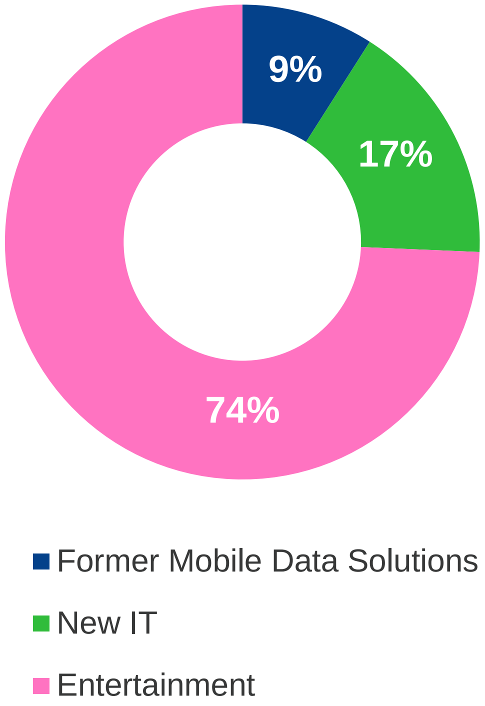
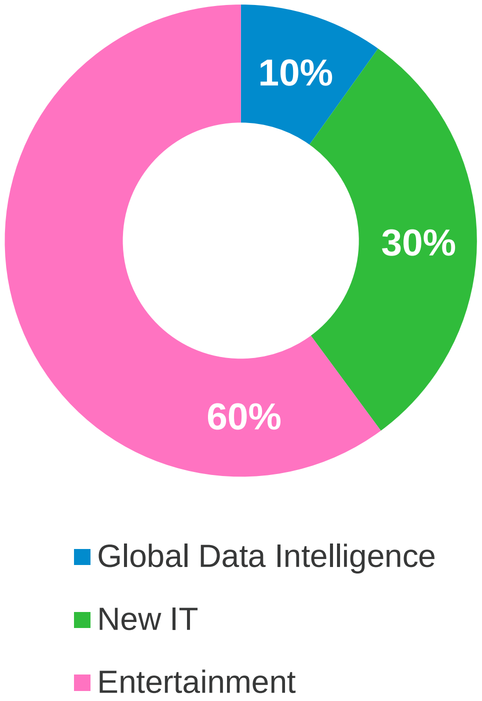
SUNCORPORATION’s Vision and Growth Strategy (Medium-term Management Plan)

Changes in Business Portfolio

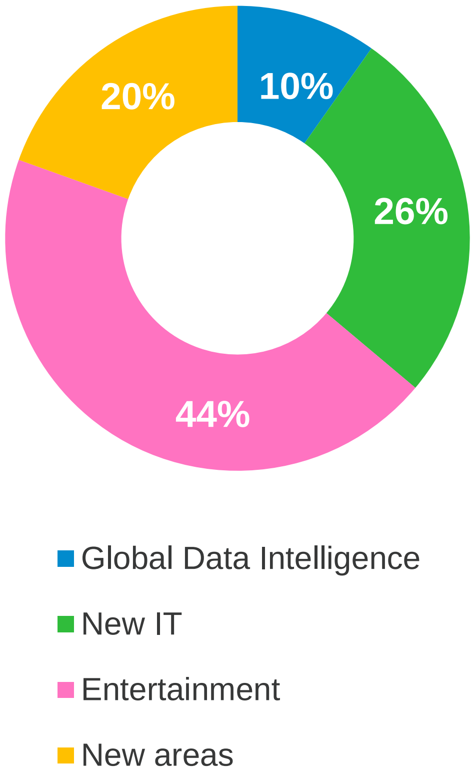
Year Ended March 2019 Sales Mix



Year Ended March 2024 Sales Mix



Year Ending March 2027 Target Sales Mix



* Excluding Cellebrite

We have revised the previous mid-term management plan and formulated a new Medium-Term Management Plan. We revised our existing business strategy and are aiming to develop a base for establishing a future growth base.

Year ended March 2023	Year ended March 2024	Year ending March 2025	Year ending March 2026	Year ending March 2027	Year ending March 2028 onward

New Medium-Term Management Plan
(year ended March 2024 – year ending March 2026)

Previous Medium-Term Management Plan
(year ended March 2022 – year ended March 2024)

Revised plan due to marked environmental changes

Aiming to develop a base for establishing a future growth base

Quantitative Targets: Year ending March 2027

Sales	Operating profit
19,200 million yen	2,100 million yen

Next year onward **Medium- to Long-Term Management Plan**

Aiming for sustainable growth and to enhance corporate value

Sales	Operating profit margin
50,000 million yen	15.0%

Quantitative Targets and Intended Orientation of New Medium-Term Management Plan

Theme of New Medium-Term Management Plan

Aiming to enhance existing business strategy and establish a future growth base

● Quantitative targets (company-wide)

(Unit: million yen)	Year Ended March 2024 Actual results	Year Ending March 2025 Forecast	Year Ending March 2027 Plan
Sales	10,045	12,285	19,200
Operating profit	312	709	2,100
Operating profit margin (%)	3.1%	5.8%	10.9%

● Individual strategic themes in mid-term plan

1. Improving earning power of existing business (implementing price revisions and cost price reductions)
2. Creating new growth drivers (developing new businesses, new products, new services)
3. Establishing management base to support business (organizational operation based on digital transformation of information)

Global Data Intelligence Business

- **DX of criminal investigations is accelerating in response to cyber threats, which are increasing and growing more sophisticated**
- **Demand for digital tools supporting the DX of criminal investigations is also robust**

Assumed business environment during mid-term plan

Market size:
Digital forensics market

- In 2023, the digital forensics market boasted a size of **around $10,000 million (approx. 1.5 trillion yen)** worldwide
- The market size in 2028 is forecast to be around $18,200 million, with the **CAGR over the 5 years** from 2023 to 2028 expected to be **12.9%**

Threat intelligence market

- In 2023, the threat intelligence market boasted a **size of around $13,000 million (approx. 2 trillion yen)** worldwide
- The **CAGR over the 5 years** from 2019 to 2025 is expected to grow by **around 14.0%**

Competitive environment

Digital forensics market

- **DX of criminal investigations is accelerating** in response to cyber threats, which are increasing and growing more sophisticated, and **adapting** to this is required
- **Demand for digital tools supporting the DX** of criminal investigations is also robust
- Supply of new digital tools/solutions which are not limited to digital forensics is accelerating

Threat intelligence market

- Due to the growth, complexity, and increasing sophistication of cyber threats, **the need for more strategic threat management approaches** is growing
- Due to robust increase in demand, there is **fierce competition between vendors, regardless of their size, to develop more advanced technology**

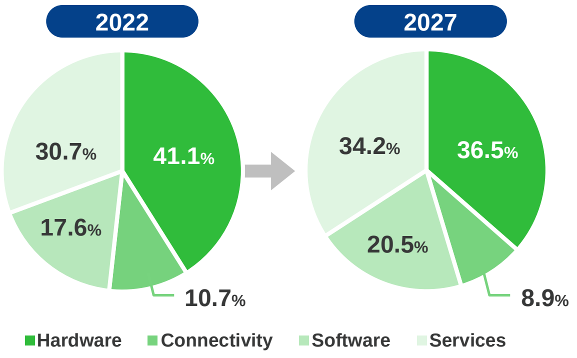
New IT-Related

- Adapting to increased data capacity in preparation for the arrival of 5G and enhancing security measures
- Intensifying price competition with competitors in mind

Assumed business environment during mid-term plan

● Market size: size of domestic IoT market

User Spending in Domestic IoT Market



Domestic IoT market growing 8.5% per year
Market size forecast to be 8.7461 trillion yen in FY2027

- **Discontinuation of 3G** (AU: March 2022, Docomo: March 2026, SoftBank: April 2024)
  - Replacement of LTE is also becoming more active
- **Arrival of 5G**
  - At present, NSA (shared use with 4G) and SA (dedicated for 5G) are forecast for 2027 onward
  - Issues are price, straightness of radio waves, increased volume of data
- **Image recognition and analysis of accumulated data using AI**
- **Security measures**

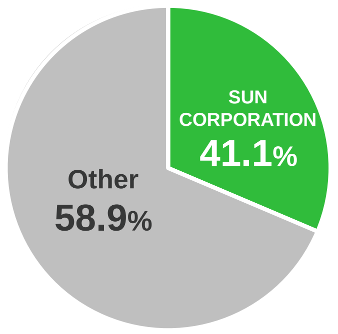
Competitive environment

● Business environment analysis

Competitive environment

- **Competitive changes in recent years**
  - Shift from civilian off-the-shelf to industrial products gathering momentum
- **Price reductions**
  - Low-price routers
  - Move toward built-in modules

Domestic IoT Router Share (FY2023)



In the domestic IoT/M2M router sector, SUNCORPORATION has the top share

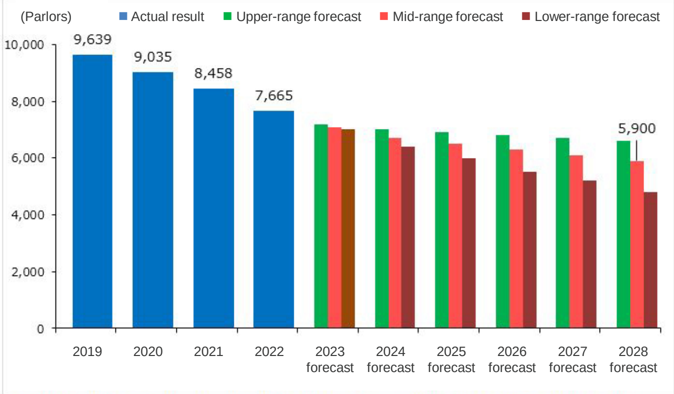
Fuji Chimera Research Institute “2024 Marketing Research Overview for Communications-Related Products and Services”

Entertainment Business

- Although the numbers of Pachinko parlors and participants are declining, a temporary recovery in market size is expected due to the favorable performance of smart Pachislots, introduced in November 2022. Thus, the market size's decline is relatively gradual.
- In the game market, there is margin to use the many IPs we own in the retro game genre, which is regaining popularity in Western markets.

Assumed business environment during mid-term plan

● **Market size: domestic amusement market Forecast number of pachinko parlors**



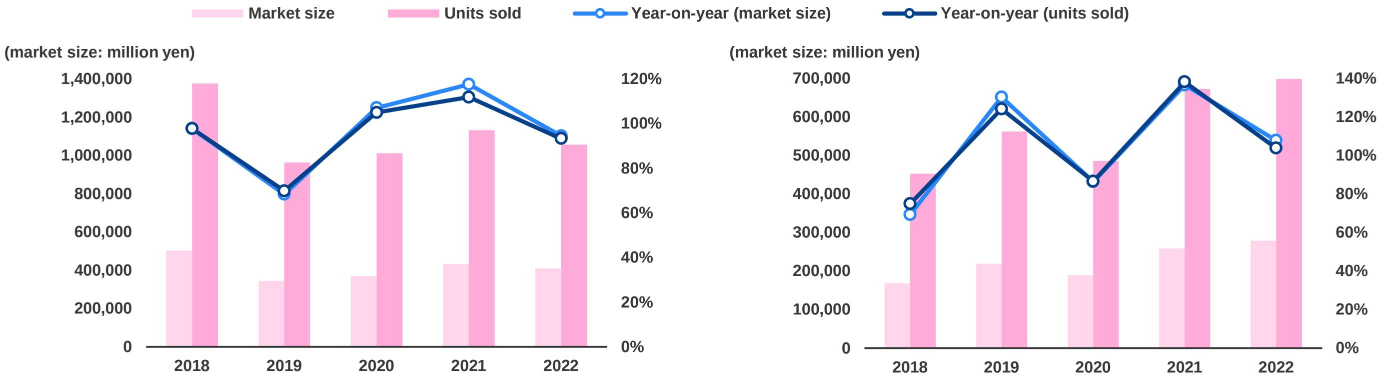
Note: Figures for 2019 to 2022 are taken from National Policy Agency documents, and forecasts for 2023 onward are estimates by Yano Research Institute (number of parlors as of December 31 each year). We forecast the number of parlors for three scenarios based on the Yano Pachinko Database.

Competitive environment

● **Market size: market size and number of units sold in Pachinko and Pachislot Machine market**

Market Size and Number of Units Sold in Pachinko Machine Market

Market Size and Number of Units Sold in Pachislot Machine Market



* Both SUNCORPORATION estimates * Figures created by using the accounting period for each fiscal year (from July to June) as reference

Yano Research Institute: https://www.yano.co.jp/press-release/show/press_id/3480

Yano Research Institute: “2023 Pachinko-Related Manufacturer Trends and Market Share”

Supporting business expansion by handling development of technologies that will serve as a basis for SUNCORPORATION's cutting-edge technology products

POINT 1

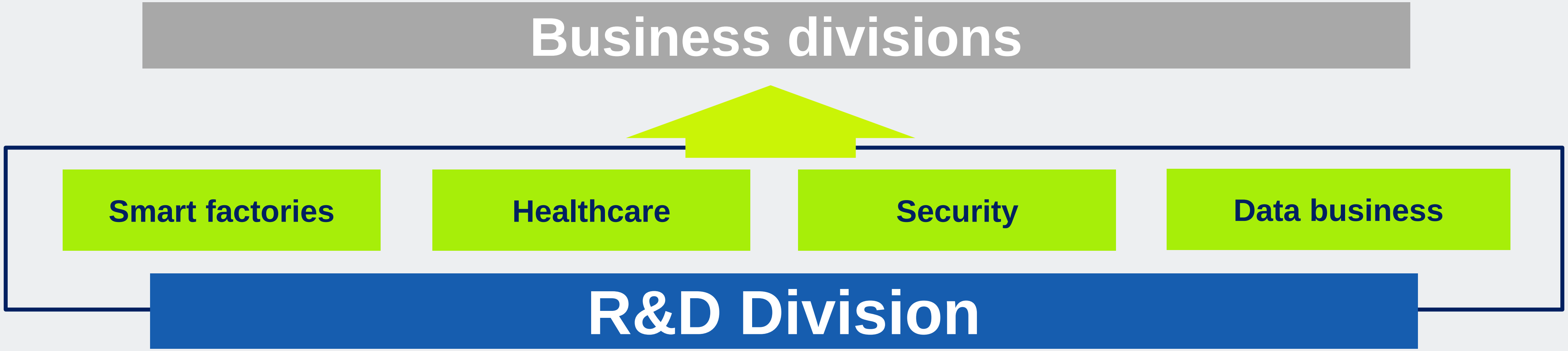
Role of R&D Division

Supporting growth of each SUNCORPORATION business division with cutting-edge technological capabilities

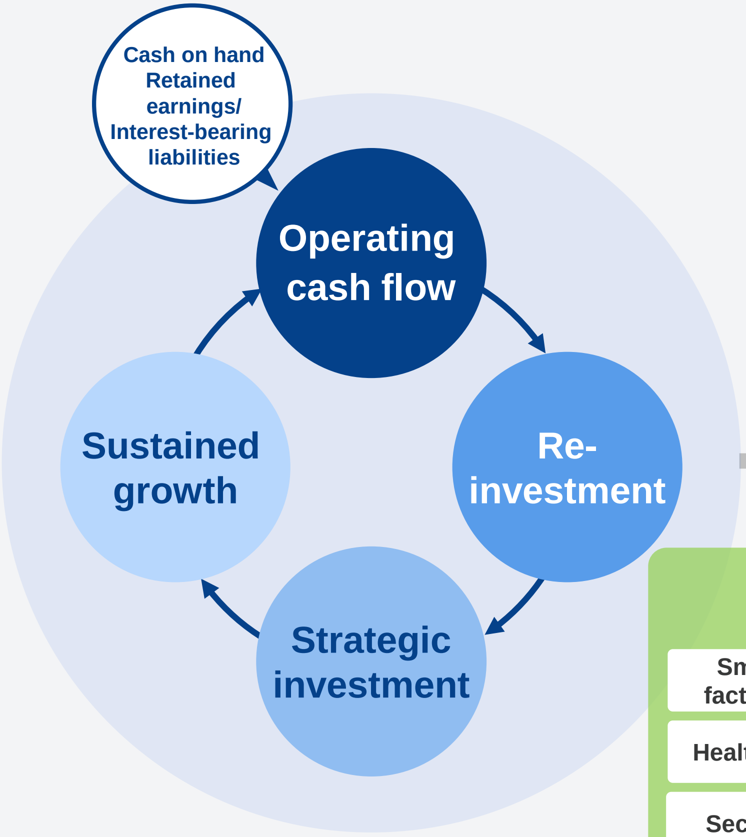
POINT 2

Collaboration with outside companies and universities

Developing constituent technologies and cutting-edge technologies



Establishing cash allocation to maximize corporate value



Anticipated R&D fields

- Smart factories
- Data business
- Healthcare
- New areas
- Security

Term of New Medium-Term Management Plan (3 Years)

Growth investment

12,500 million yen

Expected breakdown:

- M&A and capital alliances – 7,500 million
- Capital investment – 5,000 million

	Details	Existing business: Enhancing	Existing business: Maintaining capabilities	New business	Enhancing capabilities
Strengthening business growth base	M&A	○		○	○
	Venture investment	○		○	
	Investment in new equipment	○	○	○	
	Equipment upgrading		○		
	Large-scale improvements	○	○		
Strengthening management base	HR/training	○		○	○
	M&A				○
	DX investment				○

Shareholder returns

- Acquisition of treasury shares: **Agile acquisition of treasury shares**
- Dividends: **Optimal allocation to growth investment and shareholder dividends**

* The total of all the items does not match the total operating cash flow, but the total investment amount is within the range of operating cash flow

M&A Policy

We are increasing earnings power by shifting from M&A focused on existing business to an M&A policy that seeks a wide range of new growth possibilities, which will lead to increased growth and enhanced corporate value

Basic M&A policy

- Acquisition based on appropriate price
- Emphasizing PMI (80% of M&A-process related resources are assigned to this)

Theme	Business Segment			
	Entertainment	Global Data Intelligence	New IT-Related (M2M/IoT)	Business development/ other
Expansion of products/services	○	○	○	○
Acquiring more of the market		○	○	
Pursuing advantages of scale	○			
Acquiring new business	○	○	○	○
Expanding into adjacent fields		○	○	

Strengthening Group Management Base through Strengthening Personnel

Enhancing recruitment and development of technical talent, enabling advanced technologies to be linked to improved corporate value

→ Establishing talent as a **management priority**

Personnel strategy orientation

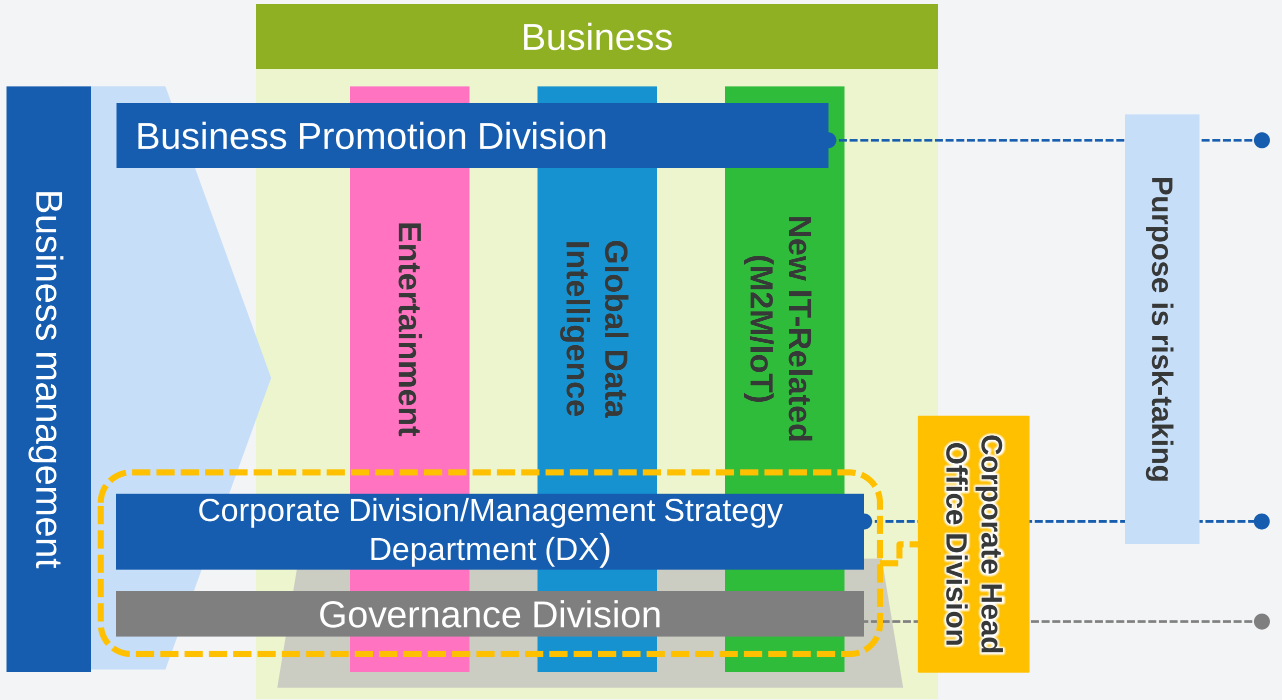
Developing human capital
- Enhancing and revising training and education system
- Using talent management system
- Sharing internal expertise
- Practical experience based on OJT

Establishing a work environment that facilitates work
- Improving employee satisfaction
- Enhancing benefits package
- Diversity measures

Talent acquisition
- Using overseas internships
- Strengthening collaboration with educational institutions
- Global recruitment from overseas and abroad

Organization that creates innovation
- Corporate climate that encourages people to take on challenges
- Implementing merit point-based assessment system
- Fostering culture that creates connections between people
- Establishing personal network and information chain

Revamping our organizational structure to enhance business management functions and enable matrix management with the aim of further improving corporate value



Role Fulfilled by Each Organization

At the same time as pursuing and managing top-line growth and higher profits in each business, **plays a role in pursuing and managing inter-segment business and commercialization of new products**
(combines functions of chief product officer, chief technology officer, and chief revenue officer)

Manages corporate (head office) functions other than governance/focuses on systems strategy (e.g., DX)

Oversees governance- and risk-related management functions in order to enhance corporate governance functions