

CEO Message

We will carry our DNA of “looking forward” and “staying ahead” into the future, continue to provide unique value, and contribute to a brighter future.

Hiroshi Horikoshi

President and Representative Director,
Chief Executive Officer (CEO)



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Taking a New Step Toward Transformation

A little over a year has passed since I assumed my role as President and Representative Director. The environment surrounding the electronics sector is changing rapidly and has become more complex than ever before. In these turbulent times, I feel every day the heavy responsibility of steering the Marubun Group and carrying forward a management legacy spanning more than 180 years since its founding.

As key issues for transforming the Marubun Group, I have identified four priorities: establishing core competencies, stabilizing commercial rights, promoting human capital management, and building an ecosystem. With the entire company working as one, we have taken a new step forward. Over the past year, we have implemented a wide range of initiatives.

Turning Changes in the Business Environment into Opportunities

To begin with, I will discuss the changes in the business environment in which we operate from three perspectives. First, geopolitical tensions are rising, and concerns such as lower demand and higher costs are becoming apparent. However, I see these not simply as threats, but as new opportunities arising from growing customer needs for more diversified and resilient supply chains. In the Electronic Devices Business, local procurement needs are rising in India and elsewhere, and the global procurement network that we have developed at approximately 50 locations worldwide, as well as our BCP response capabilities, are becoming a competitive advantage

and are leading to business opportunities.

Second is the transformation of the industry structure. As semiconductor manufacturers increasingly sell directly and distributor reorganizations accelerate, it is essential to provide high added value that goes beyond simply selling products. The robust engineering functions across our Group, including maintenance and technical support, are a clear differentiator that other companies do not have and will be a powerful driver of future growth.

Third is the shift in technology trends. While there is a risk of profit decline due to the commoditization of legacy semiconductors, next-generation growth fields such as AI, data centers, EVs, and power semiconductors are clearly emerging. Leveraging our strength in technical proposals that engage from the design stage, we will ensure profit growth in these growth fields by laterally expanding across multiple products.

Honing Unwavering Competitiveness by Instilling Our Corporate Philosophy

In an era of rapid environmental change, the philosophy that serves as the axis of the organization becomes extremely important. One of the key issues I have set forth, “establishing core competencies,” means thoroughly instilling our Purpose (our reason for existence) and our Vision (the company we aspire to be) throughout the organization. Over the past year, I have spoken directly with employees on every possible occasion. Unless we all deeply understand why we exist and where we are heading, we cannot board the same ship and aim for the same destination. I am convinced that minimizing orga-

nizational drift by using the corporate philosophy as an axis creates true corporate competitiveness that is not swayed by changes in the environment.

In FY2025 in particular, I emphasized to employees the Company’s stance of being both a sustainability-driven company and an innovation-driven company. This idea is embodied by the slogan “Innovating Together” of our in-progress Marubun Nextage 2027 Medium-Term Business Plan (hereinafter “the Plan”). With the passion and human qualities of each employee as the source of value, we will work relentlessly to instill our corporate philosophy so that when customers face challenges, they will turn to us first.

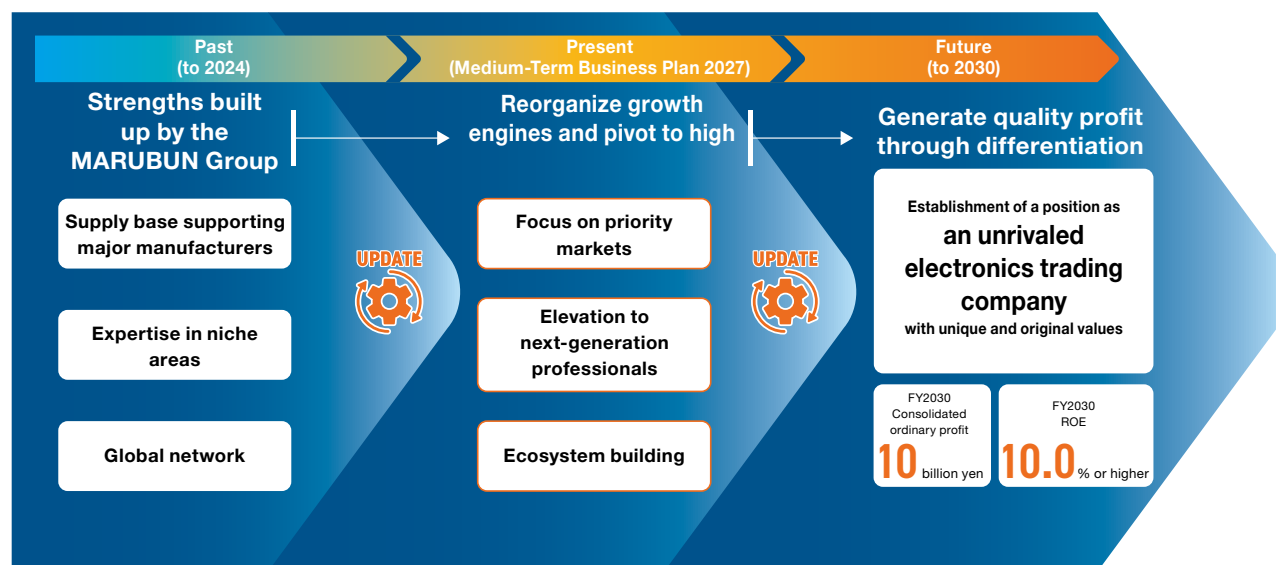
Steady Progress Toward Achieving the Medium-Term Business Plan

FY2025, the first year of the Plan, presented a challenging environment due to sluggish demand for industrial equipment, but with growth in aerospace-related business in the Electronic Systems Business and other factors, net sales exceeded the initial forecast. Operating profit, which indicates the earn-



Medium-Term Business Plan Slogan: “Innovating Together”

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Growth Roadmap Toward 2030

ing power of our core business, also exceeded the initial plan, a result I view as strong evidence of the resilience of our businesses.

For FY2026, the second year of the Plan, we expect ordinary profit of 6.0 billion yen, given that unrealized gains on inventories from the previous fiscal year are expected to be realized in stages. Toward the target of 8.0 billion yen in ordinary profit for FY2027, the final year of the Plan, we currently do not anticipate any major negative factors, and we will rapidly transform the profit structure of each business to achieve the targets.

The Electronic Devices Business, which underpins our sales base, is transforming into an ideal portfolio with effective risk diversification by limiting dependence on any particular

supplier to around 10–15% at most and having multiple suppliers each account for a certain level of sales. Regarding stabilizing commercial rights, one of the key issues I set forth, we viewed changes in some commercial rights in the previous fiscal year as a good opportunity for portfolio reform and undertook a strategic shift to reduce dependence on specific suppliers. At the same time, by promoting sales expansion of high-margin products, we are making progress toward a lean profit structure, aiming to raise the gross profit margin to around 10%.

The Electronic Systems Business is pursuing a high-profit model that adds advanced technical services to product sales. The aerospace and defence fields are growing on the tailwind of space development investment and expanding de-

fence budgets, and I believe there is ample room for market expansion in the medical/healthcare field by leveraging the Group's robust support network.

For the Entrepreneur Business, achieving profitability at an early stage is an urgent task. Although it took time to develop new customer segments for AI robots and general-purpose ultrasound diagnostic imaging systems, our collaboration with MARUBUN TSUSYO CORPORATION to deploy its long-held medical device sales expertise into this business is beginning to pay off, helping to resolve delays. Going forward, we will leverage this expertise to vigorously develop customers in other fields.

Strengthening the Management Foundation and Maximizing Group Synergy

As the foundation supporting sustainable growth, the key issue I am most focused on is the promotion of human capital management. People are the greatest source of value creation for a trading company. To increase each employee's sense of ownership and mutual trust within the organization, we have been fundamentally reforming our HR systems. The results of these initiatives are clearly visible in our eNPS (Employee Net Promoter Score) indicator of organizational energy, which improved by approximately 5 points year on year. We will continue to carefully promote workplace improvements and job satisfaction reform.

On the other hand, initiatives to build the ecosystem, another key issue I set forth, are still only halfway there. As a specific action, we hold the Marubun Group Collaboration Forum every month, aimed at generating synergy across the entire

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Group. This initiative has produced tangible results. As seen in the aforementioned collaboration with MARUBUN TSUSYO CORPORATION in the Entrepreneur Business, synergies are steadily materializing, mainly in the medical and robotics fields.

With regard to realizing large-scale M&A and business alliances, we will move forward in this area with speed and a proactive stance as our next priority theme.

We have fully launched a new core IT system as operational infrastructure to support strategy execution, marking a major step toward digital management. What is important is improving IT literacy and strengthening capabilities on the ground. Through sharing knowledge using generative AI and expanding the in-house multiple jobs program, we will focus on developing next-generation human resources who can coexist with AI.

Transforming Returns to Shareholders and Investors

For the Company to continue improving its corporate value sustainably, it is essential to promote management that emphasizes capital efficiency and to unite with shareholders. However, recognizing that our shareholder returns had lagged a step behind those of our peers, we made a major shift in our returns to shareholders and investors.

From FY2026, we will raise the baseline for our dividend policy, revising the consolidated dividend payout ratio to 50% and DOE (dividend on equity ratio) to 3.5%, and will adopt whichever is higher. Strengthening returns by raising the floor is nothing less than a declaration of strong commitment by

management. In addition, we introduced a Shareholder Benefit Plan to form a stable shareholder base over the medium to long term and enhance our attractiveness as an investment target. We will continue to improve capital efficiency through better business performance and agile capital allocation, striving to improve ROE and maximize corporate value.

Passing On Marubun's DNA to the Future

The most important management resource for the Marubun Group in creating value sustainably is its people. I tell all employees that I want them to contribute to the creation of high-quality profits through their respective roles. Such company-wide efforts will lead to sustainable profits. Rather than chasing short-term figures, we will steadily build trust as a long-term partner for customers, displaying integrity from an ESG perspective as well. My mission is to develop professional human resources who can make correct decisions and execute them in line with our corporate philosophy, and to continuously implement transparent human capital management.

Among the things I must accomplish are the entrenchment of our corporate philosophy and the establishment of a resilient organizational culture through human capital management. Another is the reliable execution of our commitment to returns and growth for shareholders and investors. We will work with strong determination to achieve our FY2030 aspirations of 10.0 billion yen in ordinary profit and ROE of 10.0% or higher.

I am determined to solidly pass on to the next generation the



DNA of “looking forward” and “staying ahead,” inherited since our founding, together with the trust of all our stakeholders, and to strongly lead the Marubun Group toward its 190th and 200th anniversaries. Guided by our Purpose of “Contribute to a brighter future through technologies,” we will move forward as one company. I sincerely ask all of our stakeholders for their continued support, guidance, and encouragement.

Hiroshi Horikoshi

President and Representative Director,
Chief Executive Officer (CEO)
MARUBUN CORPORATION
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