

CFO Message



Yuzo Nakada

Executive Director
Chief Financial Officer (CFO)
Chief Strategy Officer (CSO)

“ We will achieve sustainable growth through the formulation and execution of effective business strategies, financial initiatives, and non-financial initiatives. ”

Achievement of the quantitative targets of the Marubun Nextage 2024 Medium-Term Business Plan

In FY2024, the final year of the Marubun Nextage 2024 Medium-Term Business Plan (hereinafter “previous Medium-Term Business Plan”), net sales resulted in 210.8 billion yen, a decrease of 25.6 billion from the previous fiscal year. Ordinary profit*¹ was 6.5 billion, an increase of 0.9 billion yen year on year, and profit attributable to owners of parent*¹ was 4.4 billion, an increase of 1.0 billion yen year on year. Net sales decreased as demand weakened for products overall, including semiconductors for automotive and PC peripheral applications, finishing below the initially planned 212.0 billion yen. Conversely, ordinary profit and profit attributable to owners of parent far exceeded the initial forecasts of 5.0 billion yen and 3.0 billion yen, respectively, resulting in increased profit. Continued efforts to streamline our balance sheet and lower our dollar interest costs enabled a 0.7 billion yen reduction in interest expenses compared to the previous fiscal year, and the appreciation of the yen toward the end of the fiscal year contributed to a 0.7 billion yen foreign exchange gain due to valuation gains on foreign currency borrowings and settlement gains on foreign exchange hedges. As a result, ROE*¹, which our Company positions as a key management indicator along with ordinary profit, improved by 1.5 points year on year to 8.4%, exceeding the target value set in the previous Medium-Term Business Plan.

In hindsight, the previous Medium-Term Business Plan was formulated amid a sense of stagnation caused by the loss of major commercial rights and the recording of two consecutive years of final net losses. However, that is why we considered it necessary that we demonstrate unwavering resolve both inside and outside the Company, and for the first time we released our Medium-Term Business Plan to the public. We set ordinary profit of 6.0 billion yen and ROE of at least 8.0% as challenging yet achievable quantitative targets. As noted, we achieved both targets. On the qualitative side, there was progress in initiatives aimed at growth in existing businesses and the creation of new businesses within Group companies. However, in the pursuit of synergies among consolidated Group companies, despite progress in “Marubun Group” branding-related measures, there were no notable results in the achievement (i.e., monetization) of new synergies, which remains a theme for the future.

*¹ From the first quarter of the fiscal year ending March 2026, we have made changes to our accounting policies. Figures for the fiscal year ended March 2025 (FY2024) have been retroactively adjusted.

Striving for stable earnings growth with a view to improving PBR

During the period of the previous Medium-Term Business Plan, the PBR of the Company’s stock reached as high as 0.94. However, it fell below 0.5 by the end of FY2024 partly due to macroeconomic factors. We

CFO Message

also recognize fluctuation in business performance as a reason for the Company's low PBR. In our analyses, high volatility and limited predictability of our future performance have dampened the expectations of the capital markets. We believe that we must establish a business structure on a consolidated basis in order to consistently achieve ROE of 8.0% or higher.

As the term "silicon cycle" suggests, supply and demand trends for our mainstay product of semiconductors often fluctuate to a large degree and have a significant impact on our business performance. Because we handle large volumes of imported merchandise, exchange rate fluctuations exert an unavoidable impact, and we may recognize foreign exchange valuation gains or losses*² depending on exchange rate levels at the end of each fiscal period. Moreover, as working capital for our foreign-currency denominated assets is primarily funded by U.S. dollar-denominated impact loans, trends in short-term U.S. dollar interest rates have become another key variable affecting our profitability. We also have a degree of sensitivity to day-to-day exchange rate movements through the fiscal year when determining foreign currency-denominated profits in yen. As such, a number of factors generate volatility in our business performance. Ideally, we seek to demonstrate a stable growth trend not only on a three-year cycle of our Medium-Term Business Plans but also on a fiscal year basis. To achieve this, it is vital that we implement finance-driven initiatives such as refinement of profitability and inventory management through advanced management accounting, and enhancement of financial risk management that includes the monitoring of foreign currency-denominated asset/liability gaps, thereby managing and controlling short-term financial risks. This is one of my responsibilities as CFO.

*² For information on mechanisms behind foreign exchange losses at our Company, please visit [our website](#).

Formulation of the Marubun Nextage 2027 Medium-Term Business Plan

Based on achievements and identified areas to address through our previous Medium-Term Business Plan, we formulated the new Marubun Nextage 2027 Medium-Term Business Plan (hereinafter "new Medium-Term Business Plan") with FY2027 as its final year and set forth five strategic themes as basic policies of the plan. As we engage in strategic measures under each of these themes, we will monitor factors that impede the execution of strategy as risks and will steadily implement integrated risk management aimed at the early detection and correction of risks.

Keyed to the formulation of the new Medium-Term Business Plan, we also set a long-term aspiration of achieving 10.0 billion yen in consolidated ordinary profit and an ROE of at least 10.0% by FY2030. The new Medium-Term Business Plan's quantitative targets of ordinary profit of 8.0 billion yen and ROE of 9.0% are positioned as intermediate milestones toward realizing this long-term aspiration. Achieving these quantitative targets requires that we aim for an average annual ordinary profit growth rate of at least 8.0%. Toward that end, growth that exceeds overall market expectations (securing beta)—that is, the pursuit of alpha—is indispensable. We recognize that this will demand the effective promotion of strategic initiatives, including improvements in productivity and efficiency.

We created the new Medium-Term Business Plan through discussions among Group companies, including consolidated subsidiaries but without the consulting support by external advisors, concerning our strengths and initiatives as an electronics trading company. Within the Company, there was already a shared understanding of our strengths with regard to sustainable growth and the value creation model that utilizes them, fostered

through town hall meetings and other opportunities. Under our policy of "writing our mid- to long-term growth story on our own," we concentrated the knowledge and enthusiasm of Marubun Group companies to confidently formulate our Group's medium-term growth strategy by ourselves.

At the same time, if impacts of reciprocal tariffs with the U.S. turn out to be unavoidable in FY2025, the first year of the new Medium-Term Business Plan, uncertainty surrounding the global economy is likely to increase further. Our Company mainly engages in B-to-B business for Japanese manufacturers, making us highly sensitive to customers' global-level production plans. A number of major business partners have already announced conservative sales projections, which means that we cannot be optimistic about our own business performance. On the other hand, exports to the U.S. do not account for a high percentage of our trade sales, and our consolidated business portfolio includes a sizable portion of domestic demand-related transactions. We believe that this provides us with a certain degree of resilience. Comprehensively taking these circumstances into account, we considered it reasonable to set projections that reflect uncertainty as at the beginning of the fiscal year. Our performance forecasts for FY2025 (announced on May 9, 2025) include net sales of 206.0 billion yen, ordinary profit of 4.3 billion yen, and profit attributable to owners of parent of 2.5 billion yen.

► Financial Targets for FY2027

Net Sales (Planned Value)	Ordinary Profit (Target)	Ordinary Profit Ratio (Planned Value)	ROE (Target)
240 billion yen	8 billion yen or higher	3.3% or higher	9.0% or higher

CFO Message

Accelerating our growth strategy while seeking opportunities for non-organic growth

A key theme under our new Medium-Term Business Plan is the acceleration of growth. What forms a foundation for organic growth through independent customer development and the expansion of product offerings is none other than human capital. As the saying goes, “A trading company is its people.” We do more than serve merely as an intermediary in distribution; the added value generated by our employees is a source of our competitiveness^{*3}. Accordingly, the strategic allocation of resources to human capital is naturally an important theme. Our recent establishment of the Human Capital Committee under the Management Committee is a reflection of this. To strengthen our commercial rights foundation, we must attentively address the needs of business partners (suppliers and buyers) and continuously improve operational efficiency. As components of our growth investment, we are also proactively undertaking ICT-related investment and the utilization of generative AI.

At the same time, we will also explore opportunities for non-organic growth more actively than ever before. We have announced our aim to achieve a dividend payout ratio of 40% in our shareholder returns, which means that the Company temporarily retains about 60% of fiscal year profits in the form of retained earnings. In this way, while working to enhance our equity ratio and to increase our financial soundness, we will quickly act on M&A opportunities at home and abroad that are aligned with the policies of the new Medium-Term Business Plan.

To capture opportunities for non-organic growth, it is important that we have the readiness to quickly assess diverse business investment opportunities and streamline our internal decision-making processes. We are building a structure for proactively addressing such opportunities

through special project teams in accordance with strategic importance. During the period of the previous Medium-Term Business Plan, we also accumulated practical experience by responding to specific real-life cases. In line with the formulation of the new Medium-Term Business Plan, we also updated our primary screening approach toward non-organic growth opportunities, as summarized in the internal document that we call the “M&A Playbook.” As a set of internal guidelines for the screening of M&A cases, this document describes the Marubun Group’s targeted business domains on a consolidated basis, initial screening approaches for specific cases, our approach to valuation, the expected scope of due diligence, post-merger integration (PMI) plans, and blueprints for governance frameworks. This information is shared among management and internal stakeholders. Moreover, while taking a top-down view of the expected overall process, the document sets responsible departments for all screening items. As such, the document functions as an internal manual when we encounter business investment opportunities.

For investments in venture businesses or other investment opportunities that do not assume effective control by the Company, including cases aimed at strategic holding, we separately set investment and loan regulations and standards for use as guidelines in decision-making and practical procedures by responsible departments when screening specific cases. In our post-investment management framework, every case is comprehensively monitored by the Investment and Loan Subcommittee under the Management Committee, with discussion and reporting based on detailed analysis of the status of cumulative capital recovery (financial return), realization of business synergies (strategic return), and the static and dynamic aspects of investments and loans.

^{*3} The intermediary value of our Company is made visual as the Marubun Value Cycle. See  p. 18.

Paying stable and continuous dividends while working to enhance our shareholder returns policy

During the period of the new Medium-Term Business Plan, our basic policy regarding shareholder returns remains the payment of stable and continuous dividends. During the period of the previous Medium-Term Business Plan, in addition to our earlier-noted guideline of a 40% dividend payout ratio, we introduced dividend on equity (DOE) ratio as a new indicator that also functions as a lower bound for dividends. Specifically, we set the lower limit for annual dividends to an amount equivalent to 2.5% of shareholder equity (based on two-year average value). Additionally, in response to strong requests from our growing base of individual investors in Japan regarding shareholder benefits, and in light of our achievement of mid-term financial targets in our 180th anniversary year of FY2024, we will offer a special shareholder benefit (a QUO card worth 1,000 yen to all shareholders with at least one unit of shares listed on the shareholders’ register as of the end of September 2025). We will continue to undertake sustainable enhancement of our corporate value and, taking into comprehensive consideration factors such as business performance, the management environment, and internal reserves, will strive to enhance our shareholder return measures.

Toward the sustainable enhancement of corporate value

My role as CFO also includes current state analysis and the formulation and promotion of policies concerning “management conscious of cost of capital and stock price”^{*4}, aimed at the sustainable enhancement of corporate value. Efforts to improve PBR, a key indicator for

CFO Message

evaluating corporate value, is an important management issue for our Company. As a path toward this, we are focused on two elements: reduction of the cost of capital as shareholders' expected return, and enhancement of ROE. Our policy is to achieve and consistently maintain an ROE that exceeds the cost of capital, while further expanding the difference between the two, known as equity spread. However, we do not prioritize the simple boosting of ROE solely by reducing its denominator. As noted earlier, we are actively studying the allocation of additional internal equity reserves toward growth investment opportunities.

At the same time, to reduce the cost of capital, we will make continuous efforts to broaden our investor base and to gain greater recognition and evaluation of our Group's businesses. We will also steadily engage in IR (Investor Relations), SR (Shareholder Relations), and PR (Public Relations/Advertising), with cost-effectiveness taken into account.

I further believe that it is the CFO's role to communicate to Group employees the significance of creating

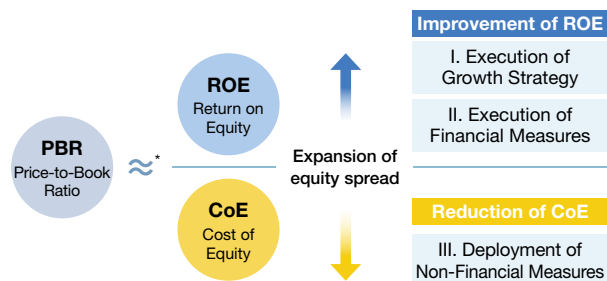
added value in every work role and of contributing to corporate value enhancement through outcomes. To enhance employee welfare, foster a sense of contribution to increased corporate value, and align employees' interests with those of shareholders, in August 2025 we introduced an employee shareholding association restricted stock (RS) incentive plan, positioned as an institutional benefit initially aimed at non-consolidated Company employees.

To raise capital efficiency, we are also reviewing our strategic stock holdings^{*5}. As of the end of FY2024, our strategic holdings totaled approximately 2.5 billion yen, just under 4% of our consolidated total net assets at the time. We will continue to replace or reduce stocks that lack a recognized rationale for strategic holding, taking share prices and market trends into account as appropriate.

^{*4} For information on our initiatives for the sustainable enhancement of corporate value, please visit [our website](#). The disclosed content is a compilation of our Company's measures in accordance with the Tokyo Stock Exchange's "Request Concerning Action, etc. to Implement Management that is Conscious of Cost of Capital and Stock Price," and is listed as one of 42 examples selected by the Tokyo Stock Exchange for use as reference.
<https://www.jpix.co.jp/news/1020/mk1p77000000lw4e-att/mk1p77000000lyh0.pdf>

^{*5} For information on our policy for the reduction of strategic stock holdings, please visit [our website](#).

► Management Conscious of Cost of Capital and Share Price



^{*} An approximate formula when conservatively assuming a future profit growth rate (g) of zero and a given short-term target ROE

We aim to create not only economic value but also social value

I serve as both CFO and CSO (Chief Strategy Officer). Accordingly, in addition to fulfilling my financial responsibilities and addressing financial issues, I am deeply involved in formulating management strategies for the consolidated Group.



I played a leading role in formulating the new Medium-Term Business Plan, and placed a strategic focus on longer-term perspectives. This is reflected in the main theme for initiatives under the new Medium-Term Business Plan, "Pursue responsible business." Our Company has also specified "Five Material Issues" and "Thirteen Key Themes" as matters to be addressed as priorities in growing together with society. To indicate the direction of our initiatives, we set and publicly announced long-term key goal indicators (KGIs).

Through these initiatives, our Company has indicated its medium- to long-term commitment to creating not only economic value but also social value, and is actively undertaking concrete measures. We believe that the value of a company is recognized through its solving of social issues. Speaking frankly, I believe that business performance and other financial outcomes can be seen as elements subordinate to this.

By formulating and executing effective business strategies, financial measures, and non-financial measures, we will persist in management efforts aimed at realizing sustainable growth. Your continued support is greatly appreciated.