

**Condensed Transcript of Q&A Session Regarding Financial Results for the Fiscal Year  
Ending March 2024 and Medium-Term Management Plan 2026 (May 1, 2024)**

< Explanation >

President & COO

Kosuke Uemura

CFO, Senior Managing Executive Officer

Makoto Shibuya

**[Questioner 1]**

**Q: I would like to know the contents and ROI of the "S-investment" and "X-investment" stated in the concept of new investment of ¥600billion in the Medium-Term Management Plan 2026. (Below, MTP2026)**

**In addition, I would like to know why earnings contributions from the investment executed in the Medium-Term Management Plan 2023(Below, MTP2023) will earning improvement from ¥17.0billion to ¥62.0billion for 3 years in total.**

A: < Uemura, President & COO >

As stated on page 25 of MTP2026 presentation material, "X-Investment" will be implemented on a scale of more than ¥50.0billion and is positioned as a transformation investment to transform the business portfolio, and the investment area has not been specified at this time.

X-Investment is not included in the amount of earnings contributions in MTP2026 shown on page 26.

The return from MTP2023 investment started at 1% in the first year of MTP2023 and gradually reached 3.7% ROI in the last year, but is expected to be 5% in FY2024, 7% in FY2025, and 9% in FY2026 in MTP2026 period. This is the same level of ROI as the investment in MTP2017 and 2020.

The return on MTP2026's S-investment is expected to be around 4-5%, and compared with MTP2023's investment, MTP2026's investment is expected to have a good return at an early stage.

**Q: With regard to the forecast of net profit for MTP2026 for three years, does it not include the earning contribution from "X-investment" and is it fair to assume that there is room for upside?**

A: <Uemura, President & COO >

That's right.

**Q When I break down the forecast of shareholder return minus ¥130billion for the 3 year CF plan on page 27, I think the calculated amount of dividend payment is about minus ¥110.0billion. Can I assume that the difference includes the possibility of share buybacks?**

A <Uemura, President and COO >

That's right. There is also a timing for cash to come in, but that's fine for a three-year cash balance.

**[Questioner 2]**

**Q: What is your view on the growth in earnings from ¥100.0billion in the FY2023 to ¥110.0billion in FY2024?**

A: < Shibuya, CFO >

Profits are planned for 40% of the total in the first half and 60% in the second half in FY2024. The automotive sales business in the Philippine at Automotive Division is disposing of high-value inventories while incurring certain losses. We will proceed until these losses reach the break even level. The used car business in Australia, which we acquired in May 2023, has been pushing to increase its value, but the environment has not recovered due to a long-term decline in the used car market. The purchasing environment is softening, and sales are increasing and improving.

We are conducting trials to purchase used cars from Japan, and we expect a gradual recovery from FY 2023 to FY2024.

We also believe that our Panama dealer automotive distributor business, which we acquired in February 2024, will contribute.

In the coal business, we have been replacing mining areas to boost our production capacity. We are shifting to new mining areas in Open cut mining, and costs are expected to fall significantly as a result. Production of Underground mining started in July 2023 with one continuous miner and started in December 2023 with 1 continuous miner. We plan to add 1 continuous miner in July 2024 and produce with 3 continuous miners in total. In FY2023, the ramp-up period was about 200,000 tons, but production is expected to reach 1 million tons this year. Although the first quarter was slightly lower, production is expected to be close to full capacity from the second quarter onward, so earning contribution from the coal business will contribute if the coal market remains stable.

**Q I would like to know if there will be additional shareholder returns in the future that are not included in the PBR policy.**

A < Shibuya, CFO >

Although MTP2023 established a dividend policy, it did not issue a policy on the return of shares through share buybacks and implemented the policy in dialogue with the stock market in accordance with cash flow conditions. At the end of FY2023, share buybacks were conducted amid an increase in the probability of excess cash flows.

Under the current MTP2026, a new cash allocation policy will be formulated, and dividends will be distributed in a stable and progressive manner as surplus accumulates. In addition, about 30% of Core operating cash flow's total for 3 years will be returned to shareholders. Since Core operating cash flow will be the source of shareholder returns, we will consider shareholder returns measures while taking into consideration this source and PBR.

**[Questioner 3]**

**Q: I would like to know the specific area and scale of the "Katamari" business in MTP2026.**

A: < Uemura, President & COO >

Regarding regions and regions, the pattern of "Katamari" transformation to realize Sojitz Growth Story is explained in MTP2026 presentation material, page 22-24.

These include markets such as Vietnam and India, which are growth markets, and business model transformation in areas such as energy solutions and food value chains. An

example is the expansion of areas in the value chain that have shifted from trade to services and manufacturing.

Although it is not yet possible to show the scale and quantification of each area, the incorporation and strengthening of existing areas are reflected in 7 business division's net profit forecast for FY2024.

< Shibuya, CFO >

In addition, the business development in Vietnam, which we have explained before, is finally starting to earnings contributions. Nevertheless, in FY 2024, the profit scale was about ¥2 billion ~ ¥2.5 billion. We hope to double this in the final year of MTP2026.

The sense of Katamari differs depending on the business, but we ask you to image that this is about Vietnam.

**Q: What are earnings contributions's areas of digital transformation?**

A: <Uemura, President and COO>

There is little sign of monetization in a few businesses on the horizon, but the numbers are very little yet.

Among the 3 items listed on page 19 of MTP2026 presentation material, we have focused on the foundation of DX multiplication with 7 business division and expansion of DX-Experts since the past.

In terms of numbers, we are looking forward to enhancing functions such as Sakura Internet and Nissho Electronics Co., Ltd. (which announced the change of its trade name to Sojitz Tech Innovation on May 1, 2024), and earnings contributions in these areas. The business alliance agreement with Sakura Internet announced on March 21, 2024 hopes to provide added value starting from GPU cloud services.

#### [Questioner 4]

**Q: What measures do you take to raise market expectations for growth?**

**Also, what is Sojitz's uniqueness that makes it more likely that the stock market will invest in Sojitz?**

A: <Uemura, President and COO>

PER in MTP2026's presentation document, page 12, has been previously covered and is now covered as an expression of a growth story. Conversely, this growth story has not yet been shown as a profit. We have given some growth stories, but we believe that showing quantitative results in the Vietnam business will improve PER. The Vietnam business needs time to show profits, but we have been able to expand the business from distribution to retail, so we will focus on Katamari.

< Shibuya CFO >

In addition to M & A acquisitions, we will achieve synergies through hands-on management of our business groups in Vietnam.

From there, Sojitz Growth Story will expand its business further.

X-Investment is a major investment of ¥50.0billion that our company has not made as business investment, and if we can strengthen these existing businesses or create new ones, we will be able to show the growth potential of our company to the stock market.

**[Questioner 5]**

**Q: I would like to know why the ROI of S-investment in 3 years under MTP2026 is higher than that of investments under MTP2023, and how it is confirmed.**

A: < Uemura, President & COO >

S-investment is an investment in an area where our company has expertise, so earnings contributions is highly confident. In addition, earnings contributions from investments in MTP2023 was delayed due in part to COVID-19. These two factors explain the high ROI plan for S-investments in MTP2026.

**Q Please tell us what you aim to achieve the most in MTP2026.**

A <Uemura, President and COO>

We believe that the three quantitative targets set out in MTP2026 are as close as possible to our commitments. With the aim of achieving an average of over ¥120.0billion in net profit for 3 years, we plan to increase our net profit forecast from ¥110.0 billion in 3 years, and we expect EPS to rise in line with this growth.

< Shibuya, CFO >

In order to expand the equity spread, we aim to achieve ROE above 12% as a necessary target.

We aim to achieve ROE of 15% in the Next Stage and raise corporate value while gaining market confidence. As a premise, we aim to achieve net profit of ¥120.0billion on an average basis for 3 years in any environment.

**Q The quantitative target of net DER in FY2024 was 0.9 times, and in FY2026, the last year of MTP2026, it was 0.75~0.85 times. Is there a target?**

A < Shibuya, CFO >

As new investment precedes cash flow, net DER will temporarily increase to about 0.9 times in FY 2024, but will eventually fall to about 0.75~0.85 times.

**[Questioner 6]**

**Q: What would you like to address as the new president?**

A: < Uemura, President & COO >

I want to focus on human resources strategy. I want to focus on human resources who development, which develop the person who think and act independently and build businesses. I want to develop human resources who can create a business Katamari by thinking independently and taking on challenges with ideas, and who can realize such a "Sojitz Growth Story."

**Q Strategic Focus Areas. What is the background behind the adoption of the food value chain and energy and materials solutions?**

A < President and COO, UEMURA >

First, regarding the food value chain, MTP2023's focus area of "growth markets x market-in thinking" is the starting point. In order to connect not only to distribution, processing and sales, but also to other areas outside the conventional food sector such as new energy and biomass through material supply and waste utilization, we would like to work on this cross-sectionally rather than vertically.

Next, with regard to energy and materials solutions, we focused on the "circular economy" in "materials and circular economy" as one of our focus areas in MTP2023, MTP2026 will

not be limited to that area. We will provide the solutions to the market in the way of not only recycle and reuse, but also new materials and new energy in MTP2026. Therefore, we will focus on expanding the scope, expanding the chain, or broadening the scope across sectors while deriving from the focus area in MTP2023.