

KANADEN

**Creating new value by
resolving real issues**

**TRUE
SOLUTION
2028**

New medium-term management plan 2026-2028

01 Review of the Previous Medium-term Management Plan “ES-C2025” 3

Overview and progress toward the numerical targets	4
Net sales and ordinary profit by segment	5
Cash allocation results	6
Basic strategies: Results and issues	7
Results and issues to be carried over to the next medium-term management plan	8

02 KANADEN’s Vision 9

Concepts, materiality, and the framework diagram of the medium-term management plan	10
Positioning of the new medium-term management plan	11

03 New Medium-term Management Plan “True Solution 2028” 12

Overview of the new medium-term management plan	13
Eight basic strategies	15
Investment roadmap	19
Financial Strategy	20
Status by segment	24

APPENDIX 28

Segment results under the previous medium-term management plan	29
Overview of segment changes	30
Linkage between materiality and the medium-term management plan	31
Medium- to long-term goals for materiality	32

01

Review of the Previous Medium-term Management Plan “ES-C2025”

FY2021–FY2025 summary

Overview and progress toward the numerical targets

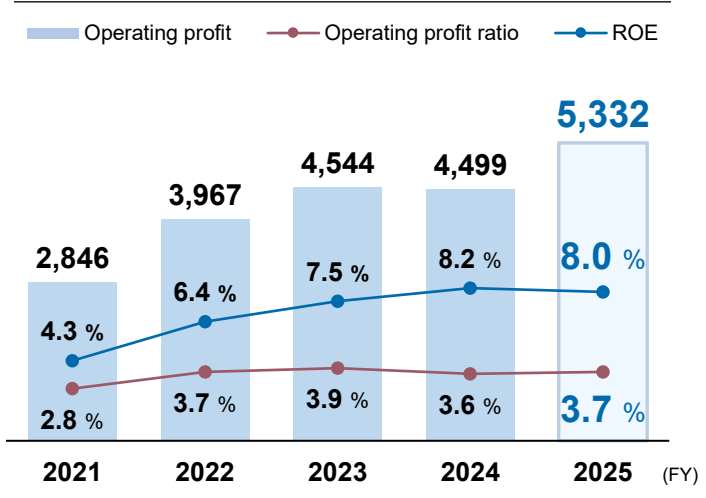
ES (Electronics Solutions) + **C** (Company) = **ES-C2025**



■ Status of achievement of numerical targets Millions of yen

	ES-C2025		Achievement status	
	FY2020	FY2025	Target	Achievement level
Operating profit	2,672	5,332	5,700	93.5%
Operating profit ratio	2.5%	3.7%	4.5%	(0.8%)
ROE	5.2%	8.0%	8.0%	+0%
Net sales growth through strategic investment policy	1,797	10,849	10,000	108.5%

■ Operating profit and ROE trends Millions of yen



ES-C2025 Basic Policy

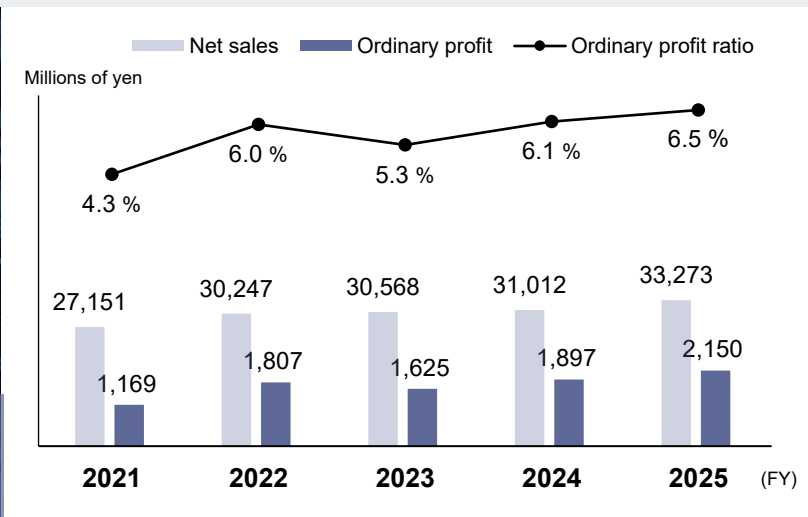
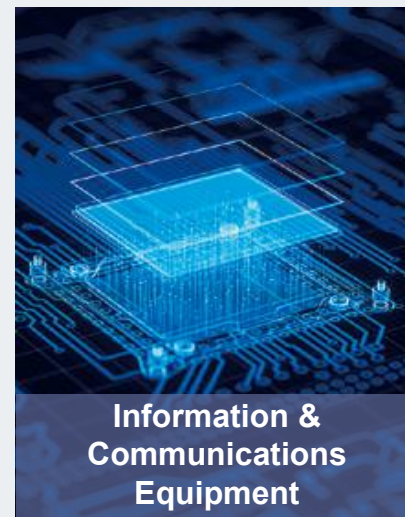
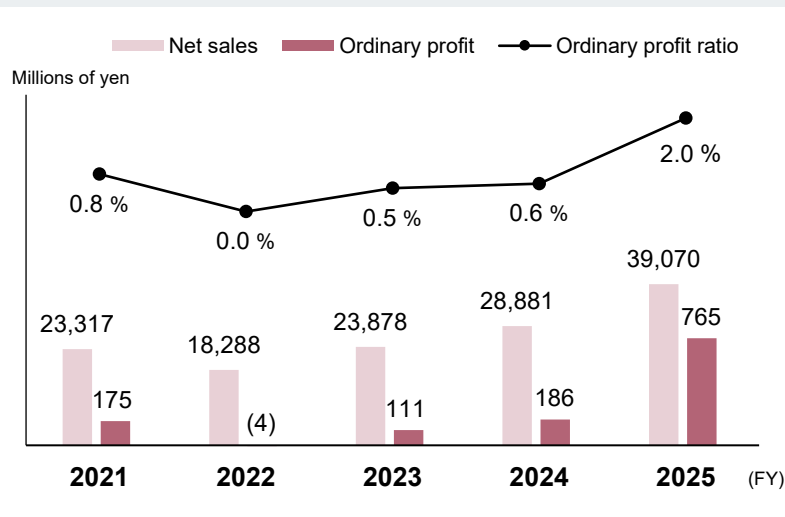
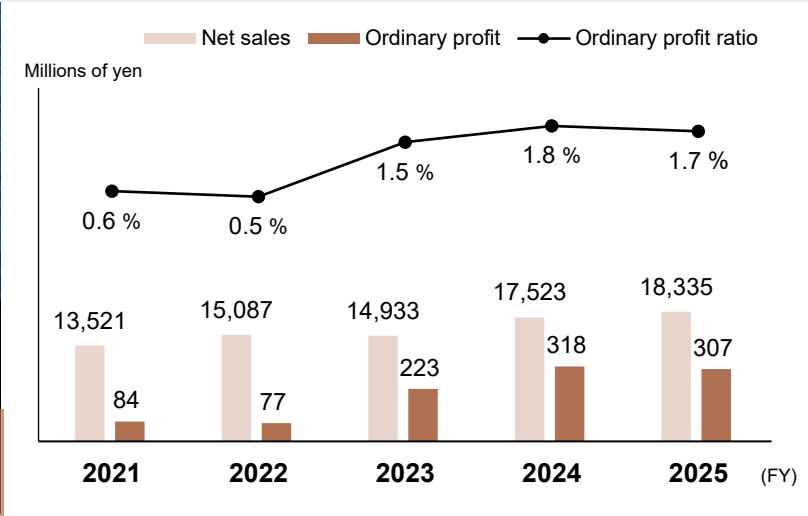
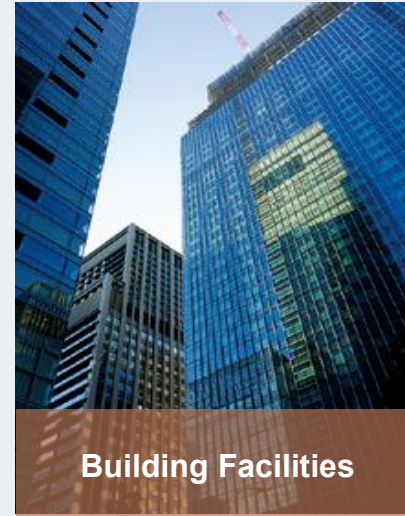
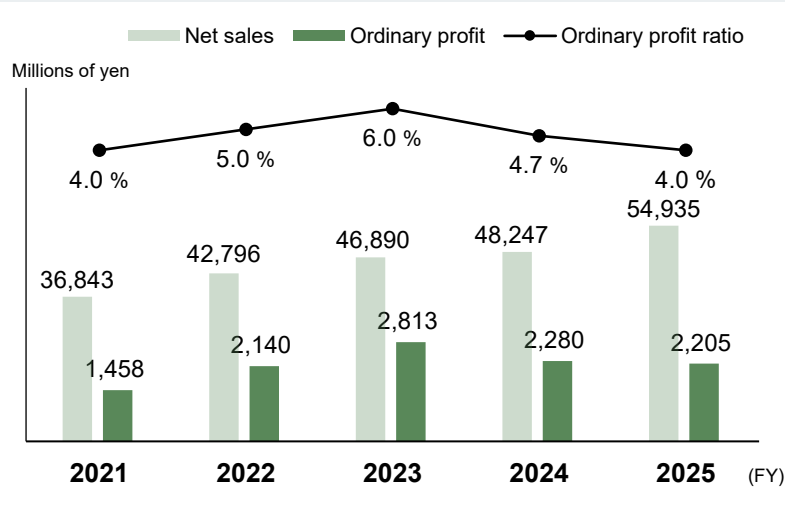
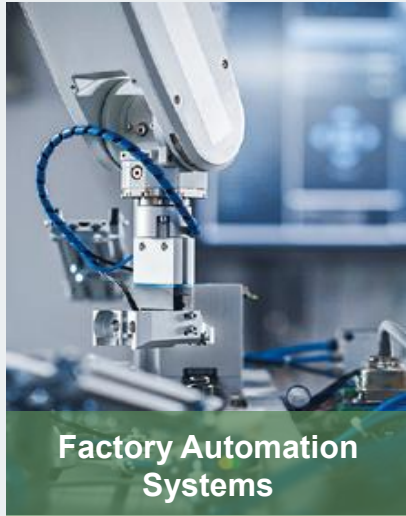
Become an Electronics Solutions Company that contributes to solving social issues and realizes sustainable growth through SDG initiatives

- Continue to be a partner of preferred choice that knows its customers best.
- Pursue strategies with a focus on growth while allocating the necessary management resources proactively.
- Expand value-added businesses and seek to improve profitability.

Summary

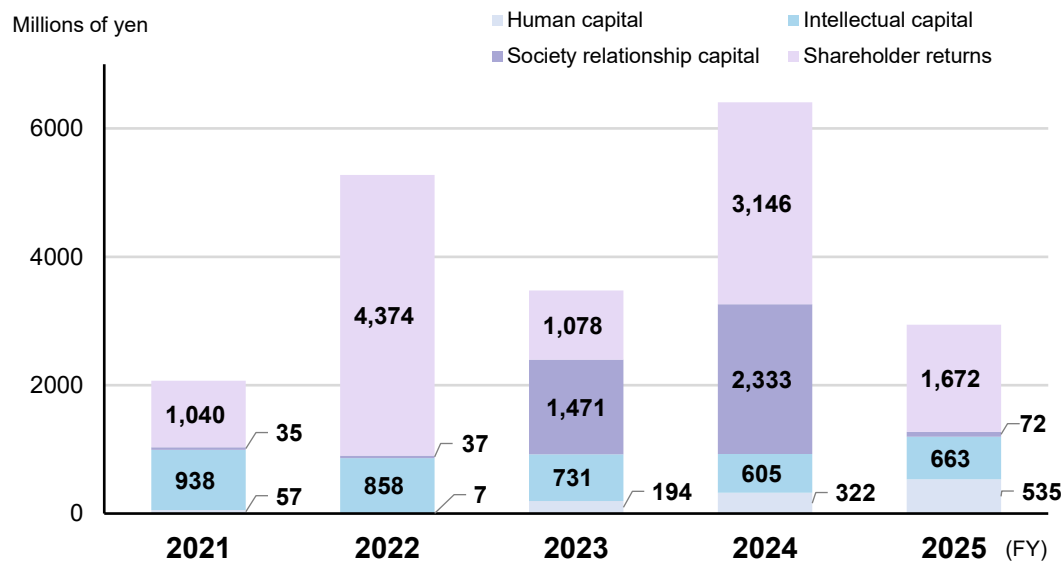
ES-C2025 is the phase for building a revenue base through enhanced collaboration. While we achieved an ROE of 8.0% and generated 10 billion of net sales growth through strategic investments, we fell short of our targets for operating profit (5.7 billion yen) and operating profit ratio (4.5%). The acceleration of the rollout of a solutions-based business model remains a key challenge to be addressed in the next medium-term management plan.

Net sales and ordinary profit by segment: 5-year trend



Cash allocation results (review of capital allocation)

Cash allocation by use



	Investment amount (Cumulative total over five years)	Main investment items
Human capital	1.12 billion yen	Base pay increases; training and hiring
Intellectual capital	3.80 billion yen	Core system; sales support system
Society relationship capital	3.95 billion yen	Two M&A deals; investment in social contributions

Improve capital profitability and enhance shareholder returns

	FY2021	FY2022	FY2023	FY2024	FY2025
ROE	4.3%	6.4%	7.5%	8.2%	8.0%
Operating cash flow	3.60 billion yen	(0.34) billion yen	3.80 billion yen	5.11 billion yen	9.23 billion yen
Share buyback results	0.15 billion yen	3.65 billion yen	0	1.73 billion yen	0
Dividend per share	26 yen	39 yen	53 yen	70 yen	72 yen

M&A results (FY2023–)

December 2023 JAPAN CONTROL ENGINEERING Co, Ltd.

Investment cost	1.405 billion yen
Purpose	<ul style="list-style-type: none"> Strengthen the solution delivery structure Control and IoT engineers: 30 → 100 Power control know-how



December 2024 Takashima Electric Corporation

Investment cost	2.263 billion yen
Purpose	<ul style="list-style-type: none"> Expansion of the FA system business domain in the Tohoku area Acquisition of a sales network in the Tohoku area and in-house manufactured control panels





Basic strategies: Results and issues

Basic Strategy 1

Strengthen competitiveness by deepening understanding and facilitating evolution.

Result

- Expanded net sales scale by transforming the solution delivery platform (creating cross-departmental synergies)
- Transformed profit structure (improving profit margins in the infrastructure segment; expanding the medical field)

Issues

- Expanding engineering resources

Basic Strategy 2

Continue to strengthen initiatives with a focus on high growth areas going forward to solve social issues.

Result

- Expanded presence in existing growth markets (introduced products that accurately capture market conditions)

Issues

- Accelerating commercialization in new areas (AI, energy, etc.)

Basic Strategy 3

Promote the KANADEN DX (digital transformation).

Result

- Digitization of the management foundation (developed a foundation for formulating sales strategies based on data analysis)
- Transformed the sales model (built a system to develop new customers through inside sales)

Issues

- Expanding the effectiveness of productivity improvements

Basic Strategy 4

Create a culture and scheme in which diverse individuals can demonstrate their performances to the full.

Results

- Built a new HR system (established an environment that encourages autonomous challenges)
- Promoted the hiring of specialist talent (expanded mid-career hiring and referral hiring)

Issues

- Developing a specialist team responsible for “solution selling”

Basic Strategy 5

Implement strategic investment policies.

Results

- Expanded the number of engineers through M&A, and expanded sales areas and customer segments
- Materialized group synergies (built a group-wide solution delivery framework)

Issues

- Promoting investments systematically and establishing PMI

Basic Strategy 6

Execute fair management (governance and compliance).

Results

- Improved audit quality (built audit methods that respond to change; expanded audit scope)
- Built a foundation for group governance (established a new organization to oversee affiliates; reviewed rules and initiated an integration process)

Issues

- Establishing an autonomous governance framework (deepening autonomous governance operations across the group)

Results and issues to be carried over to the next medium-term management plan

Phase of building a profit foundation through strengthened collaboration

— Looking back on the five years of ES-C2025 —

What we achieved

- ROE of **8.0%** or higher for two consecutive periods
- **10.0** billion yen in sales through strategic investment policies, etc.
- Expanded the scale of net sales through the solution delivery platform and a cross-selling framework
- Expanded the number of engineers through M&A, and expanded sales areas and customer segments
- Built a growth foundation (completion of DX foundation; HR system overhaul)

Issues

- Achieving an operating profit of **5.7** billion yen or more
- Achieving an operating profit ratio of **4.5%** or higher
- Stagnation in profitability (operating profit ratio)
- Insufficient solution business projects
- Insufficient approach to new business development and new fields
- Shortage of engineering resources
- Declining work efficiency due to overreliance on individuals

Key items to be carried forward to the next medium-term management plan

- Further improvement of profitability by accelerating higher added value
- Expansion of solution capabilities by proactively allocating resources to growth fields
- Acceleration of productivity improvements through the evolution of the DX foundation
- Development of autonomous talent and improving employee engagement

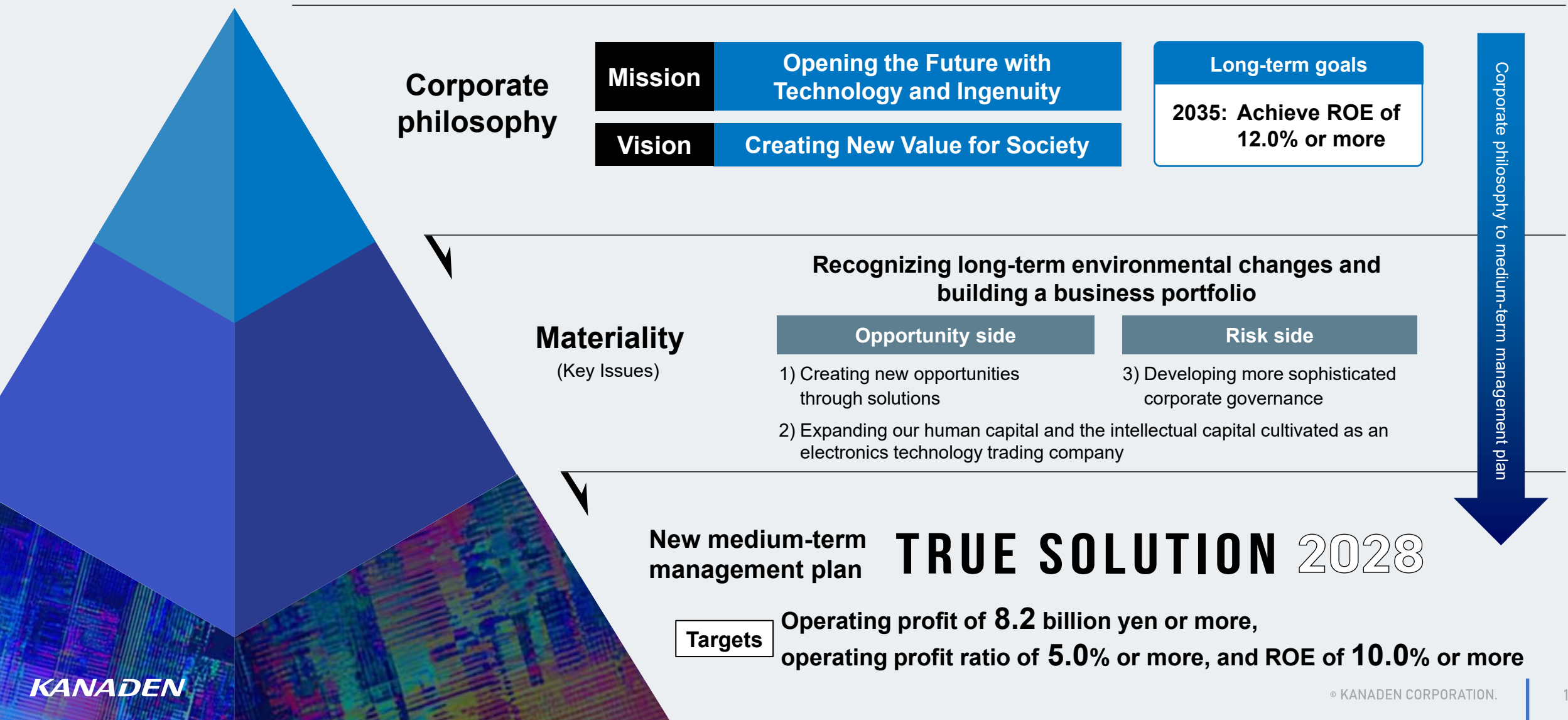
Make the above issues the starting points of "True Solution 2028" and aim to establish a high-profit structure



02

KANADEN's Vision

Management philosophy, Materiality, and Medium-term Management Plan Pyramid





Positioning of the new medium-term management plan

Previous medium-term management plan

ES-C2025

(FY2021–FY2025)

Building a profit foundation through "enhanced collaboration"

Numerical targets

Operating profit	5.7 billion yen
Operating profit ratio	4.5% or more
ROE	8.0% or more

Achievement of sales of 10.0 billion yen through strategic investment policies, etc.

FY2021

New medium-term management plan

TRUE SOLUTION 2028

(FY2026–FY2028)

Establishing a high-profit structure by "leveraging combined strengths"

Numerical targets

Operating profit	8.2 billion yen
Operating profit ratio	5.0% or more
ROE	10.0% or more

FY2026

Long-term vision

(FY2035)

Establishing a stable and highly profitable business structure through value creation

Numerical targets

ROE	12.0% or more
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FY2035

FY2028

03

New Medium-term Management Plan “True Solution 2028”

T Driving growth through innovation and adoption of advanced technologies
TECHNOLOGY

R Flexibly responding to changes and crises in the external environment
RESILIENCE

U Creating unique solutions that cannot be replicated by others
UNIQUE

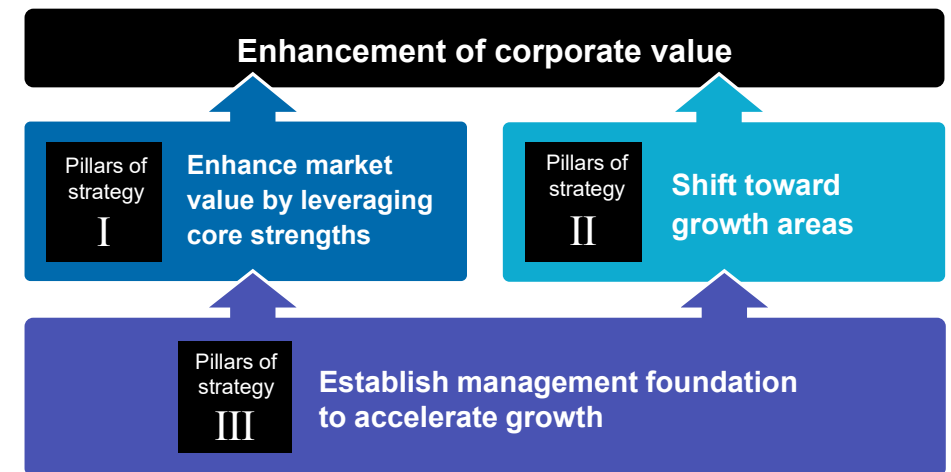
E All employees contribute autonomously with passion
ENGAGEMENT

TRUE SOLUTION 2028

Basic Policy

Pursue true problem-solving capabilities to accelerate sustainable growth through a high-profit structure and a strong management foundation

- Putting the Group Philosophy into practice: “Opening the Future with Technology and Ingenuity”
- Execute strategies with a focus on growth and proactively invest the necessary management resources
- Expand high-value-added businesses and improve profitability
- Establish soundness that supports sustainable growth through strong governance and high capital efficiency



New Medium-term Management Plan "True Solution 2028"

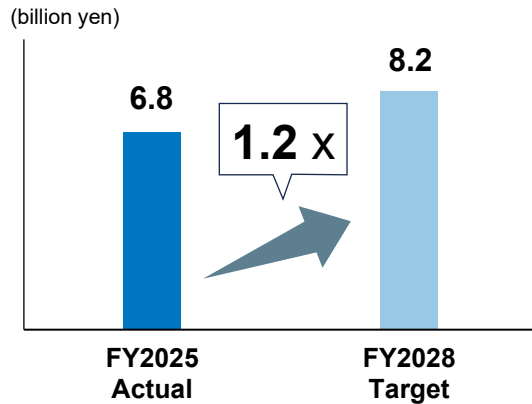
Financial KPIs (Targets)

	FY2028 Target	Vs. FY2025
Consolidated operating profit	8.2 billion yen	+2.9 billion yen
Consolidated operating profit ratio	5.0% or more	+1.3%
ROE	10.0% or more	+2.0%

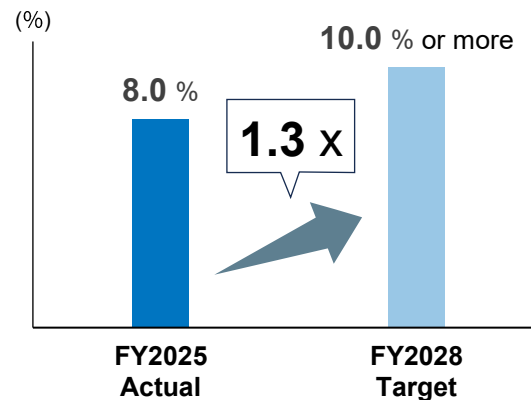
Non-financial KPIs (Targets)

	FY2028 Target
Ratio of net sales from environmental products and solutions to total net sales	10%+
Annual net sales of automation solutions	1.5 X (Compared to FY2025)
Annual net sales of safety and health solutions	1.3 X (Compared to FY2025)
Number of solution menu items	25 Items
Human capital investment amount	2.0 billion yen (cumulative total over the medium-term management plan period)
Ratio of profit contribution from new business domains in M&A, etc.	10.0% or more
Ecovadis score *1	Achieving Bronze
Employee engagement score *2	Score of 51 or higher
Improving productivity	1.3 X (Compared to FY2025)
Preventing external cyberattacks	Keep number of serious incidents at ZERO

Consolidated operating profit



ROE



*1. Sustainability rating by EcoVadis, an international evaluation organization (headquartered in France).

*2. This score is the employee engagement score, and shows the survey results by a third party (Advantage Risk Management Co., Ltd.) as a deviation score across the company's overall customer base.

Pillars of strategy

I

Enhance market value by leveraging core strengths

01 Strengthen solution capabilities and coordination capabilities

Strengthen “coordination capabilities” by deeply engaging at the worksite. Accelerate original solutions that solve customers’ challenges

02 Strengthen the supply chain

Acquire new products through strong partnerships and strengthen the business earnings foundation. Evolve and expand into a stable supply chain

Pillars of strategy

II

Shift toward growth areas

03 Strategically allocate resources to high-growth areas

In addition to existing growth fields, concentrate investment and management resources in new high-growth areas such as defense and medical/long-term care

04 Accelerate expansion into high-growth areas

Accelerate expansion into promising areas in Japan and overseas. Strengthen the foundation of existing businesses and promote expansion into new domains in growth fields

05 Make strategic investments and enhance the business portfolio

Implement planned and effective investments in human capital, intellectual capital, and society relationship capital

Pillars of strategy

III

Establish management foundation to accelerate growth

06 Promote KANADEN AX+ (AI transformation through utilization)

Promote the use of AI agents. Create new business opportunities by improving productivity and enhancing proposal activities based on data

07 Develop autonomous talent and enhance organizational teamwork

Proactive mindset to think and act independently. Foster a culture that celebrates challenges and tolerates failure

08 Implement fair and transparent management and develop more sophisticated corporate governance

Continuously strengthen governance across the entire group with a strong sense of ethics and integrity at the core

Eight basic strategies (1) (2)

Pillars of strategy I

Enhance market value by leveraging core strengths

01 Strengthen solution capabilities and coordination capabilities



Strengthen “coordination capabilities” by deeply engaging at the worksite. Accelerate original solutions that solve customers’ challenges

- **Transform the earnings model and enhance stock-type businesses**
Promote a high-profit solution business model, shifting from selling stand-alone equipment. Secure stable earnings by evolving highly unique original solutions and strengthening stock-type businesses
- **Promote high value-added engineering that captures next-generation demand**
For growth fields where demand is accelerating due to labor shortages and carbon neutrality, optimally coordinate automation, OT security, environmental energy, drive solutions, etc. to match on-site challenges
- **Promote global and technology alliances**
Strengthen supply capabilities and technical proposal capabilities through offshore development, collaboration with SI and construction partners, and developing overseas suppliers

02 Strengthen the supply chain



Acquire new products through strong partnerships and strengthen the business earnings foundation. Evolve and expand into a stable supply chain

- **Strengthen collaboration and partnerships**
Deepen collaboration with major suppliers and maximize value provided and expand customer scale through collaboration among internal business divisions
- **Expand new products to meet market needs**
Accelerate expansion into fields with growing demand by introducing overseas products and acquiring machine tools, medical DX, and energy-saving products
- **Build a sustainable earnings foundation**
Expand bundled sales and projects that include construction. Establish a strong business model by ensuring a stable supply of electrical equipment products



Eight basic strategies (3) (4) (5)

Pillars of strategy II

Shift toward growth areas

03 Strategically allocate resources to high-growth areas

In addition to existing growth fields, concentrate investment and management resources in new high-growth areas such as defense and medical/long-term care

- **Accelerate entry into growth industries and new domains**
With automation, the environment, data centers, and defense, and healthcare designated as priority areas, expand market share through optimal resource allocation and expansion of the product portfolio
- **Rebuild the business foundation and shift to a profit structure**
Build an in-house development structure through group collaboration and strengthen earning power

04 Accelerate expansion into high-growth areas

Accelerate expansion into promising areas in Japan and overseas. Strengthen the foundation of existing businesses and promote expansion into new domains in growth fields

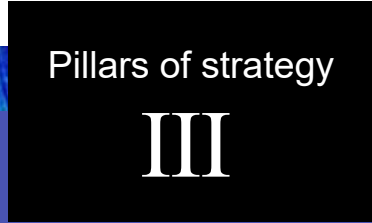
- **Capture domestic growth areas and expand the network**
Strengthen the sales structure in the Kyushu area (Kumamoto and East Kyushu) where investment is active, as well as in Chugoku, Shikoku, Hokuriku, and other regions
- **Deepen global strategy and develop overseas markets**
Promote integrated management with overseas affiliated companies and strengthen responsiveness that captures local needs. Accelerate entry into rapidly growing overseas local markets, such as businesses for the food industry in the ASEAN region

05 Make strategic investments and enhance the business portfolio

Implement planned and effective investments in human capital, intellectual capital, and society relationship capital

- **Invest in human capital**
Accelerate the acquisition and development of specialized talent, and strengthen training and education systems and reskilling support
- **Invest in intellectual capital**
Promote data-driven management by building and analyzing a data lake. Improve productivity through the use of AI
- **Invest in society relationship capital**
Expand the value chain by executing M&A that creates synergies

Eight basic strategies (6) (7) (8)



Establish management foundation to accelerate growth

06 Promote KANADEN AX+ (AI transformation through utilization)

Promote the use of AI agents. Create new business opportunities by improving productivity and enhancing proposal activities based on data.

- **Build a data-driven proposal and operations structure**
Strengthen high value-added proposal capabilities and technical capabilities based on objective data by leveraging the information analysis platform. Analyze on-site needs with AI to create new business opportunities
- **Maximize human capital and strengthen organizational capabilities through the use of AI**
Digitize and standardize individual knowledge and shift to a sales structure that moves away from reliance on specific individuals. Optimize human resources by introducing AI into business processes, achieving both high efficiency and high quality

07 Develop autonomous talent and enhance organizational teamwork

Proactive mindset to think and act independently. Foster a culture that celebrates challenges and tolerates failure

- **Establish initiative and promote reskilling**
Strengthen reskilling to fundamentally enhance technical capabilities. Support the acquisition of specialized skills and proactive career development to create autonomous solutions
- **Increase engagement and foster an organizational culture that praises taking on challenges**
Deepen understanding of the management philosophy and vision, and develop an environment where each employee can work with pride and a sense of purpose
- **Create synergies and a sense of organizational unity through group collaboration**
Create synergies through collaboration across divisions and group companies. Leverage overall capabilities toward common goals through cohesive organizational management

08 Implement fair and transparent management and develop more sophisticated corporate governance

Continuously strengthen governance across the entire group with a strong sense of ethics and integrity at the core

- **Promote autonomous and strategic group governance**
Implement materiality in management and roll out “autonomous control” across the entire group to fulfill social responsibilities
In addition to strengthening legal functions and enhancing affiliate management, establish a post-M&A PMI execution framework and further deepen strategic governance
- **Foster an organizational culture with a strong sense of ethics**
To enable each individual to have a strong sense of ethics and contribute to the growth of a sustainable society, practice corporate ethics that goes beyond mere formal compliance

Investment roadmap — Capital allocation and expected returns over three years

New businesses and the use of AI

Investment amount: **1.5** billion yen

- Optimal resource management and creation of new businesses
- Improve productivity through the use of AI

▶ **Productivity improvement and profit creation: Create new businesses, improve sales efficiency through the use of AI, and achieve operating profit +1.5 billion yen or more**

M&A and alliances

Investment amount: **10.0** billion yen

- Create new synergies through M&A
- Strengthen alliances with partner companies

Investment in human capital

Investment amount: **2.0** billion yen

- Acquire and develop highly specialized talent, and reskill for growth fields
- Foster a positive corporate culture through permeation of the philosophy, and strengthen organizational capabilities

▶ **Productivity improvement and stronger responsiveness**

Facilities and strengthening the DX foundation

Investment amount: **1.5** billion yen

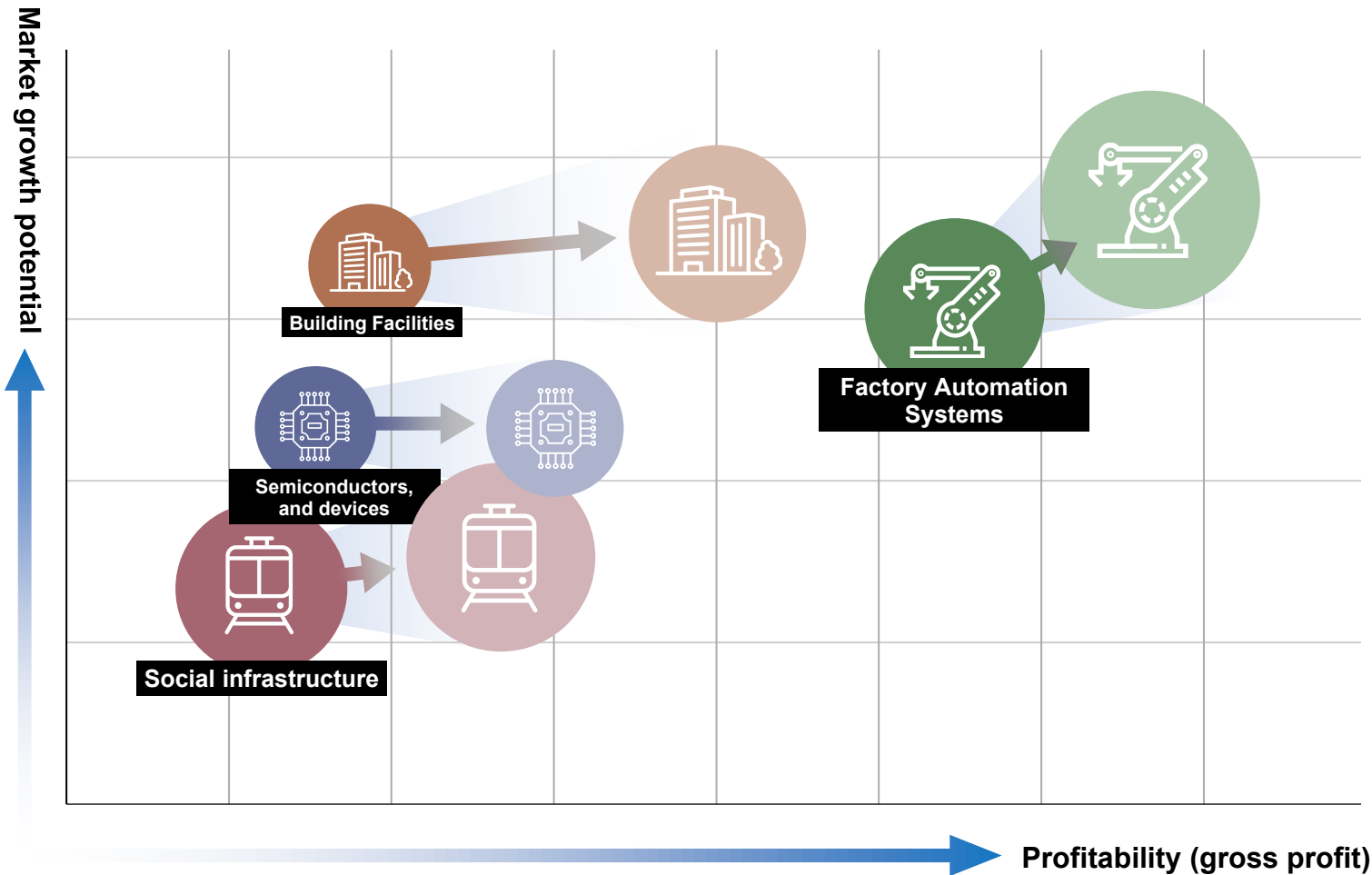
- Develop a data lake and build efficient core systems
- Strengthen information security
- Develop a workplace environment that promotes co-creation

▶ **Operational efficiency and risk reduction**

Financial Strategy (1): Business portfolio management

FY2025 to FY2028 Before & After

(Size = sales)



Factory Automation Systems

- Against the backdrop of addressing the accelerating labor shortage and the expanding power electronics market, position "automation solutions" as a pillar of growth and accelerate the shift from components to solutions
- Aim to expand into growth markets and regions, including overseas, through proposals that combine the strengths of proprietary solutions and a diverse product lineup

Building Facilities

- Pursue growth through new businesses such as renewable energy and storage batteries that respond to increasing demand for data center expansion driven by AI needs and rising GX demand toward a decarbonized society, as well as through the establishment of a "hands-on end-to-end service model" that provides integrated construction and maintenance support
- Provide data visualization and operational optimization, evolving into a "spatial value creation business" grounded in advanced expertise

Semiconductors and Devices

- In anticipation of the spread of communication modules and growing demand related to EV charging and power supplies, shift from general-purpose products to "high value-added products and key components" such as wireless modules and AI chips, and build a profit-focused portfolio
- Strengthen integrated management that links domestic design-in activities to overseas sales, and accelerate capturing demand in global markets

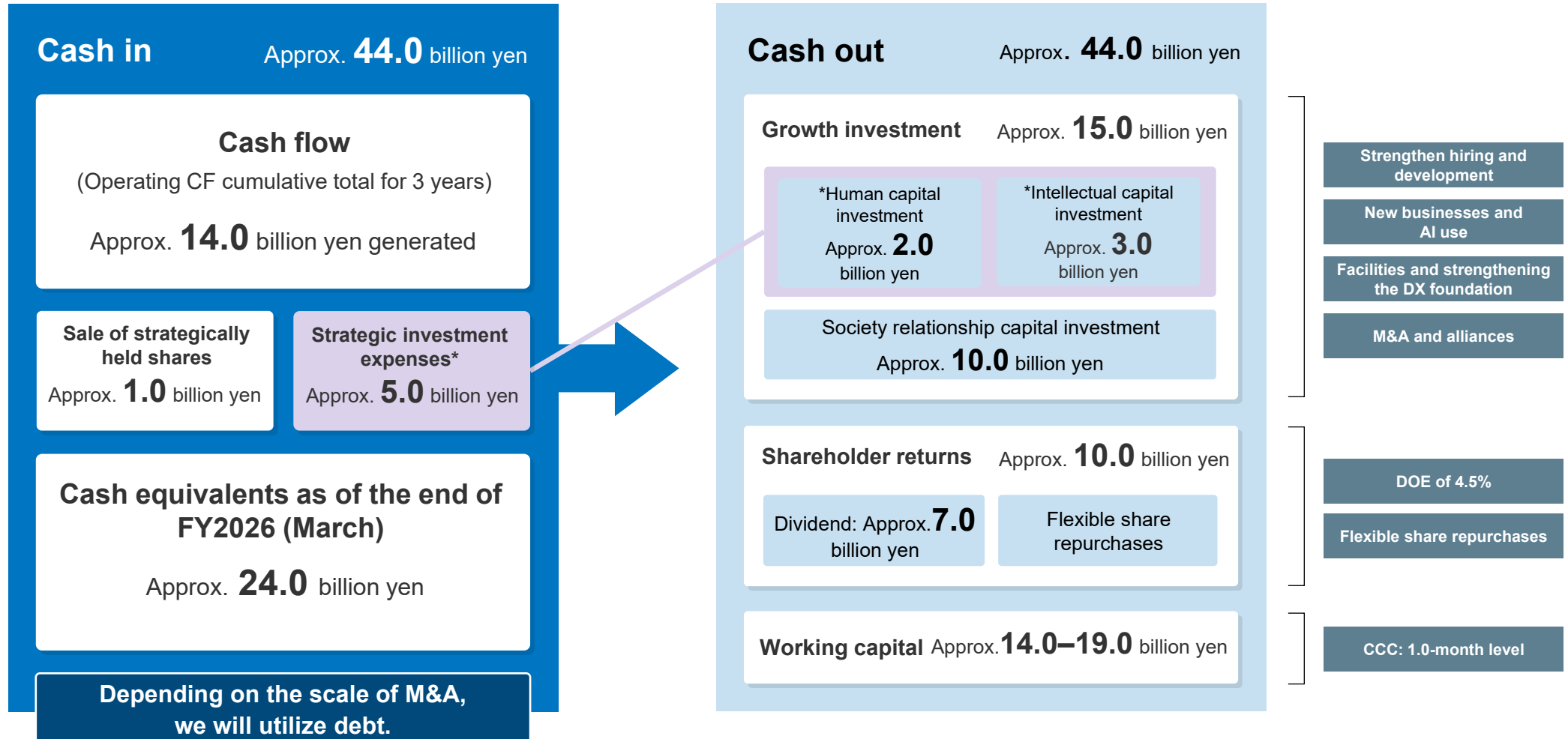
Social Infrastructure business

- In response to growing needs such as increased defense budgets, infrastructure safety measures, and advanced medical care, we will develop company-led business—including defense maintenance and servicing, automation of vehicle depots, and hospital DX—into new pillars of growth
- Thoroughly promote cross-selling through interdepartmental collaboration and pursue maximum profit across the entire lifecycle, from equipment sales to operation and maintenance

* The above figure is presented based on the new segment classification. For details of the segment change, please refer to Appendix (P.30).

Financial Strategy (2): Cash flow plan and allocation policy

By appropriately allocating the cash secured through enhanced earning power into various forms of capital that underpin growth, we will establish a virtuous cycle that drives further growth.



* As human capital investment and intellectual capital investment are items treated as expenses for accounting purposes, strategic investment expenses are included in the cash in section.

Financial Strategy (3): Reduction of cross-shareholdings

We will review the rationale for holding strategically held shares and their investment efficiency, aiming to generate cash and improve capital efficiency.

■ Reduction target for cross-shareholdings

During the medium-term management plan period, we will proceed with reductions, targeting a ratio of cross-shareholdings to consolidated net assets of **5.0%**

	Number of issues	Total amount on the balance sheet
Listed shares	29	4,126 million yen
Unlisted shares	18	151 million yen

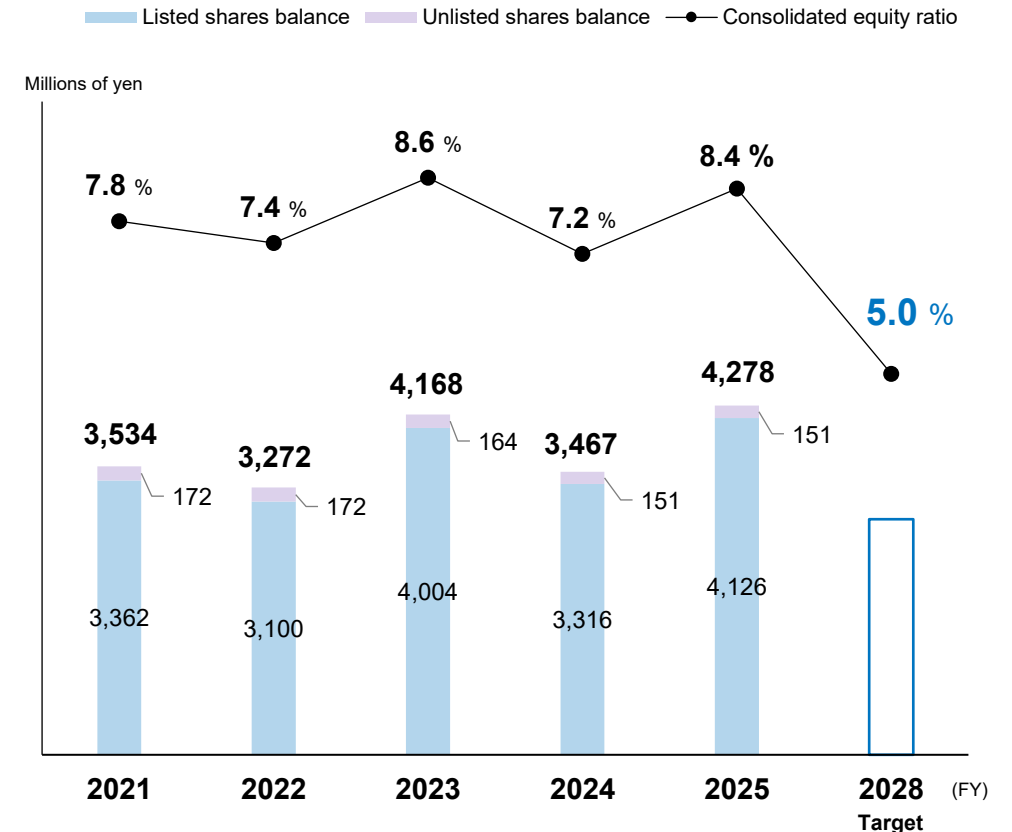
Consolidated equity ratio
(As of the end of FY2026 (March))

8.4%

A holding ratio lower than the 20% and 10% hurdles requested by institutional investors and proxy advisory firms



- We will accelerate the pace of reduction and proceed with reducing cross-shareholdings to a target of **5.0%** of net assets during the medium-term management plan period.
- Cash generated through the reduction will be allocated to the next growth investment and shareholder returns.



Financial Strategy (4): Enhance shareholder returns

Based on improved profitability and enhanced capital efficiency, we will work to enhance shareholder returns and aim to maximize total return to meet expectations from the capital markets.

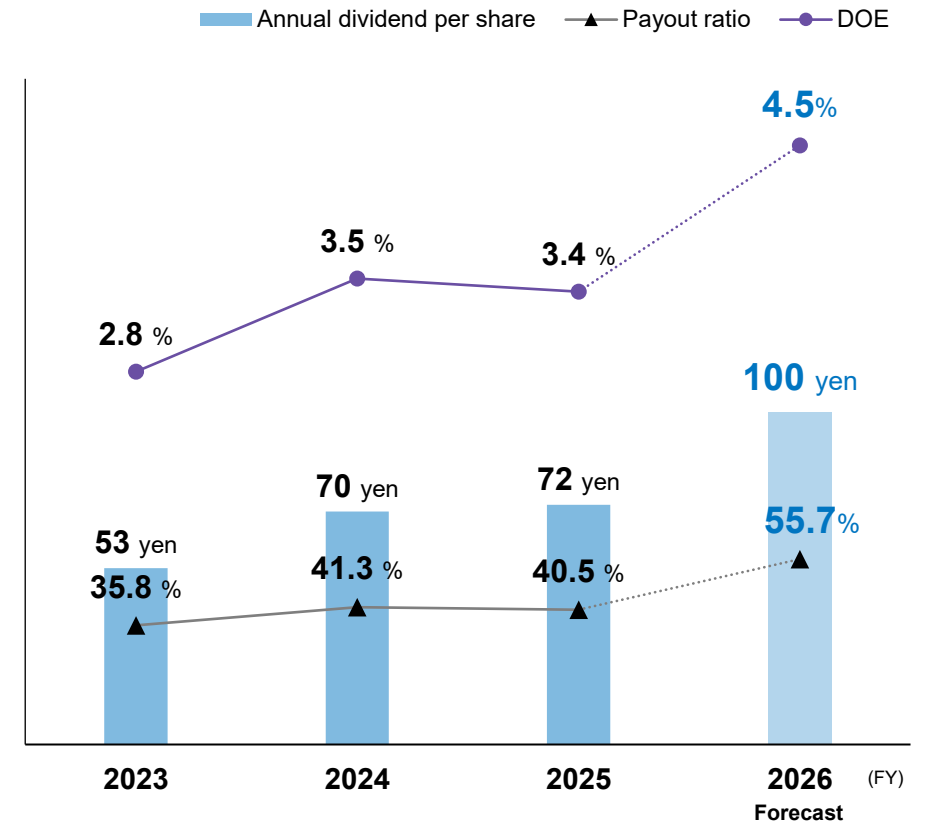
Change in dividend policy

DOE of 4.5% We will adopt DOE as an indicator, replacing the previous dividend payout ratio of 40%

With a strong focus on improving capital efficiency (ROE), and to achieve sustainable growth and enhanced shareholder returns, we will adopt a dividend on equity (DOE) of 4.5% as a benchmark indicator, in addition to our conventional progressive dividend policy.

By using DOE as the benchmark, we aim to achieve stable dividends based on accumulated shareholders' equity, without being affected by short-term fluctuations.

	FY2023	FY2024	FY2025	FY2026 (Forecast)
Annual dividend per share	53 yen	70 yen	72 yen	100 yen
DOE	2.8%	3.5%	3.4%	4.5%
Payout ratio	35.8%	41.3%	40.5%	55.7%



Status by segment: Factory Automation Systems



FA field

Products handled Factory automation control components such as PLCs, servo motors, and inverters; power distribution control devices such as breakers and switches; etc.

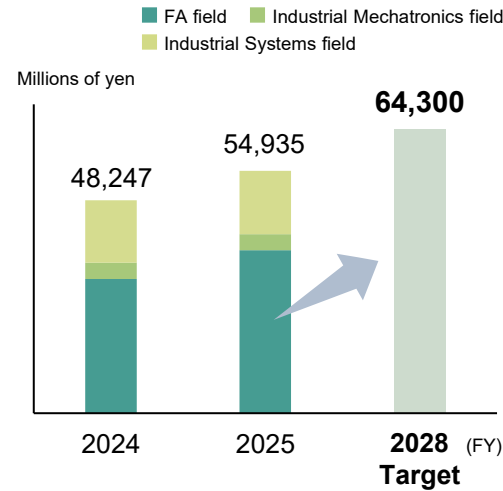
Industrial Mechatronics field

Products handled Electric discharge machines, laser processing machines, 3D printers, etc.

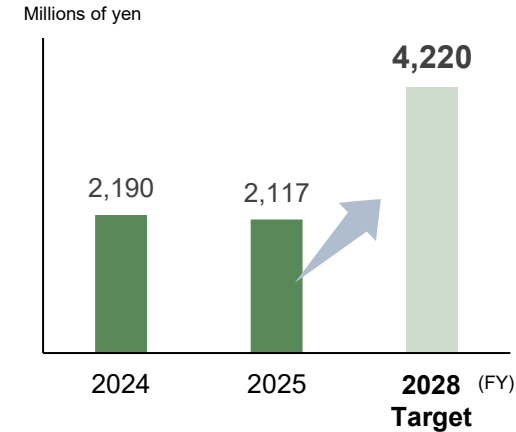
Industrial Systems field

Products handled Process control systems such as DCS, measuring instruments, etc.

Net sales



Operating profit



FY2028 Target

Net sales target
64,300 million yen or more
 Average annual growth rate +5.4%

Operating profit target
4,220 million yen or more
 Average annual growth rate +22.1%

Opportunities and risks in the market environment during the medium-term management plan period

- Opportunity: Expansion of demand for automation and robots against the backdrop of domestic and overseas labor shortages
- Risk: Reduced customer willingness to invest due to rising fuel and electricity prices associated with China's economic slowdown and heightened tensions in the Middle East, as well as increased raw material costs

Segment initiatives in the medium-term management plan

- Based on expanding the scale of component sales, promote the establishment of a high-value-added solution model specialized in the AI, IoT, automation, and drive fields
- Through proposals that combine the strengths of proprietary solutions and a diverse lineup of products, accelerate expansion into growth markets and regions including overseas, and build new pillars of earnings

Segment status: Building Facilities



Facilities Equipment field

Products handled: Generators, uninterruptible power supplies (UPS), elevators, LED lighting, etc.

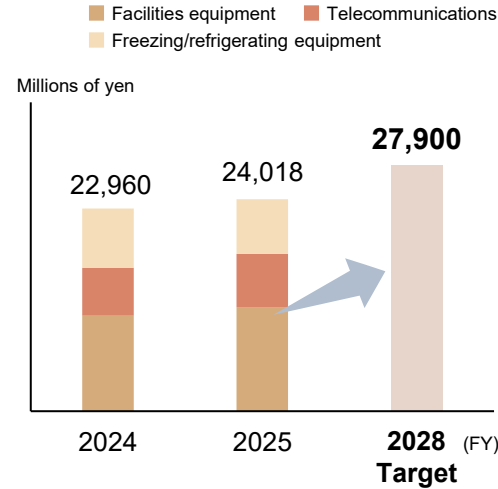
Telecommunications field

Products handled: Security cameras, video systems, etc.

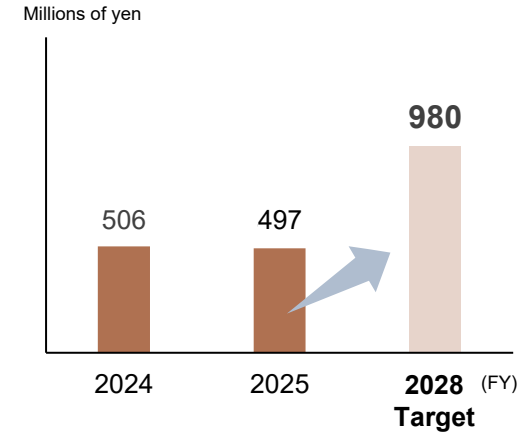
Freezing/refrigerating equipment field

Products handled: Air conditioners for business use, freezing and refrigerating equipment, etc.

Net sales



Operating profit



FY2028 Target

Net sales target
27,900 million yen or more
 Average annual growth rate +5.1%

Operating profit target
980 million yen or more
 Average annual growth rate +25.4%

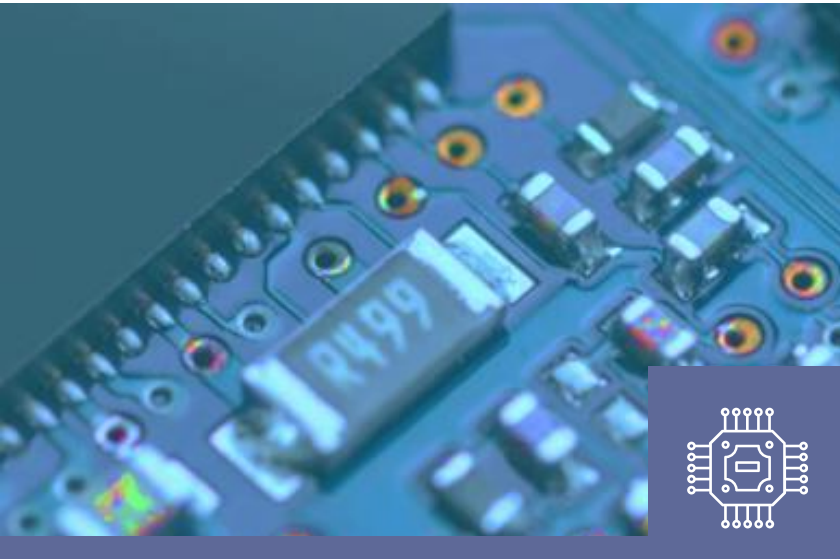
Opportunities and risks in the market environment during the medium-term management plan period

- Opportunity: Increasing demand for data centers driven by the rise of generative AI and expanding needs for energy-saving renovations of existing buildings
- Risk: Rising labor costs and material prices in the construction industry, profitability management of large projects, and declining profit margins due to intensifying competition

Segment initiatives in the medium-term management plan

- Strengthen an integrated structure covering everything from inspections and maintenance to renewal proposals. Expand the business domain for data centers and telecom carriers, an area where high growth is expected to continue, and deepen ZEB proposals using energy management systems
- Promote proposals that achieve both reduced environmental impact and comfort

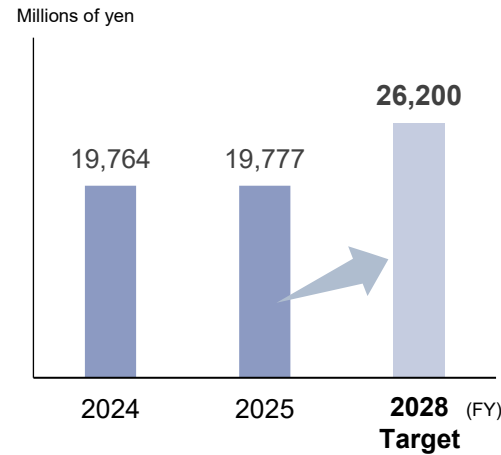
Segment status: Semiconductors and Devices



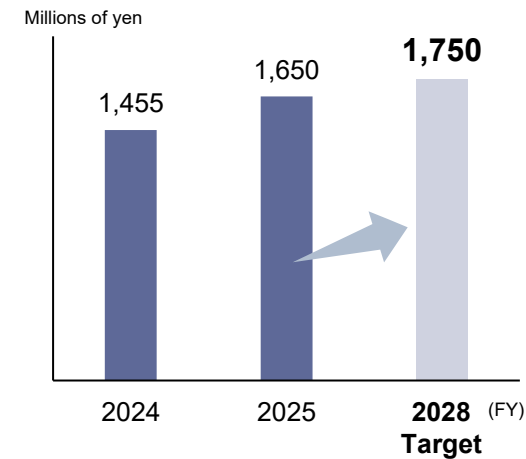
Semiconductors and Devices field

Products handled Memory, microcontrollers, integrated circuits, power semiconductors, electronic components, wireless modules, etc.

Net sales



Operating profit



FY2028 Target

Net sales target
26,200 million yen or more
 Average annual growth rate **+9.8%**

Operating profit target
1,750 million yen or more
 Average annual growth rate **+1.0%**

Opportunities and risks in the market environment during the medium-term management plan period

Opportunity: Expanding demand for high-efficiency power semiconductors and electronic devices accompanying energy savings in industrial equipment and increased multifunctionality of OA equipment
Risk: Fluctuations in supply-demand cycles, rapid changes in semiconductor market conditions and technology obsolescence, and impacts on sales rights due to industry reorganization among major suppliers

Segment initiatives in the medium-term management plan

- Strengthen “design-in” with industrial and OA equipment manufacturers and focus on supporting development of system-on-module (SoM) solutions
- Build a business foundation in EV-charging-related and power-supply-related fields as new pillars of earnings. Accelerate the shift to a high-value-added business structure centered on solutions

Segment status: Infrastructure



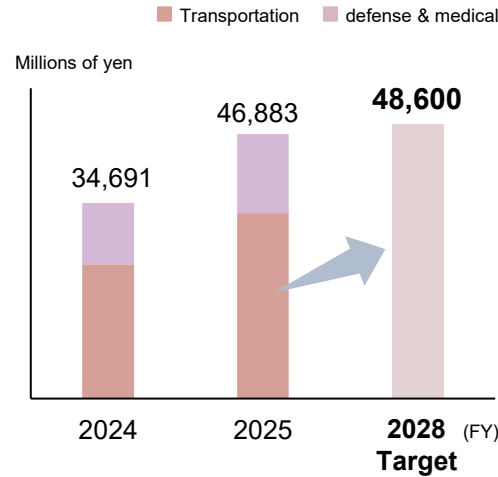
Transportation field

Products handled Railway vehicle equipment such as brakes, air conditioning, and communication devices, substation equipment, LED lighting, etc.

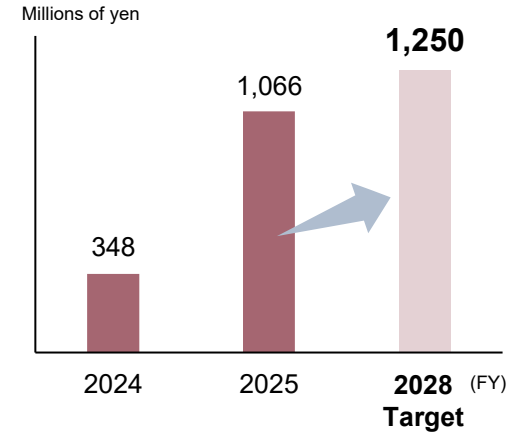
Defense & medical field

Products handled Defense equipment for government agencies, electrical equipment, disaster prevention radio, photovoltaic power generation equipment, and electronic medical equipment for hospitals, etc.

Net sales



Operating profit



FY2028 Target

Net sales target
48,600 million yen or more
 Average annual growth rate +1.2%

Operating profit target
1,250 million yen or more
 Average annual growth rate +5.5%

Opportunities and risks in the market environment during the medium-term management plan period

Opportunity: Increased defense budgets, expanding demand for advanced medical care, and recovery in railway investment as well as increased investment in disaster prevention and mitigation
Risk: Unstable orders influenced by government budgets and local government plans

Segment initiatives in the medium-term management plan

- In addition to DX in the railway and public sectors, strengthen expansion of the sales area for radiotherapy equipment and entry into the neurosurgery and cardiovascular fields
- Create safe and healthy social value by expanding domains in rapid response to shifts in defense policy and by promoting DX in the medical field

APPENDIX

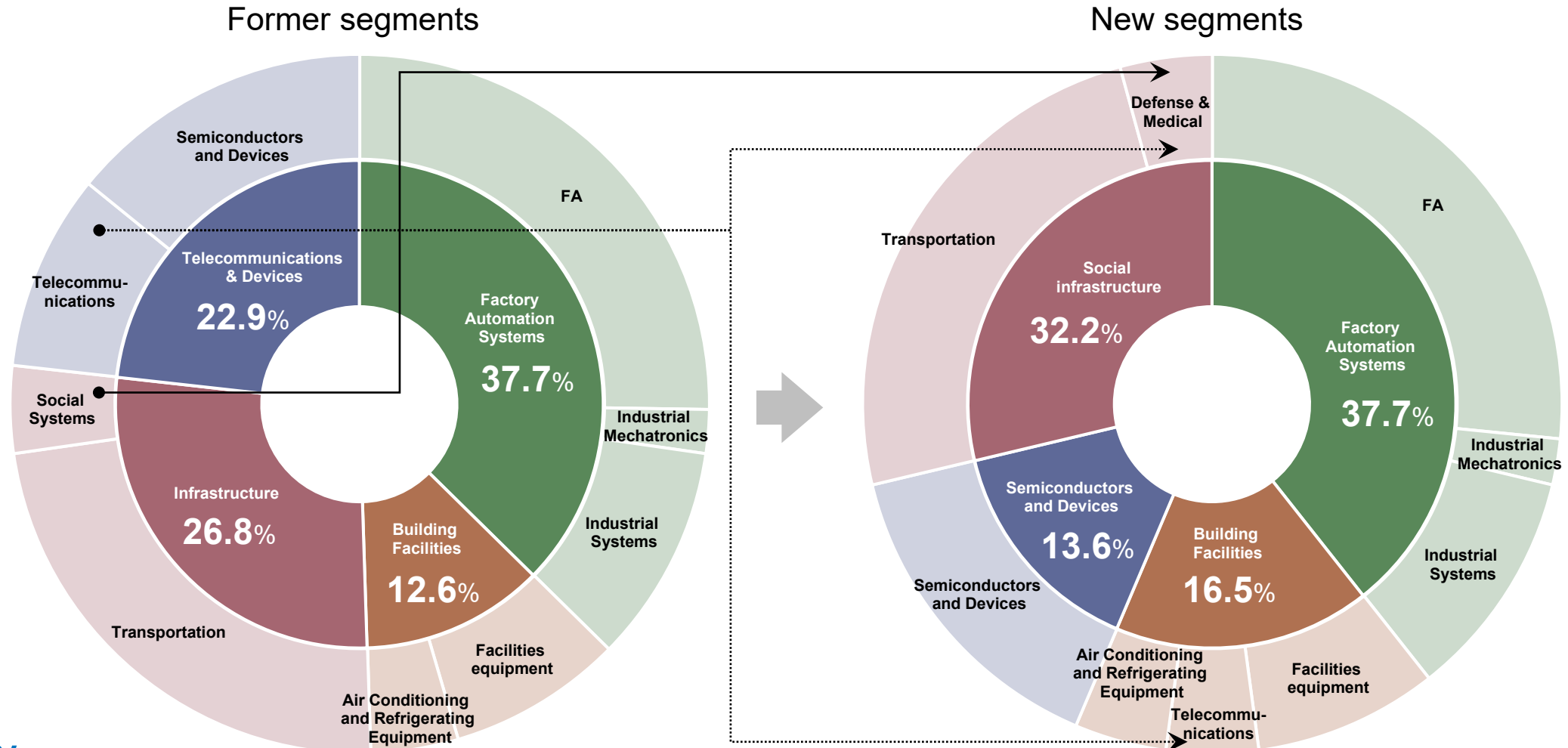
Segment-by-segment performance during the previous medium-term management plan period

(Millions of yen)

		FY2021	FY2022	FY2023	FY2024	FY2025
Factory Automation Systems	Net sales (Total)	36,843	42,796	46,890	48,247	54,935
	└ FA field	26,858	30,718	31,836	30,412	36,945
	└ Industrial Mechatronics field	3,488	3,794	4,310	3,715	3,603
	└ Industrial Systems field	6,497	8,283	10,743	14,120	14,386
	Ordinary profit	1,458	2,140	2,813	2,280	2,205
Building Facilities	Net sales (Total)	13,521	15,087	14,933	17,523	18,335
	└ Facilities Equipment field	8,157	8,503	8,211	10,827	11,811
	└ Freezing/refrigerating equipment field	5,363	6,583	6,722	6,696	6,523
	Ordinary profit	84	77	223	318	307
Infrastructure	Net sales (Total)	23,317	18,288	23,878	28,881	39,070
	└ Transportation field	19,286	14,831	19,323	23,777	32,836
	└ Social Systems field	4,030	3,456	4,555	5,103	6,234
	Ordinary profit	175	(4)	111	186	765
Information & Communications Equipment	Net sales (Total)	27,151	30,247	30,568	31,012	33,273
	└ Telecommunications field	8,632	9,816	11,233	11,247	13,495
	└ Semiconductors and Devices field	18,519	20,430	19,335	19,764	19,777
	Ordinary profit	1,169	1,807	1,625	1,897	2,150
Company-wide expenses		167	222	221	46	355
Consolidated total	Net sales	100,834	106,419	116,271	125,665	145,614
	Ordinary profit	3,055	4,244	4,994	4,730	5,784

Overview of segment changes

- Reviewing the segment structure to align with business characteristics and the organizational management framework
- Growth of the medical business in the telecommunications field and stronger collaboration between the telecommunications business and facilities equipment



Linking materiality with the medium-term management plan — Key Issues × Basic Strategy Matrix

	Materiality	01 Solution capabilities	02 Supply chain	03 Focus on growth fields	04 Regional expansion	05 Strategic investment	06 AX+	07 Human resources development	08 Governance
Creating new business opportunities through solutions	Providing solutions to environmental issues such as climate change	◆	◆	◆					
	Provide solutions to social issues such as the shrinking workforce, aging society, and future safety and security	◆		◆	◆				
	Providing solutions to increase the corporate value of customers	◆	◆				◆		
Expanding our human capital and the intellectual capital cultivated as an electronics technology trading company	Human resources development	◆				◆		◆	
	Utilizing accumulated know-how and information			◆		◆	◆		
	Strengthening partnerships including those with customers, suppliers, and the community		◆		◆	◆			
Developing more sophisticated corporate governance	Improving the work environment and promoting diversity, equity, and inclusion					◆		◆	◆
	Promoting DX		◆				◆		◆
	Instilling awareness of corporate culture				◆			◆	◆

* Up to three basic strategies are associated with each materiality

Medium- to long-term goals for materiality

	Materiality	Sub-Materiality	Ideal states	KPIs	Mid-term targets (FY2028)	Long-term targets (FY2035)
Value we aim to create	Creating new business opportunities through solutions	Providing solutions to environmental issues such as climate change	By providing environmental solutions to our customers, we contribute to achieving carbon neutrality for society as a whole.	Ratio of net sales from environmental products and solutions to total net sales	Over 10%	Over 20%
		Provide solutions to social issues such as the shrinking workforce, aging society, and future safety and security	We contribute by providing appropriate solutions to social issues such as the shrinking workforce, aging population, and deterioration of social infrastructure.	Annual net sales of automation solutions	1.5 x (Compared to FY2025)	4.0 x (Compared to FY2025)
		Providing solutions to increase the corporate value of customers	By enhancing our technological and proposal capabilities, we provide optimal solutions tailored to our clients' challenges, thereby contributing to the enhancement of their corporate value.	Annual net sales of safety and health solutions	1.3 x (Compared to FY2025)	2.5 x (Compared to FY2025)
Capital that creates value	Expanding our human capital and the intellectual capital cultivated as an electronics technology trading company	Human resources development	We will become a company where employees can pursue careers that suit them and where everyone can showcase their unique strengths.	Human capital investment amount	2.0 billion yen (Cumulative total for the medium-term management plan period)	10.0 billion yen (10-year cumulative total)
		Utilizing accumulated know-how and information	We will establish a system to share and utilize the expertise in addressing customer needs and challenges accumulated through our long-standing business relationship.	Expansion of the solution menu	25 solutions	100 solutions
		Strengthening partnerships including those with customers, suppliers, and the community	We aim to deepen and evolve our stable supply chain both domestically and internationally, based on strong relationships of trust with our customers, suppliers, and society.	Ratio of profit contribution from new business domains in M&A, etc.	10% or more	20% or more
				Ecovadis score	Achieve Bronze	Achieve Gold
Foundation that supports the creation of corporate value	Developing more sophisticated corporate governance	Improving the work environment and promoting diversity, equity, and inclusion	Through the promotion of diverse human resources and fair evaluation, we aim to build a sound and vibrant organization where employees can maximize their potential.	Employee engagement score	Score of 51 or higher	To be set based on progress toward achieving mid-term targets
		Promoting DX	We will improve productivity using digital technology. We will also maintain a robust information security framework and remain a company you can trust for secure transactions.	Productivity improvement	1.3 x (compared to FY2025)	2.0 x (compared to FY2025)
		Instilling awareness of corporate culture	We will conduct corporate activities that embody our Corporate Philosophy and Code of Conduct, meeting the expectations and trust of all stakeholders.	Prevention of external cyberattacks	Keep number of serious incidents at zero	Keep number of serious incidents at zero
				Employee engagement score	Score of 51 or higher	To be set based on progress toward achieving mid-term targets

Electronics Solutions Company

KANADEN