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TAKACHIHO KOHEKI CO., LTD Mid-Term Management Plan 2025-2027 Briefing

Moderator: Ladies and gentlemen, thank you for your patience. TAKACHIHO KOHEKI CO., LTD begins a briefing on the New Medium-Term Management Plan 2025-2027. Thank you very much for taking time out of your busy schedule to watch this event today.

I would like to explain today's schedule. Takanobu Ide, President and Chief Executive Officer will begin the presentation with a review of the previous medium-term management plan, the vision for 2030, and the overall vision of the new medium-term management plan. Next, Naoko Tsuruho, General Manager of Corporate Planning Dept, is going to talk about business and business strategies. Then, Masaya Iwamoto, General Manager of Administration Dept, will explain sustainable management and capital strategy.

There will be time for questions and answers afterwards. For questions and answers, please use the Q&A function and enter your questions. Submission is possible even in the middle of the presentation. Please note that we will not read out the name of questioner, only the text of the question will be read on their behalf. You may ask your questions anonymously. Please understand that it may be difficult to answer all questions due to time constraints.

The briefing is scheduled to end at approximately 11:20 AM. After the session, a questionnaire screen will appear. Your cooperation in answering the questions would be greatly appreciated.

Now, President Ide, please start.

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Summary of the previous medium-term management plan (numerical targets)

Ide: I am Ide, President and Chief Executive Officer. Thank you very much for watching today's presentation of our new medium-term management plan.

We will begin with a review of the previous medium-term management plan. Although the current fiscal year has not yet ended, we expect to achieve the targets in the medium-term management plan at this point.

The main factors for this are a successful acquisition of commercial rights and customer-oriented sales in the semiconductor business, and an increase in stable revenue in the cloud services and support business. We expect to achieve our KPI of return on equity, "ROE exceeding 8% on average for three periods ” in FY3/25.

The previous medium-term management plan was a commitment to comply with the criteria for maintaining the prime market listing, and the company is now stably in compliance with the criteria for maintaining the listing due to business growth and improved ROE.

The achievements and challenges

Next, we summarize the achievements and challenges of the previous medium-term management plan period. There are two results. The KPIs of the Loyal Customer Strategy were achieved and customer relationships have been improved. The growth of the services business has led to an increase in stable earnings. We intend to grow this point further in the next medium-term plan by introducing a matrix-type organization and strengthening our sales force.

On the other hand, there were delays in achieving results in new businesses. There are issues for the next medium-term plan.

Our vision for 2030

Our vision for 2030

Next, I would like to explain our vision for 2030. In formulating the new medium-term plan, we set the vision of TAKACHIHO KOHEKI in 2030 and discussed how to work toward that goal.

Our vision in 2030 is to realize a safe and secure society. To this end, we aim to solve various social and customer issues by demonstrating our strengths in our business areas of business security and electro-mechanics, which include discernment, technological capabilities, one-stop service, and relationships of trust with customers and suppliers.

By doing so, we hope to become the first-choice solution provider for our customers, and to envision the future together with them.

For our business area, Business Security, we have defined the security field as our strength and a growing market. We will explain in detail the business strategy part.

Our thoughts on medium- to long-term growth

Next, I will explain our thoughts on medium- to long-term growth. We have set targets of JPY50 billion in net sales, 10% or more in operating margin, and 13% or more in ROE by 2030, six years from now. We are committed to business activities to achieve the management indicators in the new medium-term business plan, with our corporate philosophy and purpose as the two pillars.

An overview of the new medium-term management plan

An overview of the new medium-term management plan

Now, I will give an overview of the new medium-term management plan. The slogan of the new medium-term plan is "Security. Solutions. Synergy." By combining business security and electro-mechanics, we are moving to the forefront of evolution.

As management indicators, we aim to achieve operating income of JPY3 billion, net income of JPY2 billion, and ROE of 10% in FY2028. To achieve these targets, we will promote business strategy, capital strategy, and sustainable management.

The major direction of our business strategy is to follow and update the previous medium-term business plan. This is because we have achieved the financial targets of the previous medium-term plan, and in light of the future business environment, we have determined that this continues to be the right direction.

Our capital strategy is to balance investment in growth with shareholder returns. With regard to shareholder returns, we will maintain a dividend payout ratio of 100% in the first year and adopt a progressive dividend system in the second and the third year.

I will explain this in detail later, including sustainable management.

The basic policies and numerical objectives

Next, I will explain the basic policies and numerical objectives. Under our basic policies of " business growth through focused investment in priority businesses ” and " customer-oriented approach to create a new future and value together” , we will achieve sustainable growth and increase corporate value.

The numerical objectives for FY2028 are net sales of JPY35 billion, operating income of JPY3 billion, ordinary income of JPY2.8 billion, net income of JPY2 billion, EPS of JPY215, and ROE of 10% or higher.

Review of segment classification

Effective from the new medium-term management plan period, we have reviewed segment classifications. We believe that the expansion of the cloud services business has achieved a certain level of success. In the new medium-term plan, we will integrate the cloud services and support segment and the systems segment into the business security segment with the aim of clarifying the target market. The devices segment will be renamed the electro-mechanics segment to clarify its business.

An overview of our business strategy

This slide provides an overview of our business strategy. We will implement four basic strategies in the two business segments of business security and electro-mechanics.

The first is the evolution of the Loyal Customer Strategy by strengthening collaboration between the business security segment which provides cyber and physical security and the electro-mechanics segment which provides semiconductors, electronic components and mechanical components, to provide multi-product services across organizations. We will further enhance customer loyalty. KPIs include the number of companies with annual sales of JPY30 million or more and the number of cross-selling companies.

The second is to grow the services business, creating new solutions with clients to increase added value. Our goal is to provide customized services to meet the needs of our clients and to build long-term partnerships. In addition, maintenance, managed services, and other services have been strengthened as in the previous medium-term plan, and the ratio of subscription sales to total sales and operating margin have been set as KPIs.

Thirdly, in strengthening new businesses and global expansion, we aim to strengthen ties with the Silicon Valley Innovation Center and expand sales channels to Southeast Asia and India.

The fourth, JPY6 billion for growth investment, will be used to invest in growth in focused businesses, human capital, and DX.

Medium-term management targets by segment

Finally, I will explain our medium-term management targets by segment. In the business security segment, we plan sales of JPY16.8 billion for FY2028, with a CAGR of about 7% and an operating margin of 9.3%. For the electro-mechanics segment, we plan sales of JPY18.2 billion for FY2028, with a CAGR of about 12%. Operating margin will be 7.9%.

As for operating income, we aim to achieve an operating margin of 10% or more in FY2031, by growing our services business. Regarding the breakdown of the increase through FY2028, we expect the business security segment to increase by JPY460 million and the electro-mechanics segment to increase by JPY490 million.

Business Area (Business Security)

The business security market

Tsuruho: I am Tsuruho, General Manager of Corporate Planning Dept. Thank you for your cooperation today. Let me explain the first item of our business strategies, business security.

First, let us discuss the business security market. We believe that our strength in the security field lies in our broad product lineup, both cyber and physical. Specifically, we offer a range of advanced technology products and services, from shoplifting prevention for retail stores, to physical security such as access control systems and surveillance cameras, cloud services, and cyber security. We call this broad lineup a total security solution.

In addition to this, we offer one-stop services from consulting to after-sales service. By providing this comprehensive service, we aim to solve the issues of our clients. Our clients include corporate offices, data centers, factories, retail, and educational facilities.

With these strengths, we aim to be known as " TAKACHIHO KOHEKI for business security”.

Our position in the security market

Next, I would like to explain our position in the security market. We recognize that our lineup is uniquely positioned in that it covers both physical and cyber securities, as well as being highly responsive in its technical services.

See this positioning map. We classify IT vendors and security equipment vendors as those that are more technically responsive than specialized trading companies, and many IT vendors and security equipment vendors specialize in either physical or cyber security products.

The growth strategy of the business security segment

This describes the growth strategy of the business security segment. In the business security segment, we aim to grow our business by providing total security solutions for the safety and security of physical and cyber space.

Segment sales are expected to be JPY13.8 billion in FY2025. For FY2028, we plan JPY16.8 billion, an increase of JPY3 billion over three years.

JPY16.8 billion includes JPY6 billion for business solutions, JPY5.4 billion for retail solutions, JPY3.2 billion for global, and JPY2.2 billion for maintenance.

Segment operating income is projected at JPY1.11 billion for FY2025, and JPY1.57 billion for FY2028.

Let me explain by Sub segment. We expect sales of the business solutions business to increase by JPY1.4 billion, a CAGR of 9.3%. Our strategy is to maintain the top share of foreign customers, mainly in data centers, expand partner business such as MSP services, and expand the product lineup. We will promote the commercialization of cyber and OT security.

We expect sales of the retail solutions business to increase by JPY1.1 billion, a CAGR of 7.9%. Our strategy is to grow this business by expanding RFID systems for the apparel market, for which we won a large project in the previous medium-term plan, security cloud services, and loss prevention consulting.

In the maintenance business, we plan to enhance after-sales service, expand our maintenance menu lineup, establish a new integrated monitoring center, and launch a customer total site service.

In the global business, in addition to strengthening the business solutions and retail solutions fields in Southeast Asia, the fire protection systems business will strengthen its highly profitable service business.

Business Area (Electro-mechanics)

The electro-mechanics market

Next, I will explain the second item of our business strategies, electro-mechanics. First, let me explain about the market. Electro-mechanics is a term that combines the words electronics and mechanics, and in our case refers to our semiconductor and mechanical component businesses.

The strength of this segment is its expertise in both electronic and mechanical components. This enables us to provide a wide range of commercial product lineups and technical services as a one-stop shop. Our customers' markets are diverse, including business equipment, amusement, industrial equipment, residential facilities, and monetary equipment. This segment is engaged in business activities to realize high value-added products for a wide range of markets.

The growth strategy of the electro-mechanics segment

Next, I will explain the growth strategy of the electro-mechanics segment. Our policy is to expand sales in the semiconductor business and to increase added value by leveraging its technological development capabilities.

Segment sales are expected to be JPY13.1 billion in FY2025. For FY2028, we plan JPY18.2 billion, an increase of JPY5.1 billion over three years. JPY18.2 billion includes JPY12.3 billion in electronics and JPY5.9 billion in mechanics.

Segment operating income is expected to be JPY940 million in FY2025, and is projected to be JPY1,430 million for FY2028.

In terms of our strategy, the segment as a whole will strengthen the development of unique solutions that combine electronics and mechanics, aiming to increase added value.

In electronics, we plan to increase by JPY4.37 billion by expanding transactions with loyal customers and strengthening global expansion. M&A deals are not included in the plan. We can expect further increase if realized.

In mechanics, we plan to increase sales by JPY730 million by strengthening sales to the housing equipment market and industrial equipment market and by adding value through planning and development products.

Growth strategy for the semiconductor business

Next, I will explain in detail our growth strategy for the semiconductor business. In our semiconductor business, we will strengthen our sales structure and aim for further growth by acquiring commercial rights and expanding globally. To grow this business, we will first expand our human resources and offices and enhance our technical services to strengthen our sales structure.

We also aim to further expand business with loyal customers by signing new distributor agreements with manufacturers in the power supply, communication, and sensor fields, where we excel.

In the global business, we will strengthen sales to Southeast Asia against the backdrop of supply chain shifting in our customers. We also aim to expand sales overseas by increasing the number of products from domestic manufacturers. Regarding M&A deals, we will consider trading companies operating mainly in Southeast Asia, as well as deals that will enable us to expand our domestic bases and build a foundation for further growth.

Electro-mechanics' unique solutions

Finally, I would like to introduce one example of electro-mechanics' unique solutions. Smart light control film was developed for housing equipment manufacturers and medical and nursing care facilities. It combines a sensor, which is an electronic component, and a light control film, which is a mechanical component.

By moving your hand in front of the sensor or by telling it to " turn on” , the light control film becomes opaque to maintain privacy even in situations where you cannot touch the switch with your hand. Our goal is to create these unique solutions to improve the convenience, safety, and design of our customers' products.

Business strategy

Basic strategies No.1 the evolution of our loyal customer strategy

From here, I will explain our business strategy. For the first item of our basic strategies, I will explain the evolution of our loyal customer strategy. Loyal Customers are defined as customers with whom we annually earn at least JPY30 million in sales per company. In the new medium-term plan, customers with whom we have annual sales of JPY100 million or more per company are newly defined as Platinum Loyal Customers.

Under this strategy, the matrix organization to be introduced in April will strengthen horizontal cooperation within the company and provide multi-products and multi-services to customers beyond the organization to further improve customer relationships.

As KPIs, we plan to have 60 companies of Platinum and 110 companies of Loyal in FY2028. We also plan to increase the average sales of all customers by 30% and the number of cross-selling companies across sub-segments by 50%.

In order to maximize the effectiveness of the matrix organization, we recognize the importance of strengthening our sales force, that can sell a variety of commercial products and develop solutions for customers in other business units. By doing so, we aim to solve customer issues that have not been approached by the conventional organization.

Basic strategies No.2 growth of the services business

Next, I will explain the second item of our basic strategies, growth of the services business. Under this strategy, we aim to increase added value by evolving from the traditional mindset of " selling goods” to a mindset of " designing businesses” and creating new solutions while working together with our customers.

We will solve our clients' problems by designing our own business, including combination of products and commercial materials and combination of products and technical services. We will also continue to strengthen our maintenance, managed services, and cloud services, which we strengthened in the previous medium-term plan, in order to increase stable earnings and improve profitability.

KPIs for the business security segment include a ratio of subscription sales to segment sales of at least 20% in FY2028, and an operating margin of at least 25% for the subscription business. KPIs for this subscription business cover sales ratio and operating margin, both of which are for periodic businesses such as maintenance and cloud licensing, as well as monthly fee services such as managed services.

Basic strategies No.3 new business strategy

Next, I will explain our new business strategy. Our goal is to grow the new business to generate 5% of our Group's total ordinary income in five years. Currently, we are aiming to commercialize " EMLINX, a cloud-based crime prevention information service” , and " cyber security” .

" EMLINX” is a cloud-based crime prevention information service for stores that shares information among companies and across industries. As of March, a large-scale PoC is underway at a major retailer, with the goal of making this project a business after this verification.

In order to create new business, we will provide cutting-edge information from the Silicon Valley Innovation Center directly to our clients, and we will also strengthen our BAP, an educational program for learning new business development methods to use learning for actual business creation.

Basic strategies No.4 the execution of JPY6 billion growth investment

Finally, I would like to explain the execution of JPY6 billion growth investment. We have set aside a total of JPY6 billion for investment to accelerate business growth through investments in our focus areas.

Of this amount, JPY5 billion will be used to launch new businesses, invest in growth in services business, and address the needs of loyal customers. We are also looking at investments such as M&A and alliances.

The remaining JPY1 billion will be allocated to strengthen internal infrastructure and used for human resource and IT investments.

Sustainable management

Environment and governance

Iwamoto: I am Iwamoto, General Manager of Administration Dept. Thank you for your time today. I would like to explain sustainable management and capital strategy.

First, let me explain sustainable management. First, environment and governance. Regarding the environment, we would like to address environmental issues through the businesses we are developing in order to realize an environmentally sustainable society.

In response to climate change, we will promote the visualization of Scope 1 to Scope 3 for the reduction of greenhouse gas emissions. We have already disclosed Scope 1 and Scope 2 on a non-consolidated basis. We plan to measure them on a consolidated basis. Also, we will work on Scope 3 in the future.

With regard to our governance, in order to strengthen the governance system and improve transparency, we will transition to a company with an Audit Committee, establish a new Internal Audit Office, and hire female directors.

The transition to a company with an Audit Committee and the election of female directors will be put on the agenda for the General Meeting of Shareholders in June, and we assume that they will be approved by our shareholders.

Our initiatives to strengthen human capital

Next, " our initiatives to strengthen human capital” . In order to realize our purpose and achieve the new medium-term plan, we will strengthen our investment in human capital, and we have set three KPIs: " employee engagement survey score” , " operating income per employee” , and " average annual income” .

To achieve these KPIs, we plan to invest approximately JPY250 million over three years to improve the skills of individual employees. In addition to strengthening the training of key post and specialized personnel, we will also review our education system. We will also strengthen our mid-career recruiting efforts through referral and alumni recruiting, and by increasing company awareness, we will also strengthen our talent acquisition efforts. In addition, we plan to invest in corporate culture, motivation, and systems.

Regarding the employee engagement survey score, one of the KPIs, the score was 3.37 on a 5-point scale before 2021. Since then, we have implemented various measures to address the issues revealed by the survey, and the latest score as of FY2025 showed steady improvement with 3.93. We hope to achieve a score of 4.0 or higher by FY2028.

Our capital strategy

Capital policy

Next, I will explain our capital strategy. Under the new medium-term management plan, we will steadily improve our capital profitability and balance sheet in order to achieve both investment in growth and shareholder returns while ensuring financial soundness.

We have set ROE at least 10%. Concerning shareholder returns, we plan a dividend payout ratio of 100% for the first year and will adopt a progressive dividend system for the second and the third year. We also set an equity ratio of at least 50% as an indicator of financial soundness.

Under the new medium-term management plan, we will improve our capital profitability by strengthening ROIC management. Improvement drivers are listed on the slide. Balance sheet improvement will focus on improving inventory turnover period and reducing working capital.

Our business portfolio management

Next, I will explain our business portfolio management. These graphs show sales growth potential on the vertical axis and ROIC on the horizontal axis for our businesses.

Our capital costs are estimated to be around 8%. Although the businesses to the left of the middle are not necessarily those for " improving profitability” or " business restructuring”, we recognize the need for business restructuring in the businesses positioned in the lower left corner and will proceed with reforms. Each bubble size represents net sales.

For our focus businesses, we intend to achieve business growth by aggressively executing investments using our strategic investment budget.

Cash allocation

Next, I will explain cash allocation. We intend to make disciplined investments based on investment profitability and payback periods, using cash on hand, operating cash flow, working capital improvements, and borrowings from financial institutions to finance investments.

To explain the cash allocation, excluding cash on hand, we calculate that the cash inflow will be JPY2.5 billion to JPY3.5 billion in operating cash flow and working capital over three years, and a maximum of JPY9 billion through the use of interest-bearing debts. Our business management has been highly safe with an equity ratio of around 75%, but in the new medium-term management plan, we intend to make appropriate use of interest-bearing debts for investment in growth.

Cash outflow is planned to be up to JPY6 billion for investment in growth and JPY4.5 billion to JPY5 billion for shareholder returns.

Our shareholder return policy

Finally, I would like to explain our shareholder return policy. Regarding the dividend policy for the period of the new medium-term management plan, based on the capital policy of " balancing investment in growth and shareholder returns”, we would like to continue the dividend payout ratio of 100% in FY2026 and introduce a progressive dividend system from FY2027.

The shareholder benefit program will be changed from rice gift vouchers to a premium benefit club that allows shareholders to choose their favorite products from a selection of more than 5,000 products.

Furthermore, a 2-for-1 stock split will be implemented with a record date of May 31, 2025. By lowering the amount per investment unit, we intend to create an environment that makes it easier for investors to invest and improve the liquidity of our stock, thereby further expanding our investor base.

That is all for our presentation. Thank you very much.

Question & Answer

Moderator [M]: Thank you very much. We will open the floor for questions. Please enter your questions with the Q&A function. Please submit your questions.

We would like to resume now. First question.

Questioner [Q]: In the electronics growth strategy on page 21, you mention M&A deals. Do you expect M&A deals also in other segments? If so, what kind of companies are you assuming?

Ide [A]: Thank you. I will respond to this question. We are considering M&A deals not only in the electro-mechanics segment but also in the business security segment, of course.

For the business security segment, we would like to consider companies that are strong in software development and physical security, such as surveillance cameras and access control systems, in order to strengthen our business.

As for electro-mechanics' semiconductor business, we believe it is important to strengthen our sales structure, mainly to Japanese companies that have shifted their supply chains to Southeast Asia. We are also aware that many of our clients are based in rural areas of Japan, so there is a possibility that we may consider projects that would allow us to expand our domestic base. That is all.

Questioner [Q]: Next question. In the business solution strategy on page 18, there is a mention of "an increase of JPY400 million through expansion of the partner business centered on MSP services and the lineup". Growth of positive JPY400 million over three years seems inadequate. Is the figure conservative in light of the recent slowdown in the number of MSP service contracts? What is your outlook for the number of MSP service subscriptions?

Ide [A]: Thank you. I will respond to this as well. In the plan, we mentioned an additional JPY400 million because subscription-type business accounts for a large percentage, so this does not mean that the plan is conservative.

For example, if we receive an order for a three-year contract, we would have received three times this amount of orders. As for our new medium-term plan, we hope to achieve growth by expanding our partner base and expanding our cloud lineup to offer not only cloud-based wireless LANs but also MSP services. That is all.

Questioner [Q]: Next question. In the strategy for business solutions on page 18, the same page as the previous question, there is a mention of "additional JPY400 million for the new cyber and OT security business". May I understand that the cyber security business currently has almost no sales and it is a challenging figure?

Ide [A]: Thank you. I will answer this question. Since forming a business alliance with Terilogy in May 2024, we have been expanding our cybersecurity product lineup, but we are currently a little behind in its business establishment.

However, I do not consider the plan challenging. As for the future, we will increase the number of personnel involved in cybersecurity. With the introduction of the matrix organization, we hope to increase activities along the solution axis across divisions.

As a specific example, we would like to promote cyber security products for the manufacturing industry, mainly for electro-mechanics customers. That is all.

Questioner [Q]: Next question. In the previous medium-term plan, you set an investment limit of JPY3 billion and spent JPY2.3 billion. If a deal for M&A or investment in other companies arises, how much is in your disposal out of JPY6 billion?

If you are not successful in M&A deals and have excess funds available for investment, is there a possibility of increasing shareholder returns, such as maintaining a dividend payout ratio of 100%?

Tsuruho [A]: Thank you for your question. This is Tsuruho. I will answer this question. The main investment will be executed by borrowing. Therefore, even if a M&A deal is not materialized, the amount not invested will not be allocated in shareholder returns, at least for now. That is all.

Questioner [Q]: Next question. Why did you decide to continue a dividend payout ratio of 100% instead of paying a progressive dividend in FY2026?

Tsuruho [A]: Thank you for your question. I will answer this one as well. I would like to explain briefly the reasons for the change from a dividend payout ratio of 100% to a progressive dividend policy.

Under the previous medium-term plan, our policy maintained a dividend payout ratio of 100% as we did not accumulate the profits generated during the medium-term plan period, based on the idea of shifting to a management style highly focusing on capital efficiency. We consider this new medium-term plan as the period during which we will move from there to the next phase. This is the phase in which the operating cash flow from our business is used for solid investments to achieve profitable growth.

We have adopted a new dividend policy that will no longer maintain a dividend payout ratio of 100% but will maintain or increase the amount of dividends through strong profit growth.

The reason for a dividend payout ratio of 100% in the first year of the medium-term plan is that, compared to the previous medium-term plan, three years have passed, and capital costs have increased. We need to realize capital profitability higher than the capital costs. That is all.

Questioner [Q]: Next question. It was stated on the cash allocation page that " up to JPY9 billion could be utilized through the use of interest-bearing debts", but before that, couldn't you use cash through reduction of cross-shareholdings? There was no mention of cross-shareholdings. May I understand that they will not be reduced significantly during the period of this medium-term management plan and will be maintained at the current level?

Iwamoto [A]: Thank you for your question. This is Iwamoto. I will answer this question. Cross-shareholdings are considered for the purpose of strengthening transactions with business partners, in addition to investment purposes. We make a decision on whether or not to continue the investment based on a comprehensive consideration of our profit to be gained by strengthening business relationships as well as from dividends, etc.

The board of directors meets once a year to review the significance of cross-shareholdings, the results of transactions, and the economic rationale for capital costs and other factors, and to make a comprehensive decision on whether or not to continue to hold the shares and to review the number of shares held. In the previous term, we sold some of the shares. That is all.

Questioner [Q]: Next question. While the electronics strategy stated that new distributors were contracted, there was no mention in the breakdown of sales increase of JPY 4.37 billion over three years. May I understand that this is a net increase if realized, not expecting any impact from new distributors, etc.? Are these objectives based on the assumption that the plan can be achieved even if new distributor contracts are not signed?

Ide [A]: Thank you. I will answer this question. The effect of new distributor contracts is included in the increase of JPY2.8 billion within " the expansion of transactions with loyal customers". We intend to expand business with loyal customers by handling more products from manufacturers of power supplies, communications, sensors, and other products which we excel. That is all.

Moderator [M]: The next question is the last question.

Questioner [Q]: In your description of maintenance, you mention a new integrated monitoring center, how large is it? Does the facility require a large investment in value? Also, what kind of services do your customer portal site services offer?

Ide [A]: Thank you. I will respond to this as well. As I mentioned in the slide for new business, we will focus on cyber security. The integrated monitoring center will be necessary to commercialize this business.

We already have a system in place for monitoring to prevent network failures, and for reception services in the event of trouble, but we are planning to launch a SOC service to analyze and monitor cyber attacks. For this purpose, investments in system development and human resource training will be necessary in the future, and we expect these investments to be in tens of millions of yen.

We would also like to create a customer portal site where customers can instantly access the information they need, including information on the installation of their equipment, contract information, and how to deal with problems when they occur.

Through this site, we hope to further enhance customer satisfaction. That is all.

Moderator [M]: Thank you very much for your questions. This concludes the question-and-answer session.

President Ide will make a few closing remarks. President Ide, please.

Ide [M]: Once again, thank you very much for taking time out of your busy schedule today to watch our presentation. Thank you for your continued support.

Moderator [M]: Thank you very much. This concludes today's briefing on the medium-term management plan. After this, a survey screen will appear, and we would appreciate your cooperation in filling out the questionnaire.

Thank you very much for watching to the end.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
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