



TRANSLATION

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3132; TSE Prime Market
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Frequently Asked Investor Questions and Answers (Q3 FY2025)

Thank you for your continued interest in our company. Below, we disclose the principal questions received from investors during the third quarter of fiscal year ended in March 31, 2026, together with our responses. This disclosure is intended to enhance information sharing with investors and to ensure fair disclosure. Please note that, due to differences in timing, minor discrepancies may arise between the responses herein and current circumstances; the most recent responses reflect our latest company policy.

Q1. While revenue exceeded full-year guidance, what were the factors behind the downward revision to operating profit?

Factors Behind Revenue Exceeding Full-Year Guidance

In the Semiconductor Business, demand from AI server and data center customers increased both domestically and internationally, and we successfully acquired new sales channels in overseas markets.

Factors Behind the Downward Revision to Operating Profit

Performance in the autonomous driving bus segment of our CPS Solutions Business — a new business initiative — fell below initial projections. Please refer to Q6 for details.

Reference: [Q3 FY2025 Financial Results Briefings \(Presentation\), Business Performance Highlights \(p. 1\)](#)

Reference: [Notice Regarding Revisions to the Consolidated Full-Year Financial Results Forecast for the Fiscal Year Ending March 31, 2026](#)

Q2. What impact do rising memory prices and supply shortages have on Macnica's business?

As memory is an essential component for many end products, a prolonged supply shortage could indirectly affect our business. For example, customers being unable to manufacture their own products, leading to delayed delivery of non-memory semiconductors, or conversely, accelerated orders driven by concerns over future supply availability. While we do not currently anticipate any material impact on our financial results, we are closely monitoring the situation as a potential risk factor.

As a matter of principle, we procure components through contracts with authorized suppliers and do not rely on so-called spot markets or channels where quality assurance cannot be guaranteed. In addition, we are working to build a diversified supply chain across regions and manufacturers and, where necessary, to propose alternative components (with due caution

following thorough verification of quality and reliability), with a view to ensuring uninterrupted manufacturing for our customers.

We would also note that memory accounts for a relatively modest share of our revenue mix, while analog and power ICs, microcontrollers, and PLDs represent a proportionally larger share. Accordingly, the direct impact on our earnings is limited.

Reference: [Q3 FY2025 Financial Results Briefings \(Presentation\), Net Sales \(p. 5\)](#)

Q3. Could you walk us through the characteristics, profitability, and future direction of the AI server and data center-related business?

Our AI and data center-related business is centered on a model in which we supply GPU-integrated products primarily to server manufacturers in Asia, whose finished servers are then shipped to data centers worldwide. Individual deals tend to be large in scale, causing quarterly revenue to fluctuate depending on the presence or absence of major contracts; however, over the medium-to-long term, we are seeing a clear upward demand trend.

In terms of profitability, GPU-integrated products and GPU servers are largely standardized, leaving relatively limited room for the kind of technical differentiation a trading company can offer. As a result, margins in this segment are below our company-wide average. We therefore believe it is important to improve overall business profitability by expanding into 'adjacent, higher-value-added areas' such as comprehensive solutions combining network equipment, middleware, and security, as well as consulting and software services related to data center construction and operations.

At present, AI server-related sales still represent a moderate share of our Semiconductor Business, but we expect the range of applications to broaden as technology continues to evolve. Looking beyond AI as infrastructure, we are also exploring future applications in edge AI and industrial equipment. We view this as a phase in which we are growing a portfolio that captures both 'volume and value add'.

Q4. The growth rate of the Cybersecurity Business appears to have slowed recently — how do you think about the growth trajectory going forward?

We do not view this as a "growth slowdown." The high growth rate recorded in the previous fiscal year creates a relatively lower comparison base this year, but underlying market demand remains robust.

Over the medium-to-long term, Japan and the Asian markets in which we operate still lag behind North America and Europe in terms of cybersecurity adoption, and we see meaningful room for security demand to expand in tandem with the digitalization and cloud migration of enterprises and the public sector. Relative to overall market growth, we aim to sustain medium-to-long-term expansion by leveraging our strengths in early-stage technology sourcing and channel development capabilities.

Q5. How do you believe the advancement of AI and debates such as "the death of SaaS" will impact the Cybersecurity Business?

We believe that AI advancement represents more of an opportunity than a threat for the cybersecurity business.

From one perspective, the broader adoption of AI and cloud services increases the volume of digital assets and data that need to be protected, thereby driving greater demand for the security solutions that protect them. Furthermore, AI-enabled attacks and new threats such as deepfakes are on the rise, and we expect this to generate demand for new security

technologies and services to counter them.

At the same time, AI may automate certain security operations — such as monitoring and log analysis — to a significant degree, improving the efficiency of manual workflows. However, the core of our business lies in the deployment of sensors and agents necessary for threat detection and in providing tailored configurations suited to each customer's environment, neither of which can be fully handled by AI alone.

Regarding the expression "the death of SaaS," we understand this is typically discussed in the context of certain business applications being replaced by AI — not that all cloud services will become obsolete. The detection and defense domain that forms the heart of our cybersecurity business derives its competitive strength from the accumulation of vast threat intelligence and continuous updates, and we view AI as a critical technology for enhancing that capability. Accordingly, we currently assess the risk of AI advancement or shifts in the SaaS model fundamentally disrupting the structure of our cybersecurity business to be limited and instead see these developments as creating new business opportunities.

Q6. What were the factors behind the widening losses in the CPS Solutions Business?

We have received numerous investor questions, including: "Why did losses in the CPS Solutions Business exceed expectations?", "What differed from the plan?", and "While the business seems promising, when does the company expect to reach profitability?" We acknowledge that the current situation involves significant challenges and are sincerely reflecting on the underlying causes.

The primary factor is the delayed ramp-up of our autonomous driving bus operations in Japan. While the number of demonstration experiments, mainly conducted with municipal governments, increased, the transition to regular commercial service was significantly slower than originally anticipated. The principal reasons were an accident involving a third-party autonomous vehicle and the tightening of regulations and guidelines relating to Level 4 autonomous driving, both of which prolonged the decision-making process at the municipal level.

At the same time, the Japanese government has positioned the use of autonomous driving as a medium-to-long-term policy priority in addressing social challenges such as aging demographics and the sustainability of regional transportation, with targets including the deployment of 10,000 autonomous driving service vehicles by 2030. We are stepping up our efforts to expand into private-sector customers and closed environments where decision-making tends to be faster — such as theme parks, airports, and factory premises — with the goal of progressively reducing losses and achieving medium-to-long-term growth.

Reference: [Basic Plan on Transport Policy \(FY2025–FY2030\)](#) *Japanese Only

Reference: [Macnica and HOSHINOYA Okinawa Launch Japan's First Navya Autonomous Electric Bus Demonstration Experiments — Smart City / Mobility — Macnica](#)

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