



Automotive Division



Tatsuhiko Kanetake
Executive Officer, COO
Automotive Division
December 10, 2021



Tatsuhiko Kanetake
Executive Officer, COO
Automotive Division

- Joined Sojitz predecessor in 1993
/ Born in Gifu Prefecture
- Graduated from School of Engineering,
Nagoya University
- Posted in the United States, involved in
operation and acquisition of, as well as the
withdrawal from, automotive businesses in
the Americas
- April 2020- present COO, Automotive Division
April 2021 - Executive Officer, COO
Automotive Division

Business area

- Automobile sales (Distributor & Dealership)
- Auto-Financing business
- Service business etc.

Focus area

- Growth markets, such as Asia, Russia and NIS countries, Latin America.
- Mature markets, such as Japan and the United States

Strengths

Track record of auto sales spanning over 40 years

Locally based sales and marketing force

Approximately 4,000 Group employees at over 30 Group companies

Diverse human resources and global business management know-how

Capabilities of investment execution and business development

Business asset portfolio including new business areas

- Promotion of ongoing growth of existing businesses and development of new businesses
- Preparation for the future and construction of new earnings foundations
 - Business model tailored to transformation of automotive industry (CASE technologies, MaaS)
 - Business model for promoting transformation of existing industry structures (internet/digital solutions)

Growth Strategy of MTP2023

The division's role

- Expansion of businesses through stimulation of demand in **growth markets**
- Expansion of businesses in **retail area**
- Improvement of business value with **digital** technologies and creation of value in new areas

Focus Area

- Expansion of scope of unique **automobile sales businesses** in promising markets
 - ✓ **South Korean, Chinese, and European automobiles**
 - ✓ Strengthening of community-rooted sales, marketing, and after-sales service businesses
 - ✓ Reinforcement of functions and expansion of business scope in **retail area** where Sojitz maintains direct contact points with customers and consumers
 - ✓ Enhancement of functions incorporating digital technologies and development of **next-generation automobile sales businesses**
 - Strengthening of distinctive **financing businesses** (stimulation of new demand)
 - Development of **new** and unique **service businesses** (provision of solutions that address social needs)
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- Focus on three main areas that will remain necessary no matter how operating environment changes, namely, **sales capabilities, financing functions, and movement of people and commodities**

Focus Businesses Under Growth Strategies

- Distributor Business

Basic strategy

- Expansion of country and regions to handle sales of South Korean and Chinese automobiles for which Sojitz can exercise functions and roles
- Growth of company-owned dealership businesses under control of distributorship businesses (strengthening of retail area functions)

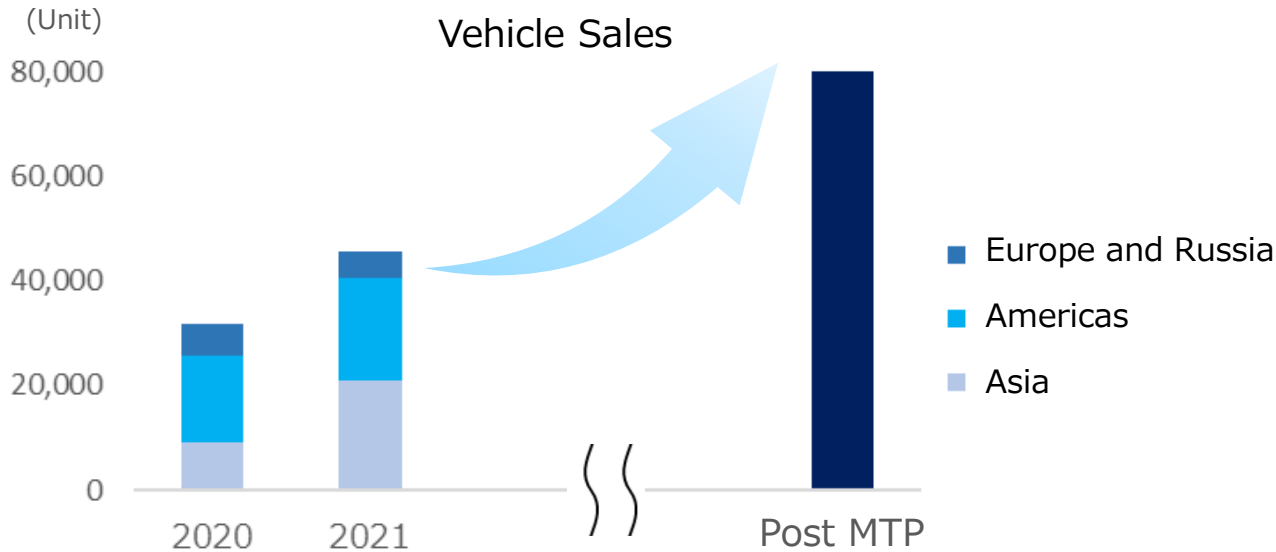
Expansion of country and regions



Thailand
Puerto Rico
Pakistan
New market
(Growth market)
2007 -
2008 -
2017 -
MTP2023 -

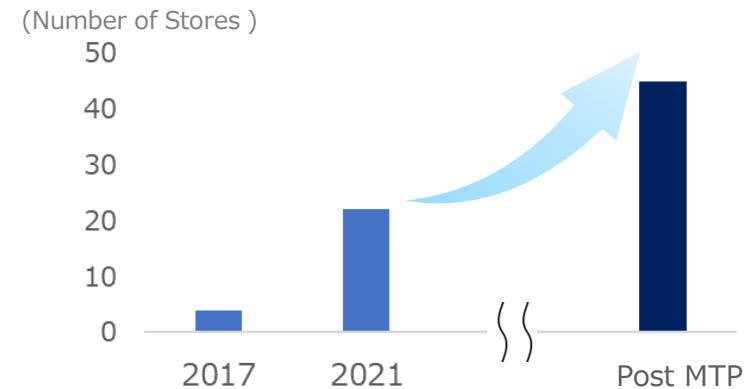


Philippines
New market
(Growth market)
2019 -
MTP2023 -



Growth of direct dealership businesses

Brand / Country	Number of Stores
Subaru Russia	13
Geely Philippines	2
Hyundai Thailand	3
Hyundai Pakistan	3
Genesis Puerto Rico	1

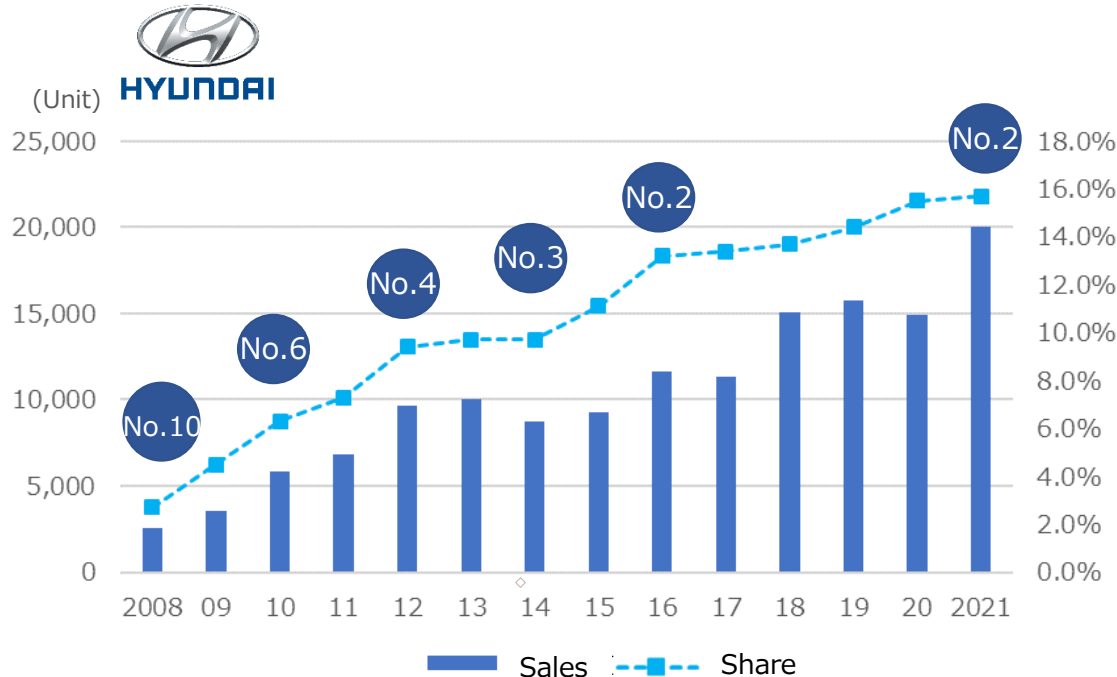


Policy

- Strengthening of community-rooted sales, marketing, and after-sales service businesses

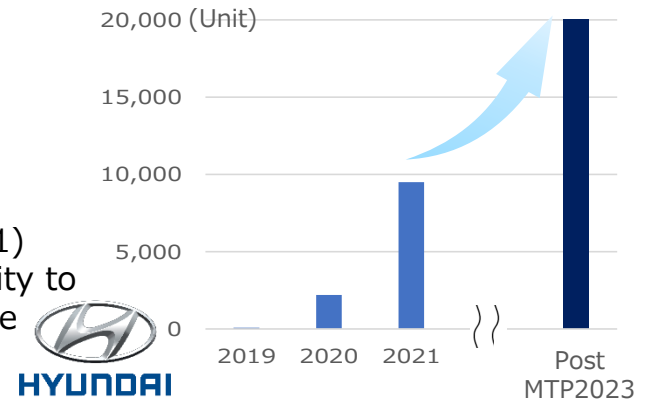
Hyundai Puerto Rico

- Acquired in 2008
- Transaction volume of 20,000 units, market share of 15.7% (FY2021)
- Strengthening of company-owned dealership operations (Hyundai, Genesis)



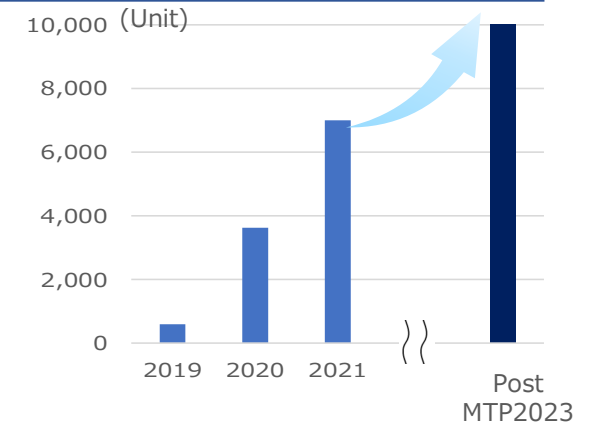
Hyundai Pakistan

- Established in 2017, sales commenced in 2019
- Joint venture with local conglomerate (Nishat Group)
- Sales volume of 9,000 units, market share of 3.6% (FY2021)
- Bolstering of production capacity to achieve target capacity of more than 20,000 units



Geely Philippines

- Established in 2019
- Accumulation of resources since 1960s
- Sales volume of 7,000 units, market share of 2.7% (FY2021)
- Target sales of more than 10,000 units
- Strengthening of company-owned dealership operations






Focus Businesses Under Growth Strategies - Dealership businesses

Basic strategy



- Building upon existing businesses by expanding its sales areas based on **regional concentration and multi-brand strategies**
- Development of earnings foundations resilient to economic fluctuations by bolstering **secondhand automobile and after sales service**
- Heightening of digital, and online sales

USA CA

Brand	Number of Stores
 BMW/MINI	4
 Audi	1
 Used	1



Brazil SC RS

Brand	Number of Stores
 BMW/MINI	7
 Audi	2

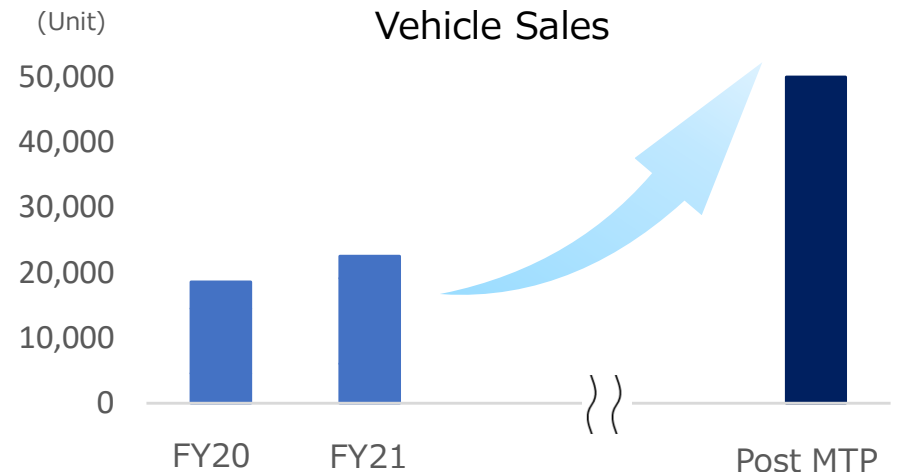


Japan

Brand	Number of Stores
BMW/MINI	5
Volvo	3
Maserati	2
Premium Used	1
Easy Car Ride	2



	Details	Basic strategy
USA	Size of operation grew by 5 times from 2014	Growth primarily through acquisitions
Brazil	New entry in 2015	Expansion mainly through new store openings
Japan	Re-entry in 2017	Growth in conjunction with manufacturers' dealer reorganization strategies



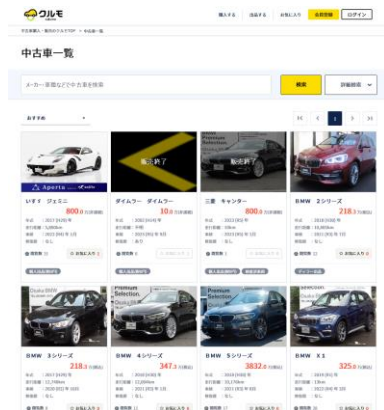
Preparation for the Future/ Examples of New Earnings Foundations – Next-generation Automobile Sales

Basic strategy

- “Cooperate and support dealership strategies of automobile manufacturers” X “Our unique digital dealership strategies”
- Enhancement of marketing via omni-channel approach combining offline and online venues
- Utilization of digital tools to promote online sales

Automobile distribution platform business

- Online culumo platform for B2C and C2C distribution of automobiles
- Collaboration with AEON Product Finance; provision of culumo to approx. 30 million AEON card members; automobile sales by Sojitz, financing by AEON; enhancement of card member benefits; sales of automobiles owned by Sojitz, dealerships that serve as agents of AEON Product Finance, and card members



Data sales business

- Twinner GmbH is a manufacturer of systems for producing 3D models (digital twins) of automobile through 360°scanning and photography of interiors and exteriors of the automobile.
- Subscription services businesses for selling digital twins and related data by leasing the system to Japanese automobile distribution business operators
- One element of online automobile distribution platform



VR Operations

- Coordination with Japanese XR development company infiniteloop
- Development of VR-powered virtual showroom at boutique stores in urban locations and commercial facilities



Focus Businesses Under Growth Strategies - New Earnings Foundations (Finance Business)

Basic strategy

- Expansion of distinctive Auto-Financing businesses in emerging countries
 - ✓ Loans, leasing, rental, insurance, guarantees, fintech, etc.

Existing businesses

Automotive Loan Businesses in Mexico

- Acquired in 2019
- Sales through official VW/SEAT dealerships (230 stores)
- Aggregate distribution volume of more than 500,000 vehicles
- **Identification of new demand**
: Services aimed at customers that cannot receive standard automotive loans
- **Asset protection functions**
: Remote control through IoT devices, insurance

Development of Operations in Mexico

- Expansion of brand lineup
- Leasing and rental
- Secondhand vehicle sales
- Insurance etc.

New business

Expansion into other countries
(Countries where Sojitz has automobile sales businesses, etc.)

Basic strategy

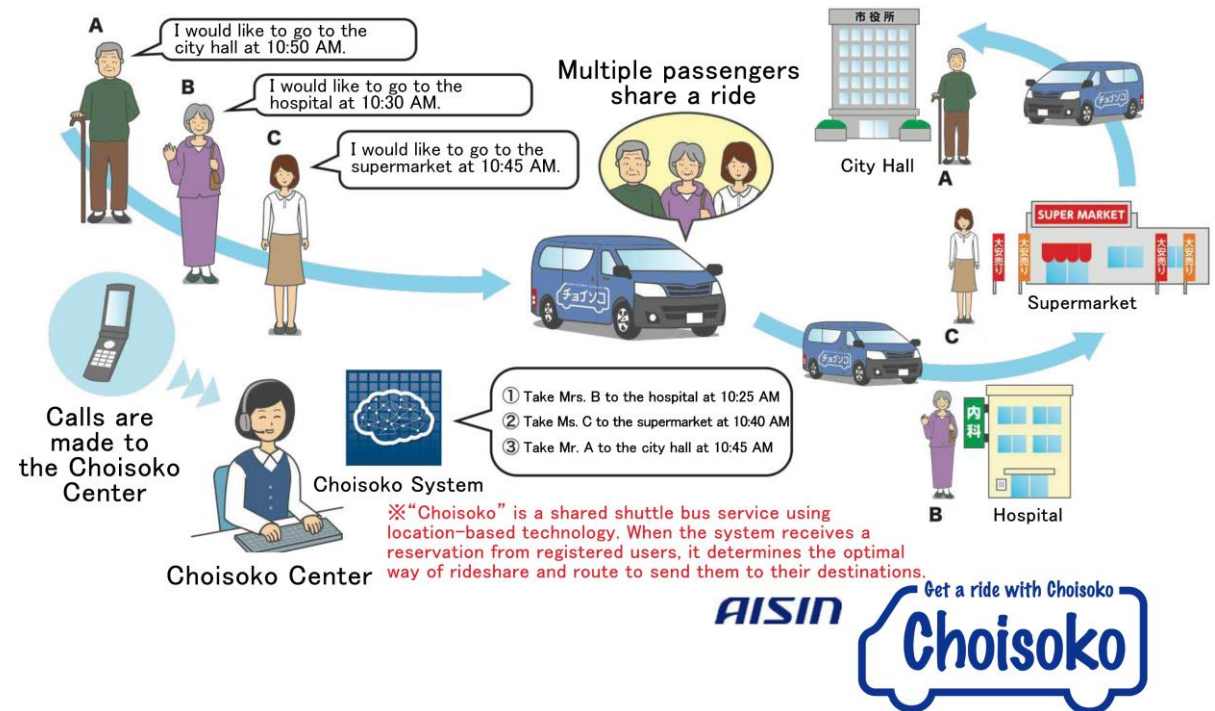
- Development of distinctive service businesses that incorporate IoT, AI, XR, and other digital technologies
 - ✓ Mobility services (MaaS), life care services
 - ✓ Quality control services (inspection, measurement, etc.), after-sales services (maintenance, inspection, repairs, etc.), etc.

MaaS business

- Choisoko community-rooted business model comprising collaboration with regional sponsors and with municipalities and on-demand transformation service for senior citizens in depopulated areas developed and operated by Aisin corporation (transportation of people)
- Transportation of commodities service entailing mixed loading of freight and passengers offered by Sojitz as alliance partner (home delivery, cargo collection)

【Examples of the Initiatives】

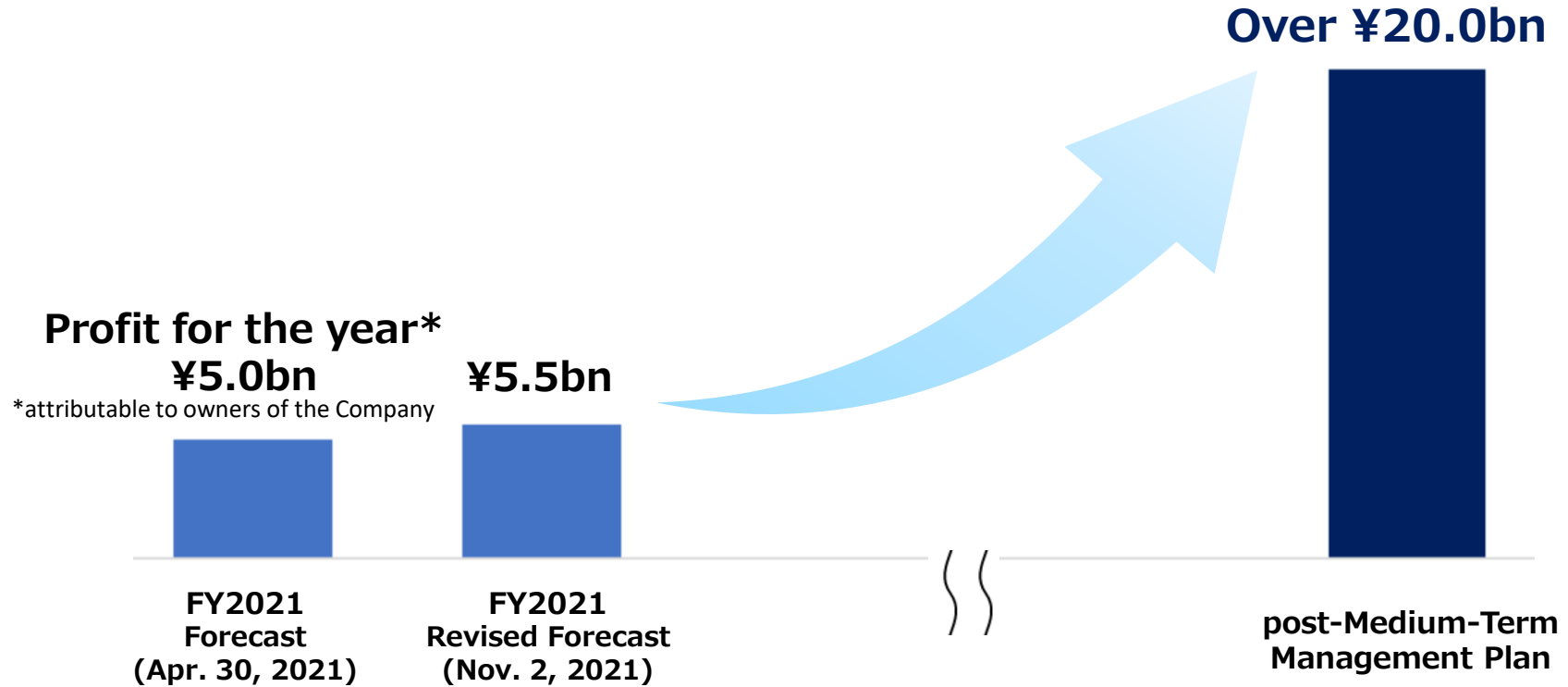
- Demand-based Transportation by way of Green Slow Mobility in Yotsukaido, Chiba
- A Japanese-style packed meal delivery and monitoring support service targeted to senior citizens living in Ryuo, Gamo District, Shiga Prefecture



Automotive Division - Vision

Measures

- Improvement of profitability through constant **structural reform**
- Improvement of efficiency through conversion of joint ventures into **wholly owned subsidiaries**
- Expansion of scale and improvement of efficiency through **resumption of aggressive business investments** such as large-scale acquisitions
- Promotion of new initiatives to **prepare for the future**



Automotive Division

– Human Resource Strategies for Creating Value and Achieving Ongoing Growth

Basic Strategies

- Cultivation of **management personnel**:
Management of operating companies that contribute to communities
- Fostering of **development and digital transformation staff**:
Creation of new businesses and functions that address operating environment changes
- Optimal allocation of human resources and enhancement of organizational capabilities

HR

- Rate of chief officer positions at operating companies held by local hires: Approx.30%
- Rates of younger employees seconded to operating companies or dispatched as overseas trainees
- Approx.80% of employees with 6 to 10 years of service, approx.40% of employees with 3 to 5 years of service
- Number of employees with special skills: 7 digital transformation staff members, 2 production engineering staff members (all contract employees)

Culture of the Organization

- Promotion of new business development, preparations for future, and construction of new earnings foundations by all sections and departments
- Search for knowledge: Pursuit of greater quality and quantity of new screening candidates (M&A activities, new projects, venture companies)
- Sharing of knowledge: Cross-hierarchical communication and human resource rotations
- Transformation: Trial and error, ingenuity, teamwork, results, continuation



Caution regarding Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including the timing at which the COVID-19 pandemic ends, changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements.

The company will provide timely disclosure of any material changes, events, or other relevant issues.