

**Condensed Transcript of Question and Answer Session  
Briefing on Marubeni IR Day 2025(Day2)**

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**Format:** Hybrid Conference

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Next Generation Business Development Div. and  
Next Generation Corporate Development Div.  
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< Questioner 1 >

The CEO mentioned aiming for a PER of 40x. From a business portfolio standpoint, I'd like to ask about this. The plan is to achieve it by concentrating investment in the Strategic Platform Businesses and improving profitability, but those Strategic Platform Businesses encompass a range of areas. My understanding is that some—such as leasing—are working-capital-intensive and typically command lower PERs. It's hard to envision reaching 40x by growing profits in such fields. Which business areas do you believe need to be scaled to achieve a PER of 40x?

Omoto:

We intend to steadily implement the kinds of value-creation initiatives pursued by companies trading at a PER of 40x. Given that our current PER is around 12x, it is not realistic to leap straight to 40x; our approach is to raise it stepwise to 15x and then 20x. On the business portfolio front, as you note, our policy is to concentrate investment in our Strategic Platform Businesses. As I have explained, these are businesses that combine three elements—Growth Domains, High Added Value, and Scalability—and we will allocate capital thoroughly to such businesses. As for the areas we should expand, as previously outlined, we see six core domains for further development and scaling: Agri-inputs Retail Business, Mobility Business in North America, Wholesale & Retail Power Trading Business, Aviation Aftermarket & Asset Trading Business, Food Marketing & Manufacturing Business, and IT/Digital Solutions Business. While the Day 1 materials positioned these six as the core of our Strategic Platform Businesses, we also regard our Car Maintenance Business in Thailand and Indonesia, as well as our Pharmaceutical Sales Business as priority areas. Rather than segmenting by primary industry or by volatility, our focus is on businesses with high added value and high margins, and by steadily increasing the share of capital allocated to these areas, we aim to improve our PER.

I would like to ask about the disciplined process around capital allocation. In today's asset-bubble environment, I am somewhat skeptical about the plausibility of achieving an ROIC of over 10% alongside 10% growth. This applies not only to Marubeni but to other trading companies as well, yet I get the impression that, perhaps because of the emphasis on ROIC, new investments are becoming concentrated in areas such as leasing and financial services, or in primary industries that inherently carry a certain degree of volatility. I am also doubtful that there are many opportunities outside those areas where a trading company can enter. Within Marubeni's stringent investment discipline, I question whether suitable opportunities will actually emerge. Could you share the Company's view, including your current assessment of the situation?

Omoto:

Given the rigor of our deal screening, I understand the concern about the pipeline. As things stand, our opportunity pipeline totals about 2 trillion yen, of which roughly 1 trillion yen comprises opportunities with over a 50% likelihood of entering the screening process. Furthermore, approximately 300 billion yen is expected to move into screening within the next six months. Naturally, some proposals will be declined during deliberations, so this does not mean new deals will materialize exactly in line with those figures, but we intend to review as many opportunities as possible. We will pursue origination with the determination to exhaust the set themes, and we will engage earnestly with any opportunities that come through the process in accordance with our discipline. As for the concern that we may be compelled to focus on areas like leasing that are not inherently capital-efficient, we will maintain strict discipline and, so long as we are prioritizing what we call Strategic Platform Businesses, focus on increasing the amount of capital allocated to those businesses.

By way of one clarification on capital allocation, as set out in GC2027, of the 1.7 trillion yen earmarked for growth investments (new investments and CAPEX), 1.2 trillion yen will be allocated to Strategic Platform Businesses. Infrastructure Investments and Financing Businesses will receive 200 billion yen, taking into account projects already committed as well as those that may be migrated into Strategic Platform Businesses. Natural Resources investments will receive the same amount. We will advance this capital allocation framework with discipline under GC2027.

< Questioner 2 >

Could you please clarify the outlook for additional copper interests and potential expansion in metal resources? With industry consolidation advancing—such as the proposed combination involving Anglo American and Teck Resources—the strategic importance of copper seems to be rising. I would appreciate your perspective on future possibilities.

Kuwata:

Regarding potential acquisitions of additional copper interests, we currently have no concrete plans to acquire assets that are entirely unrelated to our existing portfolio. Expansions at Centinela and Los Pelambres are most efficiently executed by leveraging our existing proprietary facilities. Given that Centinela's expansion capacity has doubled in this phase, the most likely path is to develop undeveloped resources within our owned area and expand using the current plant.

That said, as you noted, consolidation in copper is progressing, and we remain actively on the lookout. If we identify opportunities that meet our winning criteria—strong partners, low country risk, and high competitiveness—we will consider investing in them in the future.

On risk management, you mentioned Nowlake as an example. Could you provide a bit more detail on that?

Horie:

We have a dedicated Risk Management Department, and we second personnel from that department to Nowlake on an ongoing basis. Since consumer credit is the core of Nowlake's earnings, there is significant value in learning the practicalities of credit risk management there. Within Marubeni Group, there are companies that possess know-how Marubeni Corporation does not have, and we recognize there is much to learn from them as well. While Nowlake operates an auto finance business in North America, its expertise can be applied to similar sales finance operations in Chile and Australia. In addition, as our Company traditionally focused on B-to-B businesses, Nowlake's advanced consumer credit underwriting techniques are useful as we pilot new businesses closer to the consumer. We bring back the insights gained through these secondments and deploy them into new initiatives.

< Questioner 3 >

Regarding what a strategic platform is, there was also an explanation from the perspective of risk control of reducing volatility. In the metal resources domain, however, the further downstream you go—for example into smelting and refining—the thinner profitability tends to become and the tougher the competition. Currently, ore is considered the most lacking, but there is also the possibility that the tightness may not be as pronounced the further downstream you go. In other words, please explain concerns about whether efforts to establish a Strategic Platform and suppress volatility might ultimately lead to reduced profitability.

Kuwata:

As you pointed out, relatively few companies generate significant returns in the midstream smelting

segment. We view midstream as just one step in the value chain and are actively evaluating downstream opportunities. We have identified several companies in structural growth areas that are delivering strong profitability. From a corporate value and investment perspective, India is a particular focus—manufacturers of cable, wire rod, wire, and winding wire, and, further downstream, air conditioners. While air conditioners are already widespread in many developed markets and the sector attracts less attention, penetration rate in India is only around 7–8%. Combined with very high temperatures and ongoing economic growth, these markets are expanding rapidly.

The conventional positioning of upstream mining as the profit center in the copper value chain has not fundamentally changed. At the same time, downstream activity is expanding significantly in high-growth regions. As one reference point on volatility, copper-focused resource majors such as Freeport and our partner Antofagasta have average betas of around 1.3, whereas leading listed Indian manufacturers of electric wire and wire rod are roughly 1.0. We are focusing on this area with the aim of reducing portfolio volatility while capturing robust growth and materially increasing earnings.

Omoto:

I want to address volatility in the resource sector in a disciplined way. To reiterate a point from Mr. Kuwata's presentation, understanding what we mean by "volatility" requires short-, medium-, and long-term perspectives. Even within resources alone, the 25-year price trend has clearly risen, as shown in the materials. Given the emerging inflationary backdrop, it is more important to define volatility upfront. We will continue engaging in dialogue in various settings to understand how the market views volatility.

At the same time, throughout the three-year GC2027 period we have received many comments highlighting the inherent volatility of resources. In response, while fully leveraging our upstream strengths, we will also hold assets that connect into Strategic Platform Businesses. The goal is that, at the integrated "exit" of the end-to-end value chain, the blended beta will be modestly lower, thereby reducing volatility. We intend to pursue this strategy.

With respect to risk management, in the process of enhancing your shareholder value and aiming for a PER of 40x, raising ROIC is of course important, but lowering WACC is equally critical, and I believe there is upside there as well. We have seen cases at other companies where, despite having know-how, there have been successive exits or impairments across various businesses. For example, regarding WACC, I think it may be possible going forward to set target values for how to bring down the KPI—namely, the internally monitored figures unique to your Company. Do you have an internal approach along these lines?

Also, you mentioned using WACC in investment decision-making to monitor businesses based on whether they are above or below the Company-wide WACC, but conversely I question whether a single Company-wide WACC is appropriate. For instance, given that the interest rate differential between Japan and the U.S. alone is over 3%, the required return should naturally differ. Conversely, in cases that contribute to stability and lower WACC, even if ROIC is somewhat lower, the spread could in fact widen. Could you go one level deeper on how you view WACC in this context?

Omoto:

We intend to set targets for lowering our WACC and will work on this going forward. On this point as well, we plan to continue separate dialogues and formulate realistic WACC reduction targets. As for what WACC and beta represent, in theory they reflect what is called systematic risk. Our risk management manages integrated risk on a company-wide basis, and we have reduced our risk assets from 3 trillion yen to 2.2 trillion yen, thereby lowering systematic risk by 800 billion yen. If we explain

this risk management methodology clearly to the market, in theory it should lead to a lower beta and thus a lower WACC. At the end of today's section on risk management, I asked Mr. Horie to explicitly connect our ongoing integrated management of risk assets with the reduction of WACC. We intend to tackle this as a major management priority.

Regarding the Company-wide WACC you mentioned, we handle WACC with a very precise and granular approach. For individual projects, we calculate WACC on a case-by-case basis by deriving asset beta from equity beta, re-levering, making appropriate adjustments, and factoring in country risk. As a result, we do encounter projects whose WACC is higher than the Company-wide level, and in such cases we make investment decisions with that higher WACC in mind. As you rightly point out, the spread between WACC and ROIC is critical, and we intend to proceed with that firmly in view. Our WACC level has risen to some extent, and as we aim higher from here, drawing a line and investing in opportunities above that WACC threshold will accelerate growth. Equally important is the premium represented by the ROIC–WACC spread and how that premium will grow over time. Businesses with higher ROIC will scale faster if they capture revenue effectively. In terms of capital allocation, while we have previously pursued the notion that a lower ROIC can be acceptable if there is a spread, we would now like to shift to drawing that line and leaning into higher-return areas. We intend to move forward with that approach and make it a core principle.

< Questioner 4 >

Regarding risk management for digital transformation, the operational risks of cyber attacks have recently become apparent, particularly for manufacturers. How are you addressing this type of risk? Furthermore, as a general trading company, do you have a unified policy not only for the parent company but also for subsidiaries and significant equity-method affiliates, or do you allow entities—particularly equity-method affiliates—to manage this autonomously? Please share your thinking on this point.

Oikawa:

As you noted, there was a recent major incident at a beverage manufacturer, and without delving into my own analysis, it was a case where malware infiltrated the manufacturer's operational systems and spread laterally in short order.

As you also pointed out, the Marubeni Group is a collection of hundreds of operating companies, but, each company's systems are basically segregated. While cross-infection is possible, the risk that something entering one company will rapidly propagate across the entire Group is quite low.

That said, we must of course prevent infections at each individual company. Group-wide, we store critical data in secure cloud-based storage, always maintain backups, have robust endpoint intrusion detection and prevention in place, and have already established an internal specialist incident response team. Above all, to ensure these measures function reliably, we conduct regular awareness and training programs that include employees of Group companies. For these reasons, we judge that the kind of rapid, widespread contagion you are concerned about is highly unlikely. Nonetheless, from the standpoint of minimizing the impact on each individual company, we are implementing comprehensive countermeasures and are maintaining constant vigilance without complacency.

Regarding the impressions from this IR Day event and the Company-wide policy, my takeaway from both Day 1 and Day 2 is that the discussions were largely top-down or organizational in nature. From

past experience, when general trading companies lean too heavily into top-down or macro approaches, investment outcomes have not always been favorable. As a general trading company with a highly diversified business portfolio, it is also crucial to determine how to capture insights and strategies emerging from the frontline. In some cases, frontline perspectives and strategies may differ from top-down directions. While I think the top-down, Company-wide policy is excellent, could you explain how you intend to incorporate frontline insights within that framework?

Omoto:

One of the Marubeni Group's strengths, which I feel viscerally, is the excellence and potential of our people. Having once left the Company and then returned, I have been able to confirm objectively in various ways just how strong our talent is, and I recognize Marubeni as an outstanding company with a deep bench of capable, high-potential people.

You asked whether we are issuing top-down, macro-level directions; the answer is yes. However, what I am providing is the concept. The concept is to target growth domains; to assume there are invariably pockets of growth even in mature areas and to go after them boldly; to move toward higher value-added; and, even within mature sectors, to identify high-value-added niches and consider margin expansion at the frontline. While executing on these, we are also building in scalability. I believe this Strategic Platform approach can be fully deployed and leveraged in any domain or business area, and because our people are exceptionally capable, I am confident that if we continue to articulate this, they will execute.

At the same time, it is extremely important for management to stay close to the frontline and to directly confirm what is actually being achieved and what is happening on the ground. In our dialogue with the frontline, the most important keyword is alignment. The Company communicates what it aims to do; the frontline communicates what it can deliver; and through dialogue we align those perspectives and translate them into individual missions. That process is paramount. Our HR system incorporates a mission ratings under which, every year, each employee sets—through dialogue—the missions they will pursue to reach a higher level. With that process in place, we intend to move forward while constantly aligning what management envisions with what the frontline is thinking.

To that end, I visit a considerable number of operating companies and deliver the same message each time. I also ask the members of the Corporate Management Committee here to regularly go to the frontline and prioritize alignment.

Finally, as you pointed out, it is crucial that initiatives originating from the frontline retain their operational strength. When we talk about going beyond the traditional boundaries of a general trading company, we are, of course, mindful not to undermine that strength. With full attention to that point, and in close alignment with the frontline, we intend to aim higher together as one organization.

< Questioner 5 >

Regarding the Next Generation Corporate Development Division, you mentioned pursuing investments with a focus on consumers. What is the rationale for prioritizing the consumer domain? My understanding is that the concept is to pursue initiatives beyond conventional frameworks of a general trading company; if so, are there initiatives in entirely new fields outside the consumer area?

Also, you indicated a figure of building investments up to 250 billion yen—should we understand that this incremental portion is envisioned primarily in Japan?

Fukumura:

The Next Generation Corporate Development Division was established in 2022, and in setting it up we conducted various analyses. Although Marubeni, a general trading company, covers a very wide range of areas, we compared the areas we currently cover with those we do not and examined, based on data, where the high growth potential areas are. As a result, it became clear that there are growth opportunities in businesses closer to consumers, so we decided to focus our efforts on the consumer sector.

That said, “consumer” encompasses many different businesses, and what constitutes a consumer business also varies by region. The consumer themes we will pursue in Japan and the United States differ from those in emerging markets such as Southeast Asia and India. In that context, the reality is that we are proceeding by considering which ones can become Strategic Platform Businesses and working them into specific individual projects.

As for the plan to build up 250 billion yen of investment by fiscal 2027, the regions we are currently covering are Southeast Asia, India, the United States, and Japan. Looking ahead to fiscal 2027, my sense is that the weight will be greater in Japan and the United States. This view reflects what we see from the accumulation of pipeline opportunities and, moreover, our analysis of where business clusters with the potential to become scaled Strategic Platform Businesses are likely to be found, which at this point leads us to expect a tilt toward the U.S. and Japan.

In new investments, I believe the key is how to buy at a low price. What specific approaches are you taking? Do you think strictly applying the ROIC 10% criterion you’ve set will lead to good investment opportunities, or are there any additional considerations?
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Omoto:

The accuracy of investment ultimately depends on the entry price, and it is important to ensure competitiveness in that regard. A major guideline on this point is that the most effective investment pattern, basically, is roll-up. Roll-up investments function in various forms; a straightforward example is Helena, which undertakes roll-ups of bases and pursues a strategy of expanding their unique, high value-added products. This is a roll-up within the United States, but there is also a cross-regional roll-up experience where the same business model was brought to Brazil and significantly grown over six years.

Therefore, the key point of aiming for a high ROIC is to broadly consider the strengths and resources we currently have and to wisely link them with investment targets. Our company also has businesses where this wisdom has been put into practice and has achieved high ROIC as a result.

There are divisions like Next Generation Corporate Development Div. that create new strategic platforms, but basically, in most business divisions, it is important to firmly recognize the current strengths and make investments with high added value and scalability in mind to align with and transition to Strategic Platform Businesses. I believe that this will lead to entry price competitiveness in a broad sense.

In the business divisions, efforts are made to implement such strategic platformization, and the management side which deliberates such businesses seriously verify whether it is truly achieved. It is important to have the discipline to cut away the overly optimistic upward-trending plans, and as a result, even if the 2 trillion yen figure mentioned earlier becomes a smaller and selective number, proceeding with the mindset that this is acceptable may lead to a certain level of high growth.

< Questioner 6 >

I understand the gaps versus world's leading companies. Looking at the same lens, as you drive GC2027, are there gaps that you, CEO Omoto, perceive between the current "As Is" and the desired "To Be"? Including a basic question amid rising asset valuations—are there truly opportunities that can deliver high returns? If you sense any such gaps, could you share them?

Omoto:

As indicated in the center of slide 6, we are already doing a solid job on value enhancement in existing businesses and on the further sophistication of investment deliberation and capital allocation, but I want to raise our game further from here. If I were to sum up the biggest gap between the As Is and the To Be in a single phrase, it is the need to dramatically strengthen our value enhancement function. In DX, each of our representative Strategic Platform Businesses—Helena, Nowlake, and SmartestEnergy—has its own DX playbook, and if we do not let those remain one-offs but instead deploy them horizontally, the potential is substantial. Viewed by domain, they may look different, but viewed by function, there is considerable commonality. For example, optimizing sales prices and the associated margin optimization are universal challenges, and these have already been implemented in all three of the above businesses. If we codify these plays and roll them out into our mature domestic businesses, the profitability of our existing portfolio can step up further, and we intend to pursue this boldly. The frontline is working hard, but the gap, in my view, lies in the lack of a specialized capability that systematically codifies methods, guidelines, and case examples, and then uplifts the frontline. This is why, as Oikawa noted earlier, we want to evolve the DX team into a value enhancement organization. We are earnest about this: rather than a one-off effort, we aim to build a team that embeds deeply in Group companies, squarely addresses their issues, brings in value enhancement methods proven elsewhere, and drives implementation with force.

I would like to clarify the profit outlook for the Metals & Mineral Resources Division shown on page 18. While a medium- to long-term profit level above ¥200 billion cannot be stated with certainty as it fluctuates with market conditions, assuming a steady-state of approximately ¥115 billion under conditions similar to today, how much incremental profit can be expected from the Centinela expansion? Furthermore, what level could be achieved by subsequently incorporating the development of adjacent mining areas? I would like to understand how you plan to build profits beyond what market conditions alone would provide.

Kuwata:

Regarding the level exceeding 200 billion yen, this ultimately depends on market conditions. While there will be fluctuations in the short term, over the long-term, prices should rise at a certain pace. Specifically for copper, the 200 billion yen figure assumes a certain degree of price appreciation amid tightening supply-demand conditions.

Regarding other points, as noted in the presentation, the Centinela expansion adds roughly 40,000 tons and is expected to reach full production after FY2028. Also, when we say the plant's capacity has doubled, that 40,000 tons does not represent the full expanded capacity. Development is progressing south from the original Esperanza site, and we are building a new plant 7 kilometers to the south. If we can develop and process ore from adjacent concessions, it will contribute to earnings, though we cannot provide quantitative guidance at this time.

Furthermore, as mentioned at the end of the presentation, we plan to invest in midstream and downstream areas—for example, the copper wire sector in India. We have also begun discussions related to AI and data centers about collaborating overseas with Japanese manufacturers on high-



conductivity, high-purity conductive products, precision roll-pressed foil technologies from Japan, and sputtering target materials.

By advancing these initiatives, our goal is to bring earnings to a stable, cruising level of around 200 billion yen without relying solely on resource market conditions.