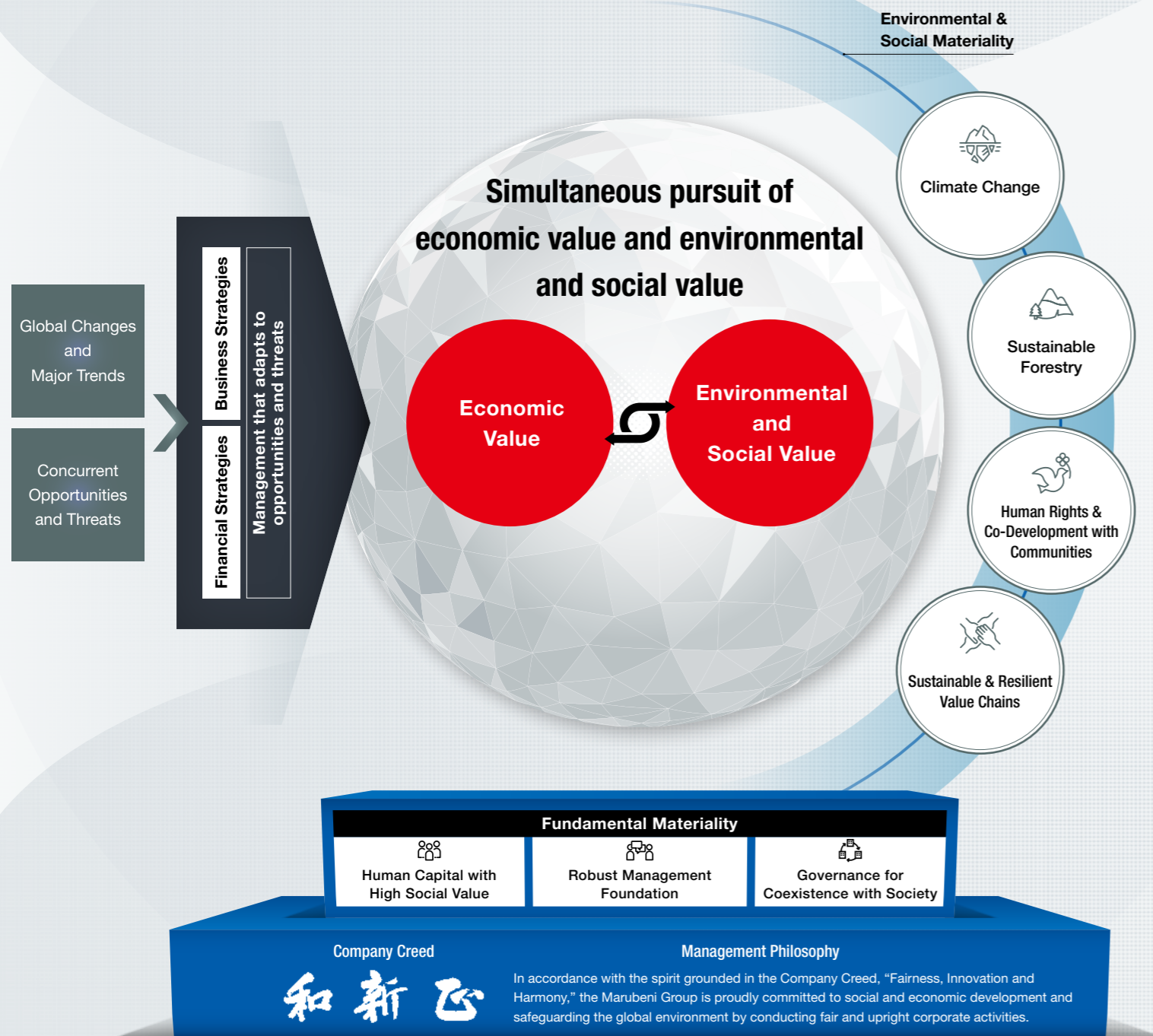


Path to Value Creation



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The Marubeni Group's Value Creation Story



The Foundations for Value Creation

Enhancement of Corporate Value for the Medium to Long term

Value creation company going beyond the boundaries of the current *Sogo Shosha*



Global crossvalue platform **Marubeni**

Since its founding, the Marubeni Group has built up an unwavering foundation from which we have continually taken on the challenge of creating value. The Company Creed of “Fairness, Innovation and Harmony” and our Management Philosophy encapsulate the common values shared across the Marubeni Group and are the bedrock of our value creation.

The world today is undergoing monumental changes—such as the transformation of values and the rapid advance of digital transformation—changes that mark a break from the past and that disrupt preconceived ideas. For the Group, these emerging changes represent at the same time both opportunities and threats.

In this kind of unpredictable business environment, we will constantly refine our strategies and risk management to enhance management resilience. By taking the issues of society and our customers to heart and offering solutions to them, we will simultaneously pursue economic value and environmental and social value, as we achieve the medium- and long-term enhancement of our corporate value.

As a platform for co-creation with an array of people both inside and outside the Group as well as across regions and countries, the Marubeni Group aims to be a value-creative corporate group evolving beyond the boundaries of the current *Sogo Shosha*.

* The Marubeni Group has identified the following categories of materiality related to sustainability.
 Fundamental Materiality: Three categories of materiality identified as the most important fundamental elements for achieving lasting growth.
 Environmental and Social Materiality: Four categories of materiality identified to contribute to solving environmental and social issues.

For more details, see the “Material Issues for Sustainability (Materiality)” on PP.51-69.

Working to Enhance Corporate Value for the Medium to Long Term

Enhancement of Corporate Value for the Medium to Long term

a Maintain and improve ROE

b Reduce cost of equity

BASED ON UNCHANGING VALUES, PROMOTING REFORMS TO ENHANCE CORPORATE VALUE

The Marubeni Group aims to maximize corporate value by simultaneously pursuing economic value and environmental and social value.

To meet this challenge, the Group has launched initiatives that contribute to maintaining and improving ROE and reducing the cost of equity, and is pushing ahead with reforms to these ends.

Maintain and improve ROE

The Marubeni Group aims to maintain and improve ROE*1 to maximize corporate value.

To accomplish this goal, we will work to continuously generate and expand net profit and core operating cash flow*2 through business strategies attuned to the need for capital efficiency.

Our approach involves establishing a solid presence in new business areas that promise significant future growth, in addition to further reinforcing and raising the level of existing businesses where we already have competitive strengths.

*1. ROE: Return on equity attributable to owners of the parent.

*2. Core operating cash flow: Operating cash flow excluding net increase/decrease in working capital and others.

a Maintain and improve ROE

Continued increase in net profit, core operating cash flow, strategic capital allocation

Establishment of strong earnings base through enhancement of business strategies while monitoring capital efficiency

Specific Measures

- Business Policies SPP → Special Feature: More Targeted Investments Based on Enforced Investment Discipline (PP.30-33)
- Next Generation Business Development → Special Feature: Next Generation Business Development Division Initiatives (PP.34-35)
- DX Strategy → Special Feature: Promotion of DX Strategy (PP.43-45)

Reduce cost of equity

The Marubeni Group is not only optimizing its financial leverage, but also making efforts to smooth out fluctuations in business performance, including rigorously disciplined and more targeted investment.

We are also working to reduce the cost of equity*3 to enhance corporate value over the medium to long term through non-financial measures, such as sustainability initiatives including corporate governance and climate change measures.

*3. Cost of equity: The cost of funds raised by a company through stock issues. This is synonymous with the returns shareholders expect from a company's stock, and generally changes in line with the extent of risk of individual stocks (such as the level of Beta).

b Reduce cost of equity

Optimization of financial leverages (Net DE ratio)

Minimization of performance volatility

Improvement of non-financial performance through stronger actions for sustainability

Specific Measures

- Financial Strategy → Message from the CFO

Specific Measures

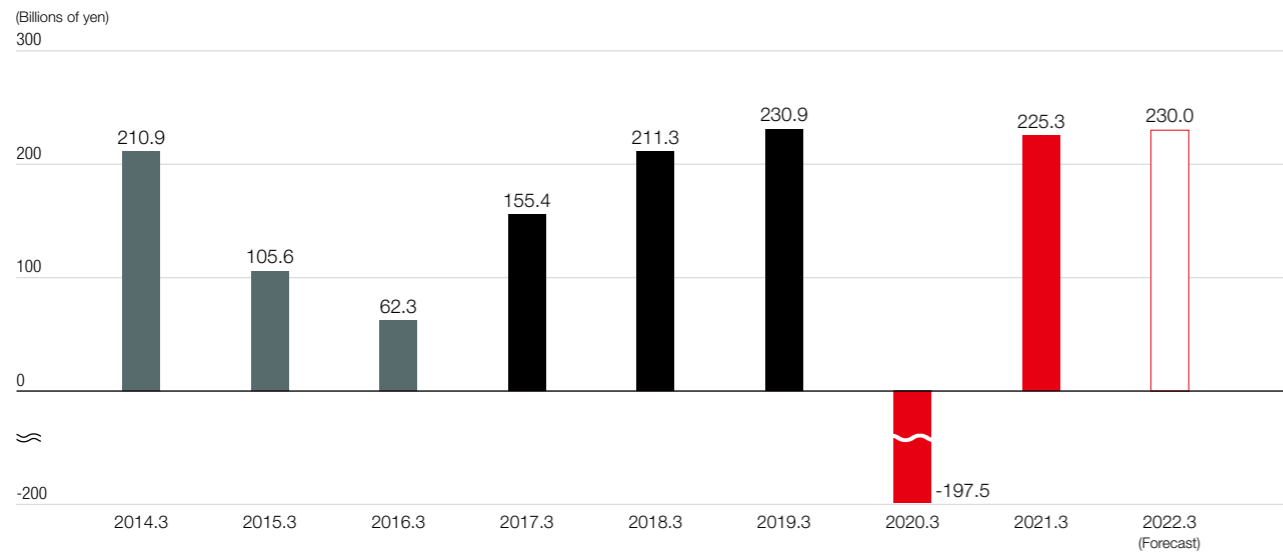
- Business Policies SPP
- Risk Management → Special Feature: More Targeted Investments Based on Enforced Investment Discipline (PP.30-33)

Specific Measures

- HR Strategies → Special feature: GC2021 Group HR Strategies (PP.37-41)
- Climate Change → Sustainability: Climate Change (PP.52-64)
- Corporate Governance → Special Feature: Corporate Governance (PP.46-47)

Business Plan Review

Consolidated Net Profit (Loss)



GC2015
Global Challenge 2015
(FYE 3/2014 - FYE 3/2016) Released in May 2013

GC2018
Global Challenge 2018 The Road to 2020
(FYE 3/2017 - FYE 3/2019) Released in February 2016

GC2021
Global crossvalue platform
(FYE 3/2020 - FYE 3/2022) Released in May 2019

Basic Policy **Priorities** **Business Environment**

The Marubeni Group aims to maximize its corporate value by developing a full line of businesses to leverage its dynamism as a general trading company and by aggressively capitalizing on the global economy's medium- to long-term growth. Under "Global Challenge 2015," the Marubeni Group will realize sustainable growth and build a strong profit structure and solid financial base by expanding its operations in business domains in which it possesses strengths and competitiveness and is capable of playing a leading role.

- Maximize efficiency of management resources
- Strengthen and expand overseas operations
- Further promote business-led HR strategy
- Low commodity prices
- Slower growth in China

Outcomes

Financial Targets

Management Indicators	Final year target	Results	Achieved (Y/N)
Consolidated net profit	¥250.0-300.0 billion	¥62.3 billion	N
Net D/E ratio	Approx. 1.5x	1.95x	N
ROE	15%+ and stable	4.4%	N
ROA	4.0%+	0.8%	N
3Y total for new investments (gross)	Approx. ¥1.1 trillion	¥1.4 trillion	

- To maximize efficiency of management resources, we analyzed the profitability, efficiency and growth potential of each business to help us optimize the allocation and shifting of management resources.
- To strengthen and expand overseas operations, we invested around ¥1,400 billion to increase the Marubeni Group's presence in regions with high longer-term growth potential and to build up the Group's overseas operations. Major investments in the GC2015 period included the acquisition of Gavilon Holdings, LLC.
- To further promote our business-led HR strategy, we focused on initiatives to develop and cultivate human resources across the Marubeni Group, based on an HR policy emphasizing integration of experience with remuneration and training.
- Impairment losses booked in FYE 3/2015 and FYE 3/2016 totaling approximately ¥230 billion were primarily the result of asset write-downs for natural resource projects, reflecting low commodity prices, along with losses booked for non-resource businesses such as the US grain business and overseas plant business. The losses resulted in earnings falling short of plan targets.

[Reference]	Net Profit (Loss)		Achieved (Y/N)
	Initial target	Results	
2014.3	¥210.0 billion	¥210.9 billion	Y
2015.3	¥220.0 billion	¥105.6 billion	N
2016.3	¥180.0 billion	¥62.3 billion	N

Issues

- The significant impairment losses highlighted the need to strengthen the financial base and cash flow management while improving investment discipline.

GC2018

Basic Policy **Priorities** **Business Environment**

The Marubeni Group will work to outperform the top players in business fields and markets across the world, aiming to become a true global company that contributes to both regional economies and society.
To achieve this goal, we aim to make the Group stronger and more resilient while harnessing the abilities of its many individuals. We will expand our global operations by growing our businesses worldwide and investing in human capital.
The Marubeni Group will work to optimize and expand its existing businesses while strategically promoting new businesses with the potential to become future core operations for the Group. In this way, we will realize sustained growth.

- Clarify and execute business policies for each business model
- Cash flow management
- Portfolio policies (setting targets for total assets and net profit for each business model)
- Improved overseas strategy
- Marubeni Group HR Strategy
- Structural global economic shifts (slower growth in developing economies, renewed economic importance of advanced countries)

Outcomes

Financial Targets

Management Indicators	Initial target	May 2017 revision
	Final year target	Final year target
Consolidated net profit	¥250.0 billion	¥200.0 billion
Net DE ratio	Non-resources ¥230.0 billion+	Non-resources ¥180.0 billion+
ROE	Around 1.3x	Around 1.0x*
ROA	10%+	10%+
3Y total for FCF after dividends	Positive FCF	+¥400.0-500.0 billion
3Y total for new investments (gross)	¥1.0 trillion	¥400.0-500.0 billion

	Results	Achieved (Y/N)
Consolidated net profit	¥230.9 billion	Y
Net DE ratio	¥180.4 billion	Y
ROE	0.90x	Y
ROA	13.9%	Y
3Y total for FCF after dividends	+¥740.4 billion	Y
3Y total for new investments (gross)	¥287.3 billion	

* Top priority still to reinforce financial foundation, with the goal to lower DE ratio to around 0.8x by March 31, 2021

- Following historic impairment losses, we shifted the focus of investment policies from a purely investment mindset to a more strategic mindset.
- While our consolidated net profit in FYE 3/2017 was better than initially forecast, we announced revisions to the GC2018 plan in May 2017 since the top priority was still to reinforce the financial foundation following the one-time losses booked in the previous two fiscal years, which had eroded shareholders' equity. Amid rapidly shifting business conditions, the revised plan aimed to lay the foundations for the Group's future growth.
- Total new investment in the GC2018 period was around ¥290 billion, including the acquisition of US-based Creekstone Farms (beef production, processing and sales). We also generated around ¥640 billion from asset divestments.
- In 2018, we announced the new Marubeni Group goal to build a long-term "Global crossvalue platform." In the same year, we established the Sustainability Management Committee, which reports to the CEO. We also announced a policy not to be involved in any new coal-fired power generation projects, while committing to reduce our net coal-fired power generation capacity by 50% by 2030 relative to the end of March 2019 as part of a broader initiative to develop greater sustainability over the long term.

[Reference]	Net Profit (Loss)		Achieved (Y/N)
	Initial target	Results	
2017.3	¥130.0 billion	¥155.4 billion	Y
2018.3	¥170.0 billion	¥211.3 billion	Y
2019.3	¥230.0 billion	¥230.9 billion	Y

* Following progress made in reducing coal-fired power generation capacity in the period to the end of March 2021, we later brought forward the 2030 deadline to 2025. For more details, please see P.54.

Issues

- In view of the major global shifts under way, we resolved that sustained efforts would be required to enhance long-term corporate value.

GC2021

Basic Policy **Priorities** **Business Environment**

Long-Term Direction (Toward 2030)
Our Vision: Global crossvalue platform — Value creation company going beyond the boundaries of the current Sogo Shosha—
Pursue growth engines and create new business models by proactively addressing the challenges of customers and society through vertical evolution and horizontal expansion

- Cash Flow Management (Capital Allocation Policy)
- Business Policies (SPP)
- Growth Strategy (Evolution of Business Strategies, White Space)
- COVID-19 pandemic
- Higher commodity prices caused by relaxation of monetary policy worldwide
- Greater awareness of sustainability

Basic Policy of Management Strategy (Corporate Value Enhancement and Growth Horizons)

- Corporate Value Enhancement toward 2030
- Strong financial foundation for growth
 - Sustained growth by strengthening existing business
 - Explosive growth by creating new business models looking 10 years ahead in the future

Financial Targets

Management Indicators	Initial target	May 2020 revision
	Final year target	Final year target
Consolidated net profit	¥300.0 billion	
3Y total for core operating cash flow	¥1,200.0 billion	
3Y total for FCF after delivery of shareholder returns	+At least ¥100.0 billion	Positive FCF
Net D/E ratio	Around 0.7x	Approx. 1.0x
ROE	10%+	* Assuming target achieved for FCF after delivery of shareholder returns
3Y total for new investments (gross)	Approx. ¥900.0 billion*	

[Reference]	Consolidated net profit		Achieved (Y/N)
	Initial target	Results	
2020.3	¥240.0 billion	¥197.5 billion (loss)	N
2021.3	¥100.0 billion	¥225.3 billion	Y
2022.3	¥230.0 billion		

> After the significant loss booked in FYE 3/2020, our policy of rebuilding and strengthening the financial foundation was revised to make cash flow management the top priority.

(FYE 3/2020 - FYE 3/2022) See PP.20-23 for an overview of the progress status of the GC2021 plan.

Our Vision and Implementation of the GC2021 Medium-Term Management Strategy

Long-Term Direction of the Marubeni Group

In 2018, the year in which Marubeni commemorated the 160th anniversary of its establishment in 1858, the Group adopted the Global crossvalue platform as a long-term vision to aspire toward. In simple terms, building a Global crossvalue platform will involve radical reform of Marubeni's businesses and organizational structure.

Until recently, Marubeni grew by creating and providing various solutions to society and customers while transforming its business model from trading to business investment. However, as evidenced by the current new coronavirus (COVID-19) pandemic, we started to experience a major sense of crisis in response to society's changing values, the digital revolution, and drastic changes in the structure of industry and the competitive landscape. Under our existing organizational structure based mainly on product verticals, we recognize that the potential exists to sooner or later lose the ability to provide solutions to problems. Moreover, the

obsolescence of our existing business model itself and the risk of asset holdings becoming stranded could call the Group's *raison d'être* into question.

The Global crossvalue platform represents the Marubeni Group's commitment to internal and external stakeholders—a clarification and reaffirmation of its *raison d'être* when launching reforms and a pledge to continually grow corporate value on a Groupwide basis.

The "platform" in Global crossvalue platform is a generator of new businesses based on the cross-pollination of various forms of value on a global scale. The Marubeni Group itself aims to integrate its wide variety of businesses into a single mega-platform, anticipate social issues and challenges of the times, and evolve vertically while expanding horizontally to create solutions for society and customers in an effort to increase corporate value in a lasting way. Looking beyond existing frameworks while transcending conventional wisdom, we will take on the challenge of uncovering new businesses. We will realize a Marubeni Group that boldly pursues new growth domains and new business models.

Long-Term Direction

Our Vision: Global crossvalue platform Value creation company going beyond the boundaries of the current Sogo Shosha

Pursue growth engines and create new business models by proactively addressing the challenges of customers and society through vertical evolution and horizontal expansion



Global Changes and Major Trends toward 2030

- Millennial generation and changing values
- Technological innovation, digital transformation
- Geopolitical risk and the shifting balance of world powers
- Transformation of the industrial structure
- New business ecosystems

Discontinuous changes, disruptions to the status quo



Concurrent Opportunities and Threats

Opportunities

- New growth opportunities arising from changes

Threats

- Risk of existing business models becoming obsolete
- Limitations inherent in solutions based on product-oriented business lines

Ability to identify opportunities and threats, anticipate the future and drive change

Basic Policy of Management Strategy

We formulated the GC2021 Medium-Term Management Strategy, a three-year roadmap that commenced in the fiscal year ended March 31, 2020, as a first step toward implementing our Global crossvalue platform. Under this strategy, our aim is to create long-term corporate value with our sights set on 2030.

In May 2020, the Marubeni Group took steps to review GC2021 in light of the significant losses incurred in the fiscal year ended March 31, 2020 and the deteriorating business environment triggered by the spread of COVID-19. Although we have adopted the two basic policies of "rebuilding and strengthening our financial foundation" while "enhancing business strategies," our basic growth strategy policy of "corporate value enhancement in the medium to long term by strengthening existing business and creating new business models" remains unchanged. Our basic policy under GC2021 is to simultaneously pursue both sustained growth by strengthening existing businesses and explosive growth by creating new business models with our sights set 10 years ahead, all predicated on building and maintaining a strong financial foundation as a cornerstone for growth. To do so, we have incorporated the new concept of three growth horizons into GC2021. These three growth horizons are one of GC2021's distinguishing features.

Horizon 1 supports sustained growth through the improvement of existing businesses. Specifically, we will endeavor to grow earnings by maintaining or upgrading the value of existing businesses through capital expenditures*

that, for example, extend the useful lives of existing assets.

Horizon 2 supports sustained growth through new investments that look to pursue the Group's distinctive strategies in existing business domains.

We have designated Horizons 1 and 2 as the Marubeni Group's core earnings drivers for achieving sustained growth during the GC2021 execution period.

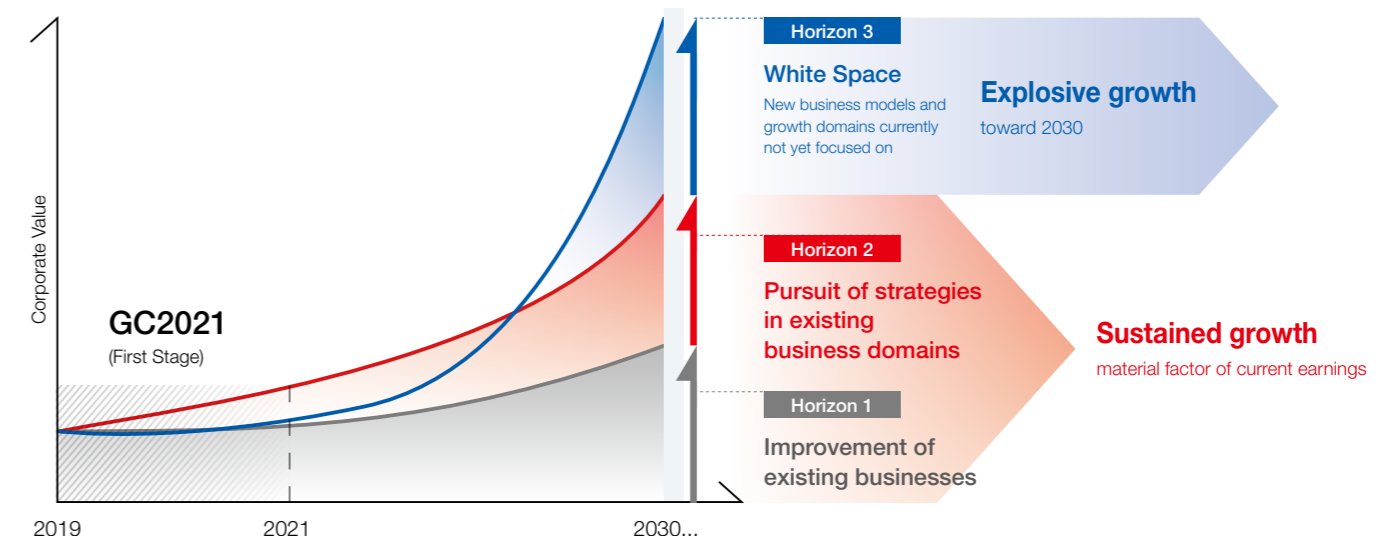
Horizon 3 targets explosive growth toward 2030. To realize this explosive growth, we have identified a concept that we call White Space. White Space refers to new business models and growth domains that the Marubeni Group has yet to exploit. While we use the phrase "explosive growth" to define the process of growing corporate value in the period to 2030, this does not mean Marubeni is engaging in high-risk, high-return businesses. Our focus is to create and develop new business models to anticipate and address the challenges faced by society and customers from a long-term perspective. While these businesses may not make meaningful earnings contributions in their early years, we are targeting significant growth that we believe will translate into multiples of corporate value by 2030.

By always challenging new business models with different timelines corresponding to the three growth horizons, we will endeavor to become a "value creation company going beyond the boundaries of the current Sogo Shosha" and pursue sustained growth in market capitalization.

* Capital expenditures are additional investments in existing assets to maintain or increase their value.

See "Special Feature: Next Generation Business Development Division" on PP.34-35 for more details on Horizon 3 initiatives.

Basic Policy of Management Strategy (Corporate Value Enhancement and Growth Horizons)



Progress with Revised GC2021

In May 2020, based on the losses posted in the fiscal year ended March 2020 and the change in global business conditions associated with the emerging COVID-19 pandemic, we announced revisions to the GC2021.

We are undertaking measures to implement two policies: to rebuild and strengthen the financial foundation; and to enhance business strategies.

	FYE 3/2020 (result)	FYE 3/2021 (result)	FYE 3/2022 (forecast)	3Y total (forecast)
Core operating cash flow	+¥363.8 billion	+¥369.6 billion	+¥350.0 billion	At least ¥1,080.0 billion
FCF after delivery of shareholder returns	+¥57.3 billion	+¥231.3 billion	+¥60.0 billion	At least ¥350.0 billion
Net DE ratio	1.16x	0.88x	Around 0.9x	—

Rebuild and Strengthen the Financial Foundation

- Cash flow management was still the top priority for rebuilding and strengthening the financial foundation
- Core operating cash flow which is the source of capital allocation maintained the same level as FYE 3/2020 for FYE 3/2021
- Net DE ratio for March 31, 2021 improved to 0.88x, achieving the target for March 31, 2022 approx.1.0x ahead of schedule

Enhancement of Business Strategies

- Promote strategic investments and divestment envisaging changes in the business environment
 - Proactively recycle assets and enhance the value of assets while envisaging changes in the business environment
 - Good progress in fortifying existing businesses (Horizon 1 & 2) including cost reduction measures to establish a sustainable and resilient business foundation along with sowing seeds in new business domains where growth can be expected (Horizon 3)
- Further enhance and strengthen risk management practices
 - Thorough analysis of the performance of past businesses/investments, shared company-wide. Stronger investment discipline enforced
 - Reinforced risk exposure control. Performance improvement measures using ROIC/RORA*2

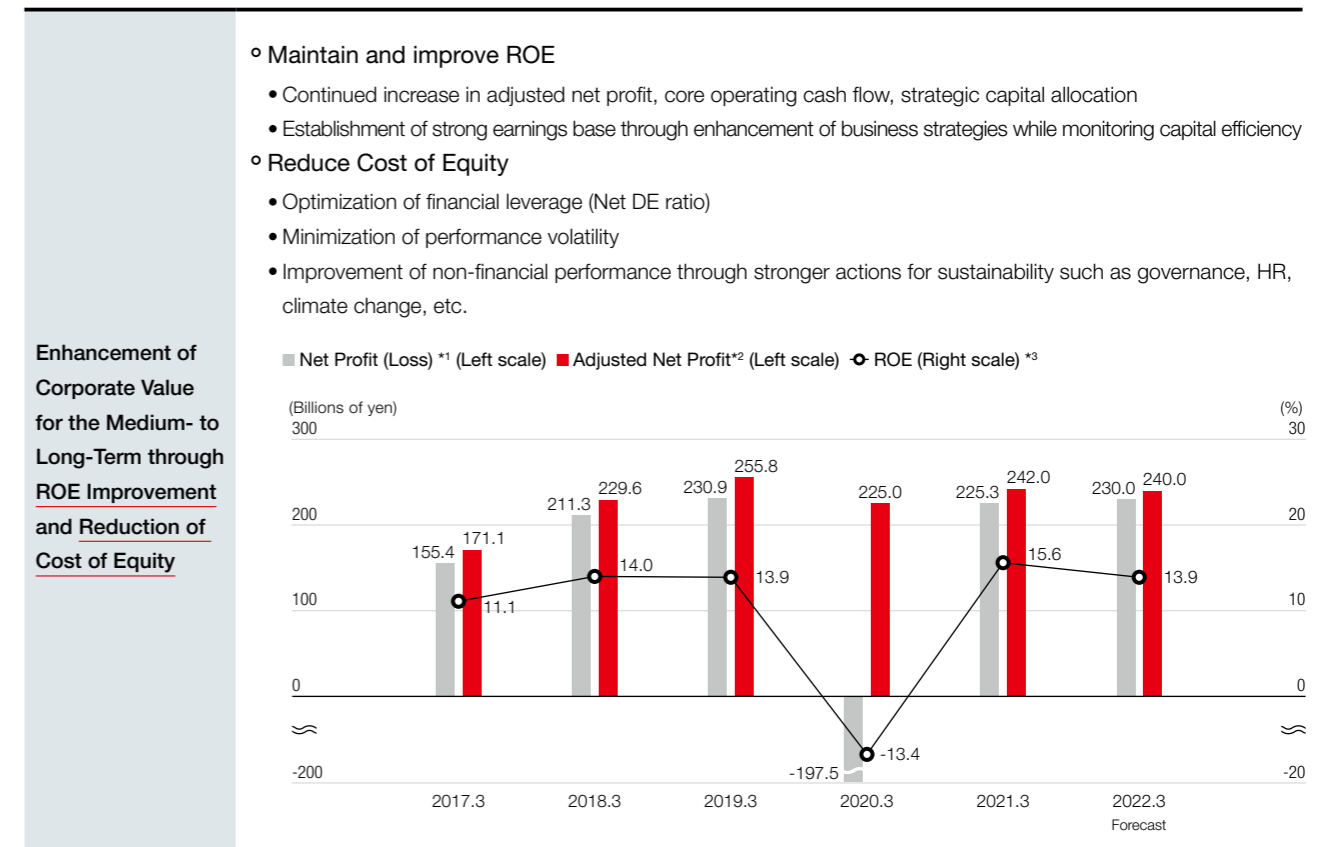
	2020.3-2021.3 2Y total	Horizon 1*1	Horizon 2*1	Horizon 3*1	2022.3 Forecast	2020.3-2022.3 3Y total (forecast)
New investments	-316.7		-269.2	-47.5	-150.0	Approx. -470.0
CAPEX, etc.	-218.5	-194.3	-24.1		-120.0	Approx. -340.0
Divestment	+209.1				+100.0	Approx. +310.0

*1. Horizon 1: Improvement of existing businesses; Horizon 2: Pursuit of strategies in existing business domains; Horizon 3: New business models and growth domains currently not yet focused on.

*2. ROIC: Return On Invested Capital, RORA: Return On Risk Assets

Under the GC2021, we are working to enhance corporate value as we head toward 2030, based on efforts to maintain and improve ROE while reducing the cost of capital.

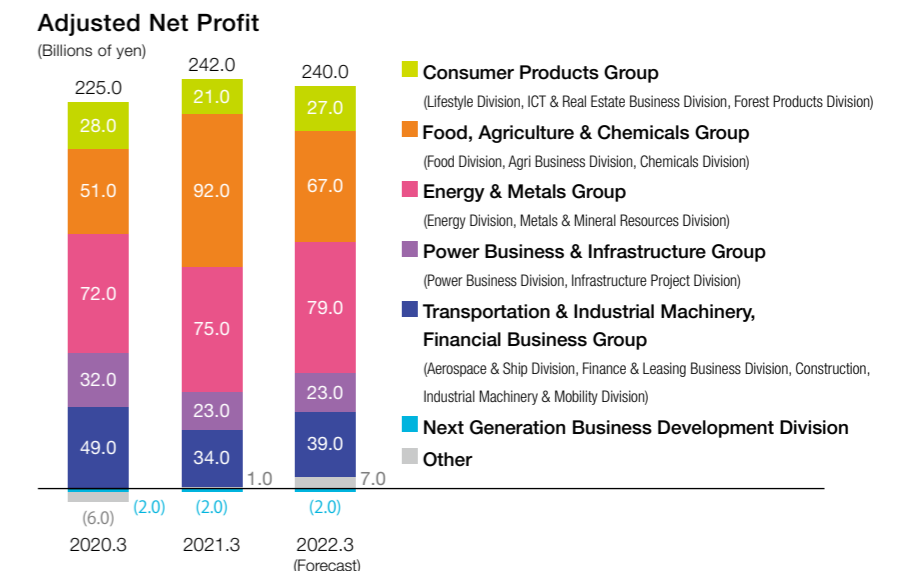
*3. For further details, see "Message from the CFO" section on PP.24-27.



*1. Net profit (loss): Profit (loss) attributable to owners of the parent. *2. Adjusted net profit: Net profit excluding one-time items, shown in an approximate figure. *3. ROE: Based on net profit. Excluding the effects of perpetual subordinated loans.

Results overview

In the fiscal year March 2021, despite the emerging COVID-19 pandemic, the Marubeni Group recorded its second-highest results for consolidated net profit and adjusted net profit, based on improved competitiveness across Group businesses and the collective efforts of frontline employees.



Message from the CFO



We are optimizing the strategic allocation of capital with a view to enhancing our corporate value over the medium to long term.

Takayuki Furuya

Managing Executive Officer, Member of the Board
CFO;
Chief Operating Officer, Investor Relations and Credit Ratings;
Chairman of Investment and Credit Committee;
Chief Sustainable Development Officer; Chairman of Disclosure Committee

Q1. What is your financial strategy going forward?

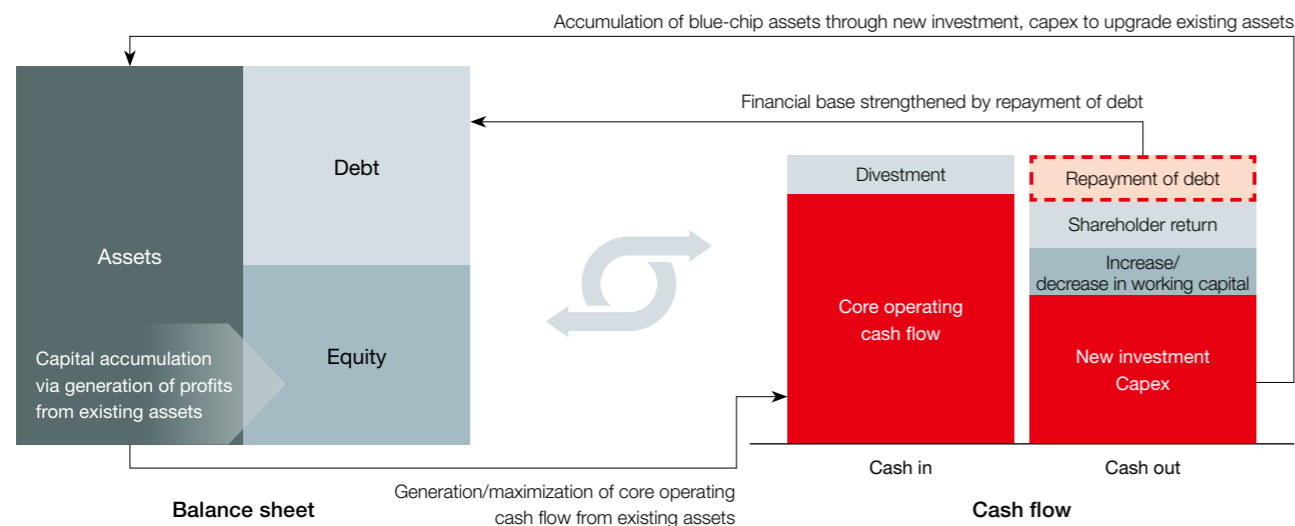
A1. Our fundamental financial strategy is to allocate capital to help enhance corporate value. Our top priority during GC2021 is to rebuild and strengthen our financial foundation.

The fiscal year ended March 31, 2021 was a vital rebuilding period for the Marubeni Group in the wake of the losses that we booked in the previous fiscal year. Operating conditions were extremely difficult at the start of the year due to the spread of COVID-19, which severely depressed all the major global economies.

Despite these challenges, we posted a consolidated net profit of ¥225.3 billion, second only to Marubeni's record profit of ¥230.9 billion in the fiscal year ended March 30, 2019.

Since the Marubeni Group's business domains encompass many different fields, the impact of the COVID-19 pandemic varied across our operations. We derived solid earnings from businesses such as power generation and infrastructure that generate stable income, and from businesses such as food and agriculture that provide an important lifeline for society. Our trade businesses such as chemicals and energy performed well as prices and demand generally held up in commodity markets, while our equity interests in resource projects generated higher profits due to gains in commodity prices. In other domains covering fields such as Aerospace and Ship, Construction, Industrial Machinery and

Balance Sheet and Cash Flow Management



Mobility, our businesses recovered steadily from the extremely challenging conditions at the start of the year. Overall, the results demonstrated the strength and competitiveness of our business models across the Marubeni Group. In addition, we showed the flexibility and resilience to cope with relentless daily change across our operating sites globally. In a testament to the enduring power of our frontline operations employees, we kept our people safe in a pandemic while sustaining the business by applying good crisis management and business management expertise.

We also made progress in terms of rebuilding and strengthening our financial foundation. The losses booked in the fiscal year ended March 31, 2020 eroded shareholders' equity and resulted in our net DE ratio rising to 1.16x at the fiscal year-end, up from 0.90x at the end of March 2019. Based on this situation, at the same time as announcing the results for the fiscal year ended March 31, 2020, we announced the revision of the GC2021. In the revision, we have set two basic policies: "rebuilding and strengthening our financial foundation" and the "enhancement of business strategies." While giving the top priority to the former policy, we have decided to achieve it by thoroughly and rigorously focusing on our cash flow management. In specific terms, this means maximizing core operating cash flow, the cash flows we generate from our businesses, while also prioritizing the repayment of debt using free cash flow after delivery of shareholder returns, based on more rigorous investment selection and promotion of asset recycling (please refer to the balance sheet and cash flow management chart). Based on these policies, we posted core operating cash flow in the fiscal year ended March 31, 2021 of ¥369.6 billion, on a par with the pre-pandemic level. Free cash flow after delivery of shareholder returns was ¥231.3 billion, leading to a 0.28 point improvement in the net DE ratio to 0.88x at the fiscal year-end. We achieved our DE ratio target of "around 1.0x" a year ahead of

the plan deadline of the end of March 2022.

The fiscal year ending March 31, 2022 is the final one of GC2021. "Rebuilding and strengthening our financial foundation" is still our policy with the top priority. In the forward guidance that we issued in May 2021, we reiterated the importance of hitting our targets for the fiscal year ending March 31, 2022 of ¥230 billion for consolidated net profit, ¥350 billion for core operating cash flow, free cash flow after delivery of shareholder returns of ¥60 billion, and a net DE ratio of around 0.9x.

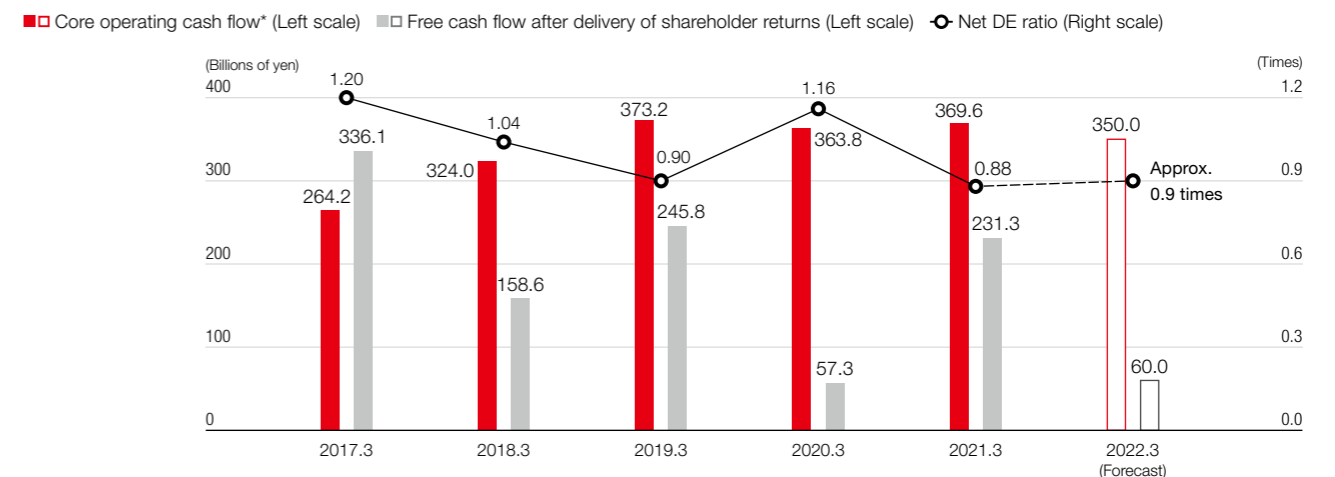
We are undertaking the measures needed to ensure we are successful in "rebuilding and strengthening our financial foundation" and the "enhancement of business strategies." Having solved these issues, I believe we will be in good shape to proceed to the next stage as we embark on our next medium-term management strategy starting in the fiscal year ending March 31, 2023.

Q2. What is the current investment strategy?

A2. In line with the Business Policies SPP, we are rigorously selective with new investments and CAPEX as we remain focused on the improvement of existing businesses, while at the same time working steadily to build a presence in areas with future growth potential.

The significant impairment losses booked several times in the past have dragged down our earnings and hindered us in improving the financial base. As we move forward, I believe we need to improve performance by making more targeted investments so we can build profits incrementally while increasing cash flows.

Cash Flows/Net DE Ratio



* Core operating cash flow: Operating cash flow excluding net increase/decrease in working capital and others. From FYE 3/2019, the elements of core operating cash flow have been altered. The figures for the past fiscal years have been revised accordingly.

To improve the performance of our investments, we conducted extensive internal discussions to analyze projects that had failed and consider our future investment approach. This led to the Business Policies SPP*¹ (Strategy, Prime, Platform) categorization as part of GC2021. Under SPP, we clarify the concept of “staying strategy-focused” without making investment itself an objective. We define strategy here in terms of the business strategy where we aim to reach a situation where we can maximize value within any given field, with investments regarded simply as the means to execute the strategy. Based on the SPP concept, this thorough and targeted approach to business strategy has permeated Marubeni, manifesting as steadily rising earnings contributions from investments over the past few years.

Moreover, under the revised GC2021 approach, while continuing to rebuild and strengthen our financial foundation, we have also focused on the enhancement of business strategies so we avoid any erosion of consolidated turnover. Specifically, “enhancement of business strategies” means (1) proactively recycle assets and enhance the value of assets while envisaging changes in the business environment, and (2) further enhance and strengthen risk management practices.

On the first point, in response to rapidly changing business conditions, we are working to improve and develop existing Horizon 1 and Horizon 2*² businesses via cost-reduction and other initiatives. At the same time, we are seeking to develop new business models for Horizon 3*² business domains where we identify the potential for strong future growth. In the fiscal year ended March 31, 2021, in anticipation of how business conditions could evolve in a post-COVID-19 environment, we have focused on carefully reinforcing and building the earnings base of existing businesses via additional capital injections to upgrade or expand operations, alongside other measures deemed necessary. We have also been conscious of the need to reinforce our core earnings base to support future growth. To give just a few examples, we have invested in the regional expansion of our agri-input business, and in our food operations such as livestock and instant coffee; within the infrastructure domain, we have invested in a blue-chip asset base such as renewable energy and social infrastructure; in financing and

leasing, we have invested to support further growth in the Nowlake business (used car retail financing in the U.S.); and with our resource investments, we have sought to expand our existing projects while making operations more cost-competitive. At the same time, we continue to invest in next-generation business development and to engage with new business domains such as renewable and other energy businesses that could underpin the transition to a decarbonized society.

On the second point relating to “further enhancing and strengthening risk management practices,” we are developing systems to ensure greater investment discipline, and strengthening control of risk exposure. The aim is to raise the efficiency and profitability of operations as gauged using profitability metrics such as ROIC and RORA*³.

*1. Further details on P.30 of the Feature section (“More Targeted Investments Based on Enforced Investment Discipline”).
 *2. Further details on P.22 (“Our Vision and Practice of the GC2021 Medium-Term Management Strategy: Progress with Revised GC2021”).
 *3. ROIC: Return On Invested Capital; RORA: Return On Risk Assets

Q3. What is Marubeni doing to enhance corporate value over the medium to long term?

A3. We are working to enhance corporate value by maintaining and improving return on equity (ROE), and by using a range of measures aimed at lowering our cost of equity.

To enhance corporate value, it is first essential for us to strengthen our earnings capabilities continually by increasing net profit and core operating cash flow. Moreover, to realize highly efficient use of capital across the Marubeni Group, we aim to allocate capital strategically in ways that help to expand the earnings base by maintaining and improving ROE.

Another way we are working to enhance corporate value is by trying to lower our cost of equity. We are currently experiencing a higher cost of equity than sector peers because our recent earnings have not inspired the same level of market trust due to

inferior reliability. We recognize that this is an area where we must focus on improving. Specifically, as I outlined earlier, this involves working to lower the DE ratio by rebuilding and strengthening our financial foundation, and trying to reduce earnings volatility through improving the performance of our investments. At the same time, we are also engaged in initiatives to generate non-financial value based on enhanced sustainability, by investing in human resources and by undertaking measures to combat climate

change and improve our corporate governance.

To recap, in the fiscal year ending March 31, 2022, with the aim of rebuilding and strengthening our financial foundation and the enhancement of business strategies, we plan to focus on executing the revised GC2021 policies through a range of measures. I think this will put us in a good position to move on to the next stage guided by the next medium-term management strategy.

Concerning the Decision-making Processes for New Investments and Asset Recycling

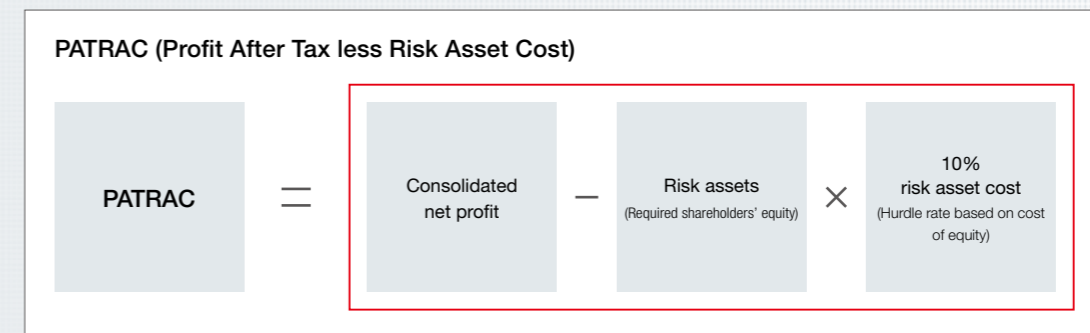
As previously explained, Marubeni continues to work to improve the performance of its investments, but the decision-making process for new investments and asset recycling has not changed significantly. Projects submitted by the Business Group are analyzed both qualitatively and quantitatively by the Investment and Credit Committee, and decisions are made after deliberation by the Corporate Management Committee and more important projects by the Board of Directors.

Quantitative indicators, such as the internal rates of return (IRR), payback period, and PATRAC,* continue to be important criteria, but what has been more important for new investments under GC2018 and GC2021 is qualitative evaluation. Before making a final decision, we will spend more time in discussions based on the concept of the SPP business policies to deepen the level of understanding of the project business model, for example on what strategies we will utilize to leverage Marubeni’s strengths and improve business value, how we will analyze the external environment and industry outlook and how we will respond, and

how to strengthen the governance of business management after the investment is made. As a result, the hurdles for obtaining approval are higher than before, but the performance of investment projects that have gone through this process has been improving.

The same way of thinking applies to asset recycling. We will replace assets as part of our efforts to strengthen and improve the overall quality of our existing businesses. The post-investment process is important in achieving strategic growth, and stringent checks are made of the state of progress by regular monitoring. If an assumption made at the time of an investment were to change, we would revise the strategy each time. We are targeting asset recycling for projects that we think are past their peaks or for which no strategic significance can be found, even if those projects are currently performing well.

* PATRAC (Profit After Tax less Risk Asset Cost): A performance indicator developed by Marubeni to measure the extent to which returns exceed a minimum risk-adjusted return target.



Cash Flows from Investing Activities in GC2021 Period

(Billions of yen)

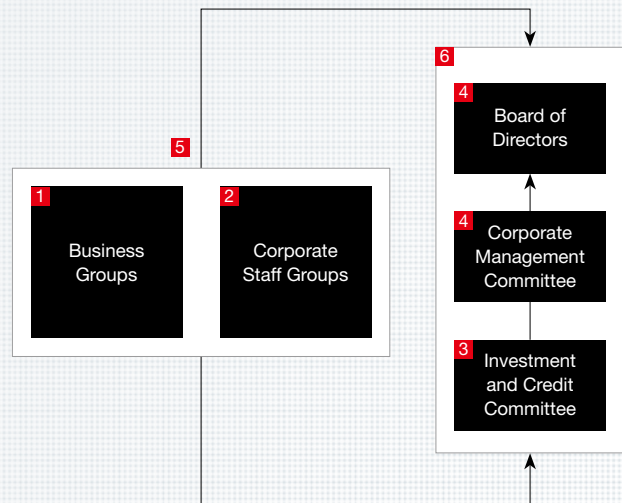
	2Y total to Mar. 2021	Horizon 1	Horizon 2	Horizon 3	FYE 3/22 forecast	Proj. 3Y total to Mar. 2022
New investments	-316.7		-269.2	-47.5	-150.0	-470.0 (approx.)
CAPEX, etc.	-218.5	-194.3	-24.1		-120.0	-340.0 (approx.)
Divestment	+209.1				+100.0	+310.0 (approx.)

Note: Horizon 1 = Improvement of existing businesses; Horizon 2 = Pursuit of strategies in existing business domains; Horizon 3 = New business models and growth domains currently not yet focused on.

Investment Decision-making Process

For individual projects such as significant business investments, Marubeni has a risk management regime, i.e., decision-making system (Ringi system) and monitoring process that spans every step from entry through exit.

- 1 With regard to new investment projects, Business Groups must first submit project summaries and business plans.
- 2 In response, the relevant Corporate Staff Group submits opinions on the result of risk analyses from both a quantitative and qualitative perspective.
- 3 While applying PATRAC, the risk-adjusted profit after tax, as one guideline for quantitatively evaluating a project, the Investment and Credit Committee holds discussions that take into account the feasibility and risk analyses of individual projects, and company-wide concentration risks.
- 4 The project is then forwarded to the Corporate Management Committee for further scrutiny and approved by the President. Projects that exceed a certain materiality threshold are approved by a Board of Directors' resolution.
- 5 Once an investment and financing are in place, new investment projects and highly material investments are monitored more closely to facilitate early problem detection and the planning of corrective action. The Investment and Credit Committee, Corporate Management Committee and the Board of Directors periodically receive reports on the current status of those investments.
- 6 With regard to those projects that are the subject of reports and have issues, consideration is given to various factors, and decisions are made on whether to revise and move forward or withdraw in accordance with a decision-making system process (Ringi system).



Important Points for Deliberation

