in FY2024, we joined the CDP Supply Chain Program*1 to capture emission volumes closer to their actual levels.

In computing this, along with establishing set criteria, we examine the accuracy and reliability of information (primary data) provided by suppliers. If primary data reliability is low, the figure is compiled and disclosed using averages by industry (secondary data) provided by CDP. Going forward, Macnica will strive to reduce emissions by working through initiatives of this kind to accurately assess GHG emissions across the entire supply chain, while building deeper ties with suppliers.

Challenges in Scope 3, Category 1 (Purchased Goods) Calculation

Activity volume (monetary basis) × Emissions factor = Emission volume



Although the emissions factor from the GHG protocol is trending downward due to technological innovation, no substantial reduction has materialized. Consequently, **GHG emissions rise in step with increases in sales (purchase cost and goods).**

Prior to surveying suppliers through the CDP Supply Chain Program, we provide them with a host of information. Specifically, in addition to an overview of the program, we produce an information packet that includes Macnica’s policies and initiatives to address climate change, as well as customer requests and requirements, and issue this along with a letter of request from Macnica. Through activities of this kind, we are building trust with suppliers, all while working with them to promote our environmental response.

*1 Refers to a program operated by CDP for assessing GHG emissions across a company’s entire supply chain and providing support for achieving reduction targets. In particular, by compiling and analyzing primary data from a company’s suppliers, GHG emissions can be calculated more accurately, enabling more specific improvement steps to be taken.

Evaluation of Relationship to Natural Capital and Addressing Water Resource Risk

Macnica endorses the recommendations made by the Taskforce on Nature-related Financial Disclosures (TNFD)*2. Based on the LEAP approach*3 recommended by TNFD, we conducted an evaluation of factors such as interface with nature, dependencies and impacts on nature, risks, and opportunities. As a result, among natural capital, Macnica’s business activities were deemed to have a particularly close relationship to water resources. Based on this assessment, we used the WWF Biodiversity Risk Filter (BRF) and WRI Aqueduct to research and evaluate reliance and impact on water resources at the Company’s domestic and global business sites, and among primary suppliers (most notably semiconductor production plants).

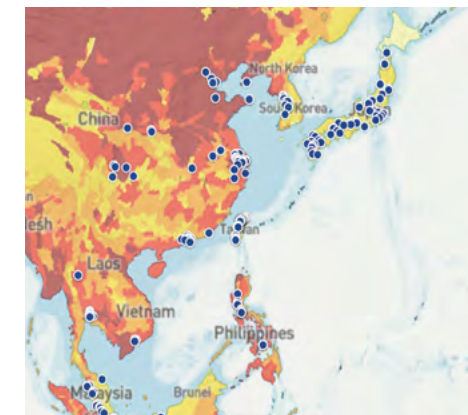
The research verified that the Company’s main domestic and global sites are office buildings, and that it is only using potable water for daily use, and not taking water from underground or river sources. Because overall usage volume is low, our evaluation suggests only limited dependence and impact on water resources at this time. Meanwhile, for primary suppliers in locations with high water risk, we are working to assess the risk posed to Macnica. At the same time, we are moving through the CDP Supply Chain Program and other avenues to continue engagement activities that will boost water management levels. Through these activities, Macnica is respecting natural capital across the entire supply chain, and contributing to making a sustainable global environment possible.

*2 An international organization established to erect a framework to enable companies and financial institutions to appropriately evaluate and disclose risks and opportunities with respect to natural capital and biodiversity.

*3 Refers to an integrated approach developed by TNFD for evaluating nature-related issues such as an organization’s interface with nature, dependencies and impacts on nature, risks, and opportunities.



WWF BRF water quality analysis
(Dots indicate risk locations)



WRI Aqueduct water stress analysis
(Blue dots indicate Macnica bases and supplier production sites)

Employee Engagement

Naturally Fostering High Employee Engagement

Since its founding, Macnica has actively disclosed a wide range of information its our employees, such as the corporate philosophy and vision, management policies, business strategies, business plans and results. In addition to a highly transparent management approach, a corporate culture of open communication and trusting others to do jobs is firmly rooted within the Company. In this environment, employees develop a deep understanding of the Company’s direction and naturally foster a sense of pride and attachment to their work, along with a willingness to contribute of their own accord. Without explicitly focusing on employee engagement initiatives, Macnica has built a workplace that achieves high levels of engagement through various measures.

| A Corporate Culture that Supports Sustainable Growth

Management Plan Presentations that Foster Unity and Momentum

At Macnica, from our founding through today, we have held an annual Management Plan Presentation meeting where all employees gather in one place. What began with just a few dozen employees has now grown to thousands, filling the venue with energy and excitement. Employees listen intently as management speaks from the podium about the policies and strategies for the new fiscal year, aligning these with their own roles and responsibilities. This meeting is more than just an information-sharing session—it is a moment where employees feel the heartbeat of the Company by sharing the same time and space, naturally fostering a sense of unity across the organization. A positive sense of pressure and excitement spreads through the Company as we head into a new term, serving as a powerful driving force of individual motivation and action. During the COVID-19 pandemic, when in-person gatherings were not possible, we preserved the significance of the event by moving the “place” to a virtual space while continuing to share the same “time” as always. This meeting symbolizes Macnica’s culture and has the power to unite employees’ hearts. We will continue to leverage this event to strengthen the driving force of our organization.

Global Human Networks that Gives Birth to Organizational Strength

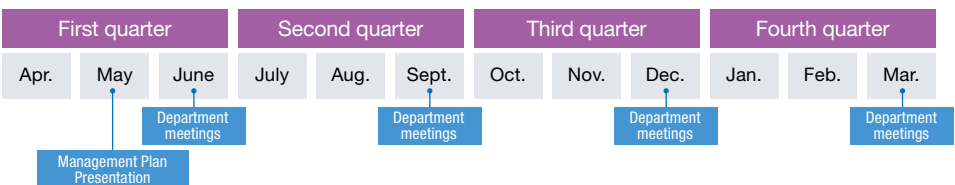
In recent years, the number of participants in the Management Plan Presentation has grown year over year in line with Macnica’s global expansion. In FY2025, approximately 3,150 employees gathered from Japan and overseas, with 220 of them coming to Japan from overseas locations. At the venue, employees who had not seen each other in a while exchanged words and smiles and the circle of connections grew naturally. Before and after the presentation, members from different countries engaged in discussions across departments, and by directly interacting with colleagues they had previously only seen online, their relationships deepened significantly. Through exchanges, connections that transcended distance developed, and a sense of unity was fostered on a global scale. This event strengthens employees’ sense of belonging and pride in their work, making the Management Plan Presentation an essential platform that supports Macnica’s organizational culture.



Fostering Initiative by Linking Company-wide Policies to Divisional Strategies

At Macnica, after sharing key policies and strategies at the Management Plan Presentation, employees attend quarterly department meetings to confirm the progress of their department policies and activities. This system deepens employees’ understanding of the connections between department and company-wide policies and how those are tied to their everyday work, helping them better grasp how their roles in the Company can contribute to Macnica as a whole. This type of environment encourages employees to demonstrate proactive and positive effort.

Annual Schedule



Awards and Long-Service Recognitions Promote a Corporate Culture of Praise

At Macnica, we leverage the Management Plan Presentation as an opportunity to recognize employee achievements through award programs and to express gratitude for long-term contributions with the Long-Service Award. The award system is used to recognize individuals and teams who have delivered outstanding results in key areas like business performance improvement, company image enhancement, fostering a corporate culture, embodying our purpose, and practicing T.E.A.M.S., our core values. By recognizing accomplishments from a perspective different from everyday evaluations, the program boosts employee motivation and nurtures a corporate culture of mutual appreciation. As part of these accolades, the Best Rookie Award celebrates employees in their first through third years in the Company who have demonstrated remarkable growth and who have brought new value to their teams. Their willingness to take on challenges and fresh perspectives are highly valued, inspiring the entire organization. The Long-Service Award expresses gratitude to employees who have worked for the Company for many years and is awarded to employees regardless of their position or employment type. By showing respect for their long-term contributions, we can increase employees’ sense of belonging while also building a stable human resource foundation. These recognition programs foster a culture of praise in which the efforts and achievements of employees are acknowledged company-wide, contributing to higher engagement as well as to the sustainable creation of corporate value.



Interactive Reading Sessions in Support of Implementing Corporate Philosophy

At Macnica, we believe that for a company to grow and for employee engagement to improve, it is essential for all employees to understand our corporate philosophy, strategies, and values and apply them to their daily work. To achieve this, we conduct regular reading sessions of three documents within each department: the Management Policy, the Code of Conduct, and the Core Values (T.E.A.M.S.). These reading sessions go beyond mere formal confirmation; by sharing real-life experiences and engaging in discussions, employees deepen their understanding of the content. Following the integration with Fuji Electronics in 2015 and the incorporation of Glosel in 2024, our workforce has become increasingly diverse. Even so, we aim to create an environment in which each employee can relate to our corporate philosophy and talk about it in their own words. Through these readings, we have the opportunity to learn about others' success stories, failures, and approaches to work, ultimately fostering new insights and mutual understanding.

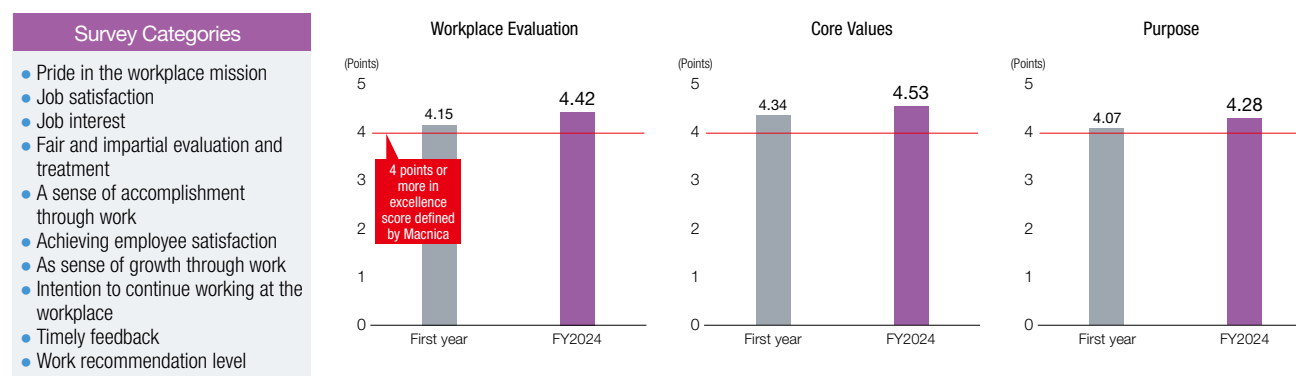
A Communication Structure that Produces a Sense of Unity between Management and Employees

At Macnica, we value reducing the distance between management and employees and fostering a sense of unity that transcends titles and positions. Our culture of addressing each other with the honorific “-san” encourages open and active communication without hierarchical barriers. Greeting one another is also deeply ingrained; even employees with no direct work relationship will naturally greet each other when they pass in the office. This custom encourages interaction between all employees and improves the openness of the organization. Further, we provide opportunities for employee interaction outside of work through events such as company trips and beer parties. It's not unusual for someone who has just joined the Company to find themselves speaking casually with the President; we have created an environment where employees can feel closely connected to management. In terms of systems, the quarterly management meetings are a place where employee representatives and management exchange opinions. Employee representatives determine the agenda and have direct discussions with management, including the President, to share

an awareness of issues and thoughts and to provide feedback to all employees. Through these initiatives, Macnica has cultivated a strong corporate culture, enhanced employee engagement, and created a workplace where people are motivated to continue working with pride and enthusiasm.

Building a Strong Company and Employee Engagement

At Macnica, we have been conducting an annual company-wide survey for 12 consecutive years with the goal of building a stronger organization. The results are shared with the President, Vice President, and key division managers, and analyzed in collaboration with external consultants. Based on the survey findings, division heads assess the current state of their departments and identify perception gaps by comparing with employee activities. Then they think about management issues and report proposed countermeasures to management. The following year, the effectiveness of these changes is evaluated to further improve organizational management capabilities. In FY2024, scores for “Workplace Evaluation,” “Core Values,” and “Purpose” improved steadily compared to the first year of the survey, reaching record highs. All three areas exceeded the Company's standard excellence score of 4 points. In particular, the “Workplace Evaluation” category includes items related to engagement, so we continuously monitor the scores.



Topic Job Satisfaction Ranking

Macnica was ranked 5th in the Best Companies to Work For 2025 and 11th in the Ranking of Companies Rated Highly by Managers published by OpenWork. OpenWork is a highly influential platform that has over 300,000 users and approximately two-thirds of job-hunting students in Japan registered. Macnica's high level of employee engagement has become widely recognized through these external evaluations.

Best Companies to Work For 2025

<https://www.openwork.jp/award/>

Ranking of Companies Rated Highly by Managers

<https://www.openwork.co.jp/press/2024091902>



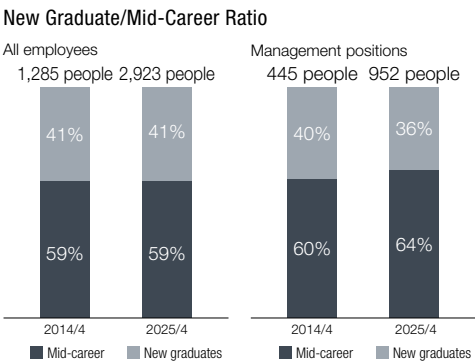
Diversity, Equity, and Inclusion/Human Rights

| Diversity, Equity, and Inclusion: Transforming Diverse Values and Abilities into Strengths

For the Macnica Group, with its goal to be a Services & Solutions Company, it is vitally important that all of our employees with their diverse values and abilities are able to play an active role. Regardless of an employee's nationality, race, religion, gender, age, dis/ability, sexual orientation, rank, etc., we value communication that enables everyone to exchange viewpoints freely. Through mutual trust, we can maximize all of our strengths. By creating such an environment, Macnica will create innovation.

Promoting Diverse Employees

The spirit of Trust & Empowerment is deeply rooted in Macnica's corporate culture. The goal of this philosophy is to enable all employees to maximize their capabilities and play an active role, regardless of age, gender, nationality, or individual characteristics. Based on this philosophy, we actively recruit people with diverse values; since our founding, we have maintained a hiring policy that is approximately 50:50 between new graduates and experienced recruits. Additionally, when hiring people with disabilities, we provide an environment where employees can really feel they are contributing to the Company.



Promoting Success beyond Gender and Sex Differences

At the Macnica Diversity Fes in March 2025, we hosted a discussion between our President and Tatsuya Suzuki, Regional Vice President of Akamai Technologies and author of the book *Preferential Treatment for Women ≠ Diversity*. The discussion focused on "true value diversity" from the perspective of diversity management. The event provided employees an opportunity to think seriously about promoting diversity and creating a better work environment. Macnica was also the recipient of the first Family Friendly Award, sponsored by the Daini Tokyo Bar Association. We were highly praised for our focus on the workstyles of men as well as women when promoting women's participation in the workforce.



| Respect for Human Rights

The Macnica Group has set "Promoting global management and strengthening the supply chain with consideration for the environment and human rights" as a one of the key policies in the Macnica Group Sustainability Policy. With this policy as a foundation, the Macnica Group has formulated the Macnica Group Human Rights Policy and published it both in and outside of the Company. This policy abides by the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council. It also complies with the Japanese government's National Action Plan for Business and Human Rights, as well as Guidelines on Respect for Human Rights in Responsible Supply Chains, while also demonstrating our strong commitment to managing human rights risks appropriately in the development of our global business and in the building of responsible supply chains.

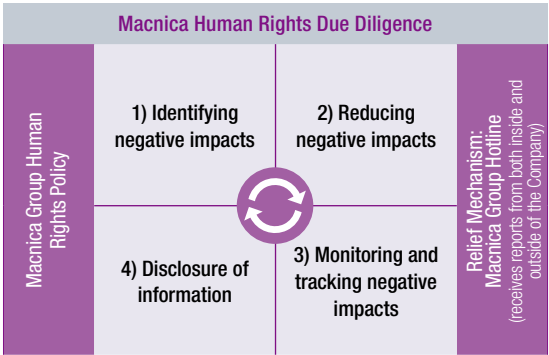
Macnica Group Human Rights Policy

As part of the effort to promote respect for human rights, we have established a reporting hotline that can be used by Macnica Inc., domestic and overseas Group companies, and external parties including business partners. In FY2024, harassment and labor-related reports accounted for more than 75% of all reports. We promptly and appropriately investigated these reports, and in cases where the facts were confirmed, we took corrective measures to prevent recurrence (P.78). To eliminate discrimination and to promote active engagement by a diverse workforce, we have implemented e-learning programs for all employees on collaborating with people with disabilities, unconscious bias, and LGBTQ issues (including how to handle coming out).

Further, we provide training on harassment prevention, the management of work hours, and DE&I (Diversity, Equity, and Inclusion) to managers in order to promote creation of a work environment that protects the human rights of employees.

Human Rights Due Diligence

The Macnica Group has worked with an external specialist evaluation organization to assess and improve human rights risks in its supply chain by introducing an evidence-based system for assessing its major suppliers' initiatives for respecting human rights. In FY2024, major suppliers accounting for over 90% of Macnica's procurement value participated in the assessment program. In addition, the Group has established a hotline to receive complaints from relevant people outside the Company, including employees of our suppliers, and it has made appropriate investigations and provided the necessary means for assistance to deal with cases of suspected human rights violations. Through these initiatives, we continuously assess and manage human rights risks in our supply chain, making requests for dialogue and improvement to suppliers as necessary in order to realize responsible corporate activities.



Social Contribution Activities

Macnica actively engages in social contribution activities to fulfill its responsibility as a good corporate citizen as described in its Code of Conduct. We aim to create a happy and prosperous future society for people around the world by sincerely pursuing co-creation initiatives that leverage our strengths in environmental conservation, community revitalization, promotion of culture and sports, and support for children and young people who will lead the future.

Blood Donation Drives

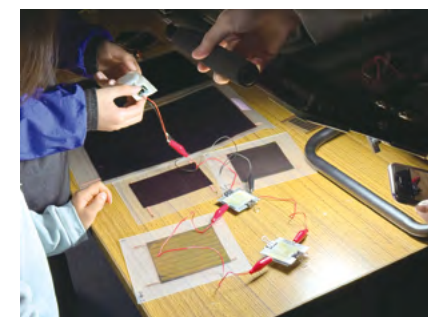
With the cooperation of the Kanagawa Red Cross Blood Center, we invite blood donation buses to our head office to conduct blood donation drives two to three times a year for employees and people from neighboring companies.

In recognition of our more than 20 years of continuous contributions, we received a letter of appreciation from the Minister of Health, Labour and Welfare July 2024 and the Golden Order of Merit from the Japanese Red Cross Society in November 2024. Our blood donation drives are not just limited to Japan. Macnica Galaxy Inc. in Taiwan has been actively conducting blood donation drives in conjunction with World Blood Donor Day since 2023, while encouraging broad participation from the general public. Our activities spread across national borders as a meaningful effort to save as many lives as possible.



Perovskite Solar Cell Event for Children

In February 2025, in collaboration with the Decarbonization Strategy Headquarters Office, Environmental Agricultural Administration Bureau of Kanagawa Prefecture, the Hamagin Space Science Center and Peccell Technologies, Inc., we held a talk event on perovskite solar cells (PSCs) and a workshop using dye-sensitized solar cells at the space science center. This workshop aimed to convey the importance of renewable energy to local children and help them learn about the characteristics and usefulness of PSCs as a next-generation technology through hands-on experience. After learning about how PSCs work and their benefits in the talk event, the children who participated were able to enjoy creating crafts using dye-sensitized solar cells. Going forward, we will continue to contribute to the creation of a sustainable society through education that stimulates an interest in science and technology.



Cybersecurity Outreach Classes

We have participated in the corporate education program conducted at Yokohama Municipal Higashi High School every year since 2022. The theme of the class in FY2024 was the unknown world of smishing and phishing. This class aimed to provide a deeper understanding of cybercrime risks and raise awareness of self-protection. In addition to introducing Macnica's business, expert lecturers used concrete examples to explain phishing scam techniques and what to do to prevent them.

Students commented that learning about online scams and suspicious job schemes was informative and worthwhile, making the session a valuable educational experience overall.



Community Cleanup Activities

The community cleanup activities that we started at our head office in the 1990s have now spread to all of Macnica's sites in Japan as an important part of our contributions to the local community. Employee volunteers conduct cleanups around our offices four times a year, and thanks to a campaign by an internal committee in FY2024, nearly 200 employees participated in a single event.

In particular, at the head office, cleanup activities have broadened to include joint cleanup events in cooperation with neighboring companies and sports organizations. We contribute to the beautification and revitalization of local communities while maintaining strong ties with the region.



Nagoya SDGs Green Partners Initiatives

With the aim of encouraging all employees to autonomously work toward achieving environmental goals, the Nagoya Office participated in Nagoya SDGs Green Partners activities and was registered as a certified eco-office in 2023. Specific initiatives included CSR activities such as food banks, thorough waste separation at business sites, and the hosting of Fujimae Tidal Flat outreach classes in conjunction with local cleanups to provide opportunities to learn about biodiversity conservation. We also help deepen understanding of environmental issues close to us through internal email newsletters, and engage in multifaceted initiatives for global environmental conservation.





Kazumasa Hara
Representative Director
and President

Role of the Board of Directors in Advancing Governance and Corporate Value

The role the Board of Directors plays in building corporate value is more important than ever. We have been steadily evolving the functions of the board based on our corporate culture of being simple, open, and fair. In FY2024, we adjusted the organizational structure, and in FY2025, we introduced a new board system. Here, Representative Director, President, and Chairman Kazumasa Hara talks with lead Outside Director Shinichiro Omori about how Macnica has enhanced its governance and reinforced its results, as well as about what role the board should play in realizing Vision 2030.

(Note: This article is based on a discussion on July 1, 2025.)

A Culture that Supports Healthy Opposition — Balancing Trust and Tension

Hara The term “board of directors” carries a rigid image for many, but a functioning board is essential to the healthy, sustainable growth of a corporation. In management, separating supervision and execution makes it possible to objectively review decision-making and change course according to current needs. This ensures corporate transparency and accountability, thereby fostering trust within society at large. However, the separation between supervision and execution alone is not sufficient for a board of directors to function. What’s important is the balance between a trusting relationship where both parties respect one another while maintaining a healthy tension between them. Trust makes clear, frank exchanges possible,

and tension ensures thorough judgment. I feel that a good balance between these forces raises the quality of a board. Macnica’s culture maintains this balanced relationship. Since its founding, Macnica has always cherished the values of being simple, open, and fair. The foundation for this is the core value of mutual trust. Macnica’s culture enables frank opinions to be expressed in Board meetings, complex ideas to be communicated in simple language, and fair judgments to be made. I think it’s a major strength that our outside directors hold these values too, and so open discussion comes naturally.

Omori As you say, I see a balance between the relationships of trust and a certain degree of tension within Macnica’s Board, creating a strong basis for sustaining healthy discord. The strong impact Macni-



Shinichiro Omori
Director

Discussion between the Chairman and the Lead Outside Director

ca's culture had on me when I came on as an outside director has not diminished in the slightest. As a participant from outside, I immediately felt its openness, naturally allowing free, honest communication. Board discussions have been livelier in the past year in particular. In preparing the new Medium-Term Management Plan, we held in-depth discussions on capital allocation policy and priority areas for investment, outside directors included. This sort of frank exchange is made possible by Macnica's cultural tolerance, which allows anyone to speak their mind without reservation. In Board meetings, there were opportunities to discuss Macnica's corporate culture, which deepened my understanding. What impressed me most was one young employee, participating in a Board meeting as an observer, sharing his thoughts without hesitation when asked by the directors for his opinion. Watching this confirmed for me that Macnica's culture extends to all employees, including the younger generation, and so I realized anew how important the cultural factor is in facilitating smooth communication between directors and executive officers.

Hara For the Board to fulfill its intended functions, it's vital that its members maintain cool-headed, objective views. I consciously make a habit of looking at things from a long-term, bird's-eye standpoint, and prepare myself for discussions with a sense of tension, alert to the possible blind spots of mutual trust. Assumptions like

"they'll understand me without saying" or "we're all on the same page" can create the feeling that an agreement has been reached without in-depth discussion, and carries the risk of blurring the decision-making process. For directors supervising the management team, building trusting relationships is important. At the same time, we must maintain a healthy tension moving forward to make more level-headed judgments.

Omori Indeed, without that healthy tension, the Board can't sufficiently fulfill its intended supervisory function. In the course of fulfilling that function, opinions and viewpoints often clash in various ways, but that signals productive discussion. What matters is that through this process we eventually reach confident conclusions and move a step forward as a company. At Macnica, relationships have been built where executive officers sincerely listen to the views of outside directors, even if they differ from their own. Differences of opinion in board meetings are not negative; rather, they are an important part of the process that elevates the maturity of governance.

As an outside director, I put priority on understanding the intent and background of someone's remarks, not just to assess what was said, but to understand where it comes from — in other words, the speaker's awareness of a given issue and context. I feel that doing this can lead to more essential, constructive discussions.

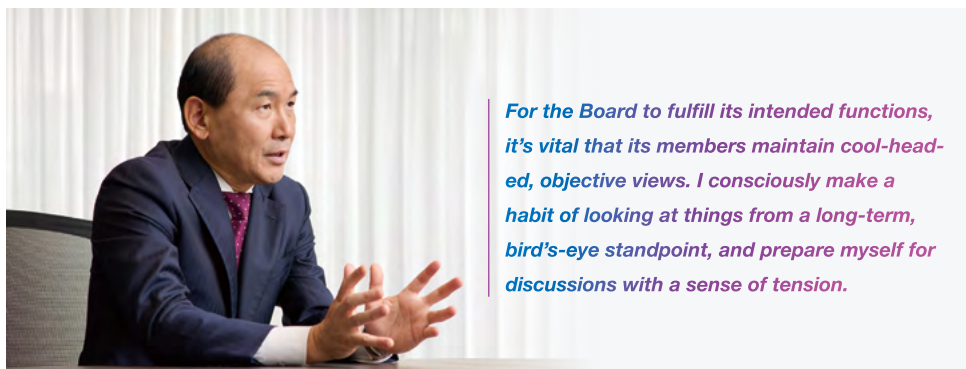
I think this kind of understanding deepens dialogue with executive officers and raises the quality of the decisions we make as a Board.

Shifting to an Audit & Supervisory Committee — Results and Challenges

Hara Last year, Macnica replaced its Audit & Supervisory Board with an Audit & Supervisory Committee, which significantly evolved the role of the Board of Directors. The purposes of this change are to more clearly separate the supervision and execution functions, delegate more authority to executive officers to accelerate managerial decision-making and action, and reinforce the Company's competitiveness. When there are no clear right answers, speedy decision-making is especially important. Previously, there were too many agenda items for members to resolve at Board meetings, and spending sufficient time on longer-term themes was often difficult. By delegating a degree of authority to the executive side, the Board can now focus on strategic discussion from a broader perspective. As a result, this year we were able to spend more time on themes like capital allocation to promote business model transformation, succession planning for the Chairman of the Board, and adjustments to the Board's structure following such a change. This is a big improvement, and I strongly feel that in FY2024 Board functions evolved to meet the objective of organizational structure change. It's important to keep this trend going and while deepening discussions from a more strategic standpoint.

Omori I too felt substantial changes in the content of Board discussions last year. Looking at the record, we spent more time reporting items in FY2024 than we did in FY2023 (P.69), and as a result of delegating some authority to the executive side, we enhanced the oversight function of the Board.

More opportunities for discussion outside regular Board meetings, with help from the Board secretariat, is another important achievement we can claim. Given that Board members come from diverse backgrounds, intentionally creating opportunities for



Discussion between the Chairman and the Lead Outside Director

communication is essential, as is the system for promoting them. Theme-specific discussions deepened understanding among directors and between directors and executive officers, and fostered an environment for lively discussion in Board meetings. As a result of these initiatives, time spent discussing strategy increased to more than 30% in FY2024, indicating the review of our organizational structure and creative change in management helped increase the effectiveness of the Board.

At the same time, one of the things we need to do going forward is to raise the quality of Board discussions. To continue updating our knowledge and checking viewpoints, which I myself need to do as well, inviting outside specialists for study opportunities is important. By encouraging two-way communication with executive officers, I'd like to increase the effectiveness of the Board in terms of both the quantity and quality of discussion.

Hara As you point out, to raise the quality of board discussions, two-way communication between supervisors and executors is essential. It's particularly important for both sides to share the same viewpoint and sense of purpose, and have deeper discussions based on a common understanding. Outside directors bring to the table various skills and kinds of experience. To make the most of this knowledge, executive officers should actively seek out their opinions so the Board can operate more effectively. Through exchange with outside directors, executive officers acquire new viewpoints and experience, expanding the knowledge and experience of the organization as a whole. With abundant discussion, I hope a common language will form between the supervisory and executive sides. Shared assumptions and perspectives will make more advanced, meaningful discussions possible, maximizing the Board dynamic.

Responsibilities of the Chairman and the lead Outside Director: Higher-Quality Discussion

Hara In June of this year, I assumed the office of both Chairman of the Board and Chief Executive Officer. These dual responsibilities carry advantages in speedy decision-making, assurance of strategic consistency, and clarification of leadership, but on the other hand, concentrated authority poses risks. So, to enhance the oversight and restraint functions to ensure balanced power, we decided to designate a lead outside director. Under the new management system, I take a bird's-eye view of management as a whole, understand the organization's overall capability, and promote both oversight and execution in management. In Board meetings, I facilitate discussion as Chair, and I plan to focus on strategic themes and improve the agenda and proceedings while carefully drawing out the opinions of the executive officers. I also have a strong awareness of mediating between outside directors and employees on the floor. As I customarily talk with many employees to grasp the atmosphere and challenges on the floor, I believe I'm capable of filling the gap between the supervisory and executive sides, and leading them through discussions of essential importance.

Omori There was much careful discussion among us outside directors in deciding whether the CEO should chair the Board. From various viewpoints, the Nomination & Compensation Advisory Committee discussed the role of the Chair, required personal qualities, and the advantages and concerns about the CEO doubling as Chair. In the end, the committee unanimously agreed that the current system is optimal and that Mr. Hara deeply understands the industries that Macnica serves, its businesses, and corporate culture, and moreover is equipped with the necessary resources to manage Board discussions and lead decision-making.

I understand that my role as the lead outside director also holds stronger importance with the organizational shift. To fulfill my responsibility to oversee and check the Chair, I also play the role of making constructive suggestions about where the discussion should go in one-on-one dialogue with the Chair as needed, in addition to collecting and organizing the various opinions exchanged among the outside directors. For that, it's important for me to clearly understand what's happening in the Company as well as the challenges it faces. Smooth communication with executive officers is also essential. Fortunately, Macnica has a deeply rooted, open and unbiased culture, in an environment that allows free dialogue

To fulfill my responsibility to oversee and check the Chair, I also play the role of making constructive suggestions about where the discussion should go in one-on-one dialogue with the Chair as needed, in addition to collecting and organizing the various opinions exchanged among the outside directors.



Discussion between the Chairman and the Lead Outside Director

to happen naturally. With the shift in organizational structure last year, we revamped our system to better facilitate discussion. Going forward, I think we will soon enter the phase of raising Board effectiveness while making the most of our strong foundation.

Hara Macnica's board has seen major transformation since last year, and opportunities for outside directors to be more involved in management are increasing. FY2024 in particular was a crucial year with the start of the new Medium-Term Management Plan, and participation by outside directors from the early stages was highly significant. During our management retreat, we were able to have many lively discussions on capital allocation to realize Macnica's vision to become a Services & Solutions Company. As a result, we drew up a very convincing plan and publicly disclosed it for the first time. I see this as a major accomplishment. I'd like to continue building a highly effective governance system through dialogue with outside directors.

Omori I also got involved in writing the current Medium-Term Management Plan. It's a major turning point for Macnica in that it sets capital allocation over the coming three years and clarifies priorities for growth-oriented investment. Now that we've published specific figures for investment and clarified priorities among our investment targets, it will be even more important for the Board to continuously monitor the progress of ongoing initiatives. The Board needs to become more deeply involved in management, going beyond the oversight role and serving as a partner for executive officers, helping them carry out our current strategies.

Functions of the Board to Help Realize Vision 2030 — Greater Corporate Value and Sustainable Growth

Hara When Macnica says "higher corporate value," it means balancing economic and social values for sustainable growth. What we want to be going forward is set out in Vision 2030, but it's also an important guideline that expresses the types of value and

future that Macnica should create. In making Vision 2030 a reality, the Board will be more important than ever. We will support the decisions of executive officers with a long-term view, urge execution of strategies, support healthy risk-taking, and sustain growth. To build corporate value, it is essential to look at results in terms of sustainability as well as financial factors. For sustainable growth, I consider the environment, society, people, and governance to be essential factors in management decisions, as well as making social responsibility a high corporate priority. The diverse specialties of outside directors are indispensable for bringing new viewpoints to management and raising the quality of decision-making.

Omori The Medium-Term Management Plan, drawn up as the second step of Vision 2030, has now entered the phase of strategy execution. I know that this is when the quality and speed of executive officers' decisions and the value of a corporation are tested. As an outside director, I will support promotion of the plan, and to protect shareholder interests I accept the responsibility of checking the validity of management decisions, risk-taking, and hedging with an independent view. I think it's also an important responsibility for us outside directors to maintain an environment in which the Board can confidently support the executives in making challenging decisions. Macnica's areas of focus, including semiconductors, cybersecurity, digital technologies, and AI, have great growth potential over the long term, and I believe that handling them strategically will lead directly to increasing corporate value. When making investment decisions to shift the earnings structure and invest in new business, we have to take a close look and consider everything from financial health to technological risks and social effects.

Seeing whether our growth strategies are compatible with shareholder interests is also an important responsibility entrusted to us outside directors. I value incorporating into management the views we encounter in talking with shareholders and investors, while ensuring that we're making transparent management decisions and fulfilling our accountability. Dialogue with investors and shareholders promotes their understanding and support for our chosen direction,

and creates important feedback opportunities to maintain management health. By fulfilling these responsibilities, I will continue helping raise corporate value further as an outside director.

Hara Indeed, our fields of business, namely semiconductors, cybersecurity, and digital technologies, carry the potential for major social effects, and I sense in these areas Macnica's competitive edge and positive future prospects. We are able to offer value globally in these fields because we have the agility of a trading house on top of our technological prowess, and this is Macnica's core strength.

To correctly communicate and build our value, dialogue with our stakeholders is essential. In this kind of dialogue, I'm on the front lines listening to them on a daily basis and gaining new awareness, which holds enormous potential for expanding our scope of management and improving our decisions. I feel this frank dialogue gives us the capability to prevent a lot of management risk in advance. In these dialogues, I will continue to sincerely value their opinions and lead Macnica to be a stronger, more trustworthy company. I am resolved to putting myself on the front lines and fulfilling my responsibilities. I hope our stakeholders will continue providing their warm support and straightforward opinions, for which I express my heartfelt gratitude.



Corporate Governance

Basic Approach and Policy

Macnica Holdings, Inc. is responsible for corporate governance of the entire Macnica Group, including the formulation of basic management policies and strategies based on them. Meanwhile, the operating companies execute these policies and strategies, and pursue a governance model in which culture, talent, and strategy are integrated as one. As a group, we have adopted a basic policy of ensuring transparency and fairness through oversight while making prompt and bold decisions and executing operations in order to meet the trust placed in us by stakeholders such as customers, shareholders, and employees and to realize sustainable growth and enhanced corporate value.

In addition, to respond appropriately and swiftly to rapid changes in the business environment, we have introduced an executive officer system to separate business execution functions from decision-making and supervisory functions, with the aim of improving management mobility and clarifying responsibility for business execution.

Macnica's Basic Policy on Corporate Governance

01

Strengthening Our Competitiveness as a Company

We have continuously taken on bold and swift challenges ahead of our competitors in a rapidly changing business environment since our founding. The Group continuously discusses the ideal form of the Board of Directors and the policy for the operation of the Board of Directors in order to enhance our competitiveness as a company. As a public company, the Group aims to be a corporate group that meets the expectations and demands of all stakeholders with both integrity and competitiveness.

02

Establishing Frameworks and Processes for Decision-Making

We have structured and process management decision-making in order to be a corporate group that responds to market demands in a timely and appropriate manner and continues to grow sustainably even after generational changes in management. In addition, rather than insisting on finding the absolute correct answer to environmental changes we are also enhancing the Group's resilience (the ability to flexibly overcome difficulties and recover) by making decisions flexibly and promptly.

03

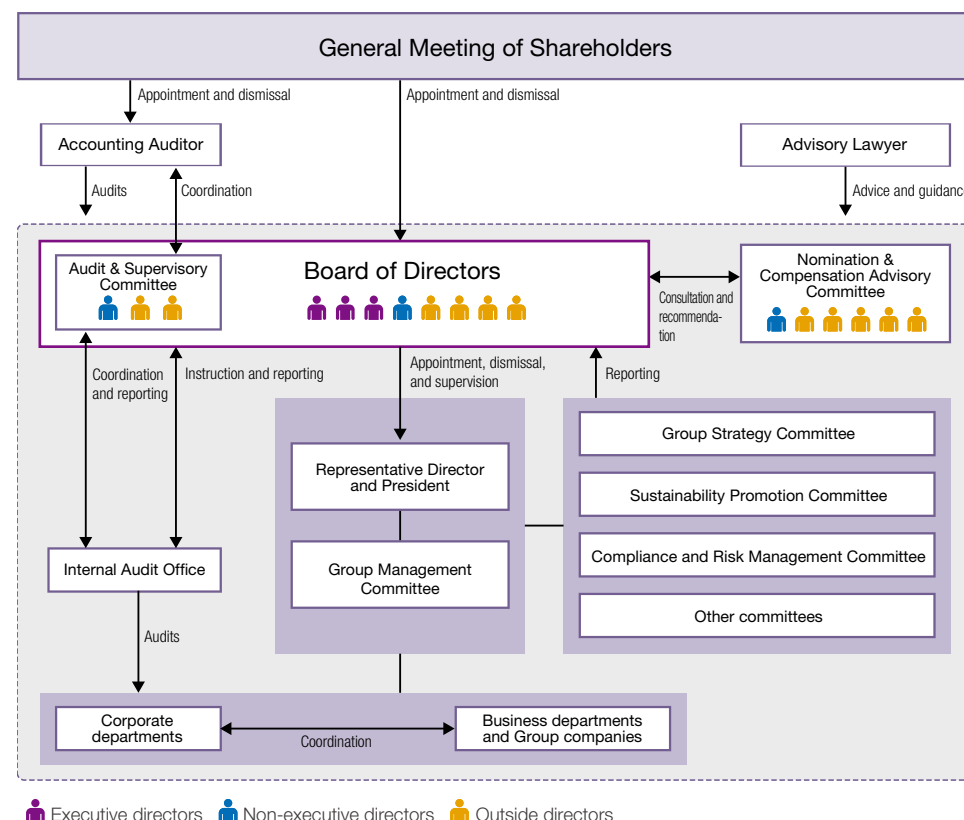
Ensuring Transparency, Objectivity, and Fairness

We also value our corporate culture of simplicity, openness, and fairness in operating the Board of Directors. By enhancing the transparency of information and actively incorporating objective viewpoints, we are creating an environment where both internal and external executives can engage in open discussions, thereby enabling a one Macnica to make the best decisions with a shared purpose. Furthermore, through means such as introducing a level of compensation that ensures market competitiveness benchmarked against major corporations and stock-based compensation to promote medium- to long-term corporate value creation, we are building a system that ensures objectivity and fairness, prevents reliance on specific individuals, and maintains continuous motivation and passion for growth.

Overview of Corporate Governance Structure

The Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee from June 2024. The aim is to enhance the Company's competitiveness and corporate value by delegating decisions on important business execution from the Board of Directors to directors to further accelerate decision-making and execution, while also strengthening the supervisory function of Board of Directors through focused discussions and policy decisions on critical management issues such as strategy, human resources, and risk, as well as monitoring the execution status by the executive team, thereby creating a corporate structure in which supervision and execution work in tandem.

Corporate Governance Structure (as of June 25, 2025)



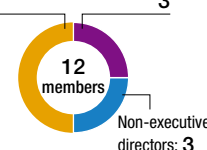
Review of FY2024

We define the role of the Board of Directors as “to enhance corporate value as a body that makes important management decisions and supervises business execution, against the backdrop of relationships not only with shareholders but with all stakeholders,” and in accordance with this purpose, we set appropriate discussion topics from the three key governance perspectives of human resources, business portfolio, and management foundation under the Chairman’s policy. For the current fiscal year, we focused our discussions on important issues in the formulation of the new Medium-Term Management Plan (FY2025–2027), including the medium-term strategy and plan to realize the long-term vision planned and proposed by the executives, and the approach to capital allocation based on that plan.

Board of Directors

Role: The Board of Directors adopts a monitoring model and, based on the regulations of the Board of Directors and other related regulations, makes decisions on important matters of the Company’s management and basic matters of Group management, while supervising the execution of duties by directors, and in principle meets once a month.

Chairperson: Kiyoshi Nakashima		Number of meetings: 13 in FY2024
Structure	Outside directors: 6	Main items for discussion and deliberation: • New Medium-Term Management Plan (FY2025–2027) • Approach to capital allocation based on the new Medium-Term Management Plan • Chairperson succession • Review of the standards for submission of proposals and changes in the operation of the meeting body in connection with the transition to an Audit & Supervisory Committee • Progress on existing and new businesses and corporate operations • The ideal form of the Board of Directors based on the evaluation of the effectiveness of the Board of Directors
	Directors: 3	



Activities of the Board of Directors

(1) Formulation of the New Medium-Term Management Plan (FY2025–2027)

The Board of Directors confirmed the strategic transitions and challenges of the Services & Solutions business, which will be key to transforming the business model upon achieving the long-term vision, and at the same time, confirmed the future growth potential and profitability of the existing Semiconductor and Cybersecurity Businesses. Based on this, the Board of Directors deliberated on future investment priorities and scale, and provided feedback to the executives regarding the necessity of new investment management.

(2) Governance Related to Human Capital, Business Portfolio, and Management Foundation

Regarding human capital, the Board of Directors reaffirmed the Company’s philosophy toward people as stated in its management policy as the foundation of its valued culture, and discussed what should be changed and what should be retained, and discussed with the executives the signs of change in our current culture.

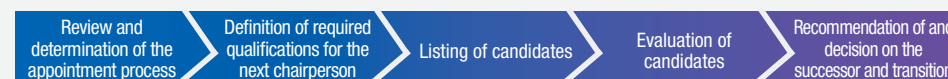
With respect to the business portfolio, as previously mentioned, the Board of Directors discussed and confirmed strategies for transforming both the existing business models and the new Services & Solutions (SS) model under the new Medium-Term Management Plan toward achieving Vision 2030 and long-term management targets.

With regard to the management foundation, the Board of Directors discussed the CDP assessment report and disclosure proposals related to the GRI content index submitted by the Sustainability Promotion Committee, and received reports from the executives regarding the internal whistleblowing situation and countermeasures in response to major risks as part of Group risk management. It also receives regular reports on investor relations activities and discusses future activities.

(3) Chairperson Succession

A review was held on the chairperson succession process due to the mandatory retirement at the end of the Chairman’s term and on the structure of the Board of Directors following the change in chairperson. Regarding the chairperson succession process, from the perspective that the role as the leader of the Board of Directors is becoming increasingly important as a source of corporate competitiveness, the roles and responsibilities of the Chairman were again discussed and defined, and a process was put in place. With respect to the structure of the Board of Directors, a structure was reviewed in which the CEO would serve as chairperson in the next fiscal year, the ratio of inside directors to outside directors would be 5:6, and a lead outside director would be appointed.

Outline of the Selection Process



Role and Personnel Requirements for the Next Chairperson

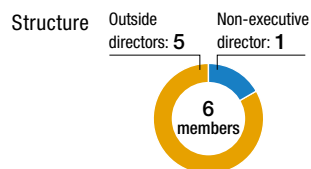
Role of the next chairperson	Personnel requirements for the next chairperson
1. Lead the agenda and decision-making based on a thorough understanding of Macnica’s industry, business, and organization 2. Collaborate with, support, and supervise the CEO and management team 3. Continuously improve the effectiveness of the Board of Directors 4. Provide explanations to and coordinate with stakeholders 5. Oversee the nomination and compensation processes 6. Secure sufficient time for the chairperson to fulfill their role	• Competencies • Experience • Personality • Motivated • Other

Nomination & Compensation Advisory Committee

Role: As an advisory body to the Board of Directors, the committee confirms and reviews the appointment of the Representative Director and President and the selection of candidates for directors and Audit & Supervisory Board members with a high degree of independence, objectivity, and transparency, and provides recommendations to the Board of Directors on the compensation (including stock-based compensation) of directors and executive officers.

Chairperson: Eiichi Nishizawa

Number of meetings: 7 in FY2024



Main items for discussion and deliberation:

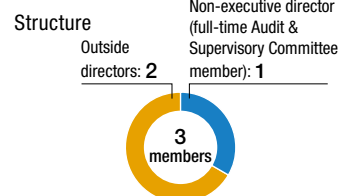
- Review of the chairperson succession process and structure of Board of Directors following change in chairperson
- Review of the process for selecting candidates for outside directors
- Whether or not to revise the level and structure of executive compensation in the next fiscal year

Audit & Supervisory Committee

Role: The Audit & Supervisory Committee, as an independent statutory body, mainly audits and supervises the execution of duties by directors. In addition to meetings of the Board of Directors, the committee attends important meetings and regularly exchange opinions with senior management, the Internal Audit Office, the accounting auditor, and outside directors to gain an understanding of the actual state of operations, with the aim of improving audit effectiveness and enhancing corporate governance.

Chairperson: Shinichi Onodera (full-time)

Number of meetings: 10 meetings in FY2024 (Board of Corporate Auditors: 3 meetings*)



Key audit items:

- Operation of the Board of Directors (including the Nomination & Compensation Advisory Committee)
- Appropriate operation of main businesses and new businesses
- Financial management, sustainability management, global management infrastructure, etc.
- Audits by accounting auditor

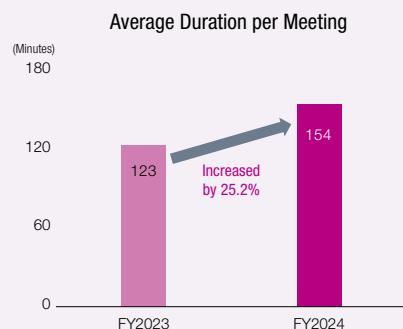
* The Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee with the approval at the 9th Annual General Meeting of Shareholders held on June 26, 2024. Therefore, in FY2024, the Audit & Supervisory Board held 3 meetings up to June 26, 2024, when the Company transitioned to a company with an Audit & Supervisory Committee, and thereafter, the Audit & Supervisory Committee held 10 meetings by the end of FY2024.

Pick Up Changes Following the Organizational Design Changes

In June 2024, the Company changed its organizational design with the aim of strengthening its competitiveness as a company and transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. Through this change in the organizational design, decision-making and business execution have been accelerated through the delegation of authority to the executives, and the Board of Directors is now structured to focus on discussions that contribute more to improving corporate value over the medium to long term. This has allowed the Board of Directors to spend more time on important topics that should be discussed at meetings of the Board of Directors and strengthened its supervisory function, starting from FY2024.

Changes in Composition of Discussions of the Board of Directors

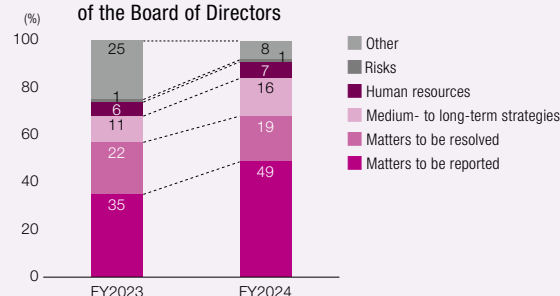
- Duration of meetings of the Board of Directors increased in FY2024 compared to FY2023



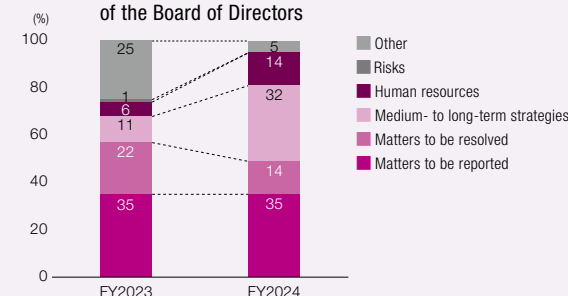
Changes in the Time Allocation for Discussion Items

- Delegation of authority to the executives has increased the amount of time spent on reporting matters at regular meetings of the Board of Directors

Composition of Discussions at Regular Meetings of the Board of Directors



Composition of Discussions Including Additional Meetings of the Board of Directors

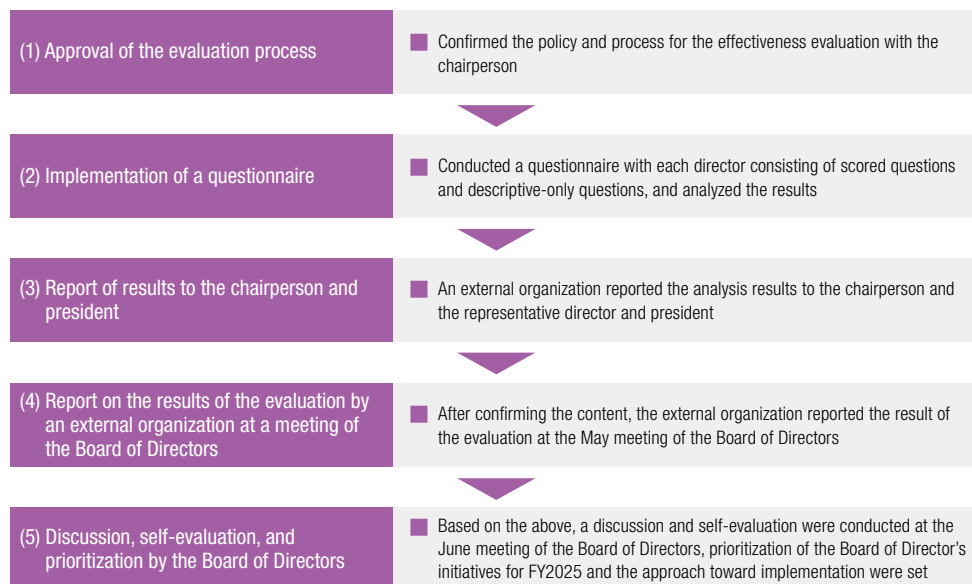


| Analysis and Evaluation of the Effectiveness of the Board of Directors

The Board of Directors was assessed to be generally effective overall. As with last year, it was recognized that the Company's Board of Directors shares common values, maintains a consistent commitment to making decisions based on a strong sense of ethics, conducts open and candid discussions, and that the number of members of the Board of Directors is appropriate in scale. Furthermore, oversight of business execution was judged to be appropriate with respect to compliance, risk, and finance, and the Board of Directors' independence from and checks-and-balances dynamic with the executives were deemed sound.

The change in organizational structure last year from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee led to a narrowing of agenda items through the delegation of authority to the executives, which increased the time spent on strategic discussions at meetings of the Board of Directors, and advance briefings and additional meetings of the Board of Directors also contributed to improving the quality of discussions through advance sharing of information. On the other hand, issues include the need to further streamline agenda items, prepare more thoroughly, and enhance the quality of discussions, as well as the need to pursue discussions on human resources in order to increase corporate value over the medium to long term. While continuously reassessing the ideal form of the Board of Directors, we will continue to work to ensure that we have sufficient time for quality discussions on these important issues.

Process of the FY2024 Evaluation of Effectiveness



Operation Policy for FY2025

In FY2025, we will first position human resources as a key area of focus, and develop discussions in the Board of Directors based on the executives' perspective on the Company's human resource philosophy and basic organizational management policy, which will form the foundation of these discussions. In terms of strategy, we plan to monitor the progress of the newly launched Medium-Term Management Plan. At that time, the Board of Directors will reaffirm the level of strategy that should be directed to the executives, and will conduct focused discussions on environmental changes that have an impact through enhancing corporate value and the key actions that can be taken in response to those changes.

In order to further enhance the effectiveness of discussions by the Board of Directors, we will maintain a Board of Directors with a culture of simplicity, openness, and fairness, which we value, while reaffirming the ideal form of a Board of Directors and improving the quality of its discussions. We will continue to aim for effective operation by (1) conducting seminars with outside experts on specific management issues, (2) holding executive sessions for each meeting of the Board of Directors composed only of outside directors, and (3) regularly holding opinion exchange meetings between executive officers and non-executive directors.

| Management Selection and Dismissal Process and Successor Training

Director, CEO, and Executive Officer Selection and Dismissal Process

For director candidates, the selection policy is to appoint those with knowledge and track records that can enhance corporate value. The Nomination & Compensation Advisory Committee, which is composed of a majority of outside directors, confirms and examines the selection details, and then the Board of Directors deliberates and decides on the candidates. For outside director candidates, the Company appoints individuals with insight and a high level of expertise that cannot be obtained from internal directors alone from the viewpoint of strengthening the supervisory function of the Board of Directors.

The Board of Directors deliberates and decides on the Representative Director and President based on the report of the Nomination & Compensation Advisory Committee.

For executive officers, the Board of Directors deliberates and determines individuals with the knowledge, ability, and experience to play a central role in business execution, such as company presidents of business divisions (responsible for internal companies) and general managers in charge of each function.

Dismissal shall be based on a comprehensive judgment by the Board of Directors, taking into consideration advice from the Nomination & Compensation Advisory Committee, in the event of (1) misconduct or other acts against public order and morals, (2) a violation of laws, the Articles of Incorporation, etc. or (3) significant loss of corporate value due to negligence of duties by an individual, which makes it difficult to perform the duties of each role.

| Succession Planning

The current succession plan is reviewed and discussed by the Nomination & Compensation Advisory Committee, a voluntary committee reporting to the Board of Directors that reviews and discusses topics including plans and programs for training. The status of implementation of succession and executive development plans is also reported to the Board of Directors as appropriate.

Executive Compensation

The determination of executive compensation is deliberated by the Nomination & Compensation Advisory Committee (an advisory body to the Board of Directors), submitted to the Board of Directors for discussion, and ultimately decided by the Board of Directors within the total amount approved by the General Meeting of Shareholders. This Nomination & Compensation Advisory Committee is composed of five independent outside directors (including one who serves as an Audit & Supervisory Committee member) and one non-executive director. The policy for determining the amount of remuneration for directors is as follows, which is determined by a resolution of the Board of Directors. The total amount of compensation for directors is determined by setting the level of compensation of major Japanese companies (market level) as the level to aim for and designing a role table based on the scale of the role of each director. The compensation for directors consists of base compensation, bonuses (performance-linked compensation), and stock-based compensation, with a target ratio of 50:20:30, respectively. Base compensation is paid monthly in fixed amounts, bonuses are paid in July of the following year, and stock-based compensation is conferred in July.

In determining the individual compensation details for each director, the Nomination & Compensation Advisory Committee conducts a multifaceted review of the draft proposal, including consistency with the decision-making policy, and the Board of Directors generally respects the committee's recommendations and deems that they conform with the policy.

Compensation for directors who are Audit & Supervisory Committee members and outside directors is paid only as basic compensation (fixed compensation).

Basic Design of Executive Compensation

A framework is in place to ensure fairness within the Company by rewarding employees more in proportion to the size of their roles and responsibilities.

In addition, the compensation structure is designed to have a relatively high variable component, with the intent of improving corporate value over the medium to long term.

Total Amount of Compensation by Executive Classification, Total by Type of Compensation, and Number of Applicable Executives at Macnica Holdings, Inc.

Executive classification	Total amount of compensation (million yen)	Total amount of compensation by type (million yen)					Number of applicable executives (persons)
		Basic compensation	Stock options	Bonuses	Stock-based compensation	Retirement benefits	
Directors (excluding Audit & Supervisory Committee members and outside directors)	243	98	—	41	103	—	8
Audit & Supervisory Committee members (excluding outside directors)	16	16	—	—	—	—	1
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	5	5	—	—	—	—	1
Outside executives	66	66	—	—	—	—	9

Notes: 1. The Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee effective June 26, 2024.

2. The above includes three directors who retired at the conclusion of the 9th Annual General Meeting of Shareholders held on June 26, 2024.

Base compensation (paid regardless of performance)	Bonuses (performance-linked compensation)	Stock-based compensation (restricted for 3 years)
50%	20%	30%

1. Bonuses (Performance-Linked Compensation)

- In order to raise awareness of improving corporate performance in each fiscal year, KPIs are set based on four financial items for each fiscal year (consolidated net sales, consolidated operating profit margin, ROE, and consolidated working capital turnover), three items related to key strategies such as a new business model (SS model) development, business strategy, and strengthening the management foundation, as well as employee surveys to build a strong organization, and a weighted amount is paid based on the degree to which each target is achieved.

2. Bonuses and Stock-Based Compensation (Non-Monetary Compensation)

- Stock-based compensation is granted as restricted stock compensation with a restriction on transfer for a certain period of time for the purpose of providing a medium- to long-term incentive and shareholder value sharing.
- 10% of the bonus reflects the instillation of Purpose and values and employee engagement points.
- Going forward, we intend to further incorporate ESG perspectives, and we are considering how to reflect aspects such as the environment, employees, and diversity, equity & inclusion (DE&I) in the compensation system.

KPIs

Set based on the current Medium-Term Management Plan (FY2022–2024)

- Financial items (4 items)
 - Net sales
 - Operating profit margin
 - ROE
 - Working capital turnover
- Key strategies (three items)
 - Development of services and solutions
 - Business strategy
 - Strengthening the management foundation
- Employee surveys, etc.

10% of the bonus reflects the following

- Instillation of Purpose and values
- Employee engagement points

Experience and Expertise of Directors (Skill Matrix)

The Company objectively defines the skills required of directors from two main perspectives: experience and track record, also based on quantitative criteria, and the expertise and skills necessary for the future business strategy of the Group. In conjunction with the changes in organizational design last year, in order to enhance the effectiveness of the Company's corporate governance, we have confirmed our basic approach to the composition of the Board of Directors, redefined the skills that the Board of Directors should possess consistently with the future direction of management, reevaluated the incum-

bents and clarified composition and succession issues.

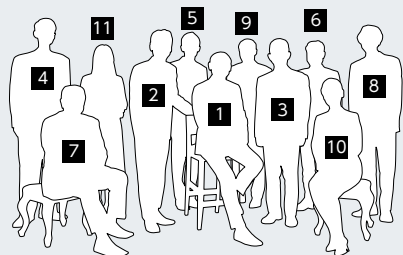
In terms of diversity, we currently have two female directors (outside directors) and no foreign directors on the Board of Directors, but we do have one former Chinese director and one director who has lived and trained overseas for a long time. We believe that diverse values that transcend gender and nationality are essential for enhancing corporate value, and we will continue to place importance on diversity going forward.

Name	Post	Year appointed	Skills required to perform the function (knowledge, experience, and abilities)													
			Corporate management	Corporate governance	Long-term strategy	Risk management	Human resources and corporate culture	Capital markets and finance	Global business operations	Innovation	Business investment and M&A	Industry knowledge	DX technology	Branding	Compliance and legal affairs	Sustainability
Kazumasa Hara	Representative Director and President	2019	●	●	●	●	●	●	—	●	●	Semiconductors, networks*	●	●	—	●
Akinobu Miyoshi	Representative Director and Vice President	2019	●	—	●	—	●	—	●	●	—	Semiconductors, networks*	—	—	—	—
Makoto Okawara	Director	2024	●	—	—	●	—	●	●	—	●	Trading company	—	—	—	—
Eiichi Nishizawa	Director (non-executive)	2015	—	●	—	●	—	●	—	—	●	Semiconductors	—	—	—	—
Shinichiro Omori	Director (outside)	2022	●	●	—	●	—	—	●	—	●	General electronics, etc.	●	—	—	—
Tsunesaburo Sugaya	Director (outside)	2019	●	●	—	—	—	●	●	●	●	Investment	—	—	—	—
Yasuaki Mori	Director (outside)	2024	●	●	●	●	●	●	●	—	●	Semiconductors, AI, etc.	●	—	—	—
Shinichi Abe	Director (outside)	2025	●	●	●	●	●	—	●	●	—	IT, networks*	●	—	—	—
Shinichi Onodera	Director (Audit & Supervisory Committee member/full-time, non-executive)	2024	—	●	—	●	—	●	●	—	●	Semiconductors	—	—	—	—
Kay Miwa	Director (Audit & Supervisory Committee member/outside)	2024	—	●	—	●	—	—	●	—	●	Automobiles, etc.	—	—	●	—
Yukie Sugita	Director (Audit & Supervisory Committee member/outside)	2024	—	●	—	●	—	●	—	—	—	Accounting	—	—	—	—

Note: This table does not represent all the knowledge, experience, and abilities possessed by the directors, but the major ones.

*Network and security industry

Board of Directors



1 Kazumasa Hara
Representative Director and
President

2 Akinobu Miyoshi
Representative Director and Vice
President

3 Makoto Okawara
Director

4 Eiichi Nishizawa
Director

5 Shinichiro Omori
Outside Director

6 Tsunesaburo Sugaya
Outside Director

7 Yasuaki Mori
Outside Director

8 Shinichi Abe
Outside Director

9 Shinichi Onodera
Director (Full-Time Audit &
Supervisory Committee Member)

10 Kay Miwa
Outside Director (Audit &
Supervisory Committee Member)

11 Yukie Sugita
Outside Director (Audit &
Supervisory Committee Member)

Board of Directors (as of June 30, 2025)

Directors



Kazumasa Hara
Representative Director and President

Date of birth: October 18, 1971
Number of shares held: 220,926
Years in office: 6 years
Significant concurrent positions:
President and Co-CEO, Macnica, Inc.



Akinobu Miyoshi
Representative Director and Vice President

Date of birth: July 13, 1971
Number of shares held: 110,889
Years in office: 6 years
Significant concurrent positions:
Co-CEO, Macnica, Inc.



Makoto Okawara
Director

Date of birth: October 3, 1963
Number of shares held: 13,233
Years in office: 1 year
Significant concurrent positions:
Managing Director, General Manager of Financial Group, Macnica, Inc.



Eiichi Nishizawa
Director

Date of birth: March 26, 1957
Number of shares held: 50,412
Years in office: 10 years



Shinichiro Omori
Outside Director

Date of birth: February 6, 1956
Number of shares held: 0
Years in office: 3 years
Significant concurrent positions:
Outside Director of the Board, KOKUYO CO., LTD.
Outside Director of the Board, Kansai Paint Co., Ltd.



Tsunesaburo Sugaya
Outside Director

Date of birth: November 24, 1963
Number of shares held: 0
Years in office: 6 years
Significant concurrent positions:
Outside Director, Plat'Home Co., Ltd.
Outside Director, I Peace, Inc.
Representative Director, MIYAKO CAPITAL Co., Ltd.
Audit & Supervisory Board Member, Artiza Networks, Inc.



Yasuaki Mori
Outside Director

Date of birth: October 12, 1961
Number of shares held: 0
Years in office: 1 year
Significant concurrent positions:
Advisor, Wibu-Systems A.G.
Advisor, Wibu-Systems K.K.
Advisor, RGo Robotics, Inc.



Shinichi Abe
Outside Director

Date of birth: August 7, 1968
Number of shares held: 0
Years in office: Newly appointed
Significant concurrent positions:
Representative Director, President and CEO, MNES Inc.
Outside Director of the Board, Sekisui House, Ltd.



Shinichi Onodera
Director (Full-Time Audit & Supervisory Committee Member)

Date of birth: January 8, 1956
Number of shares held: 30,642
Years in office: 1 year
Significant concurrent positions:
Audit & Supervisory Board Member, Macnica, Inc.
Corporate Auditor, Macnica Solutions Corp.



Kay Miwa
Outside Director (Audit & Supervisory Committee Member)

Date of birth: February 22, 1969
Number of shares held: 0
Years in office: 1 year
Significant concurrent positions:
Outside Director, MEIWA CORPORATION



Yukie Sugita
Outside Director (Audit & Supervisory Committee Member)

Date of birth: May 19, 1965
Number of shares held: 0
Years in office: 1 year
Significant concurrent positions:
Representative Partner, Sugita Certified Public Accountant Firm
Representative Director, Ayumu Advisory Co., Ltd.
Outside Corporate Auditor, Nakano Refrigerators Co., Ltd.
Auditor, Saitama Housing Inspection Center
Outside Director, SANYEI CORPORATION

Executive Officers

President & CEO

Kazumasa Hara

Executive Vice President and COO

Akinobu Miyoshi

Managing Executive Officers

Takemasa Sato

Shigenori Mori

Makoto Okawara

Executive Officers

Teruyoshi Yamamoto

Shoichi Teshiba

Koji Senga

Yuichi Yoshioka

Yusuke Kobayashi

Jun Ikeda

Atsushi Sato

Tomohisa Asano

Keigo Ando

Keisuke Ito

Miki Sakakibara

Atsushi Nishikawa

► Profiles of Directors

Risk Management

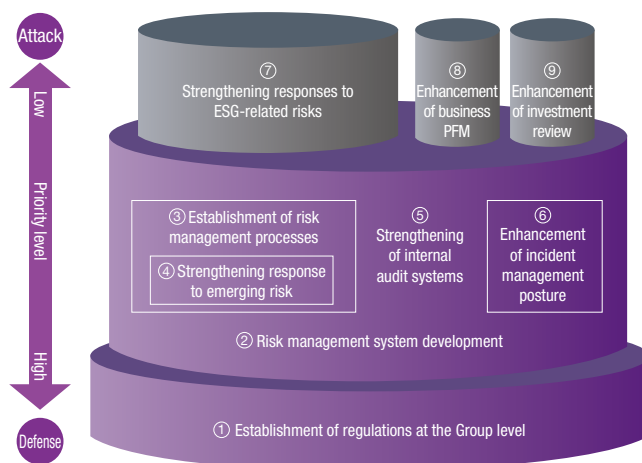
Operating a Globally Effective Risk Management System

Miki Sakakibara

Executive Officer,
General Manager of Governance &
Risk Management Group,
Macnica, Inc. and General Counsel



Risk Management Overview



FY2024 in Review

Embedding Risk Management Processes and Responding to Serious Incidents

The Macnica Group is advancing the redevelopment of an effective risk management system encompassing the entire Group. In FY2024, we selected and evaluated risk based on evaluation criteria shared group-wide and formulated a risk map. With a focus on serious risks, we sought to embed a risk management cycle by enacting countermeasures and through monitoring.

The risk identification process combines a bottom-up approach involving frontline leadership with a top-down approach from senior management. We raised risk response effectiveness by having senior management then deliberate countermeasures from a management-focused perspective.

In addition, we sought to embed an incident reporting system and conducted incident response training as we reinforced our response capacity across the organization. As a result, we were able to quickly and appropriately address even serious system malfunctions that occurred in FY2024 (P.77).

In Pursuit of Vision 2030

Effective Risk Management

“Growth of a Value-Added Distribution model” and “Evolution into a Services & Solutions model” are the two key components of Vision 2030. A highly effective risk management system that makes appropriate risk evaluation and strategic risk taking possible is essential to realizing both models. At Macnica, we continuously examine the effectiveness of our risk management processes, as we advance improvements that lead to reduced risk and incident prevention.

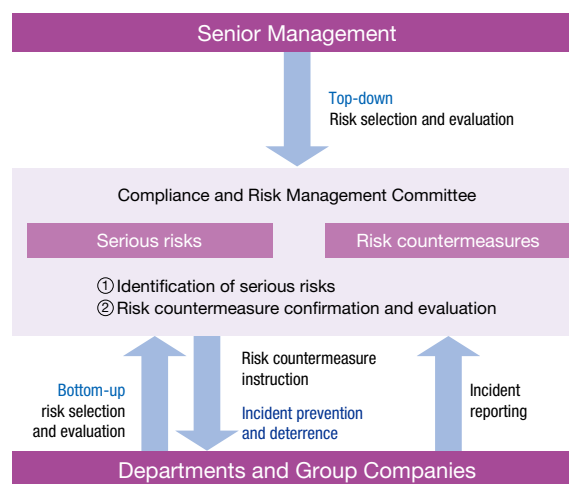
Similarly, we are focusing on measures to raise awareness among employees in order to embed risk management as a company-wide initiative. One representative initiative involves organizing approximately 300 small groups across all employees to conduct Compliance Discussions. By exchanging viewpoints around the theme of risk management, we seek to improve both risk sensitivity and response capacity at the frontline operations level.

Risk Management Review Conducted by Senior Management Group-wide

Within the Macnica Group, the Group’s senior management (President, officers, etc.) and the senior management of overseas subsidiaries come together in the same meeting for discussion of the annual activities reported at the Compliance and Risk Management Committee (e.g., risk selection, identification of serious risks, incident reports and the results of internal hotline reporting analysis). As part of this review, both the status and issues related to the risk management system are shared across the Group, and policies to address serious risks and improvement measures are debated.

In addition to heightening risk response effectiveness from a global perspective, we are taking steps to improve both the quality and speed of management decision-making. This type of initiative is bolstering risk resilience across the entire Group, and contributing to the increasingly stable management base required for sustainable growth.

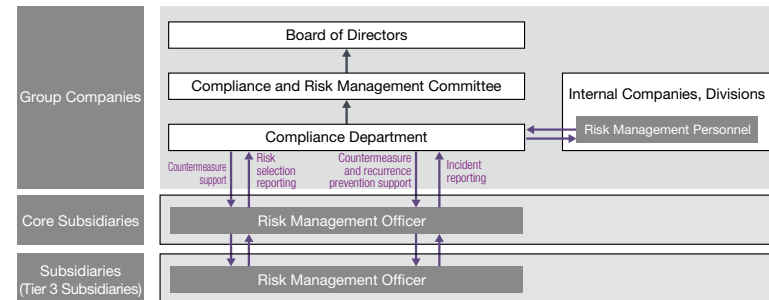
Management and Risk Management



Risk Management System

Risk management officers at head office departments and each Group company act as hubs as we work to embed risk management. As the main initiative for reducing risk through risk management processes and timely incident reporting, the Compliance Department at the Macnica head office serves as the anchor for the development of a risk management system reporting to both the Compliance and Risk Management Committee and the Board of Directors.

Risk Management System Structure (as of July 31, 2025)



Systematic Risk Evaluation and Response via Risk Mapping

We discover risk through both the senior management perspective (top-down) and the perspective of frontline business (bottom-up). The identified risks are broadly divided into 4 categories—external environmental risks, management strategy risks, business process risks, and management resource risks—then subdivided into 32 further categories. Risks are then plotted on a risk map along two axes—frequency of occurrence and impact. Using the risk map, the identified risks are evaluated and analyzed, with countermeasures and monitoring deployed for risks with the highest degree of severity. This process makes risks more visible and allows for ranking by priority, supporting quick and accurate management decision-making.

Risk Categories

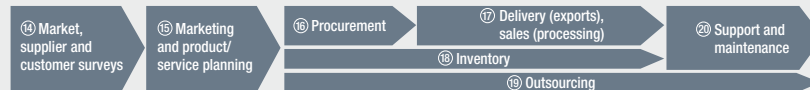
External Environmental Risks

- ① Changes in the business environment
- ② Geopolitical risks
- ③ Disasters, accidents and infectious diseases
- ④ Crimes and other damages
- ⑤ Legal changes
- ⑥ Cyberattacks
- ⑦ Fluctuations in financial markets

Management Strategy Risks

- | | | |
|---------------------|-------------------------|----------------------|
| ⑧ Business strategy | ⑨ SDGs/ESG | ⑩ Group control |
| ⑪ M&A/investment | ⑫ Compliance (criminal) | ⑬ Compliance (civil) |

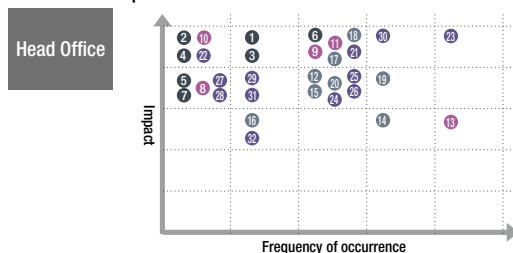
Business Process Risks



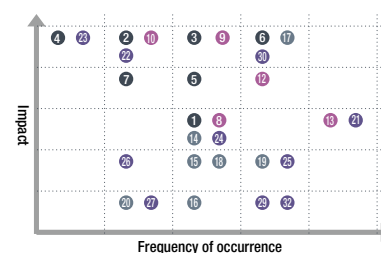
Management Resource Risks

- | | | | |
|-------------|--|-------------------------------|-----------------------------------|
| Human | ②① Recruitment, employment and resignation | ②② Human resource development | ②③ Labor affairs |
| Goods | ②④ Quality | ②⑤ Infrastructure | |
| Money | ②⑥ Finance | ②⑦ Taxation | ②⑧ Investor relations |
| Information | ②⑨ Information management and handling | ③① Intellectual property | ②⑩ Accounting and debt collection |
| | | | ②⑪ Communication |

FY2024 Risk Map



Overseas Group Companies



Strengthening Our Global Risk Management System

Under the supervision of the Board of Directors, Macnica Holdings has established a Compliance and Risk Management Committee, chaired by the President, as a pathway to strengthening the risk management system group-wide. Centered on the Compliance Department at the head office, we are linking together risk management personnel from each department and Group company in developing a cross-cutting structure. To further enhance risk management system effectiveness, we are working to share risk recognition through 1-on-1 meetings and discussions with management at each Group company. Furthermore, in addition to semiannual feedback meetings, through annual global risk management meetings, we are reviewing activities, sharing issues and spreading positive examples in an effort to cultivate group-wide risk management awareness and enhance responsive capacity.



Responding to Natural Disaster Risk and Enhancing Our Business Continuity Structure

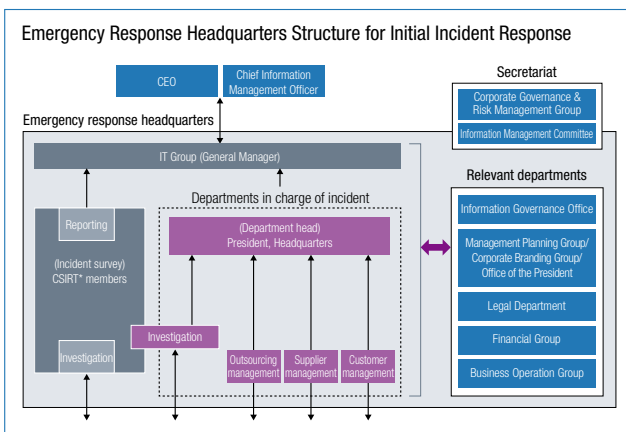
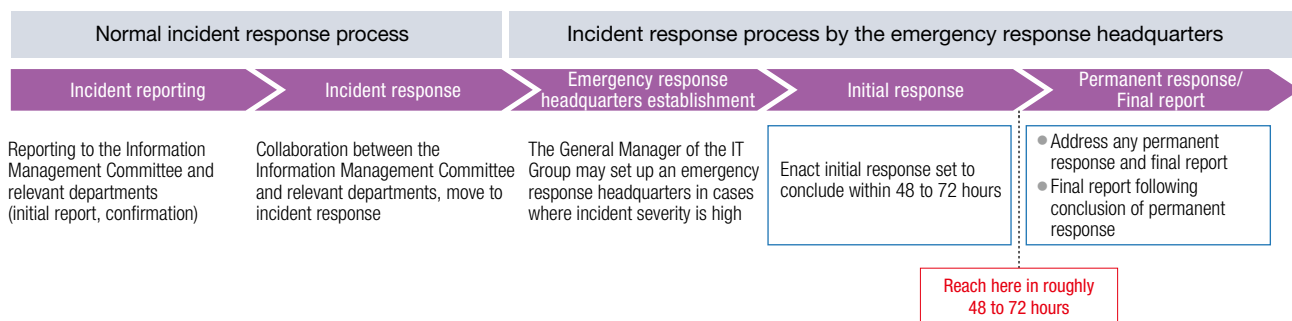
The Macnica Group is bolstering its response structure across the Group to minimize the impact of natural disasters, infectious diseases and other suddenly occurring risks on business activities. When California wildfires, earthquakes in Taiwan and Myanmar, and other events occurred at the beginning of 2025, we moved quickly to ensure employee safety and verify operational status on the ground and at sites in surrounding countries. We also confirmed any impacts on the supply chain in regions where Macnica has no bases. Thanks to an information networking system centered on risk management personnel at each Group company, information is shared with the General Affairs Division at the head office in real time and, in addition to advance preparation, lets Macnica strive to ensure business continuity through the development of a resilient structure that includes crisis response at the point of occurrence.

Responding to Information Security Risk

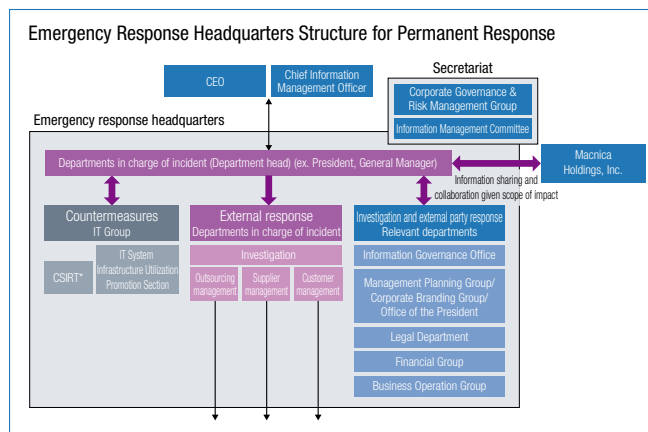
The Macnica Group recognizes information security risk from cyberattacks as a serious risk that could impact business continuity. As an enterprise in the Cybersecurity Business, we are developing a comprehensive system to manage risks not only from our own internal information assets but those stemming from vulnerabilities in customer systems and at outsourcers.

In FY2024, a flaw in security software handled by Macnica caused a temporary system malfunction at client companies and at Macnica itself. In response, we rapidly set up an emergency response headquarters and gathered information in collaboration with suppliers, enabling the recovery of internal systems by the next business day. At the same time, we rolled out a 24-hour system to support recovery among client companies as we worked to minimize the impact of the malfunction. Ultimately, these integrated responses both reconfirmed the effectiveness of our crisis management system and helped to improve trust among suppliers and customers alike.

Information Security Incident Response Process and System



*Computer Security Incident Response Team: Team that responds when an incident involving a security-related problem occurs



Note: The names in this organizational chart are those of the operating company, Macnica, Inc.

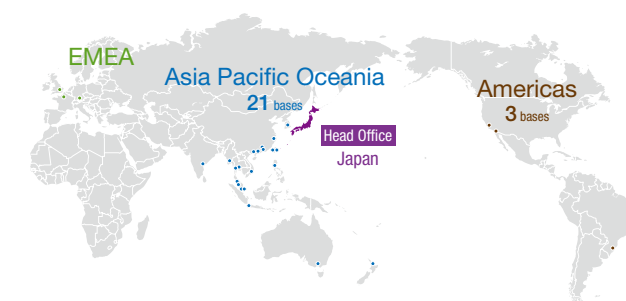
Strengthening Our Export Control System

The environment surrounding export control is changing substantially, with the international scene growing more uncertain in recent years from the armed conflict between Russia and Ukraine, and intensifying technology restrictions and trade friction between the U.S. and China, among other concerns. Export restrictions are gaining ground in countries worldwide from the standpoint of safeguarding both safety and economic security. Accordingly, suppliers are facing growing requirements with respect to export control. At the same time, the Macnica Group's business scale is expanding and the number of overseas Group companies is rising, making export control for the entire Group increasingly necessary. To properly address these conditions, we are positioning a stronger export control system as a priority issue.

As specific initiatives to strengthen the export control system, head office departments responsible for export control visit, audit and survey documents at overseas Group companies, exchange information with local managers, regularly share out information on export restrictions, hold meetings to support the systems of overseas Group companies, and disseminate educational materials. From these initiatives, Macnica is building out an effective compliance framework for export restrictions reflecting the legal constraints and management conditions present in each country.

Going forward, we are committed to reducing compliance risk by accurately assessing international restriction trends and taking steps to achieve both greater sophistication and ongoing improvements in group-wide export control.

Global Export Control – Consolidated Bases



Compliance

Compliance Activities Connected to Risk Management

In accordance with the Macnica Group Code of Conduct, the Group is committed to respecting human rights throughout all business activities, and adhering to relevant laws, international rules and the spirit thereof. Moreover, the Group strives to fulfill its social responsibilities in line with high ethical standards in helping to create a more sustainable society.

Internally, the Group has established compliance regulations, takes steps to embed and maintain a compliance system and, as necessary, formulates guidelines and conducts training. Working in collaboration with risk management initiatives, by enacting training tied to countermeasures for recognized risks, the plan is for training that will definitively help to mitigate risk.

Rather than sharing information solely in Japan, Macnica works to raise knowledge and awareness, including among overseas Group companies, through publication of a compliance mail magazine and other venues.

Compliance Supported by Awareness, Knowledge and Systems

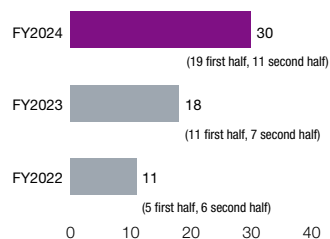
Along with compliance awareness, improving knowledge of basic legal restrictions and systems that prevent compliance violations from occurring are essential to ensuring compliance is widespread and embedded. To foster compliance awareness, Macnica holds an annual Compliance Discussion open to all employees. In FY2024, the themes for the lively debate and discussion were customer harassment, the use of generative AI, and work hour management.

Other initiatives promoted to spread and embed compliance included training for general managers on harassment prevention and work hour management, and the distribution of a compliance handbook to overseas Group companies. We also post monthly compliance information on our intranet portal site in a bid to enhance knowledge of legal regulations pertaining to business operations. Additionally, we are developing a system for avoiding violations of the Subcontract Act and the Freelancer Protection Act through use of an anti-social forces check system and business partner registration workflow.

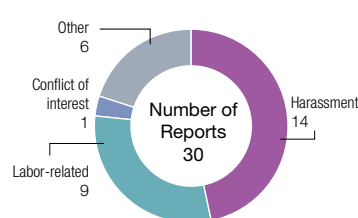
Internal Reporting System Operation

The Macnica Group has established a global internal reporting desk at the head office, with the receipt of reports from Group companies possible in several different languages. Furthermore, in FY2023, we opened an avenue to receive reporting from business partners and other external parties. Last fiscal year, the number of reports received domestically and internationally tripled compared to two years prior, indicating that system recognition and utilization are gaining momentum. All told, there were 30 reports for a consolidated workforce of roughly 5,000 employees. Forty percent of the concerns surveyed through this reporting were confirmed, with proper correctives and steps taken to prevent recurrence. Actions of this kind will continue going forward in a bid to head off risks.

Number of Internal Reports



Internal Report Breakdown



Status of Compliance Discussions

Total Participants (Response rate: 100%)	20 Total Departments 295 groups; 2,758 individuals
Overall Evaluation (5 points max)	
1) Relevance	4.4 points
2) Difficulty (5 (Hard) to 1 (Easy))	3.88 points
3) Degree of improved understanding of topic	4.41 points

Topic ALB Japan Law Awards 2025 Recipient

Macnica won in one category and advanced as a finalist in two others at the Asian Legal Business (ALB) Japan Law Awards 2025. Thomson Reuters hosts these international awards, given in recognition of excellent contributions and achievements by outstanding legal world specialists, law offices and corporate legal departments.



Topic Legal Affairs Integration of Macnica and Glosel

The respective legal departments of Macnica and Glosel merged in line with a corporate separation dated April 1, 2025.

This merger was the result of regular meetings between the two companies, both of which worked diligently toward a smooth transition and to deepen mutual understanding.

Following the merger, both companies are sharing their respectively held knowledge, experience, expertise, technology, issues and business details in order to further strengthen their legal affairs systems, with sights on raising and augmenting their legal function capabilities.

More specifically, integrating the contract review standards of both companies has made more sophisticated and precise contract reviews possible. The merger of contract templates and educational materials for in-house training, meanwhile, is leading to a quality-level improvement in legal services for in-house needs.



Legal affairs integration project members from Macnica and Glosel

Dialogue with Capital Markets

The Group believes that disclosing timely and appropriate information to shareholders and investors in Japan and overseas, as well as building up two-way communication, will lead to fair value evaluation. The President (CEO) and CFO play central roles in actively engaging in investor relations activities. The content of dialogue with institutional investors of various investment styles in Japan and overseas, as well as the opinions and suggestions we receive from them, are reported to the Board of Directors as appropriate, and are used to improve management.

IR Activity Results

Activity	FY2023 Results	FY2024 Results
Meetings for sell-side analysts*	24	23
Meetings for institutional investors*	254	308
Japan	144	159
Overseas	110	149
Handled by President (CEO)	95	101
Handled by CFO	149	214
Financial results briefings	2	2
Other briefings	3	3

* Total number of companies. Includes meetings during international roadshows.
The period of data collection has been changed from April 1 to March 31 from this issue.

Main dialogue at meetings for analysts and institutional investors held in FY2024

- Cybersecurity Business is not well reflected in the stock price (Japanese asset managers)
- The valuation would improve if cybersecurity is recognized (Japanese asset managers)
- Benchmark companies are TechMatrix (Information Infrastructure Business) and Tokyo Electron Device (Computer Networks Business) (Japanese sell-side analyst)
- Macnica is not a labor-intensive model like a system integrator (Japanese sell-side analyst)
- Restructuring of the semiconductor trading company industry (Japanese asset managers and overseas asset managers)
- Recovery timing and outlook for the industrial equipment market, as well as trends in customer inventory and orders (Japanese asset managers and overseas asset managers)
- Business transfer (Japanese asset managers and overseas asset managers)

Number of Shareholders

	2023/3/31	2024/3/31	2025/3/31
Number of Shareholders	22,376	30,457	33,676
Individuals	21,911	29,765	32,987
Shareholding ratio			
Individuals	24.68%	27.75%	26.17%
Overseas	27.65%	28.31%	27.76%

FY2024 Review

(1) Visits to overseas investors

Visits to investors (roadshows) in the US and UK (December), Singapore (September/February), and Hong Kong (November); participation in investor conferences

(2) Information disclosure

- Website renewal
(The Company's website was selected by Nikko Investor Relations Co., Ltd. as the best website in the overall category of the 2024 All Listed Companies Website Ranking)
- Simultaneous disclosure of all financial results and timely disclosures in English and Japanese

(3) Meetings for investors

- Shareholder event with the Chairman of the Board of CrowdStrike
- Rakuten Securities online seminar for individual investors
- Integrated Report briefing



The Company's stock price continued to soften throughout FY2024. In particular, the delayed recovery of the industrial equipment market, which is Macnica's strength, has affected business performance. Despite this situation, we continue to expand our semiconductor market share and expect a recovery in the future. With regard to the Cybersecurity Business, we would like to highlight that we are maintaining high growth and improving profitability. Compared to other companies in the same industry, we believe we have much room for growth due to the concentration of management capital and overseas market coverage resulting from the scale of our business.

In light of the challenging circumstances, we undertook more proactive investor relations initiatives in FY2024, with the aim of providing our investors and shareholders with clear and thorough explanations regarding the situation. The number of meetings with institutional investors and sell-side analysts steadily increased through visits by the Company's President and CFO to investors in the US, UK, Singapore, and Hong Kong, participation in conferences in Japan and overseas, and follow-up meetings. In addition, the quality of dialogue in the interviews improved as a result of the detailed description of the business model and its strengths in LIMITLESS 2024, which led to more constructive dialogue, including with shareholders. In information disclosure, the investor relations website was updated and simultaneous disclosure in English and Japanese was achieved relatively early. For individual investors, we created an environment to facilitate purchases by implementing a stock split, and held a Rakuten Securities seminar (March) and a briefing on the Integrated Report (October), each of which was attended by more than 300 people at once, exceeding expectations. In FY2025, we will focus on improving awareness and the analytical accessibility of our Cybersecurity Business and raising awareness of Macnica among overseas investors targeting small and medium-sized companies as investment targets as issues to be addressed in our investor relations activities. We appreciate the continued support of our shareholders and investors going forward.

Daijiro Mano
General Manager,
Management Planning
Department



Recognition from Society

Macnica is striving to improve external evaluations with an awareness of involvement in society and objectivity. We are committed to achieving sustainable growth together with society by enhancing the quality of the Company's management.

Major External Evaluations (as of August 2025)

Contribution to the Global Environment



CDP

In a 2024 survey by CDP, an environmental non-governmental organization (NGO), we received a "B" score in the area of climate change and a "B-" score in the area of water security.



Science Based Targets

The Science Based Targets initiative (SBTi) has certified our greenhouse gas (GHG) emission reduction target for FY2030 as a science-based target to achieve the "1.5°C target" of the Paris Agreement. (Certified in May 2024)



Career Ownership Management Award 2025

The Company won the Gold Prize in the category of Transformation of Personnel/HR (Large Enterprise Segment) at the Career Ownership Management AWARD 2025, which was held for the third time. This is the third consecutive year that an award has been received since receiving the Excellence Award in the first year.



OpenWork Ranking: Companies Employees Find Most Rewarding 2025

Ranked No. 5 in the Ranking of Companies with the Most Fulfilling Workplaces (published by OpenWork, an information platform for career change and job hunting).



KENKO Investment for Health (Large Enterprise)

The Company was recognized as one of the 2025 Outstanding Organizations of KENKO Investment for Health (Large Enterprise Category).

Inclusion in Indices



JPX-Nikkei Index 400

The Company was selected as a constituent stock of the JPX-Nikkei Index 400.

Nikkei 500 Stock Average

The Nikkei 500 is a composite index of 500 stocks listed on the TSE Prime Market, calculated by Nikkei Inc. using the same calculation method as the Nikkei Stock Average.



World's Best Companies in Sustainable Growth 2025

The Company was ranked 317th in the World's Best Companies in Sustainable Growth 2025, a ranking jointly published by *TIME* and Statista.

Other External Evaluations



MSCI ESG Ratings

The Company's MSCI ESG rating is now BB. The use by Macnica of any data of MSCI ESG Research LLC or its affiliates ("MSCI"), and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Macnica by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided "as-is" and without warranty. MSCI's names and logos are trademarks or service marks of MSCI.



DX注目企業2025

Noteworthy DX Companies 2025

Jointly selected as a Noteworthy DX Company 2025 by the Ministry of Economy, Trade and Industry (METI), the Tokyo Stock Exchange (TSE) and the Information-technology Promotion Agency, Japan (IPA).

Financial Summary

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating Results (Million yen)										
Net sales	405,315	398,503	504,085	524,235	521,193	553,962	761,823	1,029,263	1,028,718	1,034,180
Gross income	44,287	46,269	56,094	61,061	59,891	64,835	90,718	125,903	129,617	121,252
Operating income	9,729	10,473	15,163	15,324	14,447	18,769	36,707	61,646	63,733	39,649
Operating income margin	2.4%	2.6%	3.0%	2.9%	2.8%	3.4%	4.8%	6.0%	6.2%	3.8%
Ordinary income	10,176	9,635	14,937	13,101	11,072	16,399	35,487	56,832	61,966	37,318
Net income attributable to owners of parent	7,285	6,534	11,412	8,883	5,633	10,875	25,798	41,030	48,069	25,279
Cash flows from operating activities	(1,208)	3,169	(28,595)	(30,173)	45,770	38,076	(15,534)	38,896	39,949	24,232
Cash flows from investing activities	(1,460)	(1,083)	(1,804)	(7,251)	(8,919)	(2,181)	(1,653)	(869)	(18,457)	(9,573)
Cash flows from financing activities	2,942	(8,322)	43,699	21,916	(35,797)	(26,189)	14,368	(27,100)	(23,014)	(4,229)
Financial Position (Million yen)										
Total assets	201,171	215,158	266,738	299,259	263,247	269,590	362,584	517,620	552,244	556,438
Net assets	107,620	104,769	128,213	135,399	135,551	146,010	179,764	207,762	256,420	261,477
Per Share Information*1 (Yen)										
Net assets	603.51	626.22	669.97	705.32	713.87	763.19	911.52	1,099.75	1,357.63	1,414.76
Net income	41.57 ^{*2}	38.10 ^{*2}	68.69	47.34	30.05	58.46	138.30	221.63	264.88	140.93
Annual dividend	13.33	11.67	16.67	16.67	16.67	16.67	33.33	46.67	66.67	70.00
Key Financial Indicators (%)										
Equity ratio	52.6	47.9	47.1	44.2	50.2	52.7	46.9	38.6	44.2	45.4
Return on equity (ROE)	6.9	6.3	10.0	6.9	4.3	7.9	16.5	22.2	21.6	10.0
Dividend on equity ratio*3 (DOE)	2.2	1.9	2.5	2.4	2.3	2.2	3.7	4.2	4.9	5.0
Total payout ratio	32.3	113.1	44.3	35.3	88.8	28.6	24.1	35.6	35.5	61.5

*1 The Company conducted a 3-for-1 stock split of common stock on October 1, 2024. Per share information (net assets, net income and annual dividend) is calculated on the assumption that the stock split was conducted at the beginning of FY2015.

*2 Diluted net income per share

*3 DOE = Total dividends paid during the year / Shareholders' equity (net assets less stock acquisition rights and non-controlling interests, as of the end of the period)

Non-Financial Summary

Social Data

	FY2022	FY2023	FY2024
Human Resources			
Number of consolidated employees (persons)	4,203	4,768	5,071
Number of consolidated employees Male/Female (%)	67%/33%	67%/33%	67%/33%
● Macnica, Inc. (Non-consolidated)			
Number of employees (persons)* ¹	2,454	2,661	2,845
Number of employees Male/Female (%)	71%/29%	71%/29%	72%/28%
Average years of service (years)	10.7	10.3	10.7
Average age (years)	38.9	38.6	38.9
Number of full-time employees hired (persons)	221	298	254
Number of full-time employees Male/Female (%)	67%/33%	77%/23%	80%/20%
Gender pay gap (full-time employees/temporary employees) (%)	Full-time: 63.2% Temporary: 47.6%	Full-time: 65.4% Temporary: 46.7%	Full-time: 67.3% Temporary: 51.2%
Gender pay gap (all employees) (%)	58.9%	60.8%	62.2%
Turnover rate of newly hired employees within 3 years (%)	20.0%	13.6%	11.9%
Ratio of new graduate and mid-career hires	30%/70%	31%/69%	32%/68%
New graduates/Mid-career (%)			
Full-time employee turnover rate (managers/non-managerial employees) (%)	Overall 4.5% Of which, managers/1.2% Of which, non-managerial employees/3.4%	Overall 4.29% Of which, managers/0.52% Of which, non-managerial employees/3.77%	Overall 4.38% Of which, managers/0.77% Of which, non-managerial employees/3.61%
Full-time employee turnover rate due to personal reasons (managers/non-managerial employees) (%)	Overall 4.3% Of which, managers/1.1% Of which, non-managerial employees/3.3%	Overall 3.12% Of which, managers/0.43% Of which, non-managerial employees/2.69%	Overall 3.20% Of which, managers/0.36% Of which, non-managerial employees/2.84%
Percentage of women in management positions (%)	5.2%	6.2%	8.8%
Total working hours (annual/average per person/hours)	1,851	1,827	1,821
Regular working hours (annual/average per person/hours)	1,823	1,800	1,800
Percentage of paid leave taken (%)	53%	75%	69%
Percentage of childcare leave taken Male/Female (%)	Male: 26%/ Female: 100%	Male: 61%/ Female: 152%	Male: 63%/ Female: 117%
Return to work rate of employees taking childcare leave Male/Female (%)	Male: 100%/ Female: 100%	Male: 100%/ Female: 100%	Male: 100%/ Female: 97.6%
Number of employees with shortened working hours for childcare (persons)	71	65	63
Percentage of employees with disabilities (%) ^{*2}	2.30%	2.52%	2.60%
Employees with disabilities working at outside facility (persons)	0	0	0
Number of reemployed persons (Number of reemployed persons/Number of persons retiring at retirement age) (%)	11/12 (92%)	12/15 (80%)	26/28 (93%)
Number of temporary employees (persons)	232	235	202
Number of occupational accidents (absences due to accidents)	0	0	0
Number of occupational accidents (fatal accidents)	0	0	0
Health checkup participation rate (%)	88.3%	87.9%	89.2%
Stress check participation rate (%)	93.1%	91.2%	94.3%
Telework rate	65%	66%	64%
Telework eligibility rate ^{*3}	100%	100%	100%

*1 Direct employees only.

*2 Figures are as of March 1, 2025.

*3 While differences in the frequency of use exist, teleworking has been available to all employees in principle since the COVID-19 pandemic.

Environmental Data

GHG Emissions (t-CO ₂)							
Item	Scope		Actual emissions (t-CO ₂)				
			FY2022 (base year)	FY2023	FY2024	Change from base year	Year-on-year change
Scope 1	Including overseas consolidated subsidiaries		752.20	896.95	162.08	-78.5%	-81.9%
Scope 2	Including overseas consolidated subsidiaries		1,544.56	1,193.69	1,291.85	-16.4%	+8.2%
Scope 3	①	Data calculated using the CDP Supply Chain Program for Category 1 products	—	1,567,341.03	1,231,878.24	—	-21.4%
	②	Using conventional input-output table	5,033,963.58	4,416,150.02	4,008,371.59	-20.4%	-9.2%
Total emissions	Total emissions from Scope 1 to 3 based on the above Scope 3 classifications	①	—	1,569,431.67	1,233,332.17	—	-21.4%
		②	5,036,260.34	4,418,240.66	4,009,825.52	-20.4%	-9.2%
Energy Consumption							
Total electricity consumption (global) (kWh)			5,931,598.41	6,340,172.49	6,761,539.25	+14.0%	+6.6%
Of the above, renewable energy used (kWh)			2,882,636.00	4,058,238.89	3,965,444.29	+37.6%	-2.3%
Renewable energy usage rate (%)			48.6%	64.0%	58.6%	+10.0 ppt	-5.4 ppt

* Figures for FY2023 and onwards have undergone third-party verification.

* The classification method of Scope 1 has been partially revised from FY2024.

* From FY2023, GHG emissions in Scope 3 Category 1 are calculated using the CDP Supply Chain Program, and the Scope 3 emissions calculated by this method are used as official data.

● GHG Emissions Metrics and Targets (Reference)

Metric	Base year	Target year	Target
Scope 1 and 2 reduction rate	FY2022	FY2030	-42.0%
		FY2050	-100%
Scope 3 reduction rate	FY2022	FY2030	-25.0%

Governance Data

Composition of Directors ^{*4}	June 2023	June 2024	June 2025
Directors (Audit & Supervisory Board Members)			
Internal Directors (persons)	7	6	5
Outside Directors (persons)	4	6	6
Audit & Supervisory Committee Members	—	3 (2)	3 (2)
Figures in parentheses are outside members (persons)			
Percentage of Outside Directors (%)	36.4%	50.0%	54.5%
Percentage of female Directors (%)	9.1%	25.0%	18.2%
Audit & Supervisory Board Members	3 (2)	—	—
Figures in parentheses are outside members (persons)			
Percentage of Outside Audit & Supervisory Board Members (%)	66.7%	—	—

Activity ^{*5}	FY2022	FY2023	FY2024
Board of Directors, Audit & Supervisory Committee (Audit & Supervisory Board), Nominating & Compensation Advisory Committee			
Number of meetings of the Board of Directors (times)	14	13	13
Board of Directors meeting attendance rate (%)	99.4%	100%	99.4%
Number of meetings of the Audit & Supervisory Board (times)	12	13	3
Audit & Supervisory Board meeting attendance rate (%)	100%	100%	100%
Number of meetings of the Audit & Supervisory Committee (times)	—	—	10
Audit & Supervisory Committee meeting attendance rate (%)	—	—	100%
Number of meetings of the Nominating & Compensation Advisory Committee (times)	6	6	7
Nominating & Compensation Advisory Committee meeting attendance rate (%)	100%	100%	100%

*4 Following approval at the 9th Annual General Meeting of Shareholders held on June 26, 2024, the Company has transitioned from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee. Data as of the end of June, are shown.

*5 Data as of the end of March, are shown.

Corporate Information

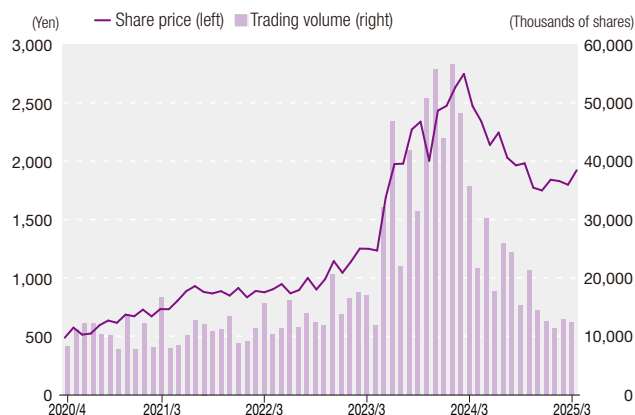
Company Overview (as of March 31, 2025)

Company Name	MACNICA HOLDINGS, INC.
Establishment	April 1, 2015
Capital	¥14.0 billion
Number of Consolidated Employees	5,071
Head Office Address	1-6-3 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa, Japan
Business Activities	Business management of a company engaged in the import, export and sale of electronic components such as semiconductors and integrated circuits, and operations incidental or related thereto

Main Consolidated Subsidiaries

Macnica, Inc.
 Glosel Co., Ltd.
 MACNICA CYTECH LIMITED
 MACNICA CYTECH PTE. LTD.
 MACNICA GALAXY INC.
 MACNICA ANSTEK INC.
 MACNICA CHUNGJU CO., LTD.
 MACNICA CYTECH (THAILAND) CO., LTD.
 NAVYA MOBILITY SAS
 NETPOLEON SOLUTIONS PTE LTD
 29 other companies

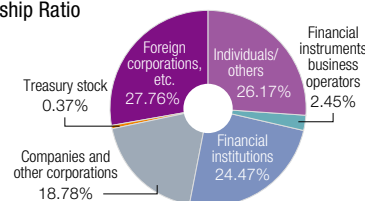
Share Price and Trading Volume



Share Information (as of March 31, 2025)

Listed Market	Tokyo Stock Exchange, Prime Market
Securities Code	3132
Total Number of Authorized Shares	600,000,000 shares
Total Number of Shares Issued	179,072,146 shares
Number of Shareholders	33,676

Shareholders by Ownership Ratio



Major Shareholders (Top 10)

Shareholder	Number of shares held (Thousands of shares)	Shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,245	13.59
Kamiyama Foundation (General Incorporated Foundation)	18,000	10.09
Custody Bank of Japan, Ltd. (Trust Account)	11,973	6.71
Seeds Technology Inc.	10,500	5.89
Haruki Kamiyama	9,900	5.55
JP MORGAN CHASE BANK 380055 (Standing Proxy: Mizuho Bank, Ltd.)	7,320	4.10
Yuko Kamiyama	2,940	1.65
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	2,478	1.39
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank, Ltd.)	2,372	1.33
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	2,128	1.19

Note: Shares held are calculated excluding treasury stock.

Total Shareholder Yield at the End of Each Year Indexed to the Year Ended March 31, 2020

	2021	2022	2023	2024	2025
Macnica	168.5%	208.2%	302.0%	590.5%	483.2%
TOPIX	142.1%	145.0%	153.4%	216.8%	213.4%

Sources and Descriptions

Charts/graphics created by Macnica based on Gartner research. Calculations performed by Macnica

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Source: Gartner®, Market Share: Semiconductor Distributors, Worldwide, 2024, Emerging Technologies & Trends Research Team, 3 March 2025, Revenue Basis.
 (For CY21) Gartner®, Market Share: Semiconductor Distributors, Worldwide, 2021, Masatsune Yamaji, 9 March 2022 (Archived Research. This research provides a historical snapshot in time.)
 (For CY22) Gartner®, Market Share: Semiconductor Distributors, Worldwide, 2022, Masatsune Yamaji, 10 March 2023 (Archived Research. This research provides a historical snapshot in time.)
 (For CY23) Gartner®, Market Share: Semiconductor Distributors, Worldwide, 2023, Masatsune Yamaji, 12 March 2024 (Archived Research. This research provides a historical snapshot in time.)

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Gartner®, Forecast: Semiconductors and Electronics, Worldwide, 2023-2029, 2Q25 Update, Rajeev Rajput, Jainendra Singh et al., 27 June 2025, Device Units Revenue basis
 Industrial = Industrial and Military/ Civil Aerospace Electronics, Automotive = Automotive Electronics, Communication = Communication Electronics, Consumer = Consumer Electronics, Server/ PC, etc. = Data Processing Electronics

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Gartner®, Forecast: Information Security, Worldwide, 2023-2029, 2Q25 Update, Shailendra Upadhyay, Rahul Yadav et al., 24 June 2025
 Information Security = Network Security, Security Software, Japan = Japan (Region), Asia/Pacific = Mature Asia/Pacific + Emerging Asia/Pacific, End-User Spending Constant Currency basis

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Message from the LIMITLESS 2025 Project Team



List of the LIMITLESS 2025 Project Team Members

Management Planning Group

- 1 Daijiro Mano
- 2 Tomoisa Arai
- 3 Toshihiro Koga
- 4 Sho Shiozawa
- 5 Yuya Takahashi

Board of Directors Office

- 6 Tomohisa Asano

Corporate Branding Group

- 7 Riki Nakade

Financial Group

- 8 Chiori Toyama

Information Technology Group

- 9 Takuya Ishida

Human Resources Group

- 10 Gaku Ito

Governance & Risk Management Group

- 11 Kotaro Shimura

Business Operations Group

- 12 Keiko Yoshida
- 13 Chiharu Yano

Quality & Environment Operations Group

- 14 Hiroshi Maeda

Sales & Operations Planning Department

- 15 Bolun Zhang

Clavis Company

- 16 Yoji Kaneko

Finesse Company

- 17 Kenji Okawa

TecStar Company

- 18 Shohei Yamaguchi

Altima Company

- 19 Kota Shiozaki

Networks Company

- 20 Satoshi Otaki
- 21 Eiji Hadano

New Business Group

- 22 Satoshi Yamada

Strategic Innovation Business Group

- 23 Haruna Sanjoba

MACNICA CYTECH

- 24 Sam Fong
- 25 Jacky Ho

MACNICA GALAXY

- 26 Ted Su

NETPOLEON SOLUTIONS

- 27 Dede Nurmansya

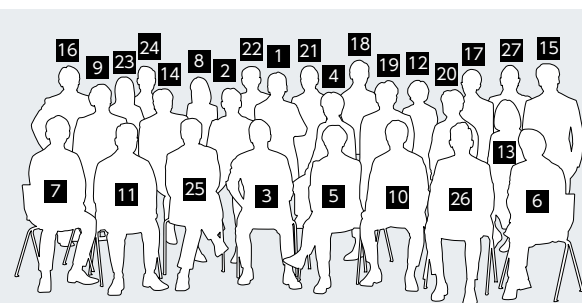
To Convey Certainty for Vision 2030

Macnica has continued to be committed to being the first to purchase cutting-edge technology and the first to implement it in society. Our approach is that we are committed to the instance of the “Now” while envisioning the future.

LIMITLESS 2025 was created based on the concept of “Envisioning the Future, Creating the Now” in order to create a sense of confidence and conviction, or “certainty,” aimed at realizing Vision 2030. The Medium-Term Management Plan that began in FY2025 is part of our efforts to create the “Now.”

In order to give shape to this idea, we returned to the question, “Why are we able to realize our vision?” through our work, and reexamined the source of our value creation. Through repeated discussions among project members, we arrived at a behavioral habit that we unconsciously put into practice in our day-to-day work: the Realization Cycle. This is rooted in our core values, which we have upheld since the past, and forms the foundation of Macnica’s value creation.

We will continue to take on the challenge of transforming ourselves into a Services & Solutions Company. We hope that this report will help readers to experience the people and culture of Macnica, which embodies the “LIMITLESS” approach, and to gain a feeling of the “certainty” of realizing Vision 2030.



The background of the entire page is decorated with numerous overlapping circles of various colors, including shades of blue, orange, purple, yellow, green, red, pink, and grey. These circles are scattered across the white background, creating a vibrant and dynamic visual effect.

Technological transformation for all.

The seeds of tomorrow. 
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