

**Condensed Transcript of Q&A Session from
Online Briefing Regarding Business Related to the Acquisition of all issued Shares
of TRY INC. (March 15, 2023)**

Presenter

Hiroto Murai, COO, Retail & Consumer Service Division

First Questioner

Q: TRY Inc. does not seem to have particularly high profit margins. Do you think the earnings will be remaining around the current level, or will change in this regard?

A: Earnings levels may fluctuate a bit due to some factors such as market prices and inventories. However, given past trends, we expect that TRY will be able to consistently generate net income of between ¥0.8 billion and ¥1.2 billion from net sales of ¥40.0 billion. Accordingly, if TRY can maintain its current level of sales, margins of this level is secured.

Q: What type of returns does Sojitz expect from its acquisition of TRY?

A: TRY has a 15% share of the tuna markets for use in processed marine and sushi products, and sales by this company are primarily conducted in urban areas centered in the Kanto region. The Marine Foods Corporation, meanwhile, conducts sales with an emphasis on sushi products. Marine Foods generates net sales on the scale of ¥90.0 billion, but only around 2% or 3% of its total transaction volume in the Japanese market is occupied. The lack of growth in Marine Foods' tuna product sales is a result of Tuna is regarded as classic and main dish for sushi. This important position means that a company cannot compete in sushi market with a sales network alone without procurement and processing expertise. As a result, Marine Foods' share in the domestic sushi-use tuna product market is low. Moving forward, we will look to combine Marine Foods' nationwide sales network with TRY's market development and sales capabilities to grow operations outside of the Kanto region. Firstly, our goal is to expand TRY's transaction volume for growth in Marine Foods sales and ultimately boost both earnings. Moreover, a large portion of TRY's current share in the Kanto region is not from direct sales to end users, like sushi restaurants and supermarkets, but rather from indirect sales through wholesale or distribution partners. Conversely, Marine Foods boasts direct sales routes in rural areas, meaning that we should be able to increase the amount of earnings by cutting out such distributors.

Q: Could you please offer some details on the scale and sales of Marine Foods? Also, what is the amount of investment in TRY and what amount of returns is expected?

A: We cannot disclose exact earning figures and investment amounts for Marine Foods on a standalone basis. However, Marine Foods is expected to contribute to the earnings of the Retail & Consumer Service Division by generating returns accompanied by cash in a manner that accounts for cash return on invested capital (CROIC).

Second Questioner

- Q: How large are the balance sheets of TRY and Marine Foods? Also, what are your thoughts on TRY's profitability and return on assets (ROA) given Sojitz's Companywide policy of improving ROA?
- A: Product inventories account for large portions of both companies' assets, meaning that improving the inventory turnover rate will lead to improve the ROA of these companies. In this pursuit, we intend to capitalize on Marine Foods of its reliably strong sales capabilities to control both companies' balance sheets and develop a business model leading to the ROA improvements.
- Q: I understand that a major goal to acquire TRY was the significant procurement capabilities. Could you offer more details of these procurement capability? Specifically, is there any risk that you might be unable to buy the fish at acceptable prices due to weak yen, the rising overseas demand for marine products, and the decline in marine product consumption in Japan?
- A: Media outlets have been concerning about Japanese procurement capability. However, such missing opportunity due to external factors is apparently misconception. When the market price rises, one must pay that price. Given the fact that we have to do business amid global price frameworks, it goes without saying that we will need to procure them at the market price. Nevertheless, we have maintained our procurement capability by committing to large purchases, sometimes even entire ship load, from numerous fishers. As a result, both TRY and Dalian Global Food Corporation, Sojitz's tuna processing and wholesale subsidiary, currently boast substantial procurement capability. Accordingly, it is important for us to offer the more expensive-to-source fish at affordable prices and with attractive products. This is why Marine Foods' position is so critical. If we sell straight tuna cuts, we will be vulnerable to price competition. Conversely, if we can offer our products to supermarkets and major sushi chains, we should be able to supply our fish at affordable prices and in attractive products, even when market prices are high. We believe that it will be possible to reliably sell our products carefully considering the domestic demand for tuna with our sales proposal capabilities.

Third Questioner

- Q: Could you offer more details on the type of synergies expected between TRY's business and Sojitz's tuna farming business?
- A: Sojitz Tuna Farm Takashima Co., Ltd., raises some 10,000 tuna per year. It has earned strong praise from customers for the high quality and the reliability. It was very challenging to increase profitability. Recently, our efforts are paying off as Takashima Bluefin Tuna has become an established brand which makes an increasing number of people nominate and buy our tuna, meaning that Sojitz Tuna Farm Takashima has grown to the point at which it is able to sell its products at prices exceeding the standard market price. We do not expect direct coordination between Sojitz Tuna Farm Takashima, which cultivates tuna in Japan, and TRY, which procures tuna from overseas. However, we will take advantage of TRY's preliminary processing skill. Rather than TRY, Marine Foods is expected to enjoy significant synergies with Sojitz Tuna Farm

Takashima. Specifically, Marine Foods' sales network is covering a large majority of the tuna produced by Sojitz Tuna Farm Takashima. The Sojitz Group's ability to control all areas of sales channels has contributed to establish Takashima Bluefin Tuna brand. Related branding activities have been positioned as one of our earnings pillars and as a means through which we will maintain our price competitiveness.

Q: What are your current plans for overseas expansion?

A: We are currently collaborating with numerous partners. The feasibility of exporting Marine Foods products is under consideration as our first step, and we plan to expand TRY's operations into overseas markets thereafter. The detail will be offered at the appropriate timing.

Fourth Questioner

Q: It was stated that TRY generates net sales of around ¥40.0 billion with its 15% market share. A quick calculation based on them suggests that the market served by TRY is between ¥260.0 billion and ¥270.0 billion, which does not seem large. Is this an accurate assessment of the relationship between TRY's share and the scale of the entire market?

A: TRY's market share is around 15%, as you mentioned. Your estimate is also fairly accurate. Tuna may be indispensable to the Japanese processed marine product market, but the scale of the tuna market is not particularly large on a global scale. However, as we only have a 15% share, we see significant potential to grow our share by pursuing synergies between the procurement and sales capabilities of TRY and Marine Foods to beat out the competition.

Q: The prices of marine and other food products can be highly volatile, which translates to volatility in earnings. It was mentioned that TRY produces net sales of between ¥0.8 billion and ¥1.2 billion. Could you please explain the relationship between the tuna prices and TRY's earnings?

A: TRY's business model encompasses procurement, processing, and sales, and the value provided by TRY is largely attributable to processing and sales. Accordingly, fluctuations in the price of tuna do not translate directly to fluctuations in earnings, granting TRY a certain degree of stability in its earnings.

Q: Do you see any need to reinforce TRY's production?

A: At the moment, TRY's factories have a surplus regarding its capacity. Also, we have other processing partners in Japan. Accordingly, should our share grow in conjunction with increases to the sales capabilities of Marine Foods, we will look to build a competitive business model by taking advantage of options such as domestic processing factories

Q: Is TRY's 15% the top share of the domestic market?

A: No, TRY's 15% share is the second largest share of the domestic market.

Fifth Questioner

Q: How will the marine products business help reach the value creation guideline figure of CROIC of 5% described in Medium-Term Management Plan 2023?

A: The investment in TRY is expected to contribute to improvements in CROIC. One of our goals is to expand clusters of revenue-generating businesses

through substantive M&A transactions. It is true that business acquisitions take time before they start contributing to net income. Nevertheless, we are expanding the scale of our business through investments in order to improve CROIC as an early indicator of performance, and we expect to see growth in net income following these improvements.