

Message from the CEO



Toru Iino

Chief Executive Officer (CEO)
and Representative Director

Connecting the Future, Bridging with Technology

The corporate spirit deeply etched into Marubun's DNA will be passed down through the ages.

A spirit of looking forward and staying ahead that has woven a 180-year history

Looking forward and staying ahead – that spirit is undeniably what has woven the 180-year history of Marubun. Our history began in 1844 at our current location in Nihonbashi Odenma-cho, where the kimono wholesaler Horikoshi began operating under the shop name Marubun. Founder Kakujiro Horikoshi, reading the trends of the time, saw the opening of the port of Yokohama by U.S. Commander Perry as a business opportunity, and became an early exporter of raw silk. He also imported woolen fabrics that could not be produced using Japanese technology at the time, and greatly expanded his business. Horikoshi can truly be considered a pioneer among import trading companies.

After 50 years, the kimono textile business finally came to a close. Amid the wave of modernization, our fourth-generation head, also named Kakujiro Horikoshi, anticipated the growth of Tokyo's population and changed the course of the business toward real estate. The fifth-generation leader, Yoshio Horikoshi, saw Japan's aim to become an industrial nation as a part of recovery from World War II, and decided to withdraw from the real estate business. He established MARUBUN CORPORATION in 1947 with the mission of supporting manufacturing in Japan.

In this way, under the spirit of looking forward and staying ahead, over its long history the Company has undertaken major changes in its business to meet the demands of the times. This stance has been passed down as Marubun's vital DNA.

Aiming to be a one-of-a-kind electronics trading company that provides unique and original values

Since our establishment, we have supported customers' creation of goods and services by consistently discovering and providing outstanding technologies, products, and services in Japan and abroad. Using our power to discern cutting-edge technologies and products and our marketing capabilities to support the introduction of these into Japan's markets, we have built strong partnerships with suppliers while also building relationships

of trust with customers over time, hewing to a "Customers First" philosophy. Since joining the company, I have visited customers countless times as a sales representative in the Electronic Systems Business and have worked to strengthen relationships in discussions. Our relationships of trust with customers are a great strength and asset of our Company. They are the foundation for building relationships with new customers and for earning further trust from overseas suppliers. I believe that these relationships of trust have enabled us to establish our current position as an electronics trading company in Japan and overseas.

I became the Company's CEO and

representative director in 2020, taking up the torch handed down over the generations. At the time I took office, the Company was in a second consecutive year of losses (FY2019 and FY2020), mainly due to the cancellation of special agent agreements with major semiconductor manufacturers. The situation required that we undertake structural reforms involving great pain. The Sales Division, fighting on the front lines, and the back-office departments supporting it, no longer had room to move, and employees seemed to be losing confidence and pride with each passing day. The sailing was truly difficult. However, I was committed to ending this path at any cost and to tackling the next stage together with employees. Ever since our founding, our Company has read the winds of the times and has ably pulled through. We have also built strong relationships of trust with our customers. Our achievements over our long history are the true source of our value. I wanted to restore employees' confidence and pride by instilling this mindset anew.

Since becoming CEO, I had wanted to set "a one-of-a-kind electronics trading company that provides unique and original values" as the course we would follow as an autonomous, independent trading company. When I looked back at what it is that we work for, what our reasons for being are, and what we have valued and protected, I felt that staying ahead of changes in the needs of society, markets, and customers, and solving the issues of society and customers through our people, technologies, and services, are our unique reasons for being. It is vital that we once again ask ourselves what we have inherited from our predecessors and accumulated, and what our reasons for being are. Accordingly, on the 75th anniversary of the establishment of MARUBUN CORPORATION in 2022, we drew on these questions to define our Purpose, Vision, and Mission (■ p. 01) from a long-term perspective. Sharing our Purpose, Vision, and Mission across the Marubun Group as an axis of our management, with each of us solidly understanding and endorsing them, I believe that we can push ahead in everyday work with confidence and pride.



Promoting the “Marubun Nextage 2024” Medium-Term Business Plan

Our “Marubun Nextage 2024” Medium-Term Business Plan, formulated in 2022 and the first such plan released to external stakeholders by our Company, takes “Connecting the Future, Bridging with Technology” as its slogan aligned with our Purpose. This slogan expresses our desire to fully use the goods, technologies, and services we handle and our knowledge and know-how as an electronics trading company to seamlessly connect the supply chain overall, create innovation, and realize a prosperous future. We have further set forth five policies: (1) Intends to focus on sustainability management, (2) Push forward with a foray into new business fields and the creation of a platform for growth, (3) Refining its focus in existing business and developing solutions, (4) Enhancement of Group management, and (5) Improvement of business operation base and internal processes. We further operate under the policies of practicing the sustainability management that was taken up as an issue in our previous Medium-Term Business Plan; entering into new business fields and establish a platform for growth; and promoting selection and concentration in existing businesses and development of solutions through collaboration within the Group and among segments.

In FY2022, the first year of the new Medium-Term Business Plan, we recorded the highest operating income, ordinary income, and profit attributable to owners of parent since our listing on the stock market. These were all at levels that achieved the financial targets for the plan’s final fiscal year, marking a truly smooth start. The background to this start lay in our efforts to recover the commercial rights we had lost, resulting in the signing of new agent agreements with over 20 suppliers and the generation of profit in excess of that from the lost commercial rights. The driving forces behind this high performance have been our high presence in the market built upon our track record, our relationships of trust with customers, and, above all, the focused efforts of each of our employees.

In FY2023, however, we were hit by powerful changes in the external environment,

including the depreciation of the yen and rising U.S. dollar-based interest rates. As a result, while net sales continued to grow and operating income reached a new high, ordinary income and profit attributable to owners of parent decreased. Even in the midst of such significant external changes, however, we took every action possible, including reduction of inventory and persistent negotiations with both suppliers and customers. Doing so, we were able to achieve all of the target values we had planned at the beginning of the fiscal year.

An inventory adjustment phase has continued in the electronics industry since the previous fiscal year, and recovery of demand is expected to take some time. In addition, the increase in interest paid associated with higher U.S. dollar-based interest rates has been significant, and we expect ordinary income in FY2024 to fall short of the financial target set out in the Medium-Term Business Plan. At the same time, the electronics industry market is expected to continue expanding in the medium to long term amid stable growth in AI-related technologies and semiconductors, as well as the digitalization and greening of the industrial and infrastructure sectors overall. We will capture market growth by steadily deploying growth strategy-based measures, including efforts in the aerospace and defense markets in which Japan has doubled its national budget, and solutions proposals for electric vehicle (EV) production in ASEAN, where the trend to shift away from China has had an impact.



Issues and initiatives in adapting to changes in the environment

We are now in the midst of a fourth industrial revolution driven by digital technology transformation, a time when the changes to come in the next five years are predicted to equal those of the past 50 years. With population on the decline in Japan, the issue of labor shortages is becoming more serious. There is a need to incorporate digital technologies into all industries and into community living to achieve automation and efficiency. A massive wave of change has arrived, impressing on me that in this era we cannot do battle using ideas and business models that are mere extensions of the past. I believe that we are in a phase in which how we steer our strategies—whether we see major changes in the business environment as great business opportunities or merely as changes in the environment—will significantly change the Company's future.

To adapt to changes in this business environment, I see three issues that we need to address. The first of these is transformation of our business model. With our traditional business model losing validity, it is vital that we review our products, technologies, services, and sales methods without being constrained by our past business domains of the Electronic Devices Business and the Electronic Systems Business. With that purpose, in 2022 we created the Electronic Solutions Business. This business combines our extensive product offerings with AI/IoT and network technologies to offer new added value to customers. In every business, it will be vital that we further stay ahead of advanced technologies. With this in mind, in our current growth areas of focus, we need to further strengthen our consulting capabilities, solution proposal capabilities, and engineer support capabilities, and must highlight these to customers to earn recognition by markets.

The second issue is examination of our forms of organization and enhancement of their agility. When business models change, organizations must also change to optimize the models. If changes occur in customers' businesses, too, our organizations will change

in response. Given the importance of accurately capturing changes in the internal and external environment and creating an environment in which employees can advance their work as one, we are also working to build a system that enables sharing of individual employees' information and skills, along with objective analyses of our strengths and weaknesses, among all employees.

The third issue is the cultivation of organizational capabilities that evoke rapport. Within the organization, I would like to foster diverse ways of thinking, capabilities for accepting diversity in others, capabilities for cooperation, and capabilities for mutually delighting in and admiring each other's passion for challenges and growth.

Making our human resources strategy the centerpiece of our management strategy

Human resources hold the key to growth opportunities for our Company. As has long been said, the most important management resource for a trading company is none other than its human resources. I believe that our human resources strategy should be the centerpiece of our management strategy, alongside our sales strategy and our financial strategy. I also believe that a company and its employees should have an equal relationship. If we can build true relationships of trust by undertaking personnel measures aimed at strengthening employee engagement as a key issue and maximizing the power of individuals, we are sure to create a virtuous cycle in which the company and its employees become one and grow together. For that reason, we will continue to offer employees opportunities to build their careers and improve their abilities.

To continue and advance our business in the electronics industry as it weathers major changes, we must sustainably provide highly competitive products and services while always earning high profit and market share. We must also increase our flexibility through means such as optimizing our business and organizations in line with changes. In doing so, the systematic recruitment, development, and promotion of the human resources who



will undertake these tasks will grow in importance. Under that thinking, in April of this year we established the Human Capital Committee.

This committee engages in discussions of topics from reviewing our systems to recruitment, training, evaluation, compensation, and infrastructure development, all aimed at building a human capital strategy linked to our Purpose and to our management strategy. The committee will also examine concrete transformation initiatives for fostering organizational capabilities that evoke the rapport that I mentioned.

Ramping up sustainability management, creating a virtuous cycle, and achieving sustainable enhancement of corporate value

As I noted earlier, under our Medium-Term Business Plan we have set a focus on sustainability management as a policy under which we are ramping up initiatives. The business environment is undergoing rapid change worldwide, and increases in geopolitical risks, changes in economic security, soaring costs of resources and materials due to climate change, and other risks are materializing. In order for companies to survive and to continue fulfilling their respective missions under such conditions, I recognize the importance of enhancing resilience and agility to enable response to changes, and of showing those efforts both within and outside the companies.

To strengthen our corporate governance, in FY2023 we appointed our first female outside director and adopted a restricted stock compensation plan. Based on evaluations of the effectiveness of our Board of Directors, we worked to further energize discussions at board meetings, including follow-up on our Medium-Term Business Plan. We are working to promote opportunities for discussions with institutional investors to enhance stakeholder engagement. The publication of Integrated Report 2024 forms another component of this as we continue active dialogues with capital markets. With regard to the environment, we disclose information in line with TCFD recommendations and have expressed our long-term goal of achieving carbon neutrality by 2050. In initiatives related to human capital management, we will work to strengthen our human resources by speedily promoting relevant measures based on discussions within the Human Capital Committee.

In May 2024, our Company announced the material issues of the Marubun Group. We identified five material issues and 13 key themes. In identifying these, we set up a project team, gathered opinions from internal and outside directors, corporate officers, and the

presidents of Group companies, and conducted a comprehensive evaluation of the importance of items, after which the Board of Directors rendered decisions. By promoting initiatives tied to our material issues and by making our KPIs more concrete in accordance with stated goals for our long-term targets, we will continue to further strengthen our sustainability management. In particular, we consider “Enhancement of human capital strategies in alignment with our Purpose” and “Addressing social issues through the development of cutting-edge technologies and solutions” as material issues that we will give priority and focus.

In terms of social contribution, our Company has supported the activities of the Marubun Research Promotion Foundation (migrated in 2010 from the former Marubun Research Exchange Foundation) since its establishment. The Foundation was established in 1997 to contribute to the strengthening of industrial and technological infrastructure in Japan and overseas and to contribute to the sound advancement of Japan’s economy and society in harmony with the international community. Through support for the Foundation, which supports young researchers in advanced fields in Japan and overseas through research exchange grants and commendations for associated research achievements, we will continue contributing to the advancement of next-generation industrial technology.

While sustainability initiatives have a limited impact on short-term performance, they can be considered initiatives for maintaining and burnishing Marubun’s brand value and reputation and for strengthening our organizational capabilities and capturing growth opportunities. We believe that continuously engaging in these will attract outstanding human resources, lead to business advancement and stakeholder satisfaction, and contribute to the stable improvement of our corporate value through the realization of sustainable earnings growth.

Enhancing our corporate value as we head toward the 200-year mark

As I said at the outset, Marubun is a “super sustainable company” that is celebrating its 180th anniversary. Reaching the 200-year mark has also come into view. Looking back, our road was by no means smooth, and good fortune was no doubt a part of our coming this far. Yet I also believe that our longevity was absolutely inevitable.

The spirit of “looking forward” and “staying ahead” that has been handed down since our founding, along with a spirit of curiosity and endeavor, an unrelenting commitment to cutting-edge electronics, and our customer-first principle of doing everything for the customer. These spirits have been carried forward by successive generations of Marubun employees and remain etched in the hearts of every officer and employee as our reason for being. As we hand down this reason for being into the future, without interruption, I am convinced that achieving the status of a 200-year-old company lies ahead for us. From here on out, we at Marubun will aim to be a one-of-a-kind electronics trading company that is a uniquely trusted, indispensable presence in the electronics industry, and will make further efforts to enhance our corporate value. I hope for the continued support and the high expectations of our shareholders, investors, and other stakeholders.



Toru Iino
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