

Message from the President & CEO



Values of the Marubeni Group

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SECTION 1: Value Creation at Marubeni

SECTION 2: Realizing Value Creation

SECTION 3: Initiatives for More Sustainable
Value Creation

SECTION 4: Business Portfolio

SECTION 5: Corporate Data

**Paving the way to sustainable profit
growth for enhancing corporate value,
and creating a cycle of growth and
shareholder returns**

Masumi Kakinoki
President & CEO



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Message from the President & CEO

SECTION 1: Value Creation at Marubeni

SECTION 2: Realizing Value Creation

SECTION 3: Initiatives for More Sustainable
Value Creation

SECTION 4: Business Portfolio

SECTION 5: Corporate Data

Message from the President & CEO

Turning risks into opportunities through the unique network and agility of a trading company

The global environment remains highly uncertain, with business conditions changing rapidly. As companies are compelled to address various risks, the Marubeni Group leverages its extensive global network to swiftly understand the latest conditions affecting its individual businesses. High levels of uncertainty in the business environment give rise to new needs and challenges for our customers and business partners. By continuously updating our understanding of these conditions, we not only reduce our exposure to risks but also get an early read on social needs and challenges, allowing us to promptly propose appropriate solutions to our customers and partners. This ability to rapidly respond to events is one of our greatest strengths as a trading company and enables us to transform risks into opportunities. **As an “essential partner that continually bridges gaps in society,” the role of the Marubeni Group is to fill the gap between an unclear future and the present.** In these unpredictable times, the Marubeni Group is constantly thinking of ways to create new value, and will make every effort to seize new business opportunities in this context. The roles performed by the Marubeni Group continue to grow in importance every day, and we believe there are still many opportunities around the world where we can act as problem solvers.

Steady progress on strengthening the earnings base through relentless implementation of strategies

Under the GC2024 Mid-Term Management Strategy, the Marubeni Group is determined to strengthen our existing

business domains and create new business models to steadily cultivate and establish new pillars of earnings.

As a result of initiatives to increase and expand the competitive advantages of each business in order to strengthen our existing business domains, Marubeni achieved adjusted net profit* in excess of ¥450.0 billion for a third consecutive year in the fiscal year ended March 31, 2024, solidifying a higher earnings base that matches the recently expected underlying adjusted net profit of between ¥400.0 billion and ¥450.0 billion. Additionally, adjusted net profit in non-resource fields, where we have focused our efforts to achieve steady profit growth, reached approximately ¥300.0 billion for the three consecutive years through the fiscal year ended March 31, 2024. Marubeni views these achievements as evidence of a significant strengthening of its earnings base, **demonstrating its robust ability to generate sustainable results even in uncertain times.**

Regarding the creation of new business models, Marubeni has identified growth domains that it had not ventured into in the past, and some projects in these domains have already gotten off the ground and entered the operational phase. While some projects have business models that may not show immediate results, we are confident in their future growth potential and are actively pursuing investments in these domains.

The fiscal year ending March 31, 2025 marks the final fiscal year of GC2024, which we have designated as three years of putting strategy into practice. Without losing momentum, we will continue to strengthen our earnings base and advance to the next stage of profits.

* Adjusted net profit: Net profit excluding one-time items, shown in an approximate figure

Improving investment discipline to avoid being misled by invisible synergies

As part of GC2024, Marubeni is committed to enhancing medium- to long-term corporate value by focusing efforts on sustaining and improving cash generation and ROE, and reducing the cost of equity. By realizing medium- to long-term profit growth through a sustained improvement of cash generation, Marubeni aims to sustain and improve ROE while also reducing the cost of equity. To achieve this, the Company is actively working to further strengthen its financial foundation, stabilize earnings, and enhance non-financial value.

In terms of sustaining and improving cash generation, Marubeni is targeting medium- to long-term profit growth through both organic growth in existing businesses and growth investments. In particular, the Company is prioritizing growth investments in existing business domains where it has competitive advantages, particularly in the non-resource field, to further strengthen and expand these existing businesses,





Values of the Marubeni Group

Message from the President & CEO

SECTION 1: Value Creation at Marubeni

SECTION 2: Realizing Value Creation

SECTION 3: Initiatives for More Sustainable
Value Creation

SECTION 4: Business Portfolio

SECTION 5: Corporate Data

Message from the President & CEO

which should help to sustain and improve ROE. We will execute growth strategies across various business domains, especially those that have driven growth in non-resource fields, including the food & agri business; the power & infrastructure project; finance, leasing & real estate; as well as construction, industrial machinery & mobility, in a bid to lift profit to higher levels. Putting these strategies into practice, we are committed to growing these investments into future pillars of profit with a medium- to long-term perspective and a sense of urgency.

Marubeni maintains strict investment discipline in its growth investments. In the past, we had some investment projects that anticipated a variety of synergies in business plans in order to get the green light on deals. Now, however, we more rigorously evaluate projects by stripping away these synergies during the review process, leaving only the core business components such as profitability, competitiveness, and sustainability. Applications for new projects laden with unrealistic synergies are basically nonexistent now. In the past, we had cases where projects were given the green light with an understanding of risks only visible to us, while

hard-to-comprehend risks were pushed aside and only became more apparent when external conditions stagnated, leading to the risk of impairment losses. Such hastily put together projects are now promptly identified, and there is a shared awareness within the Company that unmanageable risks should not be taken under any circumstances.

While this may sound like a process that stifles attempts to take on challenges, we actually believe it is good to fail on occasion, and we have not said that we should never make mistakes or fail. Existing business domains will not expand unless we embrace challenge and enhance the level of our employees and organization. As long as risks are manageable when taking on a challenge, we believe that failure is acceptable as long as the lessons learned from failing help us take a step forward. We encourage people to take on challenges in all sorts of businesses within the Marubeni Group, not just in growth investments. The accumulation of insights and knowledge from this cycle leads to continuous improvement in daily operations and the strengthening of competitive advantages through additional investments.

Marubeni will continue to make strategy-focused growth investments aligned with its Business Policies SPP* while maintaining strict investment discipline.

As profit levels have risen above historical levels and our financial foundation has become stronger, we believe we are ready to undertake larger investment projects than before while carefully scrutinizing candidate projects.

* SPP: Strategy × Prime × Platform

Enhancing follow-up system to eliminate negative surprises

Following up on investments after execution is crucial to improving ROE. Even if a business performs well for a certain

period after an investment is executed, if the implementation of strategies loses momentum, the business may quickly become obsolete, by being unable to keep pace with changes in the business environment. While it is important to stick to an initial strategy, it is also vital that we follow up and flexibly and adaptively update strategies in reaction to changes in the business environment.

In the fiscal year ending March 31, 2025, I personally visited major operating companies including agri-input retailer Helena and used car retail financing business Nowlake in the United States, as well as operating companies in other regions. Monitoring the direction of existing businesses is crucial. Rather than simply assessing existing businesses as being in good health because their earnings are strong, it is essential to regularly update outlooks for the external business environment, as well as assess each operating company's market position, competitive advantages, and progress on growth strategies. By constantly keeping in mind the earnings outlook and risks in each business, we can make adjustments to strategies when necessary and proactively address potential risks before they become significant.

The Marubeni Group divides its segments into 16 business divisions, but monitors existing businesses for any anomalies at a more granular unit level. We calculate ROIC for each unit, and even for units that meet the ROIC threshold, we review the details and take preemptive measures for businesses with declining profits, going through a PDCA cycle. Previously, corrective actions were sometimes taken at the budgeting stage only after conditions had deteriorated, but now, monitoring is done at an earlier stage, allowing us to address anomalies before they manifest. We have approximately 70 business units that we closely watch, identifying and mitigating potential issues in around 10 projects or units depending on the year, with everyone working in unison to come up with ideas. We quickly



Message from the President & CEO

decide whether a business unit can be improved, which helps us extinguish potential flashpoints before they spread. We intend to maintain this early response approach when bad signs arise in businesses, regardless of the external environment. In the past, reluctance to sell businesses at a loss led to an even greater predicament, but now, there is a growing consensus within the company that it is better to sell and reinvest when capital efficiency improves through divestitures. We believe this awareness of the importance of capital efficiency will continue to permeate the entire Company, contributing to sustaining and improving ROE and, ultimately, reducing the cost of equity, while showing the market our track record and pathway for profit growth.

In the past, Marubeni experienced periods of high earnings volatility, where profit growth was often followed by significant impairments, resetting its progress. Shareholders probably viewed Marubeni as a somewhat “wild ride” during those times. Learning from these challenging experiences, the significant impairment losses in the fiscal year ended March 31, 2020, purged all the major bad assets and fortified our resolve to strengthening investment discipline, and this has led to the establishment of our strong earnings base today. The most important factor in raising ROE is steadily increasing profits, in other words, reducing earnings volatility and achieving long-term profit growth. Marubeni believes **it is vital to do its utmost to increase profits and reinvest these gains to create a positive cycle for the Company**. ROE may not always be tangible in daily business operations, so it is crucial to emphasize its importance within the Company. We feel that ROIC, CROIC, and RORA, which are applied to each project and considered from the initial application stage, are now well understood at the operational level. We will continue to stress the importance of

capital efficiency, and **maintain our focus on sustaining and improving ROE as we aim for the next profit stage**.

Shaping the future through HR strategy

Human capital is the most valuable asset of the Marubeni Group and the driving force for value creation.

Our management strategy outlines our vision and direction for the future, and our HR strategy is a critical element supporting its realization. Enhancing corporate value requires maximizing the potential of our human resources and ensuring that our employees can work with enthusiasm in alignment with our management strategy.

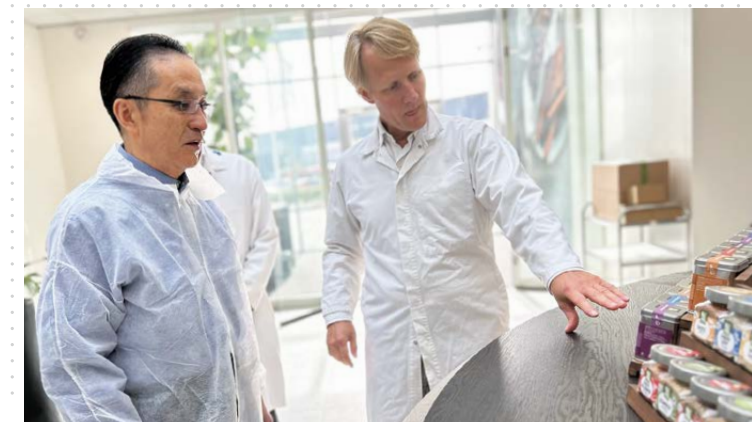
In a rapidly changing business environment, it is essential to continuously review our HR strategy, just as we do with our business growth strategies. For sustaining and improving cash generation and ROE, maximizing the potential of our human resources and aligning their efforts enthusiastically with our management strategy is crucial. In April 2024, we moved the Chief Human Resources Officer (CHRO) to a direct report line to the President in order to involve the CHRO in overall management of the HR strategy, further elevating the HR strategy. As a first step, we eliminated the distinction between career-track employees and administrative-track employees in July 2024, implementing in its place a system based on merit and suitability, regardless of job title, as a measure to draw out the best of each employee’s abilities. Additionally, we extended the mission-based system for deciding compensation, previously limited to management positions, to non-management positions to encourage employees to take on more challenges. We will continue to encourage all employees to fully demonstrate their capabilities, take on greater roles, and grow together with the Company.

As part of my efforts, I have been actively engaging with employees on the front lines through the Opinion Box*, which I initiated upon becoming President, and through face-to-face meetings with domestic employees, overseas expatriates, and local hires at overseas companies. I have made it a priority to listen to the opinions of our employees and swiftly address any issues that come to light.

At the same time, I recognize the importance of our DX strategy. A common challenge in advancing our HR strategy is the shortage of talent, but we believe this can be addressed by effectively implementing our DX strategy. With the emergence of generative AI, such as ChatGPT, Marubeni has also introduced the Marubeni Chatbot, a generative AI tool designed by Marubeni, companywide. We intend to proactively utilize these new technologies in business operations and management to further enhance work efficiency and sophistication. Digital technology has become an indispensable tool in solving the challenges faced by our customers, investees and partners.

We will focus our attention even more on digital technology and more aggressively incorporate it in the provision of comprehensive solutions that include digital technologies.

* A system where the CEO communicates important management topics to group employees through video messages and directly responds to all employee opinions and questions regarding those topics.



At Euroma during a trip to Europe



Values of the Marubeni Group

Message from the President & CEO

SECTION 1: Value Creation at Marubeni

SECTION 2: Realizing Value Creation

SECTION 3: Initiatives for More Sustainable Value Creation

SECTION 4: Business Portfolio

SECTION 5: Corporate Data



Values of the Marubeni Group

Message from the President & CEO

SECTION 1: Value Creation at Marubeni

SECTION 2: Realizing Value Creation

SECTION 3: Initiatives for More Sustainable
Value Creation

SECTION 4: Business Portfolio

SECTION 5: Corporate Data

Message from the President & CEO

Promoting our green strategy toward a sustainable future

Under GC2024, the Marubeni Group has positioned the “Green Strategy” as one of its basic policies. We are committed to contributing to a nature positive society and the realization of a society in harmony with nature envisioned by the international community. With this in mind, we have made sustainability initiatives—such as decarbonization, transitioning to a circular economy, respect for human rights, and building sustainable supply chains—a fundamental premise of our business operations. These efforts are essential to balancing our considerations and contributions to high-priority environmental and social issues throughout society with the long-term growth of the Marubeni Group.

The Marubeni Group’s Green Strategy goes beyond expanding and strengthening Green Businesses that contribute positively to the global environment, such as renewable energy projects. We are also committed to the “Greening” of all business domains to avoid and mitigate the environmental impact of our business activities while contributing to the restoration and regeneration of natural ecosystems. Internally and externally, we convey our aspirations of being a forerunner in Green Business as a reflection of our strong determination to fulfill our corporate responsibility in achieving a sustainable society, rather than merely following trends.

We believe that implementing the Green Strategy and realizing a nature positive society is not only the social mission of the Marubeni Group, but also key to enhancing corporate value over the medium- to long-term. With this strategy constantly in mind, we will continue to promote businesses that consider the global environment in order to build a sustainable future. **The Marubeni Group’s commitment to sustainability will continue to evolve.**

Enhancing shareholder returns with strong cash flow

In line with GC2024’s capital allocation policy, Marubeni aims to continuously enhance and strengthen its financial foundation while focusing on growth investments and shareholder returns. The Company has a progressive dividend policy and aims to provide a stable dividend over the long term, while increasing dividends in line with medium- to long-term profit growth. We understand that shareholders are concerned about whether the uptrend in our earnings will continue, and we are determined to continue enhancing shareholder returns by increasing cash flow through profit growth.

In the past, Marubeni lacked the flexibility to fully consider shareholder returns, maintaining a dividend payout ratio of 25%, increasing dividends when profits rose, and reducing them when profits declined, resulting in inconsistent returns that did not always meet shareholders’ expectations. After thorough consideration of ways to take a more proactive stance on shareholder returns, we declared a progressive dividend policy as our commitment to increasing dividends in line with medium- to long-term profit growth, complemented by flexible share buybacks, allowing for adjustments in the balance between investments and shareholder returns according to the business environment.

As a result of our analysis of ways to effectively utilize the free cash from the sale of Gavilon Agriculture Investment, we have allocated ¥50 billion for share buybacks in the fiscal year ending March 31, 2025, as part of our shareholder return strategy, which should result in a total payout ratio of 42% including dividends. Management will continue to consider additional shareholder returns if there are significant cash inflows in the future, but we believe it is prudent to keep investments and shareholder returns within the scope of the

Company’s annual core operating cash flow. **Marubeni intends to establish a sustainable cycle by achieving steady profit growth through organic growth and growth investments, and utilizing the increase in cash flow to fund more investments and shareholder returns.** The Company plans to review the total payout ratio, currently set at approximately 30-35% under GC2024, in discussions for the new mid-term management strategy starting from next fiscal year.

Aiming to exceed stakeholder expectations by continuing to embrace challenges

In recent years, the Marubeni Group has strengthened its earnings power and financial foundation, allowing for the expansion of shareholder returns. These significant achievements have been recognized by the stock market, as demonstrated by Marubeni’s share price reaching record highs on multiple occasions since the fiscal year ended March 31, 2024. We can feel the growing expectations of our stakeholders.

To continue enhancing our dialogue with stakeholders and evolving our management practices, we established the IR & SR Department* in the fiscal year ending March 31, 2025. In addition to management owning shares in the Company, the ratio of employees who participate in the employee stock ownership plan has risen to 94.5% as of March 31, 2024. This reflects our commitment to aligning our interests with shareholders and working together to enhance corporate value. Going forward, **the entire Marubeni Group will continue to embrace new challenges, advance value creation, and strive to exceed the expectations of all stakeholders, including shareholders.**

* IR is an abbreviation for investor relations, SR is an abbreviation for shareholder relations.

Masumi Kakinoki

President & CEO