

# **Annual Securities Report**

**SOJITZ CORPORATION AND SUBSIDIARIES**

For the year ended March 31, 2024

Together with Independent Auditor's Report

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## Independent Auditor's Report

This document is a translation of part of the Japanese original Annual Securities Report "Yukashoken-Hokokusho". Except for 5. Financial Information and Independent Auditor's Report, in the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.

# 1. Overview of Sojitz and Its Subsidiaries

## 1. Selected Financial Data

### (1) Consolidated financial data

Fiscal year		17th	18th	19th	20th	21st
Year ended		March 31,2020	March 31,2021	March 31,2022	March 31,2023	March 31,2024
Revenue	(Millions of Yen)	1,754,825	1,602,485	2,100,752	2,479,840	2,414,649
Profit before tax	(Millions of Yen)	75,528	37,420	117,295	155,036	125,498
Profit for the year (attributable to owners of the Company)	(Millions of Yen)	60,821	27,001	82,332	111,247	100,765
Comprehensive income for the year (attributable to owners of the Company)	(Millions of Yen)	(4,220)	59,111	142,429	138,434	168,317
Total equity attributable to owners of the Company	(Millions of Yen)	579,123	619,111	728,012	837,713	924,076
Total assets	(Millions of Yen)	2,230,285	2,300,115	2,661,680	2,660,843	2,886,873
Equity attributable to owners of the Company per share	(Yen)	474.97	2,581.58	3,153.90	3,629.34	4,238.81
Basic earnings per share attributable to owners of the Company	(Yen)	48.91	112.53	352.65	481.94	450.97
Diluted earnings per share attributable to owners of the Company	(Yen)	48.91	112.53	352.65	-	450.97
Equity attributable to owners of the Company ratio	(%)	26.0	26.9	27.4	31.5	32.0
Return on equity (ROE)	(%)	10.2	4.5	12.2	14.2	11.4
Price Earnings Ratio	(Times)	5.2	13.9	5.7	5.7	8.8
Cash flows from operating activities	(Millions of Yen)	40,510	84,972	65,084	171,639	112,187
Cash flows from investing activities	(Millions of Yen)	(35,669)	(35,676)	(138,819)	29,157	12,429
Cash flows from financing activities	(Millions of Yen)	(12,164)	(40,621)	46,898	(230,367)	(186,523)
cash and cash equivalents at end of the year	(Millions of Yen)	272,651	287,597	271,651	247,286	196,275
Number of employees [excluding average number of part-time employees]	(Number of persons)	18,839 [3,491]	19,463 [4,678]	20,673 [4,940]	20,669 [5,754]	22,819 [4,996]

(Notes)

1. The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards.
2. Consumption tax etc. is not included into revenue.
3. The company conducted a five-for-one consolidation of common shares of stock effective October 1, 2021. Total equity per share attributable to owners of the Company, basic earnings per share (attributable to owners of the Company) and diluted earnings per share (attributable to owners of the Company) have been calculated based on the assumption that the share consolidation had been conducted on April 1, 2020.
4. The number of employees represents the number of persons in employment.
5. Diluted earnings per share (attributable to owners of the parent company) for the 20th fiscal year is not shown because there are no residual shares.

## (2) Non-consolidated financial data

Fiscal year		17th	18th	19th	20th	21st
Year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Revenue	(Millions of Yen)	-	-	678,262	763,373	568,742
Net sales	(Millions of Yen)	2,411,526	2,334,428	-	-	-
Ordinary profit	(Millions of Yen)	37,474	35,345	55,543	91,799	77,155
Net income	(Millions of Yen)	32,116	39,462	50,389	81,927	80,888
Capital stock	(Millions of Yen)	160,339	160,339	160,339	160,339	160,339
Number of Shares outstanding	(Shares)	Common stock 1,251,499,501	Common stock 1,251,499,501	Common stock 250,299,900	Common stock 250,299,900	Common stock 225,000,000
Net assets	(Millions of Yen)	391,634	420,405	460,636	481,583	493,734
Total assets	(Millions of Yen)	1,492,438	1,500,259	1,683,267	1,588,873	1,688,744
Net assets per share	(Yen)	321.20	1,753.01	1,995.57	2,086.43	2,264.80
Dividend per share (of which, interim dividend per share)	(Yen)	Common stock 17.00	Common stock 10.00	Common stock 106.00	Common stock 130.00	Common stock 135.00
	(Yen)	(8.50)	(5.00)	(45.00)	(65.00)	(65.00)
Basic earnings per share	(Yen)	25.82	164.46	215.83	354.92	362.01
Diluted earnings per share	(Yen)	-	-	-	-	-
Capital adequacy ratio	(%)	26.2	28.0	27.4	30.3	29.2
Return on equity	(%)	8.0	9.7	11.4	17.4	16.6
Price-earnings ratio	(Times)	9.8	9.5	9.3	7.8	11.0
Payout ratio	(%)	65.8	30.4	49.1	36.6	37.3
Number of employees [excluding average number of part-time employees]	(Number of persons)	1,918 [132]	2,099 [124]	2,073 [88]	2,027 [70]	2,035 [61]
Total shareholder return (Comparative index: TOPIX total return index)	(%)	69.5	86.9	115.8	160.7	230.4
	(%)	(90.5)	(128.6)	(131.2)	(138.8)	(190.2)
Highest share price	(Yen)	403	330	2,129 (369)	2,863	4,122
Lowest share price	(Yen)	228	221	1,591 (299)	1,835	2,715

(Note)

- Effective April 1, 2021, Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No.29, March 31, 2020) has been applied, changing the method of calculation used for revenue.
- Consumption tax etc. is not included into revenue and net sales.
- Effective October 1, 2021, the Company conducted a five-for-one share consolidation of common shares of stock. Figures for earnings per share and net assets per share are calculated based on the assumption that stock consolidation was conducted with an effective date of April 1, 2020.
- Diluted earnings per share is not displayed as there were no potential shares with dilutive effects.
- Effective October 1, 2021, the Company conducted a five-for-one share consolidation of common shares of stock. The dividend per share for the year ended in March 21, 2022 is 106 yen, consisting of an interim dividend of 45 yen and a year-end dividend of 61 yen, based on the number of shares after the share consolidation. The interim dividend before the share consolidation was 9 yen.
- The number of employees represents the number of persons in employment.
- The highest and lowest share prices are those on the First Section of the Tokyo Stock Exchange before April 3, 2022, and on the Prime Market of the Tokyo Stock Exchange after April 4, 2022. The highest and lowest share prices for the year ended March 31, 2022 are after the share consolidation, and the highest and lowest share prices before the share consolidation are shown in parentheses.

## 2. History

Major events in the history of Sojitz Corporation following its establishment include the following.

- Apr. 2003 Establishment of Nissho Iwai-Nichimen Holdings Corporation through the transfer of shares by Nichimen Corporation\*<sup>1</sup> and Nissho Iwai Corporation\*<sup>2</sup>  
Shares listed on the Tokyo Stock Exchange and the Osaka Securities Exchange
- Apr. 2004 Merger of Nichimen Corporation and Nissho Iwai Corporation, both wholly owned subsidiaries of Nissho Iwai-Nichimen Holdings Corporation, to form a new company, Sojitz Corporation
- Jul. 2004 Name changed to Sojitz Holdings Corporation
- Oct. 2005 Absorption of subsidiary Sojitz Corporation, name changed to Sojitz Corporation
- Aug. 2006 Absorption of subsidiary Sojitz Urban Development Corporation
- Oct. 2006 Absorption of subsidiary Global Chemical Holdings, Inc., and its subsidiary Sojitz Chemical Corporation
- Jul. 2012 Relocation of head office to Uchisaiwaicho, Chiyoda-ku, Tokyo
- Apr. 2015 Absorption of subsidiary Sojitz Pla-Net Holdings, Inc.
- Apr. 2022 Transferred from the First Section of the Tokyo Stock Exchange to the Prime Market segment following the revision to the categories of this securities exchange on April 4, 2022.

\*<sup>1</sup> Sojitz predecessor Nichimen Corporation was initially established as Japan Cotton Trading Co., Ltd., in 1892, starting its business with the import of raw cotton. This company later changed its name to Nichimen Co., Ltd., in 1943 before taking on the name of Nichimen Corporation in 1982.

\*<sup>2</sup> Nissho Iwai Corporation was established through a merger between Nissho Co., Ltd., and Iwai Sangyo Co., Ltd., in 1968. Suzuki & Co., Ltd., the predecessor of Nissho Co., Ltd., was founded in 1874 by Iwajiro Suzuki and got its start in foreign sugar transactions. This company filed for bankruptcy during the Showa Financial Crisis in 1927, but Nissho Co., Ltd. was established to succeed this company by Seiichi Takahata and other members of Suzuki & Co. in 1928. Iwai Bunsuke Shoten, the predecessor of Iwai Sangyo Co., Ltd., was established in 1862 by Bunsuke Iwai as a company that imported sundries. The operations of this company were later carried on by its successor Iwai & Co., Ltd., which was established in 1896 and later changed its name to Iwai Sangyo Co., Ltd., in 1943.

The process of the establishment of Sojitz Corporation includes the following.

- Dec. 2002 Conclusion of basic agreement between Nichimen Corporation and Nissho Iwai Corporation to transfer shares to jointly establish a holding company and integrate management on the condition of receipt of approval by the relevant authorities and at the general meetings of shareholders of the respective companies
- Jan. 2003 Approval by respective boards of directors of conclusion of agreement between Nichimen Corporation and Nissho Iwai Corporation to transfer shares on the condition of receipt of approval by the relevant authorities and at the general meetings of shareholders of the respective companies and conclusion of said agreement; resolution by respective boards of directors to submit necessary proposal for transfer of shares for approval at special meetings of shareholders of the respective companies
- Feb. 2003 Receipt of approval at extraordinary meetings of shareholders of Nichimen Corporation and Nissho Iwai Corporation for the companies to jointly establish the Company and become wholly owned subsidiaries of the Company

### 3. Business Overview

Sojitz Group is engaged in a wide range of businesses on a global basis as a general trading company. Our main businesses are trading, import, and export of products, domestic and overseas manufacture and sale of a diverse array of products, provision of services in Japan and overseas, planning and organizing of various projects, investment in diversified business areas, and financial activities.

The Group consists of 433 consolidated subsidiaries and equity method associates, including 307 consolidated subsidiaries and 126 equity method associates. (Of these, the Company directly performs consolidation accounting for a total of 254 companies consisting of 178 consolidated subsidiaries and 76 equity method associates.)

Effective April 1, 2023, the Company reorganized its Aerospace & Transportation Project, Infrastructure & Healthcare, Chemicals, Consumer Industry & Agriculture Business, Retail & Consumer Service segments, and others and changed its reporting segment classification method.

The following table lists our products, services, and main subsidiaries and affiliates by industry segment.

As of March 31, 2024

Segment	Main products and services	Main subsidiaries and associates (Status within consolidated group)
Automotive	Trading of completed automobiles; Assembly and sales; Retail; Quality inspection operations; Financing; Sales and service operations incorporating digital technologies.	<ul style="list-style-type: none"> <li>- Sojitz Auto Group Japan Co., Ltd. (Subsidiary)</li> <li>- Albert Automotive Holdings Pty Ltd (Subsidiary)</li> <li>- Sojitz de Puerto Rico Corporation (Subsidiary)</li> <li>- SILABA MOTORS, S.A. (Subsidiary)</li> </ul> <p>Subsidiary: 45 Equity method associate: 5</p>
Aerospace & Transportation Project	Aero business (commercial aircraft, defense and related equipment agency and sales, business jets, used aircraft and part-out business); Transportation and social infrastructure projects (transportation projects, airport, port, and other social infrastructure projects); Marine business (new building, second-hand ships, purchase and charter of new and used vessels, ship chartering, ship owning)	<ul style="list-style-type: none"> <li>- Sojitz Aerospace Corporation (Subsidiary)</li> <li>- Japcon Inc. (Subsidiary)</li> </ul> <p>Subsidiary: 35 Equity method associate: 11</p>
Infrastructure & Healthcare	Infrastructure & environment (renewable energy IPP infrastructure investment, renewable energy-related service project); Power Infrastructure-solution projects(IWPP, energy management, power plant EPC business); Energy conservation business; Energy (Oil and gas, petroleum products, LNG and LNG-related business); Nuclear power related business(nuclear fuels, Nuclear power-related equipment business); ICT infrastructure projects (telecommunications tower, fiber etc.); Industrial and urban infrastructure (industrial park, housing, office, smart cities, data center); Cloud services and managed services; Healthcare project(hospital PPP, medical-related service, healthcare new technology; Industrial Machinery; Bearings; Automobile and motorcycle parts; Automotive Process; Marine business; Power, energy and plant business.	<ul style="list-style-type: none"> <li>- Orchid Wind Power GmbH (Subsidiary)</li> <li>- Starwind Offshore GmbH (Subsidiary)</li> <li>- Sojitz Global Investment B.V. (Subsidiary)</li> <li>- Ellis Air Group Pty Ltd (Subsidiary)</li> <li>- LNG Japan Corporation (Equity method associate)</li> <li>- SAKURA Internet Inc. (Equity method associate) *1</li> <li>- PT. Pura delta Lestari Tbk (Equity method associate)</li> <li>- Sojitz Hospital PPP Investment B.V. (Subsidiary)</li> <li>- SOJITZ HEALTHCARE AUSTRALIA PTY LTD (Subsidiary)</li> <li>- Qualitas Medical Limited (Equity method associate)</li> <li>- Sojitz Machinery Corporation (Subsidiary)</li> </ul> <p>Subsidiary: 51 Equity method associate: 40</p>

Segment	Main products and services	Main subsidiaries and associates (Status within consolidated group)
Metals, Mineral Resources & Recycling	Coal; Iron ore; Ferroalloys (nickel, chromium, Niobium, etc.), Ores; Alumina; Aluminum; Copper; Zinc; Precious metals; Ceramics and minerals; Coke; Carbon products; Infrastructure businesses; Steel-related business; Resource recycling business	<ul style="list-style-type: none"> <li>- Sojitz JECT Corporation (Subsidiary)</li> <li>- Sojitz Development Pty Ltd (Subsidiary)</li> <li>- Sojitz Resources (Australia) Pty. Ltd. (Subsidiary)</li> <li>- Sojitz Moly Resources, Inc. (Subsidiary) *2</li> <li>- Metal One Corporation (Equity method associate)</li> <li>- Japan Alumina Associates (Australia) Pty. Ltd. (Equity method associate)</li> </ul> Subsidiary: 22 Equity method associate: 15
Chemicals	Organic chemicals; Inorganic chemicals; Functional chemicals; Fine chemicals; Industrial salt; Healthcare and natural products; Rare earths; Commodity resins; Advanced resins; Environmentally friendly resins; Packaging materials for industry and foodstuffs; Advanced film and sheet; Plastic molding machines; Other plastic products; Electronics materials including liquid crystals, electrolytic copper foil, printed circuit board electronics materials; Fiber materials and products for use in industrial supplies	<ul style="list-style-type: none"> <li>- Sojitz Pla-Net Corporation (Subsidiary)</li> <li>- Pla Matels Corporation (Subsidiary)</li> <li>- PT. Kaltim Methanol Industri (Subsidiary)</li> <li>- Sojitz SOLVADIS GmbH (Subsidiary) *3</li> </ul> Subsidiary: 23 Equity method associate: 11
Consumer Industry & Agriculture Business	Grains; Wheat flour; Oils and fats; Oil stuff; Feed materials; Sweets; Raw ingredients for sweets; Other foodstuffs and raw ingredients; Compound chemical fertilizers; Construction materials; Imported timber; Timber products such as lumber, Plywood and laminated lumber; Housing materials; Manufacture and sale of wood chips; Papermaking; Decarbonization (biomass, carbon credit); Agriculture; Regional revitalization	<ul style="list-style-type: none"> <li>- Sojitz Building Materials Corporation (Subsidiary)</li> <li>- Thai Central Chemical Public Co., Ltd. (Subsidiary)</li> <li>- Saigon Paper Corporation (Subsidiary)</li> <li>- Atlas Fertilizer Corporation (Subsidiary)</li> </ul> Subsidiary: 25 Equity method associate: 12

Segment	Main products and services	Main subsidiaries and associates (Status within consolidated group)
Retail & Consumer Service	Food and consumer goods distribution businesses; Convenience store business; Food service business; Shopping center management; Real estate development; Consignment sales; Rent; Administration and management businesses (housing, office, etc.); Sugar; Saccharified products; Wheat flour; Grain; Oils and fats; Starch flour; Dairy products; Crop processors and indigent; Livestock products and livestock-related processed products; Processed marine products and marine products; Other foodstuffs and raw ingredients; Imported tobacco; Cotton and synthetic fabrics; Knitted fabrics and products; Clothing; Bedclothes and home fashion-related products; General commodities; Medical materials	<ul style="list-style-type: none"> <li>- Sojitz Foods Corporation (Subsidiary)</li> <li>- The Marine Foods Corporation (Subsidiary)</li> <li>- TRY Inc. (Subsidiary)</li> <li>- DaiTanViet Joint Stock Company (Subsidiary)</li> <li>- Sojitz Fashion Co., Ltd. (Subsidiary)</li> <li>- Sojitz Infinity Inc. (Subsidiary)</li> <li>- Sojitz LifeOne Corporation (Subsidiary)</li> <li>- Sojitz Royal In-flight Catering Co., Ltd. (Subsidiary)</li> <li>- ROYAL HOLDINGS Co., Ltd. (Equity method associate) *1</li> <li>- JALUX Inc. (Equity method associate)</li> <li>- SJ Future Holdings Corporation (Equity method associate)</li> <li>- Fuji Nihon Seito Corporation (Equity method associate) *1</li> </ul> <p>Subsidiary: 30 Equity method associate: 24</p>
Others	Administration; Domestic branches; Logistics and insurance services; Network service	<ul style="list-style-type: none"> <li>- Sojitz Kyushu Corporation (Subsidiary)</li> <li>- Sojitz Logistics Corporation (Subsidiary)</li> <li>- Sojitz Insurance Agency Corporation (Subsidiary)</li> <li>- Sojitz Tourist Corporation (Subsidiary)</li> <li>- Sojitz Shared Service Corporation (Subsidiary)</li> <li>- Sojitz Research Institute Ltd. (Subsidiary)</li> <li>- Nissho Electronics Corporation (Subsidiary)</li> </ul> <p>Subsidiary: 22 Equity method associate: 2</p>
Overseas Branches	<p>We are engaged in wide range of activities as a general trading company, trading in thousands of products overseas.</p> <p>In the segment information, the business segments are included based on the similarity of the products handled. The segment information includes the following business segments based on the similarity of products handled.</p>	<ul style="list-style-type: none"> <li>- Sojitz Corporation of America (Subsidiary)</li> <li>- Sojitz Corporation of Europe B.V. (Subsidiary)</li> <li>- Sojitz Europe Trade Holdings GmbH (Subsidiary)</li> <li>- Sojitz Asia Pte. Ltd. (Subsidiary)</li> <li>- Sojitz (Hong Kong) Ltd. (Subsidiary)</li> <li>- Sojitz (China) Co., Ltd. (Subsidiary)</li> </ul> <p>Subsidiary: 54 Equity method associate: 6</p>

(\*1) The following companies are listed in the Japanese stock market as of March 31, 2024:

- SAKURA Internet Inc. (TSE Prime market)
- ROYAL HOLDINGS Co., Ltd. (TSE Prime market, Fukuoka stock exchange)
- Fuji Nihon Seito Corporation (TSE Standard market)

(\*2) Sojitz Moly Resources, Inc. was excluded from the list of affiliated companies due to the sale of shares on May 30, 2024.

(\*3) solvadis deutschland gmbh and four other group companies merged with Sojitz Europe GmbH as the surviving company and changed its name to Sojitz SOLVADIS GmbH on December 1, 2023.

(\*4) Of the subsidiaries not included in the above table, Sojitz Europe plc, an overseas office, and Sojitz Energy Services LLC, a subsidiary of Sojitz Corporation of America, are the category of specified subsidiaries.

## 4. Affiliated Companies

### (1) Major Subsidiaries

As of March 31, 2024

Segment	Registered Name	Location	Share capital or loans (Millions of Yen)	Ownership of voting shares(%) *2	Relation details			
					Concurrent directors, etc. (persons)	Loan	Business transactions	Equipment Leasing
Automotive	Sojitz Auto Group Japan Co., Ltd.	Chiyoda-ku, Tokyo	100	100.0	5	Yes	Sojitz is a seller of goods.	-
	Albert Automotive Holdings Pty Ltd	Melbourne, Australia	AUD 96,742 thousands	100.0	4	No	-	-
	Sojitz de Puerto Rico Corporation	Catano, Puerto Rico	USD 7,000 thousands	100.0	3	No	Sojitz is a seller of goods.	-
	SILABA MOTORS, S.A.	Panama, Panama	USD 4,710 thousands	100.0	4	No	-	-
	Other: 41 consolidated subsidiaries							
Aerospace & Transportation Project	Sojitz Aerospace Corporation	Chiyoda-ku, Tokyo	1,410	100.0	7	No	Sojitz is a seller of goods.	Building
	Japcon Inc.	Minami-ku, Okayama-shi	3	100.0	4	No	-	-
	Other: 33 consolidated subsidiaries							
Infrastructure & Healthcare	Orchid Wind Power GmbH*1	Duesseldorf, Germany	EUR 580,530 thousands	100.0	1	No	-	-
	Starwind Offshore GmbH*1	Duesseldorf, Germany	EUR 750,301 thousands	100.0 (100.0)	1	Yes	-	-
	Sojitz Global Investment B.V.	Amsterdam, Netherland	USD 37 thousands	100.0	2	No	-	-
	Ellis Air Group Pty Ltd	Melbourne, Australia	AUD 132,250 thousands	87.5 (87.5)	4	No	-	-
	Sojitz Hospital PPP Investment B.V. *1	Amsterdam, Netherland	31,802	100.0	2	No	-	-
	SOJITZ HEALTHCARE AUSTRALIA PTY LTD	Sydney, Australia	AUD 1,897 thousands	100.0	2	No	-	-
	Sojitz Machinery Corporation	Chiyoda-ku, Tokyo	1,480	100.0	11	No	-	Building
	Other: 44 consolidated subsidiaries							
Metals, Mineral Resources & Recycling	Sojitz JECT Corporation	Minato-ku, Tokyo	460	100.0	6	No	Sojitz is the entrusting party for product sales operations.	-
	Sojitz Development Pty Ltd	Brisbane, Australia	AUD 111,500 thousands	100.0	5	Yes	-	-
	Sojitz Resources (Australia) Pty. Ltd. *1	Perth, Australia	AUD 237,841 thousands	100.0 (3.3)	2	No	-	-
	Sojitz Moly Resources, Inc. *1 *3	Vancouver, Canada	CAD 271,096 thousands	100.0	3	No	-	-
	Other: 18 consolidated subsidiaries							
Chemicals	Sojitz Pla-Net Corporation	Chiyoda-ku, Tokyo	3,000	100.0	7	No	Sojitz is a supplier of raw material and seller of a part of goods.	Building
	Pla Matels Corporation	Shinagawa-ku, Tokyo	793	100.0 (100.0)	7	No	Sojitz is a supplier of raw material.	-
	PT. Kaltim Methanol Industri	Jakarta, Indonesia	USD 10,374 thousands	85.0	6	No	Sojitz is a buyer of goods.	-
	Sojitz SOLVADIS GmbH *4	Duesseldorf, Germany	EUR 63,042 thousands	100.0 (100.0)	2	No	Sojitz is a seller of goods.	-
	Other: 19 consolidated subsidiaries							
Consumer Industry & Agriculture Business	Sojitz Building Materials Corporation	Chiyoda-ku, Tokyo	1,039	100.0	6	No	Sojitz is a seller of goods.	Building
	Thai Central Chemical Public Co., Ltd.	Bangkok, Thailand	Baht 1,754,142 thousands	97.9 (49.1)	6	No	-	-
	Saigon Paper Corporation	Ho Chi Minh, Vietnam	VND 2,081,890 millions	97.7	6	No	-	-
	Atlas Fertilizer Corporation	Manila, Philippine	PHP 465,034 thousands	100.0	6	No	Sojitz is a supplier of raw material.	-
	Other: 21 consolidated subsidiaries							

Segment	Company name	Location	Share capital or loans (Millions of Yen)	Ownership of voting shares (%) *2	Relation details			
					Concurrent directors, etc. (persons)	Loan	Business transactions	Equipment leasing
Retail & Consumer Service	Sojitz Foods Corporation	Minato-ku, Tokyo	412	100.0	10	No	Sojitz is a seller and a buyer of goods.	Building
	The Marine Foods Corporation	Minato-ku, Tokyo	1,833	100.0	6	No	Sojitz is a seller of goods.	-
	TRY Inc.	shimizu-ku, Shizuoka-shi	67	100.0	7	No	Sojitz is a seller of goods.	-
	DaiTanViet Joint Stock Company	Ho Chi Minh, Vietnam	VND 250,500 millions	100.0	7	No	-	-
	Sojitz Fashion Co., Ltd.	Chuo-ku, Osaka-shi	200	100.0	6	No	-	-
	Sojitz Infinity Inc.	Minato-ku, Tokyo	100	100.0	5	No	Sojitz is the entrusting party for product sales operations	-
	Sojitz LifeOne Corporation	Minato-ku, Tokyo	324	100.0	8	No	Sojitz is a consigner of real estate management services.	Building
	Sojitz Royal In-flight Catering Co., Ltd.	Sennan-shi, Osaka	100	60.0	3	Yes	-	-
	Other: 22 consolidated subsidiaries							
Others	Sojitz Kyushu Corporation	Chuo-ku, Fukuoka-shi	500	100.0	5	No	Sojitz is a seller of goods.	-
	Sojitz Logistics Corporation	Chiyoda-ku, Tokyo	100	100.0	4	No	Sojitz is the entrusting party for logistics-related operations.	Building
	Sojitz Insurance Agency Corporation	Chiyoda-ku, Tokyo	200	100.0	4	No	Sojitz Insurance Agency Corporation is the intermediary for Sojitz's property and casualty insurance.	Building
	Sojitz Tourist Corporation	Chiyoda-ku, Tokyo	30	100.0	4	Yes	Sojitz Tourist Corporation is the intermediary for Sojitz's business travel etc.	Building
	Sojitz Shared Service Corporation	Chiyoda-ku, Tokyo	60	100.0	5	No	Sojitz is the entrusting party for function-related operations.	Building
	Sojitz Research Institute, Ltd.	Chiyoda-ku, Tokyo	41	100.0	4	No	Sojitz is the entrusting party for research, study, and development operations.	Building
	Nissho Electronics Corporation	Chiyoda-ku, Tokyo	14,336	100.0	5	No	Sojitz is the entrusting party for system-related operations.	Building
	Other: 15 consolidated subsidiaries							
Overseas Branches	Sojitz Corporation of America *1	New York, U.S.A	USD 337,937 thousands	100.0	6	No	Sojitz is a seller and a buyer of goods.	-
	Sojitz Corporation of Europe B.V.	Amsterdam, Netherland	EUR 10 thousands	100.0	3	Yes	Sojitz is the entrusting party for functional operations in the European region.	-
	Sojitz Europe Trade Holdings GmbH	Duesseldorf, Germany	EUR 42,099 thousands	100.0	3	No	-	-
	Sojitz Asia Pte. Ltd. *1	Singapore, Singapore	USD 136,507 thousands	100.0	3	No	Sojitz is a seller and a buyer of goods.	-
	Sojitz (Hong Kong) Ltd.	Hong Kong, China	USD 27,691 thousands	100.0	3	No	Sojitz is a seller and a buyer of goods.	-
	Sojitz (China) Co., Ltd.	Beijing, China	USD 60,000 thousands	100.0	5	No	Sojitz is a seller of goods.	-
	Other: 48 consolidated subsidiaries							

(Note)

\*1: These companies are specified subsidiaries. Additionally, other than the aforementioned companies, Sojitz Europe plc, an overseas office, and Sojitz Energy Services LLC, a subsidiary of Sojitz Corporation of America, are also specified subsidiaries.

\*2: Figures in parentheses are indirect voting share percentages.

\*3: Sojitz Moly Resources, Inc. was excluded from related companies due to the sale of shares on May 30, 2024.

\*4: solvadis deutschland gmbh and four other group companies merged with Sojitz Europe GmbH as the surviving company and changed its name to Sojitz SOLVADIS GmbH on December 1, 2023.

## (2) Equity method associates

As of March 31, 2024

AS OF MARCH 31, 2024

Segment	Company name	Location	Share capital or loans (Millions of Yen)	Ownership of voting shares (%) <sup>*3</sup>	Relation details			
					Concurrent directors, etc. (persons)	Loan	Business transactions	Equipment leasing
Automotive	5 equity method associates							
Aerospace & Transportation Project	11 equity method associates							
Infrastructure & Healthcare	LNG Japan Corporation	Chiyoda-ku, Tokyo	22,142	50.0	5	No	-	-
	SAKURA Internet Inc. <sup>*1</sup>	Kita-ku, Osaka-shi	2,256	29.5	4	No	-	-
	PT. Puradelta Lestari Tbk	Jakarta, Indonesia	IDR 4,819,811 millions	25.0	3	No	-	-
	Qualitas Medical Limited	Singapore, Singapore	SGD 317,780 thousands	21.3	1	No	-	-
	Other: 36 equity method associates							
Metals, Mineral Resources & Recycling	Metal One Corporation	Chiyoda-ku, Tokyo	100,000	40.0	8	No	-	-
	Japan Alumina Associates (Australia) Pty. Ltd.	Perth, Australia	AUD 224,480 thousands	50.0	1	No	Sojitz is a buyer of goods.	-
	Other: 13 equity method associates							
Chemicals	11 equity method associates							
Consumer Industry & Agriculture Business	12 equity method associates							
Retail & Consumer Service	ROYAL HOLDINGS Co., Ltd. <sup>*1 *2</sup>	Hakata-ku, Fukuoka-shi	17,830	19.9	3	No	-	-
	JALUX Inc.	Minato-ku, Tokyo	2,558	22.2	6	No	-	-
	SJ Future Holdings Corporation	Shinagawa-ku, Tokyo	100	49.5	2	No	-	-
	Fuji Nihon Seito Corporation <sup>*1</sup>	Chuo-ku, Tokyo	1,524	31.9 (1.6)	5	No	Sojitz is a buyer of goods.	-
	Other: 20 equity method associates							
Other	2 equity method associates							
Overseas branches	6 equity method associates							

(Note)

<sup>\*1</sup> Annual Securities Report has been filed.

<sup>\*2</sup> Although the Company's ownership interest is less than 20/100, it is accounted for by the equity method associates due to the substantial influence it exerts.

<sup>\*3</sup> Figures in parentheses are indirect voting share percentages.

## 5. Employees

### (1) Sojitz & Subsidiaries

As of March 31, 2024

Operating Segment	Number of Employees	
Automotive	5,841	[1,065]
Aerospace & Transportation Project	939	[22]
Infrastructure & Healthcare	1,694	[421]
Metals, Mineral Resources & Recycling	863	[91]
Chemicals	1,635	[146]
Consumer Industry & Agriculture Business	3,824	[1,277]
Retail & Consumer Service	5,171	[1,505]
Others	2,852	[469]
Total	22,819	[4,996]

(Note)

The number of employees includes employees that have been assigned to the Company Group from companies outside the Company Group and excludes employees that have been assigned to companies outside the Company Group. The figures in parentheses in the number of employees column indicate the annual average number of contract employees.

### (2) Sojitz

As of March 31, 2024

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary (Yen)
2,513	41.4	15.0	12,471,658

The number of employees, includes 67 employees locally hired at overseas offices and 27 employees that have been assigned to the Company from companies outside the Company, and excludes 572 employees that have been assigned to companies outside the Company, is 2,035. The number of employees by operating segment are as follows.

Operating Segment	Employees(persons)	
Automotive	95	[4]
Aerospace & Transportation Project	130	[3]
Infrastructure & Healthcare	207	[2]
Metals, Mineral Resources & Recycling	188	[5]
Chemicals	210	[4]
Consumer Industry & Agriculture Business	134	[3]
Retail & Consumer Service	118	[0]
Others	953	[40]
Total	2,035	[61]

(Note)

1 The figures in parentheses in the number of employees column indicate the annual average number of contract employees.

2 Average Yearly Salary includes bonuses and overtime pay etc.

### (3) Trade Union

No material items to report.

(4) “Percentage of female workers in management positions”, “Percentage of male employees taking childcare leave” and “Wage differentials between male and female” based on the Act for the Promotion of Women’s Advancement

Sojitz Corporation (Unit %)	Percentage of female workers in management positions *1	Percentage of male employees taking childcare leave, etc. (Acquire/Subject (persons))			Wage differentials between male and female *4 *6		
					All employees	Full-time employee	Contract Employee *5
Sojitz Corporation	6.4	Legal Basis*2	95.9	(47/49)	58.2	58.6	61.4
		Actual Basis*3	100.0	(49/49)			

Sojitz Group companies (Unit %)	Percentage of female workers in management positions *1	Percentage of male employees taking childcare leave, etc. (Acquire/Subject (persons))			Wage differentials between male and female *4 *6		
					All employees	Full-time employee	Contract Employee *5
Over 300 persons							
The Marine Foods Corporation	1.1	Legal Basis*2	62.5	(5/8)	55.7	63.9	72.6
Nissho Electronics Corporation	7.6		100.0	(11/11)	78.9	78.2	103.6
Sojitz LifeOne Corporation	8.8		75.0	(3/4)	96.6	64.8	92.0
Sojitz Royal In-flight Catering Co., Ltd.	5.6		87.5	(7/8)	63.8	75.6	92.3
Sojitz Infinity Inc.	0.0		0.0	(0/2)	58.7	76.5	72.9
Sojitz Machinery Corporation	3.7		50.0	(3/6)	71.9	69.3	61.6
Sojitz Building Materials Corporation	1.2		100.0	(5/5)	67.5	55.8	59.5
101 – 300 persons							
Sojitz Foods Corporation	2.1	Legal Basis*2	100.0	(1/1)	63.2	63.0	38.1
Sojitz Auto Group Osaka Co., Ltd.	6.3		80.0	(4/5)	73.7	73.9	88.6
Sojitz Pla-Net Corporation	5.3		0.0	(0/1)	57.6	57.9	46.5
Sojitz Aerospace Corporation	0.0		0.0	(0/4)	56.4	56.8	40.8
Sojitz Auto Group Tokyo Co., Ltd.	7.7		0.0	(0/1)	65.6	70.8	18.6
Sojitz Auto Group Japan Co., Ltd.	3.2		0.0	(0/2)	55.6	63.4	25.8
Kushiro Marusui Co., Ltd.	42.9		0.0	(0/1)	59.4	75.6	61.4
Sojitz Shared Service Corporation	0.0		-	(0/0)	105.5	113.9	65.1
Sojitz New Urban Development Corporation	11.1		50.0	(1/2)	69.2	81.8	63.2

\*1 Persons in supervisory or managerial positions as defined in Article 41, Item 2 of the Labor Standards Act

\*2 Ratio of (b) to (a)

(a) Number of male employees whose children were born during FY2023

(b) Number of male employees who took childcare leave for the first time during FY2023 to care for a child less than one year after birth or equivalent special leave prescribed by the company for the purpose of caring for a child

Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991), the percentage of child-care leave, etc. taken is calculated as per Article 71-4-1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25, 1991). The number in (b) includes the number of male employees whose children were born during FY2022.

\*3 Ratio of (d) to (c)

(c) Number of male employees whose children were born during FY2023

(d) Of the number in (c), the sum of those who took childcare leave or equivalent special leave for the first time during FY2023 and those who were confirmed to be planning to take it for the first time in FY2024 within one year after the birth of their child

\*4 Ratio of average annual wages of female employees to average annual wages of male employees

\*5 Includes employees with individually concluded employment contracts (contract employees) who have converted from fixed-term employment contracts to indefinite-term employment contracts.

\*6 For more information on the wage differentials between male and female at Sojitz, please refer to “**2. Operating and Financial Review and Prospects**, 2. Sustainability Policies and Initiatives, (2) Basic Policy for Human Resource strategies, **Strategy**, 5) Information Disclosure based on the Act for the Promotion of Women’s Advancement (Supplemental Information)” (Page 48-51).

## 2. Operating and Financial Review and Prospects

### 1. Management Policies, Operating Environment, and Management Issues

#### (1) Fundamental Policy

In accordance with the Sojitz Group Statement and the Sojitz Group Slogan, to create prosperity as in our corporate statement, the Sojitz Group is committed to maximizing two types of value — “value for Sojitz” and “value for society”. “Value for Sojitz” refers to enhancements to its business foundation contributions and to sustained growth. “Value for society” pertains to contributions to the development of countries and local economies, respect for human rights, and environmental preservation.

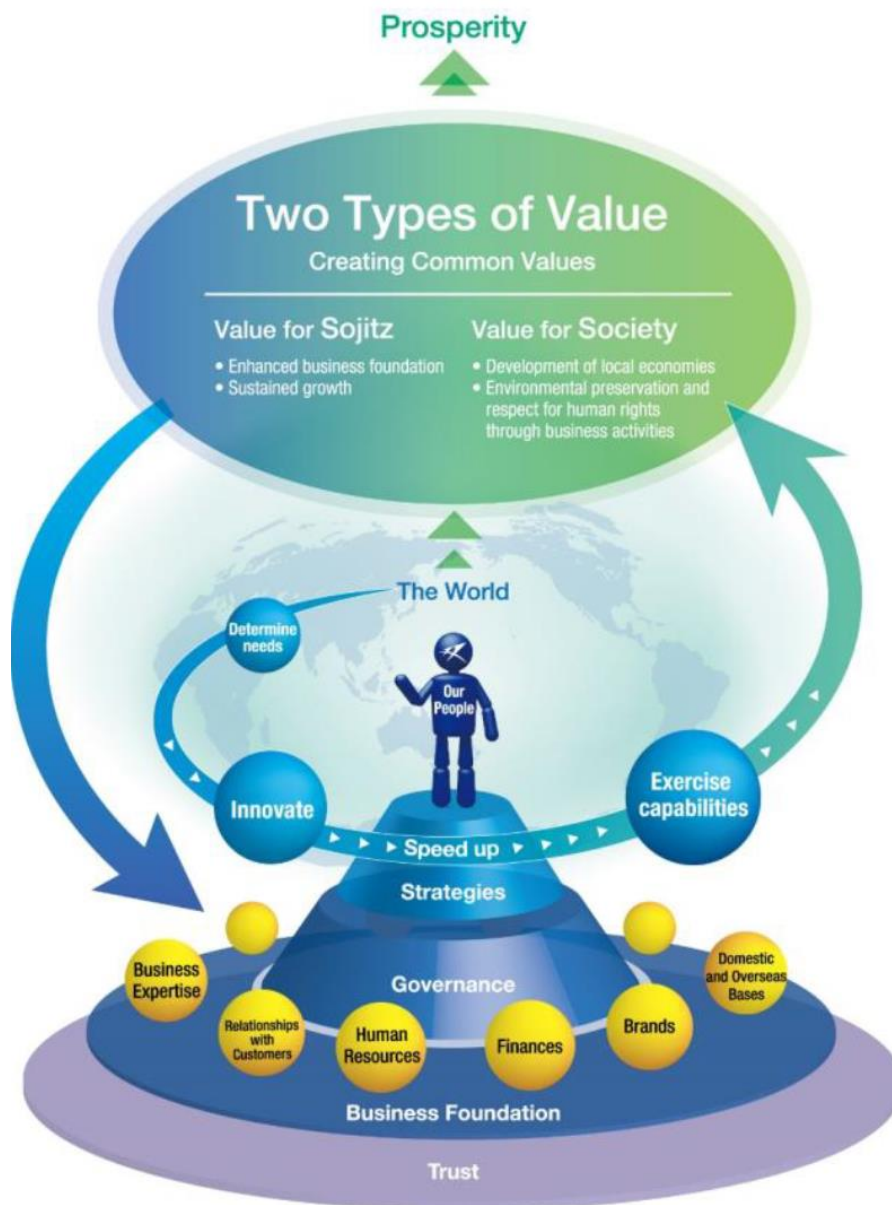
(Sojitz Group Statement)

**The Sojitz Group creates value and prosperity by  
connecting the world with a spirit of integrity.**

(Sojitz Group Slogan)

***New way, New value***

(Sojitz’s Value Creation Model)



In order to create a prosperity and two types of values, Sojitz considers human resources to be our most important management resource, which Sojitz describes as "human assets", and place them at the center of our value creation model. The source of Sojitz's value creation is to understand the needs of the world and to enhance our human resource capabilities to create value.

Based on highly effective strategies and robust corporate governance systems, always guided by new ideas, Sojitz exercises our capabilities through trading, investments in interests, and business investments as we quickly expand our business while managing risk based on the uncertainty seen in the operating environment.

Moreover, Sojitz's sustained growth is supported by the solid operating foundation, it has built over the years. This foundation is comprised of our global network of operating bases and partners and the trusting relationships with customers and strong brand image we have fostered over the years in the regions Sojitz serves.

As Sojitz creates "value for society", Sojitz earns the trust of our stakeholders. Meanwhile, the value we create enhances our business foundation through the development of human resources and the accumulation of business expertise as "value for Sojitz", thereby bolstering our competitiveness and granting us access to a wider range of business opportunities.

Based on this corporate statement, we have defined our "vision of Sojitz in 2030" as being a general trading company that constantly cultivates new businesses and human capital, and to pursue this vision, we will continue to fulfill our mission as a general trading company: delivering goods and services where necessary. At the same time, we enhance our corporate value in a sustainable manner by creating business and human resource value that responds to market needs and social issues.

## (2) Review of Medium-Term Management Plan 2023

Positioning Medium-Term Management Plan 2023 as the first step towards our vision for 2030 of "Becoming a general trading company that constantly cultivates new businesses and human capital," Sojitz has implemented initiatives to enhance its corporate value in a sustainable manner. By enhancing earning power to improve ROE and striving to reduce capital costs by increasing the transparency of our initiatives, including non-financial aspects, we have also implemented a stable and continuous dividend policy in addition to flexible share repurchases. As a result of these efforts, we were able to achieve all the targets in our quantitative plan.

### < Quantitative targets and results of Medium-Term Management Plan 2023 >

		Results	Initial Plan
<b>Profit for the year</b>	Avg.	<b>¥98.1bn</b>	¥65.0bn
<b>Core operating CF</b>	Avg.	<b>¥127.7bn</b>	¥80.0bn
<b>Core CF</b>	Total	<b>¥83.3bn</b>	Positive
<b>Investments</b>	Total	<b>¥447.7bn</b>	¥330.0bn
<b>Consolidated payout ratio</b>	Avg.	<b>29.0%</b>	approx. 30%
<b>Share repurchase</b>	-	<b>¥58.0bn</b>	—
<b>Net DER</b>	Final Year	<b>0.75</b>	approx. 1.0
<b>ROE</b>	Avg.	<b>12.6%</b>	10% or above
<b>ROA</b>	Final Year	<b>3.6%</b>	3% or above
<b>PBR</b>	Final Year	<b>Achieved</b> <small>(Closing share price on March 21, 2024)</small>	1.0x or above

In June 2021, Sojitz has established the following human capital key performance indicators (KPIs) for use in quantitative measurement of the degree of dissemination of human resource measures as a part of its human resources strategy. Sojitz has made them dynamic KPIs to facilitate flexible review according to the external environment and the status of penetration of human resources initiatives. Progress is checked and human resources initiatives are verified at the Management Committee and the Board of Directors meetings every six months.

Human Capital KPIs (Areas)	Results	Target
Ratio of female career track employees with domestic or overseas working experience	48%	50% (FY2023)
Digital fundamentals training completion by employees	Career track employees 100%	100% (FY2023)
Ratio of chief officer positions filled by locally hired employees	45%	50% (FY2025)
Challenge-taking indexes	To be finalized after the end-of-term evaluation	70% (FY2023)
Additional medical checkups taken when recommended	77%	70% (FY2023)
Childcare leave taken Parentheses indicate male employees	100%* (100%)	100% (FY2023)

\*Based on actual basis

Percentage of employees whose children were born in FY2023 who took childcare leave, including those planning to take leave in FY2024 (4 male employees).

### (3) Medium-Term Management Plan 2026

#### (a) Positioning of Medium-Term Management Plan 2026 “Set for Next Stage”

Based on the progress and achievements of “Medium-Term Management Plan 2023,” we have set a new quantitative target under the “Next Stage” to double the current earnings level and corporate value as we commence “Medium-Term Management Plan 2026.”



The “Medium-Term Management Plan 2026 - Set for Next Stage -” is designed to strengthen the base of growth and human capital in preparation for the Next Stage. We will invest actively in our base of growth and human capital to creating the “Sojitz Growth Story,” which is the key message for reaching the Next Stage.

### (b) Quantitative Targets

Our “Medium-Term Management Plan 2026” outlines the following quantitative targets. We will invest ¥600 billion for future growth, while maintaining financial discipline, and aim to increase corporate value and shareholder value by achieving a ROE of over 12%, which is higher than the 9-10% cost of shareholders' equity that we recognize.

In accordance with our cash allocation policy, which allocates approximately 30% of our core operating cash flow to shareholders, we will return profits to them.



➡ MTP2023 EPS: ¥428/share (3-year avg.) ➡➡➡ MTP2026 EPS: ¥570/share (3 years avg.)

vs. MTP2023 **Annualized rate: +10% growth**

\* Shareholder's Equity is after deducting other components of equity (Foreign Currency Translation Reserve, Other valuation difference, Deferred gains or losses on hedges) from total equity at the end of the previous fiscal year.

\* Shareholder's equity DOE: Dividend / shareholder equity

### (c) Basic Concept towards Next Stage

In order to realize Sojitz Growth Story, we will leverage our unique strengths and competitive edge by implementing the following core policies to reinforce our base of growth and human capital.



## “Our Competitiveness and Pursue for growth—Sojitz’s Unique Identity”

Sojitz has consistently been dedicated to its mission of delivering goods and services where necessary for more than a century through the three elements: “Future Forecasting,” “Innovative Transformation,” and “Challenge-taking Spirit.”

The "Medium-Term Management Plan 2026" retains these elements and redefines “Leveraging Speed,” “Co-creation and Sharing,” “Market-in approach ‘Glocal’,” “Partnership,” and “Human Capital” as new elements. We will strive to achieve sustainable growth by constantly evolving Sojitz’s Unique Identity derived from Sojitz’s DNA and making it a source of our competitiveness.

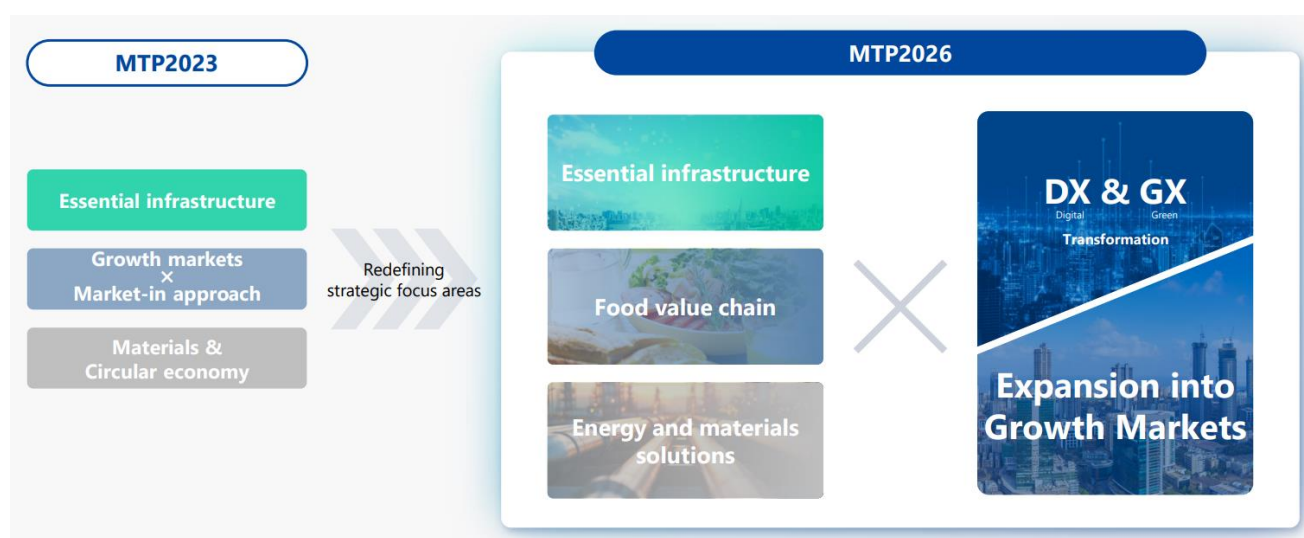


## (d) Reinforcing Base of Growth

### 1) Strategic Focus Areas

We have redefined strategic focus areas based on past performance and progress in the three strategic focus areas defined in Medium-Term Management Plan 2023 as below. Additionally, as indispensable elements across all business areas, we will strengthen "DX (Digital Transformation)" and "GX (Green Transformation)" initiatives company-wide.

Furthermore, we will expand our business model, which is being established in promising growth markets like Vietnam, to other regions as well.



Regarding DX (Digital Transformation), following the digital pioneering phase of the “Medium-Term Management Plan 2023,” we will create value through “Digital in All” through the following three pillars:

- Monetization of digital business:
  - i ) Strategic alliance and collaboration with SAKURA Internet Inc. to capture growth.
  - ii) Expanding digital business revenues by further strengthening the functions and profitability, etc. of Nissho Electronics, the digital business company of the Sojitz Group.
- Enhancing earning power, value, and competitiveness through the integration of existing businesses and digital technology
- Expansion of digital human resources and the development and establishment of a digital infrastructure for data and AI utilization

Regarding GX (Green Transformation), we will accelerate our initiatives towards our decarbonization goals under the “Sustainability Challenge,” our long-term vision for 2050. (For details, please refer to “**2. Operating and Financial Review and Prospects**, 2. Sustainability Policies and Initiatives, (1) Sustainability challenge, (a) Contributions to a Decarbonized Society” (Page 24-29).

Meanwhile, in January 2024, we established a specialized division directly under the management to actively allocate resources to businesses that contribute to GX, with the goal of both achieving a carbon-neutral society in a sustainable world and increasing corporate value.

## 2) The Sojitz Growth Story:

Examples of Sojitz Growth Story include the following.

### “Expansion into Growth Markets”

Sojitz’s business expansion strategy is to capture market needs and growth through intensive investments in relevant business and areas with growth potential where we have expertise, starting with individual business projects and gradually connecting dots, lines, and fields. Accordingly, we aim to establish such businesses early on beyond Vietnam so that we can achieve growth together with the local countries or the regions. In our management approach, we value continuous efforts to work for business construction involved in the front line. We also try to be creative to make a business in which we can grow together with partners.

### “Transformation/Deepening Business Models”

Sojitz has transformed various businesses in response to the social needs of the times through a market-in approach.

For example, in the energy business, Sojitz’s business has been evolved over time, starting from import trading oil and gas to exporting power plants, as well as developing and operating large-scale power plants. In recent years, we have started the business of Energy as a Service, combining renewable energy and energy conservation.

The evolution of business models is part of the Sojitz Growth Story, which is created by the elements of Sojitz’s business creation DNA, “Future Forecasting,” “Innovative Transformation,” and “Challenge-taking Spirit” along with strengths such as the market-in approach and partnerships that configures Sojitz’s unique identity. We will continue to evolve and grow in the respective areas of businesses and markets.

### “Optimizing the Value Chain Portfolio”

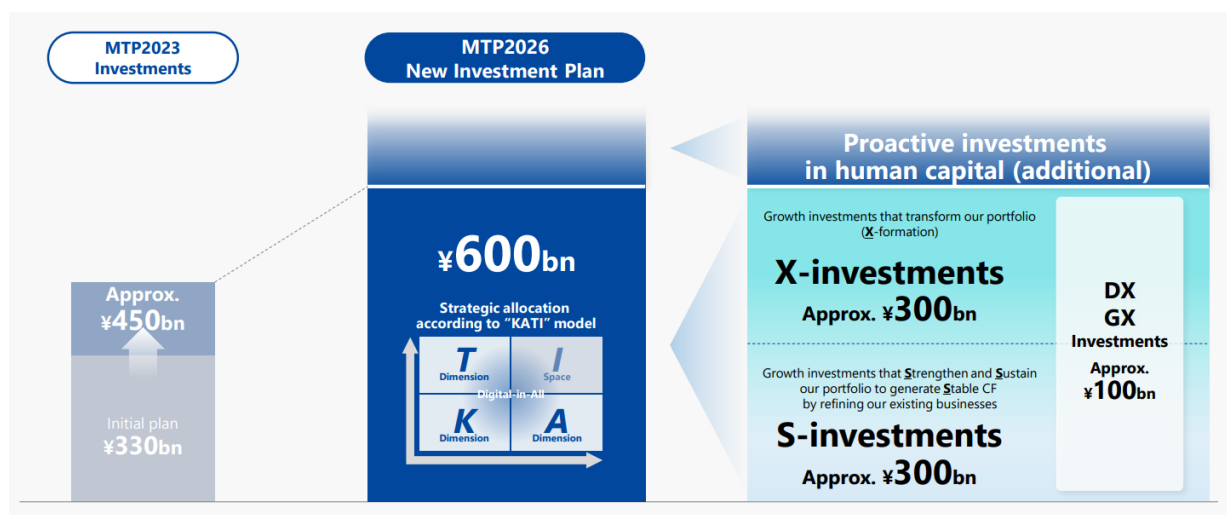
Along with the advancement of information technology and the globalization, we have witnessed a decline in the functions of intermediary industries in various value chains and a shift in the source of added value within the value chain to upstream and downstream segments. Sojitz has traditionally focused on midstream trading business, however, we will expand our businesses into segments with higher added value by leveraging our knowledge and contacts built through our core business in a wide range of industries. By doing so, we will transform our business portfolio continuously to further maximize business value.

### 3) Strategy for New Investments

For new investments, Sojitz plans to make growth investments and investment in human capital of more than ¥600 billion for 3 years.

In growth investments to strengthen the portfolio, we will pursue competitive advantage and uniqueness, and implement optimal resource allocation and growth strategies focused on building a “Katamari” of businesses around existing businesses.

In terms of growth investments that will transform the portfolio, we will carry out investments on a scale of more than ¥50 billion that will ensure sufficient profitability.



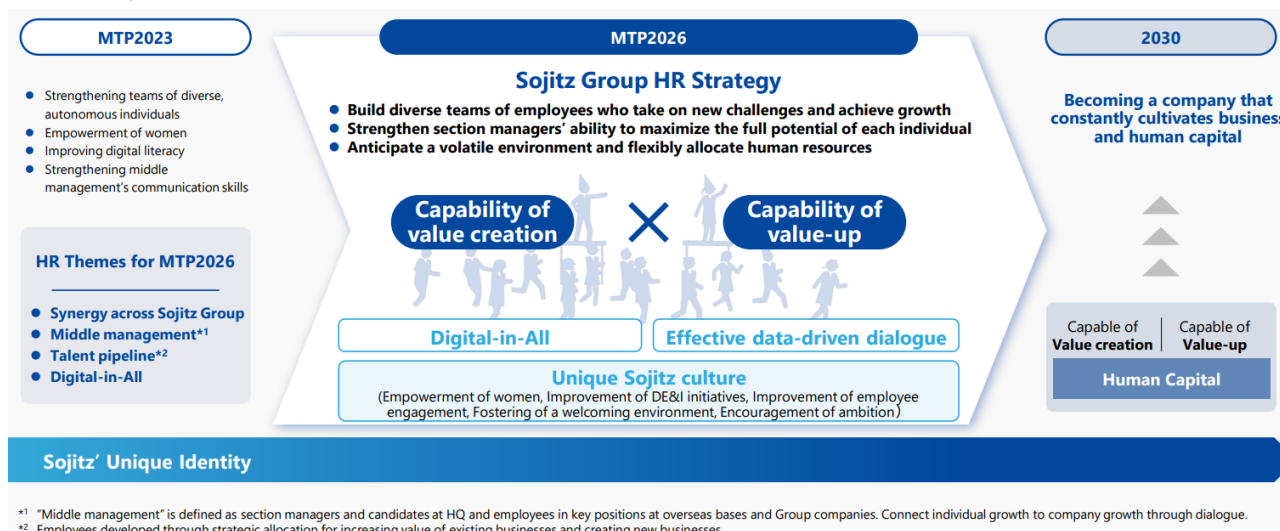
### (d) Reinforcement of Human Capital

#### 1) Human Resource Strategy

In the Medium-Term Management Plan 2026, aiming for the Sojitz's vision for 2030 of “Becoming a general trading company that constantly cultivates new businesses and human capital”, Sojitz strengthens its “capability of value creation” and “capability of value-up” to realize Sojitz Growth Story by setting three basic human resources strategy policies: “Build diverse teams of employees who take on new challenges and achieve growth”, “Strengthen section managers’ ability to maximize the full potential of each individual” and “Anticipate volatile environment and flexibly allocate human resources”.

As a foundation to support the strengthening of human capital, we will expand the culture that is distinctively Sojitz, such as challenge and flexible thinking, by “fostering unique Sojitz culture,” “Digital in All,” and “effective data-driven dialogue” and maximize our “capability of value creation” and “capability of value-up”.

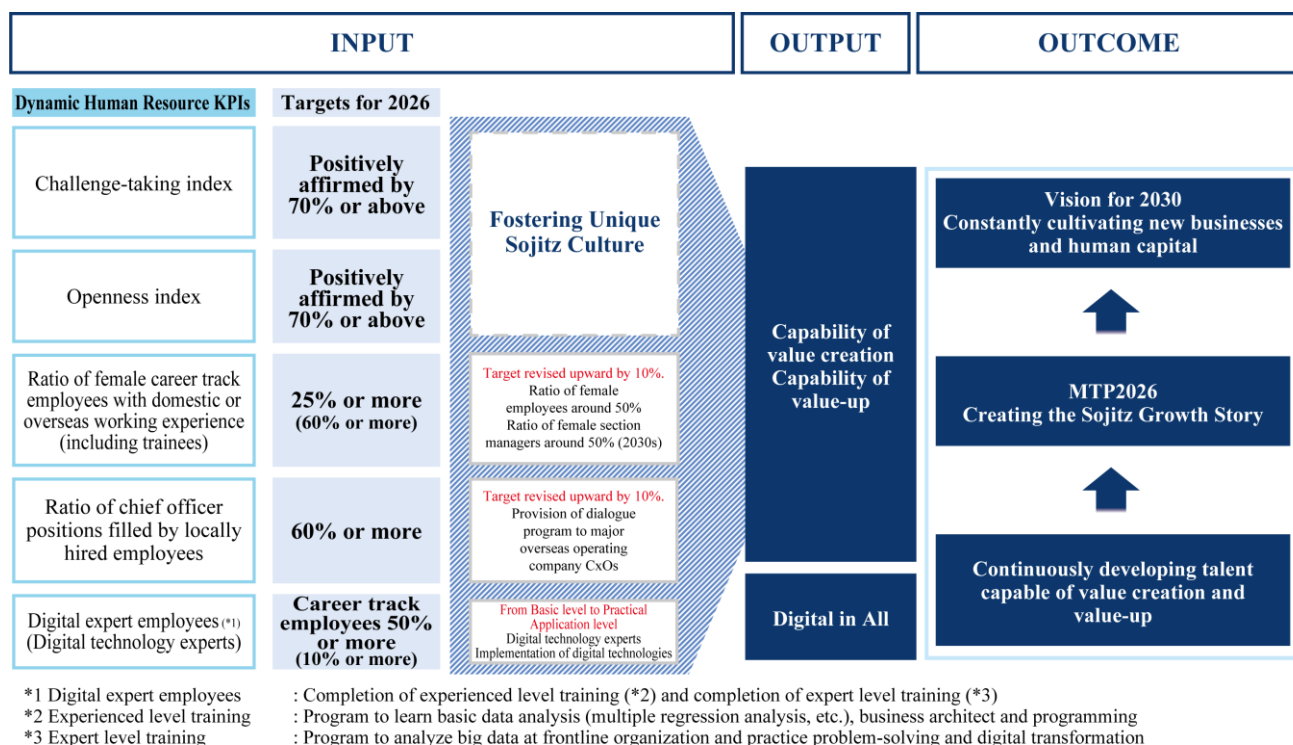
In April 2024, we have reviewed and newly started our personnel system, including role grading, evaluation and compensation. We will accelerate management emphasizing human capital in a manner that is distinctively Sojitz, by realizing individual growth, organizational growth and energization, and company growth and corporate value improvement.



\*1 "Middle management" is defined as section managers and candidates at HQ and employees in key positions at overseas bases and Group companies. Connect individual growth to company growth through dialogue.  
\*2 Employees developed through strategic allocation for increasing value of existing businesses and creating new businesses.

## 2) Dynamic Human Capital KPIs

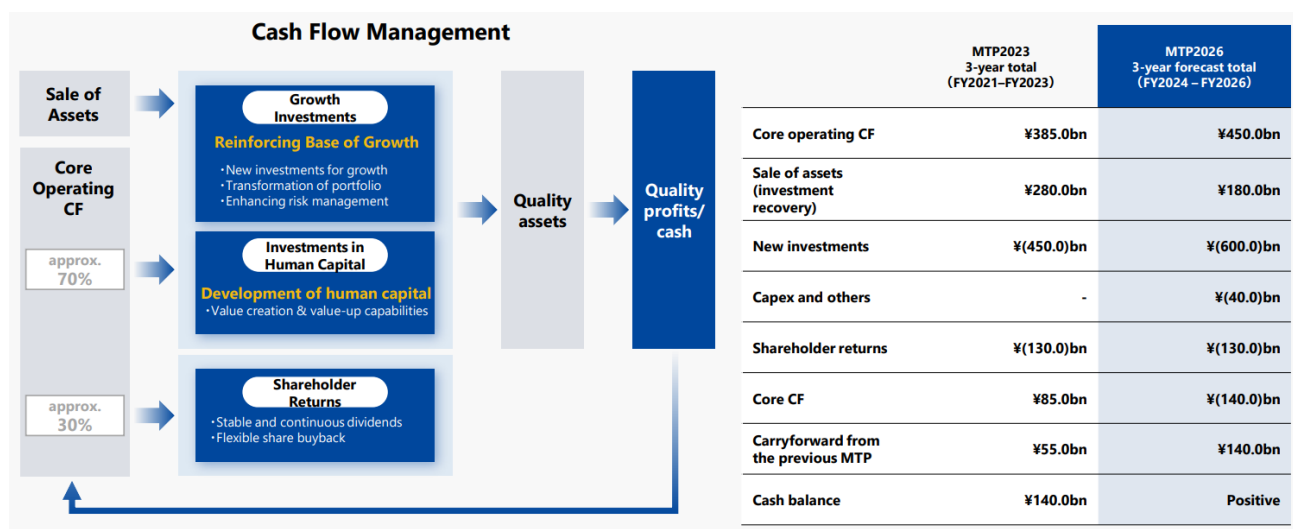
In order to realize Sojitz Growth Story toward the vision of 2030, it is necessary to develop and strengthen the people (organization and human resources) who can implement Digital in All, with capability of value creation and value-up. We will measure the effectiveness of various initiatives by setting the following human resources KPIs.



## (e) Cash Flow Management

We will use core operating cash flow and asset replacement as resources to growth investment and investments in human capital for further growth and shareholder return.

Approximately 70% of basic operating cash flow will be used to growth investment and investment in human capital, and approximately 30% will be used to shareholder return.



(f) Basic Policy for distribution of profit

Sojitz is to allocate approximately 30% of its accumulated core operating cash flow to shareholders return during the period of the "Medium-Term Management Plan 2026".

1) Dividends

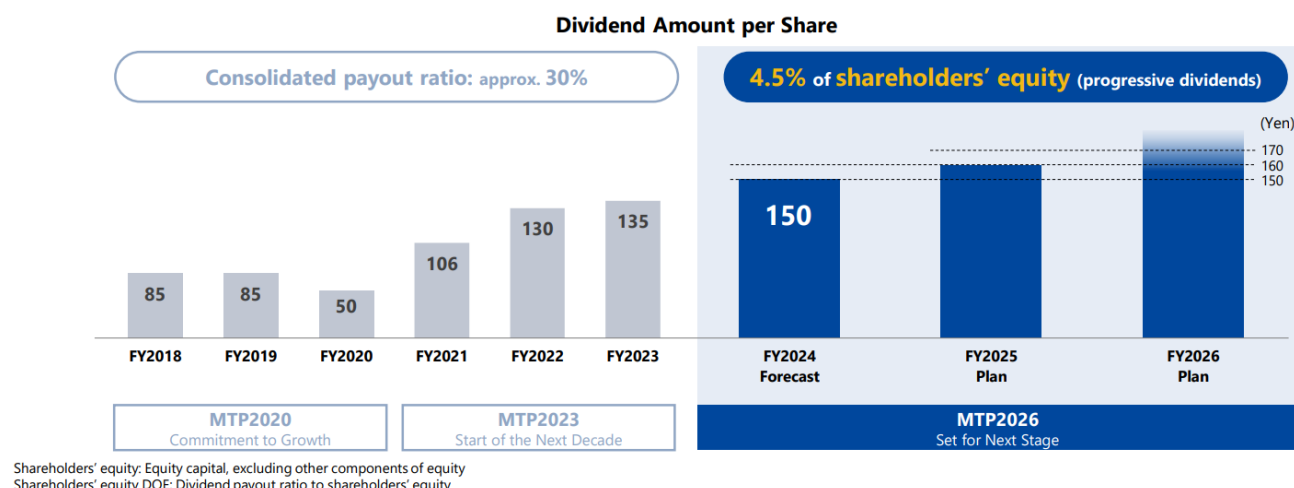
- Sojitz has set a dividend policy of 4.5% of shareholder equity DOE, which minimizes the impact of fluctuations in business performance, stock prices, and exchange rates, in order to provide stable and continuous dividends.

- This is a dividend policy that allows for a progressive increase in dividends as long as the increase in shareholders' equity due to net income exceeds the decrease in shareholders' equity due to shareholder return.

2) Share repurchase

Based on the cash flow management policy, flexibly implement share repurchases throughout the period of the Medium-Term Management Plan 2026.

In the year ending March 31, 2025, Sojitz plans to pay an annual dividend of ¥150 per share (interim dividend of ¥75 plus year-end dividend of ¥75). This amount will equate to a consolidated payout ratio of 29.6% of the forecast for profit for the year (attributable to owners of the Company).



## 2. Sustainability Policies and Initiatives

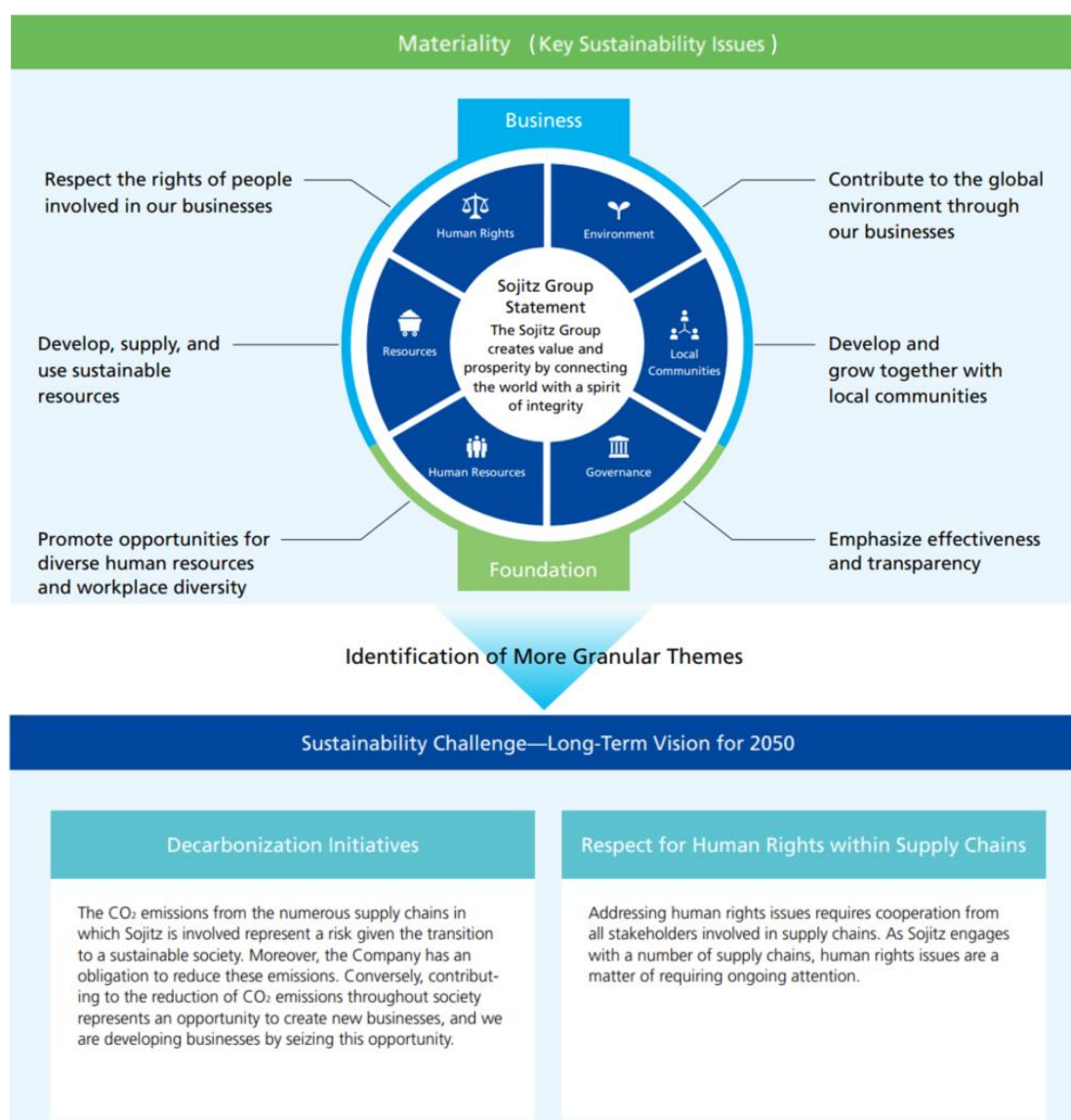
### (1) Sustainability challenge

For the Sojitz Group, the pursuit of sustainability involves working toward sustainable growth for both society and Sojitz by partnering with stakeholders based on the Sojitz Group Statement to maximize two types of value - value for Sojitz and value for society - through its business.

To guide its efforts to maximize its two types of value, Sojitz has defined Key Sustainability Issues (Materiality) to focus in on its business over the medium- to long-term. Referencing the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and other international standards, the Sojitz Group identified universal issues that need to be tackled to achieve sustainable growth together with society. This process led Sojitz to define the Key Sustainability Issues of human rights, environment, resources, local communities, human resources, and governance.

The Sustainability Challenge, Sojitz's long-term vision for 2050, identifies specific challenges in relation to the Key Sustainability Issues. Specifically, this vision calls on us to help achieve a decarbonized society through our business activities and to respond to human rights issues, including those within our supply chains. This long-term vision formed the foundation for setting the growth strategies including those in the medium-term management plan.

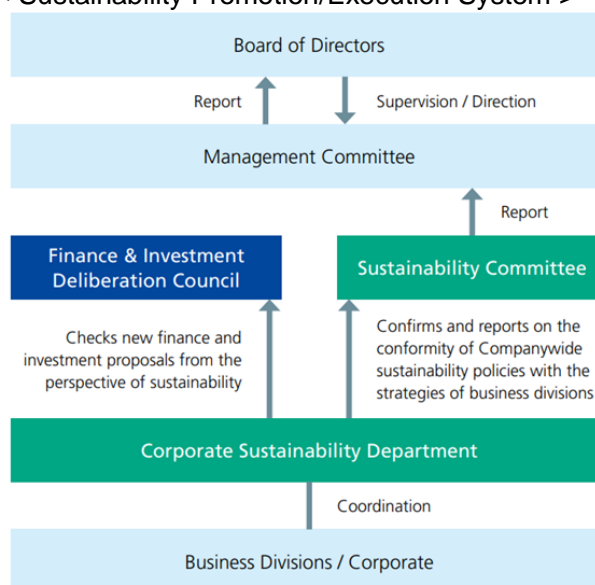
In formulating its response toward these issues, Sojitz sought to develop an understanding of the risks and opportunities it faced through engagement with stakeholders. Based on this understanding, we established policies related to decarbonization, human rights, and other matters, and reflected these policies in the Medium-Term Management Plan 2026 to guide concrete action. In addition, the Sojitz Group announced its endorsement of the final recommendations of the Task Force on Climate-related Financial Disclosures in August 2018, and we have since been practicing proactive disclosure and improving transparency based on the recommended framework.



## Governance

Principal components of the Sojitz Group's frameworks for providing governance in relation to sustainability comprise three meetings of the Board of Directors, the Management Committee, and the Sustainability Committee. Moreover, responsibility for overseeing all matters pertaining to sustainability is assigned to an executive officer. The Sustainability Committee is chaired by the President and meets at least four times a year. This committee is responsible for formulating policies and concept of sustainability, developing sustainability promotion systems, identifying and assessing risk and opportunities, defining indicators and targets, and monitoring sustainability initiatives. The Corporate Sustainability Department handles processes related to the activities of the Sustainability Committee as the secretariat thereof. Proposals and reports are submitted to the Board of Directors and the Management Committee with regard to the activities and investigations of the Sustainability Committee as well as the policies and issues discussed by the committee. The Management Committee is chaired by the President & COO and meets twice a month, in principle. This committee discusses and makes decisions regarding important matters such as companywide sustainability policies and strategies. The Management Committee also issues instructions to the Sustainability Committee as necessary based on reports of its activities. The Board of Directors regularly monitors this process, issuing instructions as necessary.

### < Sustainability Promotion/Execution System >



### < Key matters approved/reported at FY2023 Sustainability Committee >

Board of Directors	No. of reportings: 2 times /year	<b>Matters reported</b> <ul style="list-style-type: none"> <li>Decarbonization initiatives</li> <li>Human rights initiatives</li> <li>Progress of ESG evaluation</li> <li>Overview of sustainability initiatives under MTP 2023 and policies for MTP 2026</li> </ul>
Sustainability Committee	No. of meetings held: 4 times /year	<b>Matters approved</b> <ul style="list-style-type: none"> <li>Revision of various policies</li> <li>Risks and opportunities identified by Key Sustainability Issue (Materiality) for FY2023 in accordance with ISO14001</li> </ul> <b>Matters reported</b> <ul style="list-style-type: none"> <li>External trends of decarbonization</li> <li>Progress of Scope 3 measurement</li> <li>Progress of initiatives for respecting human rights</li> <li>Ensuring human rights of foreign technical intern trainees</li> <li>Response to biodiversity</li> <li>Progress of ESG evaluation</li> <li>Social contribution activities</li> <li>ISO14001 management review</li> <li>Wrap-up of MTP 2023 and policies for MTP 2026</li> </ul>

## **Risk Management**

The Corporate Sustainability Department collects information from various media for identifying and assessing the sustainability risks faced by the Sojitz Group based on internal and external trends, communication with stakeholders, and input and advice from external specialists and experts. This information is reported to the Sustainability Committee. The Sustainability Committee examines and discusses information contained in reports from the Corporate Sustainability Department in order to identify and assess the sustainability risks faced by the Sojitz Group. The Internal Control Committee, an executive body under the direct control of the President, identifies the various risks that may be incurred during the course of business activities, assesses any new risks that may emerge as a result of new business endeavors or operating environment changes, and develops frameworks and performs monitoring as required to discuss necessary improvement measures and issue instructions to the relevant departments. One of the risk categories defined by the Sojitz Group is environmental and social (human rights) risks. The Internal Control Committee takes steps to mitigate and address risks associated with decarbonization, climate change, and human rights issues at the Group or across its supply chain by monitoring the management of these risks and the progress of improvements thereof. The results of these activities are reported to the Management Committee and the Board of Directors on a quarterly basis. In addition, sustainability risks are identified and assessed during the investment screening process of the Finance & Investment Deliberation Council, a body tasked with screening individual investment candidates. Other initiatives include annual stakeholder dialogues in which external specialists are invited to take part in discussions with management. These dialogues are used as opportunities to confirm and discuss the sustainability management. For more information on environmental and social risks, please refer to “**2. Operating and Financial Review and Prospects**, 3. Risk Factors, (7) Environmental and social (human rights) risks” (Page 56).

### < Stakeholder Dialogues >

We hold periodic stakeholder dialogues as part of our initiatives to enable the management to incorporate various perspectives of the stakeholders.

Topics of discussion	Human resource management practices for raising corporate value through integration of HR and management strategies
Outside experts	Takashi Iwamoto (Project Professor at the Graduate School of Media and Governance, Keio University) Hiroki Sampei (Principal at Astonering Advisor LLC) Kumiko Shirai (Counselor at BIPROGY Inc.; Senior Corporate Officer, CISO, CPO at UNIADDEX, Ltd.)
Attendees from Sojitz	Inside Directors and Independent Directors

In light of Sojitz’s aim of becoming a company that constantly cultivates new businesses and human capital, attendees discussed how Sojitz can achieve sustainable growth and new business creation through its human resource management practices, and how best to implement its HR strategies to achieve these aims.

## (a) Contributions to a Decarbonized Society

### Strategy

#### 1) Reduction of Scope 1 and Scope 2 Emissions

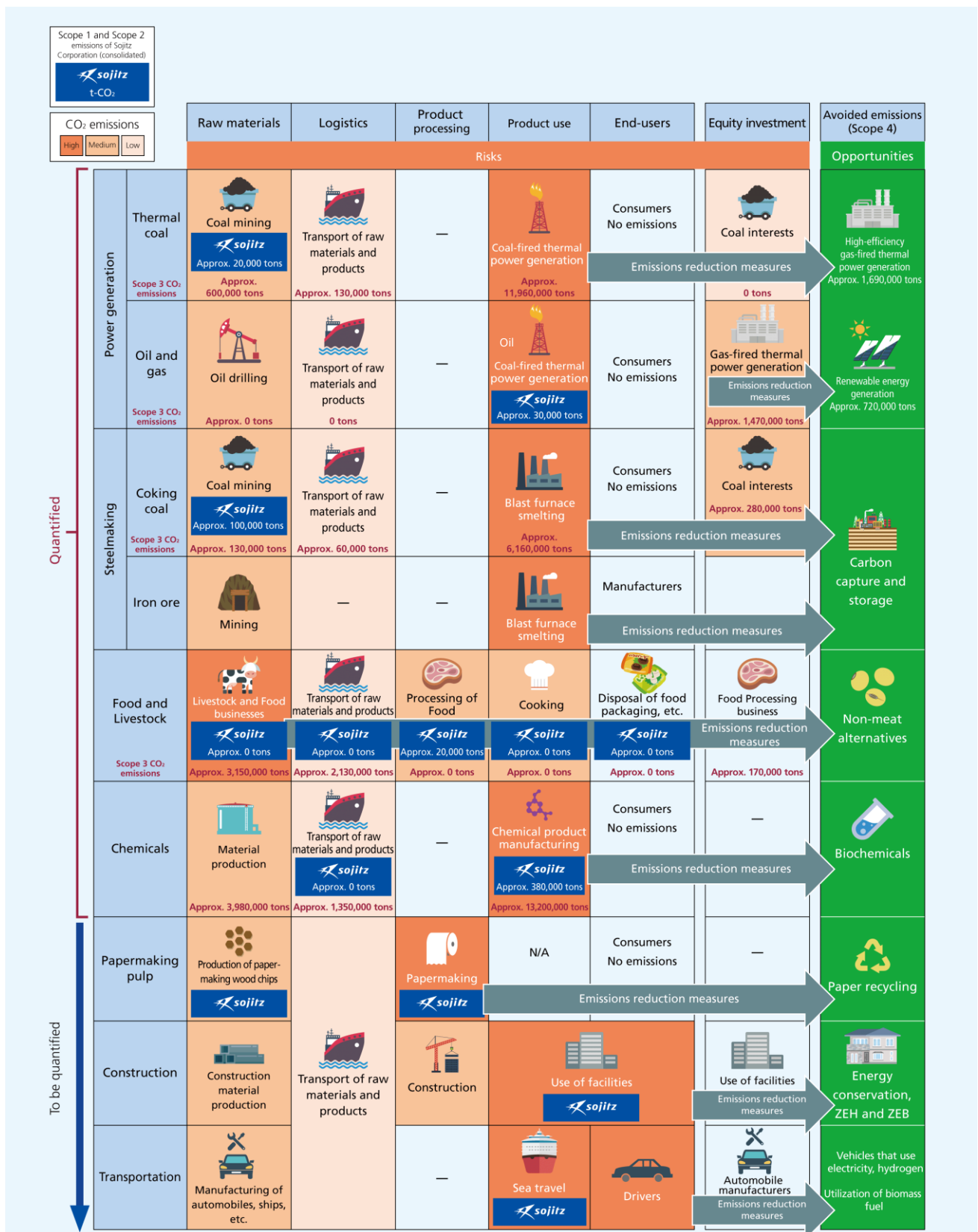
Sojitz views reducing CO<sub>2</sub> emissions as an obligation toward achieving a decarbonized society. Accordingly, the Sojitz Group is accelerating efforts to reduce its own CO<sub>2</sub> emissions, represented by Scope 1 and Scope 2, in order to become a company that is better suited to a decarbonized society. Meanwhile, we view the process of transitioning to this society as an opportunity, based on which we are developing new businesses in a wide range of fields. In addition, Sojitz formulated decarbonization policies in March 2021 to guide actions based on the Sustainability Challenge while also setting targets for reducing Scope 1 and Scope 2 emissions (see below for more information).

#### 2) Measurement and Identification of Scope 3 and Scope 4 Emissions

If we are to achieve a decarbonized society, it will be important for us to address CO<sub>2</sub> emissions across the supply chain, as represented by Scope 3, in addition to our own emissions, represented by Scope 1 and Scope 2. Industries and stages of the supply chain responsible for large quantities of Scope 3 emissions have been designated as risks in light of them being a source of significant pressure for reducing CO<sub>2</sub> emissions and the potential for this pressure to increase in the future. Accordingly, these areas are identified and measured as such. Specifically, the services of external specialists were employed to identify stages of the supply chains of industries in which the Sojitz Group does business that are responsible for large quantities of Scope 3 emissions. Areas that have high risks or that are expected to feature high risks in the future were analyzed to produce the following diagram. The vertical axis of this diagram represents industries in which the Sojitz Group does business with generally high CO<sub>2</sub> emissions whereas the horizontal axis displays the stages of each supply chain as highlighted in dark orange. In addition, quantitative assessments by measuring Scope 3 emissions are performed for the power generation and steel manufacturing sectors as a first step, and the scope of measurement is being expanded in phases. Meanwhile, as sectors with high Scope 3 emissions also provide opportunities to create new businesses that contribute to reduce emissions, we are promoting initiatives of emission reduction business at the same time, we define the amount of reduction contribution as Scope 4 avoided emissions and track and measure them accordingly.

<b>Risks (Scope 3)</b>	Places with higher CO <sub>2</sub> emissions are generally under greater stress to reduce CO <sub>2</sub> emissions and are more vulnerable to transition risks: tighter regulations to decarbonize, policy changes, supply and demand changes in the market, and the threat of technological innovation occurring and being substituted.
<b>Opportunities (Scope 4)</b>	The Group aims to generate revenue by replacing existing and competitive products and services or by acquiring a dominant position in newly created markets and segments through decarbonized or low-carbon energy, energy-saving, and recycling-oriented products and services businesses.

## < Analysis of CO<sub>2</sub> Emissions Across the Supply Chain >



Note:

Data for the fiscal year ending March 2024.

The above chart is based on a simplified version of the 15 Scope 3 categories defined by the GHG Protocol.

For more details on specific categories, please refer to [https://www.sojitz.com/en/sustainability/sojitz\\_esg/e/data/](https://www.sojitz.com/en/sustainability/sojitz_esg/e/data/)

\* Scope 4 emissions = (World Thermal Power Intensity in 2022 published by IEA [832 g/kWh] – Sojitz's power generation Intensity) × Power generation volume

### 3) Decarbonization Road Map

Sojitz defines its focus on the materials and circular economy field and on essential infrastructure businesses, such as renewable energy and businesses related to the transition to a decarbonized society. One of the guides shaping our strategies in these areas is the decarbonization road map detailed below. This road map has organized the risks and opportunities Sojitz is projected to face based on its outlook for social trends and the required technologies for various future periods. This road map is regularly reviewed and amended as necessary.

- The growing renewable energy and circular businesses are expected to expand further. Utilization of green hydrogen generated from surplus renewable energy is expected going forward.
- The transition to a low-carbon society is projected to entail a certain transition period during which other energy sources are used to compensate for the unreliability of renewable energy during its adoption phase.
- Sojitz will advance high-efficiency gas-fired thermal power generation and energy saving service businesses to support this transition and seize business opportunities related to the transition to a decarbonized society.
- The directives for Sojitz's initiatives will be revised as necessary and regularly reviewed to adapt to constant technological progress.

#### < Decarbonization Road Map >

Outlook for technological progress and social trends	Sojitz assumption	
	Response to risks	Opportunities
Increase in renewable energy	<ul style="list-style-type: none"> <li>• Response to resource depletion risk</li> <li>• Select assets in light of a transition period</li> <li>• Reduce thermal coal interests to zero by 2030</li> </ul>	<ul style="list-style-type: none"> <li>• Continue market expansion</li> <li>• Promote and expand business of resource recycling from urban mines</li> </ul>
Growth of circular businesses		<ul style="list-style-type: none"> <li>• Highly efficient gas-fired power generation and energy conservation service business, green hydrogen business</li> <li>• Supply LNG, natural gas and carbon neutral fuels</li> </ul>
Gas-fired thermal power generation with relatively low emission will support power generation during the transition period		<ul style="list-style-type: none"> <li>• Expand first-to-market (business development, investment opportunities) based on proven technologies.</li> <li>• Increase opportunities to procure raw materials and competitiveness towards promising future.</li> </ul>
Use of biomass fuel (biomethane, bio SAF)		<ul style="list-style-type: none"> <li>• Build a supply chain to link production and demand while uncovering potential demand. Initiative with mid-to-long term perspectives.</li> </ul>
Use of e-fuel		<ul style="list-style-type: none"> <li>• Expanding market</li> <li>• Trade opportunities, development and investment opportunities of value creating business are expected in the long-term perspective.</li> <li>• Promoting initiatives for early implementation of membrane-based DAC technology</li> </ul>
Use of green hydrogen and ammonia	<ul style="list-style-type: none"> <li>• Reduce coking coal interests to zero by 2050</li> </ul>	
Increase in carbon offset solutions (Carbon credit, CCS, CCUS, DAC, etc.)		

#### 4) Scenario Analyses

##### ● Transition Risks

Based on external investigations and internal analysis, Sojitz conducts scenario analyses of the financial impacts of business areas believed to present the greatest risks and opportunities to the Group's business activities, management strategies, and financial planning. Specifically, transition risk scenario analyses have been conducted with regard to coal interest and power generation businesses, areas where the Group does business that entail high risks related to CO<sub>2</sub> emissions (see "Analysis of CO<sub>2</sub> Emissions Across the Supply Chain") with significant potential to have a serious impact on the Group.

#### < Scenario Analyses >

	Risks	Opportunities
Coal interest businesses	<p>Analysis Method: Using scenarios projecting average global warming of 1.5°C above pre-industrial levels, we analyze the potential financial impact on Sojitz's assets based on forecasts for coal demand and prices leading up to 2050.</p> <p>Financial Impact: Certain assets may suffer declines in value as a result of increased production costs should the conditions described by scenarios projecting average global warming of 1.5°C above pre-industrial levels become a reality.</p>	<p>All scenarios analyzed by the Group estimate increases in supply and demand for renewable energy. Moreover, the Sojitz Group views the transition to a decarbonized society as a business opportunity. We are thus working to capitalize on this opportunity through renewable energy and other decarbonization businesses as well as through businesses that support the transition, such as high-efficiency gas-fired thermal power generation and energy service company businesses.</p>
Power generation businesses	<p>Analysis Method: Using scenarios projecting average global warming of 1.5°C above pre-industrial levels, we analyze the potential financial impact on Sojitz's assets based on forecasts for carbon prices and supply and demand conditions.</p> <p>Financial Impact: The range of power plants that would be impacted by changes in carbon prices and supply and demand conditions would be limited, and the financial impact on the Company would thus also be limited.</p>	

##### ● Physical Risks

Sojitz conducts analyses of the physical risks with the potential to emerge in the event that climate change cannot be avoided and global warming continues to progress. Initial analyses looked at acute water risks, such as the risks of floods in coastal areas and along rivers. Business sites and assets (manufacturing and processing sites and other non-office sites) in locations assessed as having high or extremely high risks by Aqueduct, a tool for analyzing water risk developed by the World Resource Institute, are deemed to be exposed to water risks. The potential financial impact of water risks has been analyzed using the amount of property, plant and equipment (excluding lease assets) associated with said business sites and assets as of March 31, 2024. These analyses found that certain business sites located in areas centered on Southeast Asia were exposed to risk of floods in coastal areas and along rivers, and the amount of assets (property, plant and equipment) judged to be threatened by financial impacts associated with water risks was measured to be approximately ¥30.0 billion.

## Indicators and Targets

Sojitz has formulated decarbonization policies that include indicators and targets for assessing and managing the aforementioned climate change-related transition risks and opportunities. The progress is shown below.

### < Decarbonization Policy and Progress >

	Targets	Progress
Existing businesses	<b>Scope 1/2</b> Reduce emissions by 60% by 2030; achieve net zero emissions by 2050 (Net zero emissions by 2030 for Scope 2 *1) Note: Coal-fired power generation: No current project nor future projects planned	Achieved about 30% reduction under the Medium-Term Management Plan 2023. To accelerate decarbonization initiatives of operating companies (renewable energy, energy conservation, battery, EV/PHV, etc.) under the Medium-Term Management Plan 2026, we will execute measures to promote decarbonization.
	<b>Scope 3</b> Natural Resource Interest Reduction Targets Thermal coal interests: Reduce interests to half or less by 2025 Zero interests by 2030 *2 Oil interests: Zero interests by 2030 Coking coal interests: Zero interests by 2050	Achieved 70% reduction in thermal coal interests and addressing initiatives to achieve other targets. Scope 3 measurements which started from power generation sector will complete the measurement and confirmation for all sectors within 2024.
New businesses	Formulate business-specific decarbonization policies and net zero emissions by 2050	
Contribution to a decarbonized society	Promote expansion of relevant businesses and initiatives as an opportunity Measure contributions to reductions in society's CO2 emissions (Scope 4) and implement related business activities	Scope 4 measurements for renewable energy and energy conservation businesses.

\*1 FY2019 serves as the base year with non-consolidated and consolidated subsidiaries included in the scope. Initiatives include carbon offset by certificates, etc.

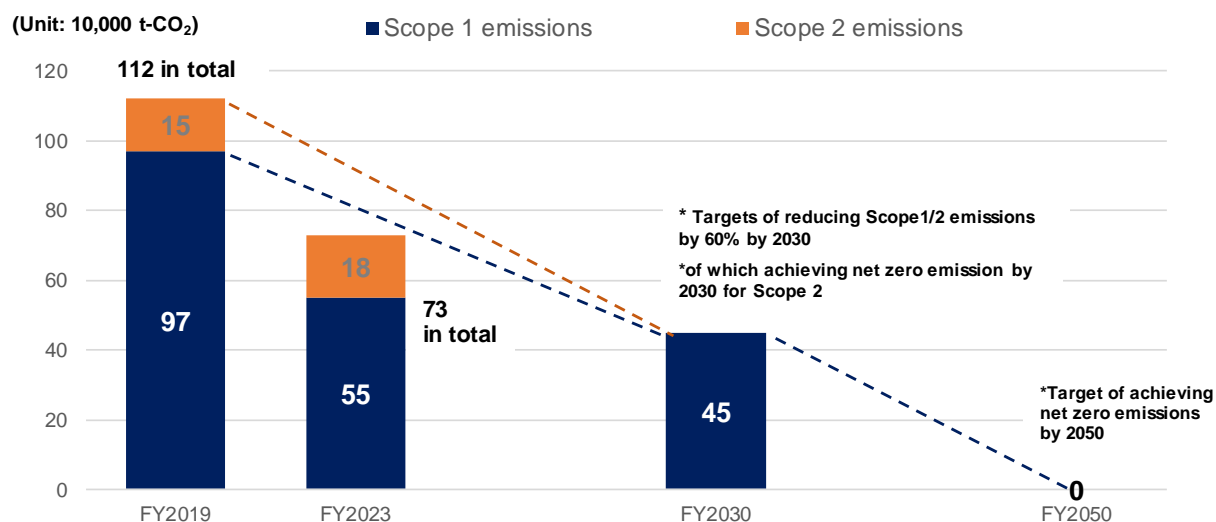
\*2 FY2018 serves as the base year and targets are based on the book value of interest assets.

### < Scope 1 and Scope 2 Emissions (Total\*) >

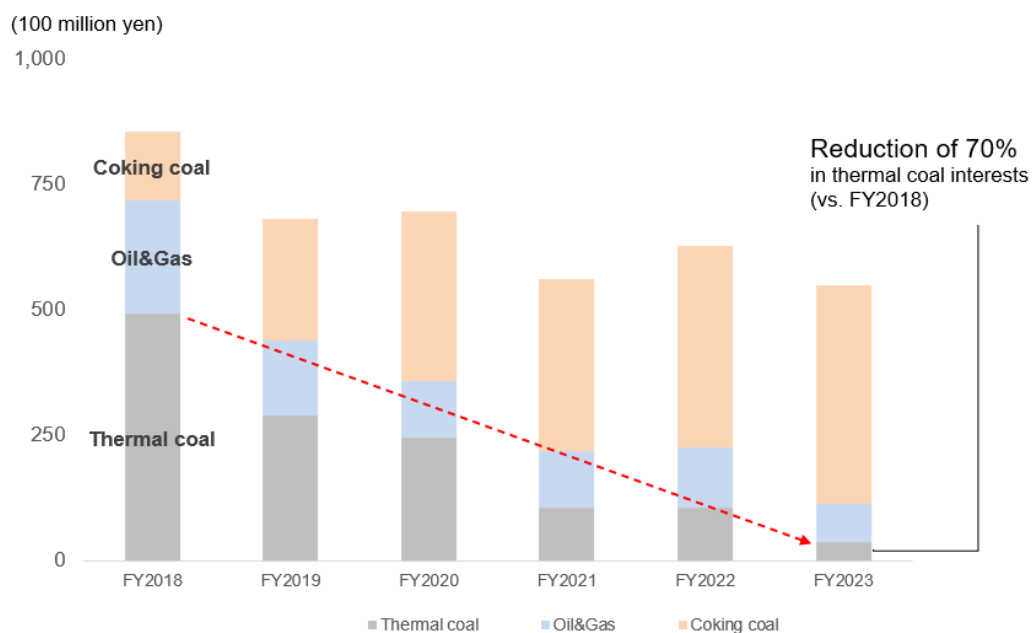
(Unit: 10,000 t-CO <sub>2</sub> )	FY2019	FY2020	FY2021	FY2022	FY2023
Scope1 (Direct emissions from fuel use such as city gas)	97	71	70	73	58
Scope2 (Indirect emissions from the use of purchased electricity and heat)	15	21	22	21	21
Total	112	91	92	94	78

\* Includes new businesses after FY2020

### < Scope 1 and Scope 2 Emissions (Existing Businesses) >



### < Breakdown of Resource Interests >



The targets indicated above are based on projections made at the time of the preparation of this document. We will take a flexible stance toward revising targets in response to changes resulted from social trends or technological progress. The Scope 1 and Scope 2 emissions for FY2023 are the current total, and we will disclose the figures after obtaining third-party assurance on our website and in the Integrated Report.

## (b) Supply Chain Human Rights Initiatives

The Sojitz Group develops businesses around the world and is thus committed to promoting respect for human rights in all of the countries and regions touched by the supply chains of these businesses and also promoting measurement and identification of human right risks. In this regard, the Sojitz Group supports the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We are promoting respect for human rights in accordance with the UN Guiding Principles on Business and Human Rights.

< Process Described in UN Guiding Principles on Business and Human Rights >



### Strategy

#### 1) Establishment and Sharing of Policies

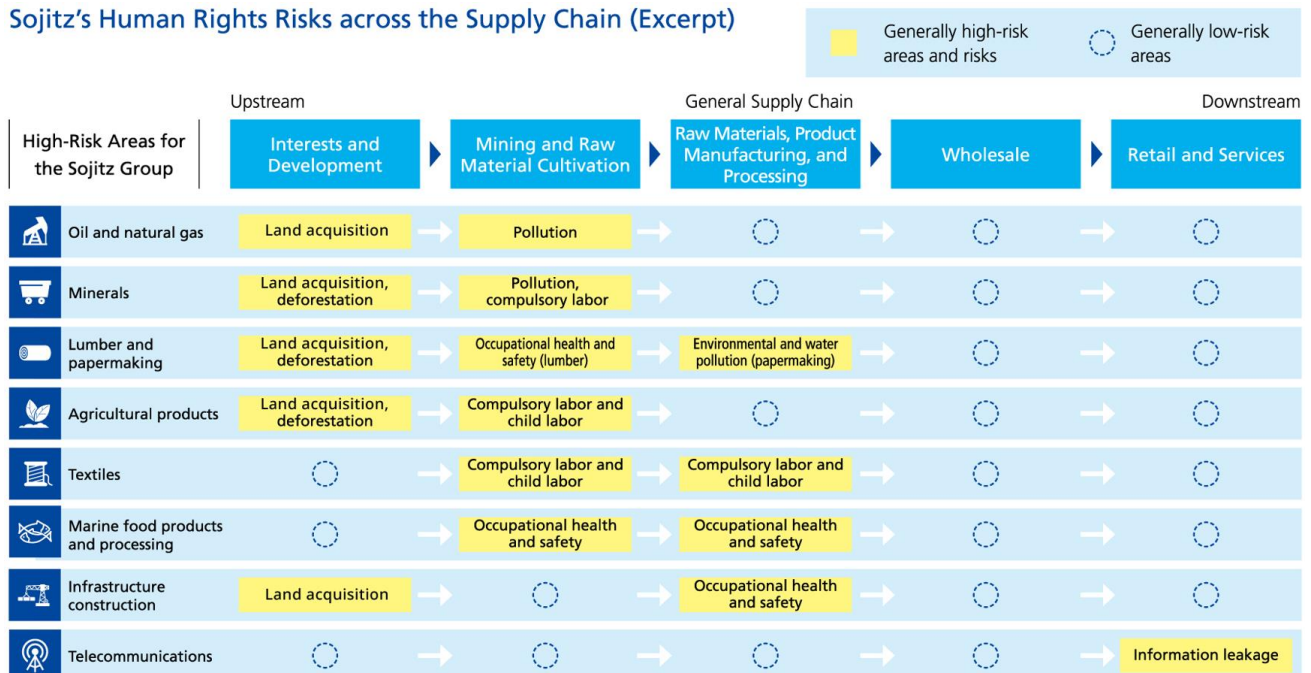
The Sojitz Group Human Rights Policy and the Sojitz Group CSR Action Guidelines for Supply Chains have been established based on the Ten Principles of the United Nations Global Compact. We share these guidelines with our suppliers and Group companies and ask for their understanding and compliance with all policies.

Ensuring respect for human rights across the supply chain requires the awareness and understanding of frontline employees. Based on this recognition, we request that Group companies submit documentation to confirm that they are effectively promoting understanding regarding human rights and raising awareness among frontline employees. In addition, the Corporate Sustainability Department (the secretariat for the Sustainability Committee) practices direct communication with the management of Group companies in order to verify the extent to which policies and initiatives have been communicated throughout the company in question, confirm the status of onsite measures, and promote greater levels of awareness and understanding in relation to respect for human rights.

#### 2) Risk Assessments

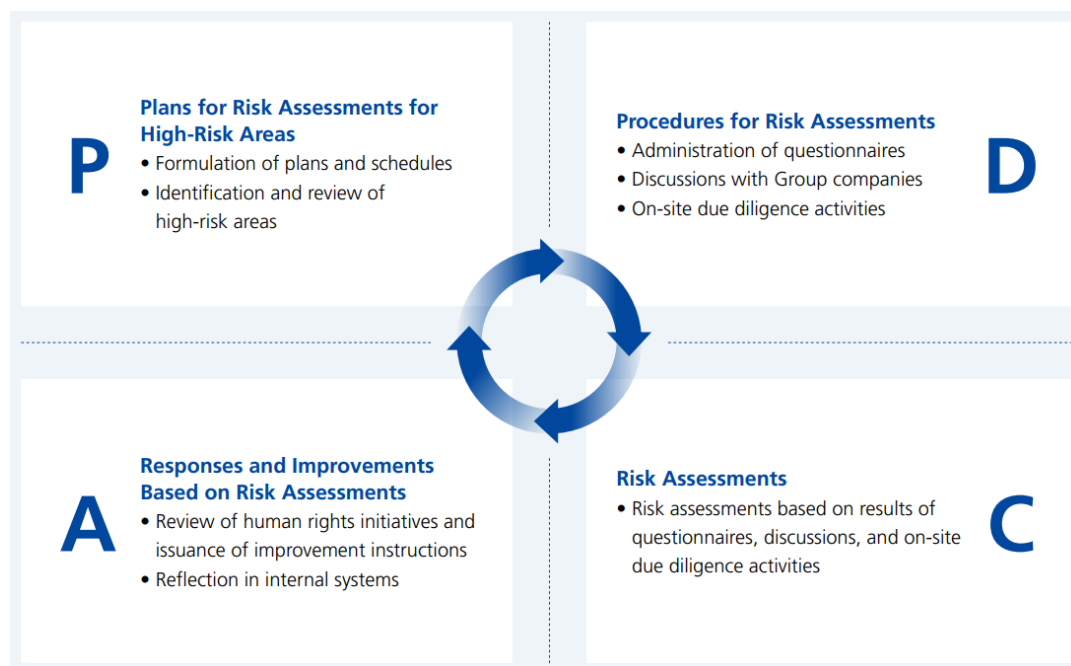
The Sojitz Group develops its operations on a global scale, taking part in a wide range of businesses and being involved in areas of various supply chains spanning from the upstream to the downstream portions. The Business & Human Rights Resource Centre, an NGO based in the United Kingdom, maintains a database with examples of human rights risks. Adopting a risk-based approach, we use this database to identify areas of the Sojitz Group businesses in which risks are particularly high and to analyze and confirm the areas of the supply chain in which human rights risks are generally most likely to appear.

### Sojitz's Human Rights Risks across the Supply Chain (Excerpt)



The following PDCA (plan-do-check-act) cycle is used to confirm the high-risk areas identified in the table above.

- Risk Assessment PDCA Cycle



- Onsite Due Diligence

Sojitz conducts due diligence activities conducted at the sites of individual transactions and businesses in investigating and confirming human rights risks as requires. For example, we have implemented the Sojitz Wood Procurement Policy, which contains provisions regarding legality check, environmental consideration, and social consideration as it pertains to the procurement of import wood products. One way we enact this policy is by directly visiting suppliers to conduct surveys that include meetings with management, local NGOs, government agencies, and community representatives.

- Dialogues with Group companies

< Ensuring human rights of foreign technical intern trainees >

Certain companies of Sojitz Group accept foreign technical intern trainees. Sojitz conducts questionnaires to such companies to confirm compliance with relevant laws and regulations, and makes onsite visits to check the worksite conditions. We also have a dialogue with the management of such group companies and with technical internal trainees to understand their workplace and living environment to ensure there are no problems.

The Group companies accepting trainees will ensure their human rights, provide chances to acquire Japanese as well as trips and recreation activities. Initiatives focused on facilitating communications with them are also taken.

Furthermore, Group companies meet to exchange information, attend lectures by external specialists or exchange views on issues upon accepting the trainees to raise the awareness within the Group.

## Indicators and Targets

### 1) Improvements and Remedy Measures and Disclosure of Results

In accordance with the established policies, risk assessments are conducted, and human rights initiatives are advanced across our supply chains and in other areas. Sojitz thereby strives to ensure respect for human rights as described in the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights. In our risk assessment of high-risk business areas for the fiscal year ended March 31, 2024, we confirmed that there were no problems in our responses in the supply chain by thoroughly familiarizing the management or transaction staff members of sales departments and consolidated companies related to high-risk business areas with issues in each high-risk business area and confirming the status of responses to the issues and on-site confirmation through dialogue with them and other means (actual results for FY2023: 50 times covering a total of 152 companies). Ongoing improvements through a PDCA cycle as well as timely and appropriate disclosure will be pursued in relation to these areas while incorporating input from external specialists.

### 2) Indicators and Targets for Wood Procurement

As described in the section regarding strategic risk assessments, the Group defines high-risk areas. For lumber, one of these high-risk areas, we have established the Sojitz Wood Procurement Policy, which contains indicators and targets related to lumber procurement. Specifically, lumber procured (imported) from overseas is assessed to confirm traceability back to the place of origin and the suitability of forest management measures with consideration for environment and social (human rights) factors. Lumber is categorized into one of four levels based on these assessments, and procurement targets have been set for each level.

Level A: Wood confirmed to be certified wood\*

Level B: Wood which has not been certified, but for which we have verified both traceability and suitability of forest management (i.e. that the forest is subject to environmentally and socially conscious forest management)

Level C: Traceable wood

Level D: Wood lacking traceability

\* Wood certified under FSC®, PEFC, etc.

FY2025 Target	100% of transaction volume accounted for by Level A and Level B wood by the year ending March 31, 2026
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#### < Quantitative Trends and Targets >

Level		FY2016 Survey	FY2017 Survey	FY2018 Survey	FY2019 Survey	FY2020 Survey	FY2021 Survey	FY2022 Survey	FY2023 Survey	FY2025 Target
Imported wood	A+B	50%	59%	70%	78%	92%	95%	94%	99%	100%
	C	26%	35%	30%	22%	8%	5%	6%	1%	0%
	D	24%	5%	0%	0%	0%	0%	0%	0%	0%

\* We have narrowed our evaluation criteria for Level A wood each year. In the survey conducted in the year ended March 31, 2024, Level A wood accounted for 23% of all wood surveyed. Moreover, Level A and B wood together accounted for 94% of all wood surveyed in the year ended March 31, 2023, and 99% in the year ended March 31, 2024, an increase of 5 percentage point.

\* Levels A through D were determined based on evaluations conducted by Sojitz using WWF Japan's Responsible Purchasing Checklist for Forest Products. Percentages in the above table were calculated by dividing the cost of procured (imported) wood in each level by the total cost of all imported wood included in the survey. The survey conducted in FY2023 uses the total cost of all wood imported in FY2022. We have acquired third party assurance since FY2020.

For details on the Sojitz Group's Wood Procurement Policy, targets, and performance, please visit our website. (The content may be updated from time to time.)

Relevant Links:

Sojitz Wood Procurement Policy

<https://www.sojitz.com/en/csr/supply/lumber/>

## Additional Information

### <Response to biodiversity>

Business and social activities will impact and depend on natural capital. If natural capital is damaged, we would not be able to benefit from it and sustainable business and social activities may be suspended.

Sojitz Group, as a general trading company, operates in diverse geographical areas and also in a wide range of businesses. Some businesses directly utilize natural capital, and it is necessary to respect natural capital and keep receiving its benefit.

- Confirmation of “dependence” and “impact” on natural capital

By making a reference to an analysis tool ENCORE (\*), we firstly confirmed how the business in general would depend on natural capital and what impact they would have on natural capital. We identified 25 businesses assessed as having high dependence and impact.

(\*) ENCORE: An analysis tool developed by the United Nations Environment Programme Finance Initiative (UNEP-FI) and others, and is used by financial institutions and other companies. It covers more than 100 business sectors and assesses the impact and dependence on natural capital.

Assessment by ENCORE confirmed that matters related to water tend to score higher in dependencies and impacts in general. We will track our business areas which will have the highest dependency and impact on natural capital, and such information will be used to judge when conducting an in-depth analysis and review.

### Relevant Link

Biodiversity

[https://www.sojitz.com/en/csr/sojitz\\_esg/e/biodiversity.php](https://www.sojitz.com/en/csr/sojitz_esg/e/biodiversity.php)

## (2) Basic Policy for Human Resource strategies

Toward achieving our vision for 2030 of becoming a general trading company that constantly cultivates new businesses and human capital, we are committed to linking the growth of a team of diverse, autonomous individuals, which we believe is a source of value creation, to the growth of our organization and company.

### (a) Review of the HR Strategy under the Medium-Term Management Plan 2023

In June 2021, Sojitz established the following human capital key performance indicators (KPIs) as shown below for use in quantitative measurements of the effect and the degree of dissemination of human resource measures as we execute human capital management. We have designed these KPIs to be dynamic and flexible so that we can revise them in accordance with operating environment and the degree of dissemination of human resource measures. In doing so, we put in place a monitoring system while adjusting specific measures as necessary. The status and progress of KPIs and human resource measures are reported to the Management Committee and the Board of Directors every six months in order to facilitate discussions among management.

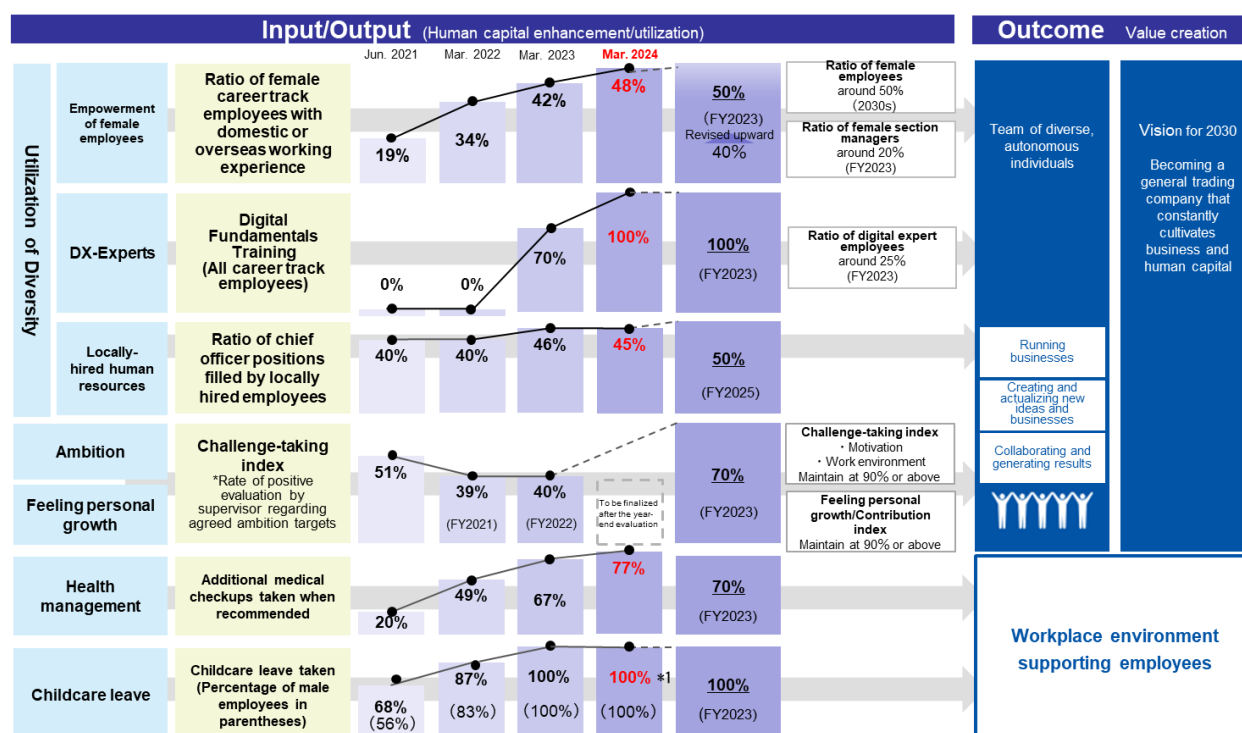
Human Capital KPI	Results	Targets	Details
Ratio of female career track employees with domestic or overseas working experience	48%	50% (FY2023 end)	<ul style="list-style-type: none"> <li>Achieved the initial target (40%) ahead of schedule in FY2022.</li> <li>Raised the target to 50% in early 2023.</li> </ul>
Digital Fundamentals Training for all career track employees	Career track employees 100%	100% (FY2023 end)	<ul style="list-style-type: none"> <li>Achieved the target.</li> <li>We will continue internal monitoring going forward.</li> </ul>
Ratio of chief officer positions filled by locally hired employees	45%	50% (FY2025 end)	<ul style="list-style-type: none"> <li>Through equity participation, M&amp;A, etc., the number of group companies increased, and the number of local CxO positions also increased. We will continue localization efforts.</li> </ul>
Challenge-taking index	—	70% (FY2023 end)	<ul style="list-style-type: none"> <li>Planning to disclose in the middle of FY2024</li> </ul>
Additional medical checkups taken when recommended	77%	70% (FY2023 end)	<ul style="list-style-type: none"> <li>Achieved the target.</li> <li>We will continue internal monitoring going forward.</li> </ul>
Childcare leave taken  parentheses indicate male employees	100%*1 (100%)	100% (FY2023 end)	<ul style="list-style-type: none"> <li>Achieved the target.</li> <li>We will continue internal monitoring going forward.</li> <li>Increased the ratio of male employees taking the leave because the system was changed so that 40 working days of childcare leave can be taken into installments within one year after the child's birth.</li> </ul>

Relevant link:

List of progress of human capital KPIs during the period of the Medium-Term Management Plan 2023

[https://www.sojitz.com/en/sustainability/sojitz\\_esg/s/data/](https://www.sojitz.com/en/sustainability/sojitz_esg/s/data/)

< Dynamic Human Capital KPIs and FY2023 Performance >



\*1 Figures are in actual basis. The ratio of childcare leave taken by the employees whose children were born during FY2023 includes those planning to take a leave in FY2024. The ratio of childcare leave taken on a statutory basis under the *Child Care and Family Care Leave Act* was 97% (96%), and the employees who took the leave includes the number of employees whose children were born in FY2022 but took the childcare leave for the first time during FY2023, while FY2024 figures exclude those planning to take leave in FY2024.

The figures for the fiscal year 2023 are currently aggregated values, and figures that have obtained third-party assurance will be disclosed on our website and in the integrated report.

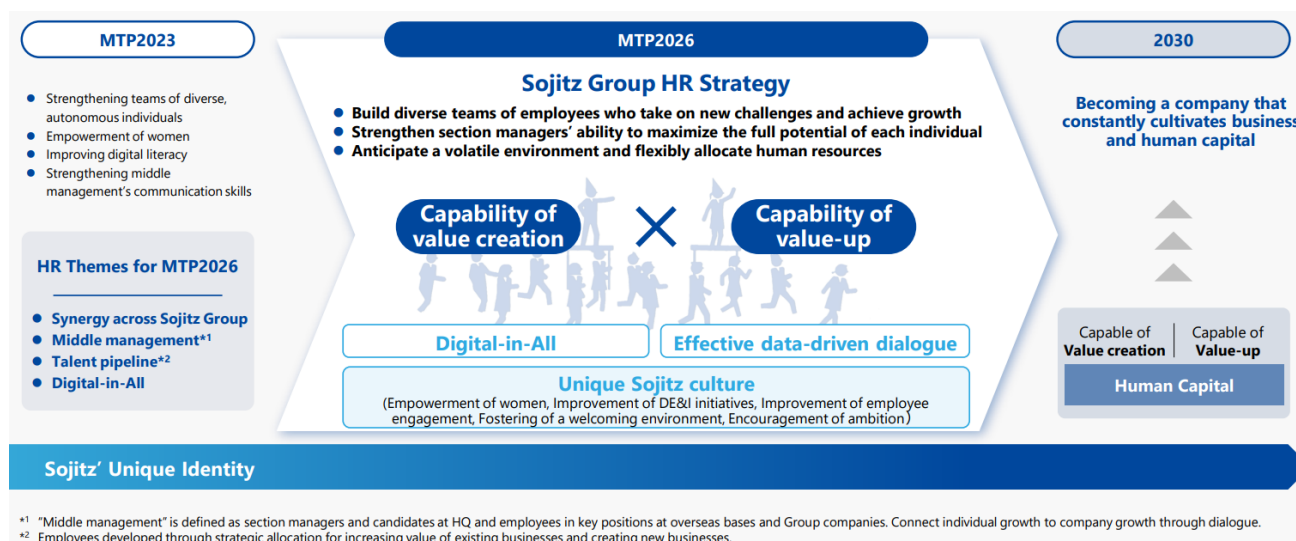
## (b) Human resource strategy to support Medium-Term Management Plan 2026

Toward achieving our vision for 2030 of “becoming a general trading company that constantly cultivates new businesses and human capital,” the “Medium-Term Management Plan 2023” focused on enhancing the organizational capabilities while prioritizing the individual growth to create a team of diverse, autonomous individuals. The “Medium-Term Management Plan 2026” aims to realize a Sojitz Growth Story to enhance our “capability of value creation” and “capability of value-up” as outlined in the human resource strategies.

To establish the base for achieving the Next Stage (net profit of 200.0 billion yen and ROE of 15% or more) as declared in the basic concept of the “Medium-Term Management Plan 2026,” it is essential to advance into competitive business areas and ensure high profitability. To this end, we will expand the Group through new business investment and strengthen the “synergy across Sojitz Group” mainly by promoting co-creation using its network. We will continue “building diverse teams of individuals who take on new challenges and achieve growth” set under the MTP 2023, and accelerate the “strengthening of middle management,” leading us to enhance our organizational capabilities. We will also continue developing organization and talents capable of value creation/value-up by anticipating volatile environment and flexibly allocating human resources.

As a foundation to support the strengthening of “Base of Growth” and “Human Capital” toward sustainable value creation, we will create new business and improve productivity by familiarizing the organization with the concepts of “fostering the unique Sojitz culture,” “Digital in All” and “effective data-driven dialogue.” As such, we will pursue Sojitz Group’s slogan of “New way, New value.” By deepening the unique corporate culture that is distinctively Sojitz such as taking on challenges and flexible thinking (youthfulness), employees will communicate thoroughly by taking a person-to-person approach, and foster a culture that leads to value creation.

Starting from April 2024, to achieve our 2030 vision and realize the next stage of growth, it is crucial to shift gears in our talent strategy. We have introduced a new personnel system, revising compensation, role grades, evaluations, and other HR systems to ensure that every employee can challenge and grow more than anywhere else. By enhancing the attractiveness (strength) of the people who will realize Sojitz’s unique growth story, individual growth will lead to organizational growth and revitalization, ultimately resulting in company growth and increased corporate value, thus accelerating Sojitz’s unique human capital management. In FY2024, to draw out individual growth, we will monitor the degree of improvement in the satisfaction with evaluations.



### Relevant Links:

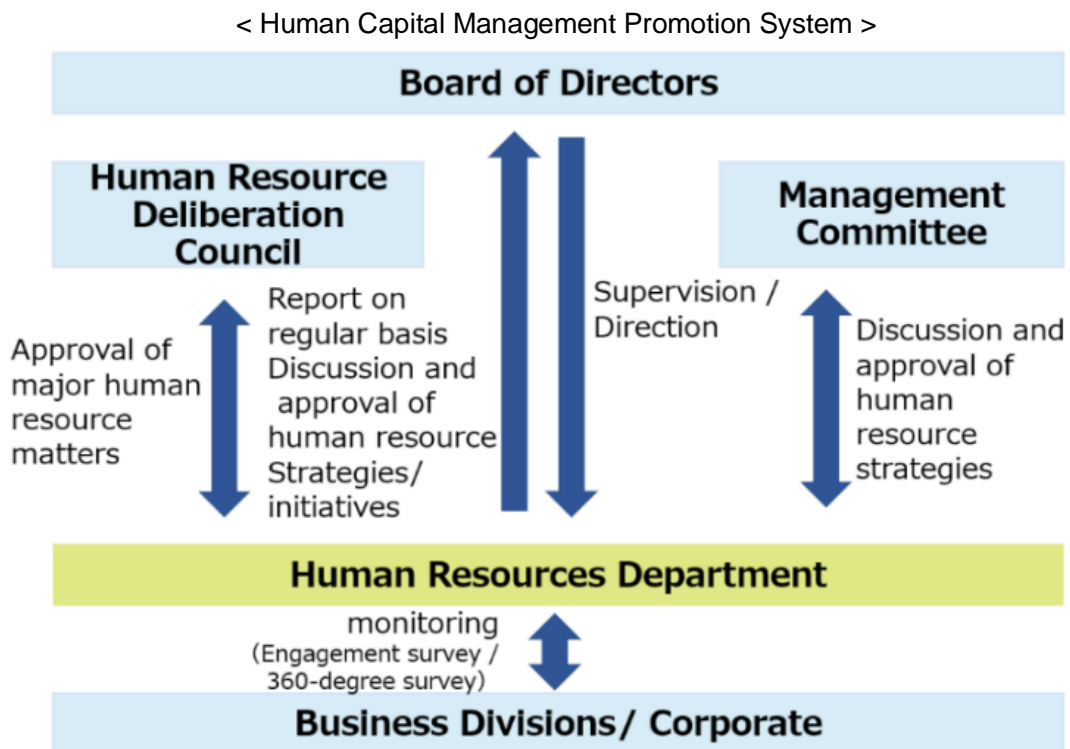
Human resource measures

<https://www.sojitz.com/en/csr/employee/>

## **Governance**

Human resources are the most important asset and a driver of value creation for trading companies. We therefore promote human capital management for continuous value creation under the following execution system through maximizing the capabilities of human resources and forming a group of individuals who can transform themselves and create new value.

As a practical application of human capital management, after we examine the measures from a managerial perspective at the Board of Directors, major human resource matters are approved at the Human Resource Deliberation Council chaired by the President. Progress on initiatives such as human capital KPIs or effectiveness and issues on human resource measures are discussed within the Management Committee and the Board of Directors on a regular basis. To quickly detect and respond to the risks, we have established monitoring systems using engagement surveys and 360-degree survey. To gather opinions from our employees, we have established compliance hotlines and an internal suggestion box. Through these initiatives, we aim to enhance our capability to pursue the ongoing creation of corporate value.



## Risk Management

By approaching each important issues from both offensive and defensive perspectives – the “risks” of human capital value to be damaged and the “opportunities” for value enhancement- we commit to the improvement of corporate value. To accomplish Sojitz’s vision for 2030, we continue to tackle not only immediate issues but also those that need to be addressed now with an eye to the future.

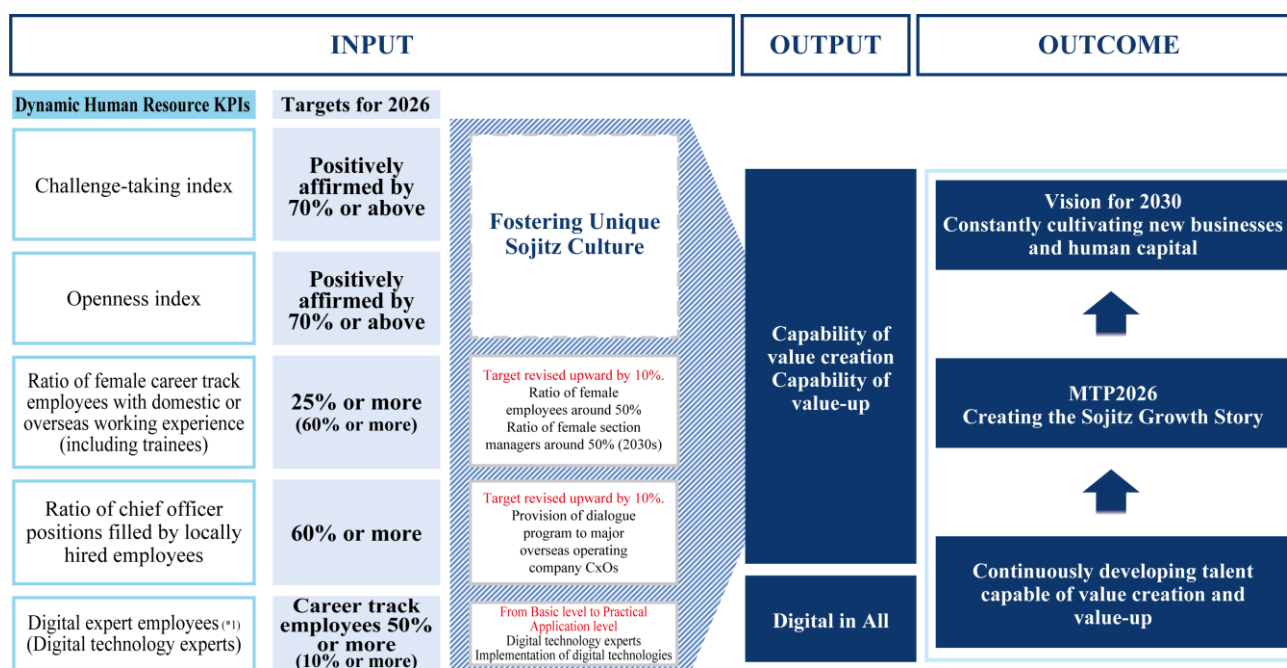
Risks and Opportunities for Improvements to Value		Sojitz's Approach
Compliance	<ul style="list-style-type: none"><li>• Loss of trust in Sojitz caused by compliance-related violations</li><li>• Deterioration of work environment caused by harassment</li></ul>	<ul style="list-style-type: none"><li>✓ Establishment of Sojitz Group Code of Conduct and Ethics, e-Learning by universal teaching materials</li></ul>
Labor practices	<ul style="list-style-type: none"><li>• Decline in productivity due to long working hours</li></ul>	<ul style="list-style-type: none"><li>✓ Establishment of Sojitz Group Human Rights Policy, respect for human rights</li><li>✓ Promotion of flexible work style through reforms</li></ul>
Health / Safety	<ul style="list-style-type: none"><li>• Decline in labor force due to employee's physical/mental illness/injury and work-related accident</li></ul>	<ul style="list-style-type: none"><li>✓ Health management based on Sojitz Healthy Value</li></ul>
Diversity	<ul style="list-style-type: none"><li>• Bias in decision-making due to lack of diversity</li></ul>	<ul style="list-style-type: none"><li>✓ Promotion of diverse human resources, such as women, career recruits, and locally hired employees</li><li>✓ Setting KPIs as key indicators</li></ul>
Liquidity	<ul style="list-style-type: none"><li>• Increase in turnover rate</li><li>• Attraction of diverse human resources</li><li>• Creation of innovation through the cross-fertilization of knowledge</li></ul>	<ul style="list-style-type: none"><li>✓ Achieving flexible work styles and co-creation and sharing within an inclusive Sojitz Group such as establishment of Sojitz Professional Share</li></ul>
Engagement	<ul style="list-style-type: none"><li>• Challenges and growth through increased motivation</li><li>• Responding to changing times through reskilling</li></ul>	<ul style="list-style-type: none"><li>✓ Engagement surveys with unique questions revealed our unique issue identification and fixed-point observation to monitor and improve penetration of measures</li><li>✓ Develop human resources through planned recurrent education</li></ul>
Training	<ul style="list-style-type: none"><li>• Obsolescence of skills and knowledge due to changing times</li><li>• Development of human resources capable of realizing business strategies and creating value</li></ul>	<ul style="list-style-type: none"><li>✓ Introduction of unique digital human resource development programs and support for reskilling programs to develop human resources capable of creating value in response to the needs of the times</li></ul>
Consolidated management	<ul style="list-style-type: none"><li>• Expansion of Sojitz Group strength through new business investment</li><li>• Value creation through co-creation and sharing with Sojitz Group</li></ul>	<ul style="list-style-type: none"><li>✓ Accumulation of know-how and human resource development in new business investment</li></ul>
Succession plan	<ul style="list-style-type: none"><li>• Lack of human resources capable of responding to changes in the external and internal environment</li><li>• Sustained creation of human resources that embody a Sojitz identity</li></ul>	<ul style="list-style-type: none"><li>✓ Systematic training of candidates for line manager posts</li><li>✓ Expansion of the talent pool through the development of a succession plan.</li><li>✓ Recruitment of external personnel, implement on boarding</li></ul>
Increase in productivity	<ul style="list-style-type: none"><li>• Expand earnings by strengthening per capita earning power</li></ul>	<ul style="list-style-type: none"><li>✓ Visualization of human resources and operations to ensure the right person is in the right place at the right time</li><li>✓ Implementation of organizational improvement project based to survey results</li></ul>
"Risk" management perspective		Unique perspective that embodies Sojitz identity for 2030
"Value enhancement" perspective		

## Indicators and Targets

### 1) Dynamic Human Capital KPIs

Under the “Medium-Term Management Plan 2023,” we focus on indicators of individual growth while we also focused on enhancing organization capabilities. Under the “Medium-Term Management Plan 2026,” we set Human Capital KPIs such as the target of achieving a ratio of female section managers among all section managers of about 50% in 2030s etc. While continuing various initiatives, we also aimed to enhance our “capability of value creation” and “capability of value-up” with an awareness of output, aiming to achieve a Sojitz Growth Story.

Specifically, we will “Fostering unique Sojitz Culture (challenge-taking index, openness index)” and “promote opportunities for diverse human resources (Ratio of female career track employees with domestic or overseas working experience, Ratio of chief officer positions filled by locally hired employees, and Digital expert employees)” to enhance the capability of value creation and value-up. In addition, some KPIs incorporate the response ratio of regular engagement surveys (\*1) to track employee input and translate it into measures.



\*1 Digital expert employees

\*2 Experienced level training

\*3 Expert level training

: Completion of experienced level training (\*2) and completion of expert level training (\*3)

: Program to learn basic data analysis (multiple regression analysis, etc.), business architect and programming

: Program to analyze big data at frontline organization and practice problem-solving and digital transformation

Human Capital KPI	Details
Challenge-taking index Openness index	<ul style="list-style-type: none"> <li>KPIs for MTP 2026 were developed to measure what we look beyond the Human Capital KPIs set out under MTP 2023.</li> <li>The satisfactory threshold was raised to the “positive affirmation ratio” (*1) from the “affirmation ratio” (*1) set out under MTP 2023.</li> <li>Accelerate challenges taken by employees and nurturing of an open corporate culture</li> </ul>
Ratio of female career track employees with domestic or overseas working experience (including trainees)	<ul style="list-style-type: none"> <li>As Sojitz operates globally in diverse business areas, onsite experience is important to nurture candidates for middle management.</li> <li>The number of employees with domestic or overseas working experience including trainees increased during the MTP 2023. We added a new KPI of “ratio of employees with experience of working overseas or secondment” to the existing KPIs to increase the ratio of female managers having a high-quality experience such as undertaking and deciding on a mission for which managers are responsible.</li> <li>The KPI for the ratio of employees with external experience, including trainees, set in the “Medium-Term Management Plan 2023” has been raised from 50% to over 60%.</li> </ul>
Ratio of chief officer positions filled by locally hired employees	<ul style="list-style-type: none"> <li>To achieve business strategy, market-in approach and business expansion leveraging the strength of Sojitz Group are essential. We will continue monitoring the Ratio of chief officer positions filled by locally hired employees who are well-versed in each local market.</li> <li>Raise the KPI target from 50% to 60% or above</li> </ul>
Digital expert employees (DX-Experts)	<ul style="list-style-type: none"> <li>The previous KPI was the “ratio of digital fundamentals trainings completion” and all career track employees acquired basic knowledge to apply digital technologies to business.</li> <li>The KPI under the MTP 2026 has been raised to the completion of “Practical Application Basics/Expert Training” for implementing digital technologies in actual business processes.</li> </ul>

(\*1) Engagement Survey (Employee awareness survey) started in 2017 to correctly understand the status of Sojitz, and to achieve effective HR strategy. With the advice of external specialist, we created and introduced our own questions. The survey has six options to answer, of which, the ratio of respondents who chose Option 1: “Strongly agree” or Option 2: “Agree” is defined as the “positive affirmation ratio,” while the ratio of respondents who chose Option 1, Option 2, or Option 3: “Somewhat agree” is defined as the “affirmation ratio.” We analyze the results by organization and attribute (by age/job ranking) to take improvement activities by division/unit.

Relevant link:  
Engagement Survey  
<https://www.sojitz.com/en/corporate/strategy/jinzai/policy/survey>

## Strategy

Sojitz Group has established the following three basic human resource strategy policies under the Medium-term Management Plan 2026: “Build diverse teams of employees who take on new challenges and achieve growth,” “Strengthen the section managers' ability to maximize the full potential of each individual,” and “Anticipate volatile environment and flexibly allocate human resources.”

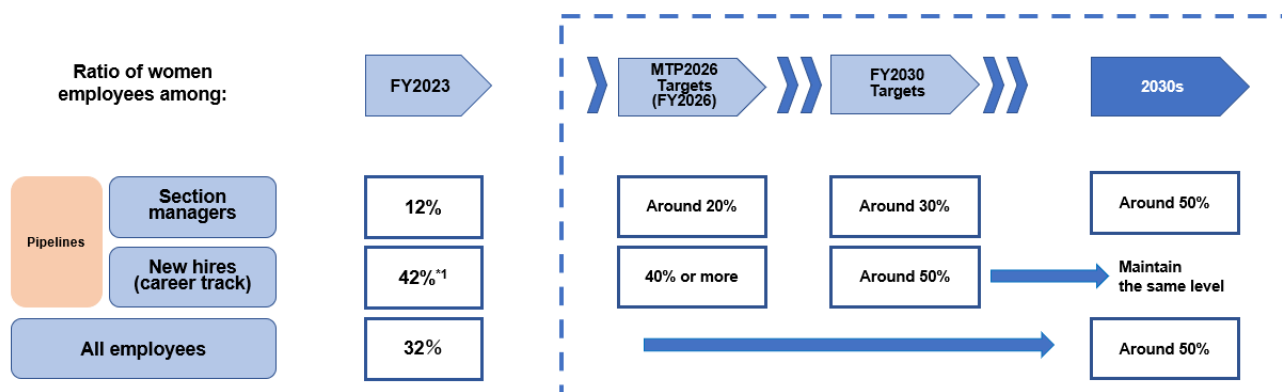
1) Basic HR Strategy 1: “Build diverse teams of employees who take on new challenges and achieve growth”

In accordance with the theme of transforming diversity into competitiveness, Sojitz utilizes diversity to respond to volatile market environment and generate the organizational capabilities that underpin the swift generation of value. To aim for “becoming a general trading company that constantly cultivates new businesses and human capital,” we continue proactively hiring diverse talents regardless of gender and nationality, including mid-career hires with high expertise. We also work on various initiatives to develop a workplace environment that enables them to fully demonstrate their characteristics and skills and provide education to management-level personnel.

### ● Promotion of women in the workplace

Sojitz has established a dedicated diversity management organization that works together with the Human Resources Department to advance various diversity promotion initiatives by the 2030s, such as increasing the number of female employees in decision-making roles and creating an equitable workplace in which talent allocation is based on an individual's capabilities for a role as opposed to gender-based preconceptions.

Moreover, the Promotion of women in the workplace has been defined as a top priority for human resource strategies given its importance in linking diversity to competitiveness in the form of innovation. We aim to raise the ratio of female section managers to 20% by the end of the Medium-Term Management Plan 2026, and further raise this ratio to 50% in the 2030s. Sojitz is bolstering its human resource pipelines among all age groups while helping employees gain experience. We are also taking steps to eliminate gender gaps in work experience and help women continue working even while undergoing life events. These efforts are aimed at increasing the representation of women in management decision-making.



\* Joined Sojitz on April 1, 2024

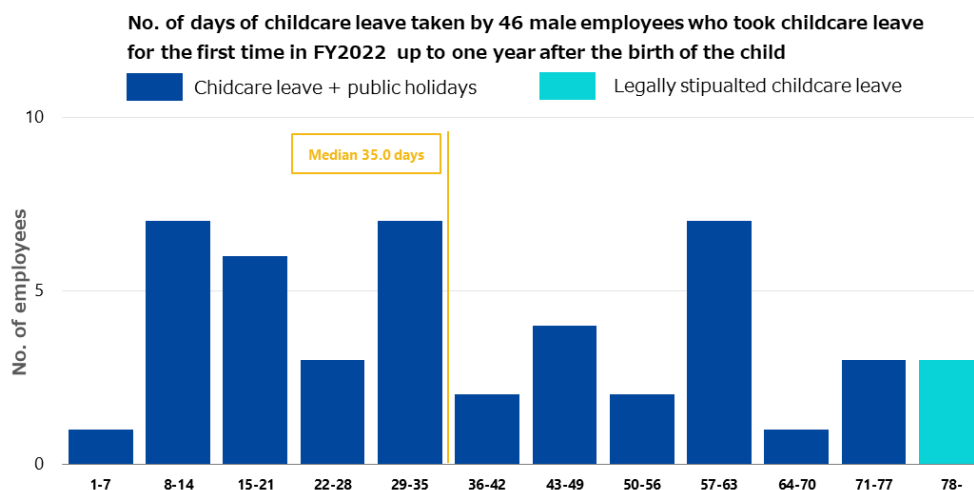
- The ratio of female section managers was 12% as of March 31, 2024, surpassing the target of 10% for FY2023.
- The ratio of new female graduates hired as general employees has consistently been over 30% since FY2018 (42% for those joining in April 2024).
- The proportion of female general employees with overseas or domestic working experience was 48% as of March 31, 2024, against the FY2023 target of 50%. For personnel KPIs in the "Medium-Term Management Plan 2026," please refer to Page 39-40.
- (For reference) Out of nine directors, two are female, and out of five auditors, two are female (as of March 31, 2024, the proportion of female executives is 28.6%).
- (For reference) With the appointment of personnel from outside the company with specialized knowledge and experience, as well as internal promotions, there are two female executive officers (as of March 31, 2024).

As a result of proactively hiring, nurturing and appointing female employees, there are empowerment cases in the new business areas. Sojitz established a joint venture company in Japan with ROYAL HOLDINGS Co., Ltd. to operate and expand the café business. One of our female employees was appointed to its President and leads the business operation. In addition, employees with different working background, experience and nationalities gathered to establish a joint venture with Vietnam Dairy Products JSC, a major Vietnamese dairy product manufacturing company. One of the members was assigned as expatriate sales and marketing manager and is working to develop sales channels in Vietnam.

Sojitz endeavors to ensure that employees are able to balance their work with childcare regardless of their gender. We recognize the importance of fostering a workplace environment that encourages organization-wide understanding and support of employees raising children in enabling women to continue their careers even while undergoing female-specific life events. We aim to maintain the target of 100% for the human capital KPI of childcare leave taken including male employees. To help employees build their career, we are committed to enhancing work efficiency and team management capabilities, and through support for early returns to work and the promotion of flexible workstyles by balancing their work with childcare.

The chart below shows the distribution of childcare leave taken by male employees. It represents the cumulative number of days of childcare leave taken by 46 male employees who first utilized this leave in FY2022, starting from April 2022, when the “postnatal childcare leave” policy was implemented, until their child turned one year old\*. The distribution of actual leave days indicates a wide range of leave periods, from short to long durations, demonstrating that male employees take childcare leave according to their individual circumstances.

\*The number of days includes postnatal childcare leave and the prescribed holidays or statutory childcare leave immediately following it. Since the tracking period extends until the child reaches one year of age, the period for taking childcare leave also includes the next fiscal year, which is FY2023.



Additionally, our company conducts interviews with male employees who have taken "postnatal childcare leave" to understand how they utilized the leave. Below are examples of how male employees utilized the leave, showing various forms of leave utilization beyond just taking leave immediately after childbirth.

#### < Examples of Male Employees' Utilization >

- Taking childcare leave to avoid periods of project work or during fiscal closing periods.
- Taking childcare leave starting from the time when their spouse returns from a “satogaeri bunben” (a practice where the spouse stays at her parents’ home before and after childbirth).
- Taking childcare leave to support their spouse's early return to work, timed with the spouse's return.
- Taking childcare leave in a way that balances work and childcare responsibilities, such as adding one day of postnatal childcare leave to the regular days off to create a three-day weekend, thereby taking turns with their spouse to reduce the burden of caring for a newborn.

To nurture a corporate culture supporting both work and childcare, a panel discussion was held at the general manager training, themed on childcare leave of male employees. Active exchange of views and opinions was made on frontline issues and how the management is exercising ingenuity. Further, as an initiative to raise awareness to achieve value creation through diversity, we designated a diversity awareness month and provided lectures on several themes including childcare, nursing care and LGBTQ to enable each and every employee to consider promoting diversity, equity & inclusion (DEI) and deepen its understanding.

For more information on Gender-Based Wage Disparity, please refer to “**1. Overview of Sojitz and Its Subsidiaries**, 5. Employees, (4) “Percentage of female workers in management positions”, “Percentage of male employees taking childcare leave” and “Wage differentials between male and female” based on Act on the Promotion of Women's Active Engagement in Professional Life” (Page 11) and “(5) Information Disclosure based on the Act for the Promotion of Women's Advancement (Supplemental Information)” (Page 48-51).

- Further strengthening of digital human resource development and training

By utilizing digital technology with our internal and external partners, we have developed our own training curriculum and designed skill areas and skill levels in order to train digital talent who can implement changes to business models and work processes. We have already completed raising the literacy levels of all employees through introductory and basic courses, and we have also achieved our goal of training 300 advanced application personnel (actual results: 321, of which 60 are experts) as set out in our Medium-Term Management Plan 2023. By utilizing these digital talents, we are steadily making progress in addressing business issues, such as price optimization in mineral trading, data analysis for product sales strategies at marine products companies, and patent applications for methods of estimating the number of tuna in tuna farming businesses using digital twins. In addition, we have selected expert managers to manage digital specialist teams within the Sales Division and Corporate organization, and are building a robust structure to achieve Digital in All.

In the "Medium-Term Management Plan 2026," we will continue to update and enhance the company's overall digital literacy, while also strengthening the training curriculum for advanced personnel and expanding the number of trained individuals. In the basic application phase, we will introduce a Business Architecture Training (approximately 20 hours) to conceptualize how to integrate data and technology into business models. Moreover, we aim to train approximately 50% of all general employees (about 1,000 people), including about 10% as experts (about 200 people), and to allocate these advanced personnel across all organizations, aiming for a company-wide digital transformation centered around these talents.

- Encouragement of contributions from mid-career recruits

We are also focusing on mid-career hiring to strengthen our diversity including management personnel, DX and other specialized personnel, different genders, locally hired individuals. As of March 31, 2024, mid-career hires accounted for 24% of management posts and 39% of executive posts. In addition, mid-career hires accounted for 31% of all hires in FY2023. We plan to continue mid-career recruitment to account for about 30% of all new hires each year, with about 40% of these new hires to be women. In December 2021, we welcomed a (female) specialist from outside the Company as CDO (Chief Digital Officer) and Executive Officer\*. We will accelerate the implementation of digital technology that will lead to create new businesses and transform our business model by utilizing the knowledge and unique female perspectives cultivated at other companies, and in the dialogue between the senior management and the frontline employees.

\* Appointed to position of Senior Managing Executive Officer, CDO, CIO and Head of Digital Division on April 1, 2024.

- Utilization of locally hired employees

Sojitz is increasing the number of chief officer (CxO) positions filled by locally hired executives with the goal of better entrenching its operations, centered on overseas operating companies, into local networks in order to expand its business domain and co-create new businesses. The ratio of overseas CxO positions filled by locally hired employees was 40% in the year ended March 31, 2022 and this ratio increased to 45% as of March 31, 2024. Sojitz aimed to raise this localization ratio to 50% or more by the year ending March 31, 2026, but has since revised its target upward to 60% under Medium-term Management Plan 2026 as part of its efforts to further the Company's localization efforts. Moreover, we aim to bolster information sharing in overseas regions in order to facilitate market-oriented initiatives, seize new business opportunities, and promote co-creation and sharing. To this end, the Company has established an advisory board membered by the locally hired leaders of overseas operating companies and appointed locally hired directors. At a meeting of the advisory board held in the United States, former president Masayoshi Fujimoto joined in a lively debate about the growth strategies to be implemented going forward with the chief officers of operating companies in the Americas. Through such exchanges, Sojitz aims to create synergy across Sojitz Group by expanding business through combining with its diverse range of businesses.

- Trainee program

Sojitz develops a diverse range of businesses through more than 400 Group companies. As such, ensuring the effective cultivation of human resources for leading these companies is a matter of extreme importance. Various training systems are in place to cultivate management staff, including an overseas trainee program, a system for dispatching employees to MBA programs, and self-learning programs for language acquisition. One particularly unique program is a trainee program that allows employees to gain experience at organizations with missions that differ from that of their own. For example, an individual from a corporate division may gain sales experience at an operating company, or an individual who was previously engaged in a trading business in the Chemicals Division might be placed to a position involved in post-merger integration at an operating company overseen by the Aerospace & Social Infrastructure Division. The program thus provides an opportunity to grow by broadening one's perspective through new experience, and by expanding their base of knowledge and inter-personal connections. In the fiscal year ended March 31, 2024, we sent employees a total of 24 countries through the overseas trainee program, and 40% of program participants were women. By providing employees opportunities to gain experience outside of Japan at early stages of their careers, Sojitz aims to spur growth and foster human resource capable of succeeding on the global stage.

Relevant link:

Trainee Program

<https://www.sojitz.com/en/corporate/strategy/jinzai/>

- Hassojitz Project

The Hassojitz Project is a new business creation project launched in 2019 with the aim of fostering employees' abilities to plan for the future and to practice strategic thinking by providing an opportunity to contemplate Sojitz's future growth. The "Wireless charging" Project, which was awarded the first President Prize, has started on-the-road performance tests in March 2023.

In addition, new businesses have rolled out such as e-sports and fast-growing tree projects proposed in FY2020 are commercialized through the establishment of a company. In FY2023, the fifth year since the program was launched, the theme was "Transformation Driven by Passion!," and discussions were held with experts and alumni to further accelerate the creation of businesses starting from the idea. In FY2021 "New employees x Hassojitz" was introduced as part of the new employee training program, to promote the understanding of our business and to increase inventiveness in the new business outside the existing boundaries. Moreover, Sojitz has accelerated the elaboration and advancement of business ideas, co-creation of value and innovation through cross-industrial by sending members to external programs and receiving advice from external lecturers. Hassojitz Project promotes the fostering of entrepreneurial spirit and human resources capable of creating businesses autonomously.

- Spreading a culture of thorough person-to-person communication

We consider human resources as a source of Sojitz Group's value creation, and their actively engaging in vertical, horizontal and diagonal communications will play a key role to grow the company and organization. For example, such communications will help improve the decision-making quality through sharing multifaceted opinion and information, innovate us with outside the box thinking, enhance the willingness to achieve the goal, and drive company engagement.

We believe our vision of human capital management will be accomplished if diverse, autonomous individuals think what is unique to Sojitz and turn it into actions. In April 2023 we launched "Pursuit of Sojitz's Uniqueness Project," an interactive project involving the entire company. We verbalized our uniqueness and visions from the future/present as well as the company/individual perspectives. This process includes fact-finding based on interviews with internal and outside parties, workshops by core members selected from all units, exchange of views with the management and having several discussions. To achieve our FY2030 vision, employees shall have a sense of ownership to verbalize, to align their daily behavior with the directions of management target. This company-wide efforts are to link the power of our human resources to the power of the Company.

- Sojitz Alumni

Sojitz Alumni Activities

<https://sojitz-alumni.com/page>

- Support to achieve diverse career plans (Sojitz Professional Share Co., Ltd.)

Sojitz Professional Share Co., Ltd.

<https://www.sojitz.com/en/corporate/strategy/jinzai/>

## 2) Basic HR Strategy 2: “Strengthen middle management to maximize the full potential of each individual”

To link the development of diverse, autonomous individuals (Will/Can) to the growth of organization and the company (Shall) and the enhancement of corporate value, we consider it imperative to strengthen the middle management serving as a hub to connect and intermediate between the management and employees, as they execute strategies and enhance engagement.

- Enhancement of the Group’s capability by strengthening the middle management

To maximize the potential of our employees, who are the source of our value creation, we believe it is important to strengthen management capabilities that draw out employees’ strengths and enhance organizational capabilities through dialogue. Analyzing the results of the engagement survey (99% response rate in FY2022), we found that section managers, who are the closest to the field, have a significant impact on organizational engagement. Since section managers have a greater influence on improving organizational engagement compared to department managers, we are focusing on strengthening middle management, particularly section managers.

Data has revealed that organizations with section managers who excel in communication tend to have high levels of “openness,” “willingness to take on challenges,” and “sense of growth.” At our company, strengthening middle management is positioned as “improving communication skills as the most important aspect,” and we are implementing strengthening measures such as training programs. Moving forward, we aim to further improve the quality of dialogue, enhance organizational leadership, and strengthen our “business creation and management capabilities.”

- Development of talents who can constantly deliver results (Training Program)

From the perspectives of both the Company (securing of organizational capability required to execute its strategy) and employees (development of skills and careers of individuals), Sojitz continues developing optimal talents through dialogues and provides various trainings to help employees to grow. Training opportunities like the DX-expert development program are provided to employees of all ages and ranks. We also supply training designed for specific age groups and ranks, including training for new graduate employees, managers, and officers. Through these programs, we aim to link the growth of individuals to the growth of the team and the organization. We also focus on selective training programs for cultivating the next generation leaders. These programs are designed to improve the resilience of the organization and systematically foster candidates for future managerial positions by building a robust pool of human resources and developing succession plans. Moreover, experts are employed to provide coaching to help individuals gain the fundamental knowledge required of a manager, acquire sophisticated management skills, and build networks with managerial personnel at other companies. The Company also sends employees to receive professional coaching and join cross-industry training events.

## 3) Basic HR Strategy 3: “Anticipate volatile environment and flexibly allocate human resources”

To keep addressing significant changes in environment such as technology advancement and heightened geopolitical risk, and diverse customer needs, Sojitz will flexibly and systematically allocate, cultivate and appoint human resources, thereby enhancing the capability of value creation and value-up to achieve our vision for 2030.

- Cultivation of human resources by providing diverse opportunities (job rotation system and Internal Recruitment System)

Sojitz implements systems to promote the professional growth of employees and broaden their career paths. These include the job rotation system, under which employees must have experience in two or more roles (including secondment and overseas assignment) in order to be considered for a managerial position. This system contributes to the development of leaders who have diverse expertise and skills. We also provide an internal elective system that provides employees with opportunities to carve out their own career path. Employees take part in regular interviews so that they can share their career plans with the Company. Moreover, a system to track the motivation level is implemented such as interviewing roughly six months after the assignment about the performance and adaptability related to the new position. In FY2020 we reviewed the requirements to receive certain promotions as part of our efforts to accelerate the speed at which qualified and motivated young employees will be promoted.

- Visualization of human resources to support flexible and systematic allocation and cultivation of human resources

To further enhance the “individual” and the “Company, we utilize human resource data (data science). Company-wide regular surveys such as employee engagement surveys and 360-degree surveys, and HR data are analyzed from a multifaceted and diverse perspective to pursue a data-driven HR strategy. By utilizing the talent management system across the company, we will promote vertical, horizontal and diagonal communications, use data to connect each employee with the Company such as assigning the right people to the right position, providing feedback on a fair and equitable evaluation, and visualizing employees’ growth to enhance the foundation of human capital management.

#### 4) Systems and initiatives supporting diverse human resources

The Sojitz Group believes that its growth is prefaced on the growth of its employees. We are therefore committed to developing a workplace environment that ensures all employees with diverse values and career ambitions can maintain high levels of motivation by growing and chasing their ambitions.

- Health and Productivity Management

At the Sojitz Group, we consider our employees to be our greatest asset. We thus feel it is our responsibility to create a safe, comfortable, and rewarding work environment that contributes to the mental and physical well-being of our staff and of their families. In March 2018, we established the Sojitz Healthy Value charter to guide efforts to protect and improve employee health. Guided by this charter, we are strengthening the capabilities of the Health Support Office and implementing various measures to help prevent illnesses and promote health and to enable employees to continue working even while undergoing treatment. Meanwhile, Sojitz has maintained a 100% rate of employees undergoing initial health examinations while the rate of applicable employees undergoing follow-up health examinations has been defined as a human capital KPI for the purpose of preventing and early detecting illnesses. For FY2023, the rate of applicable employees undergoing follow-up health examinations increased to 77%, which exceeded the target rate of 70%. In addition, we implemented health initiatives centered on physical health/mental health/women’s health measures in FY2023 based on the health strategy map set forth in FY2022. Sojitz has been selected as “Health & Productivity Stock” for the second time for such efforts.

Relevant link:

Health Strategy Map

<https://www.sojitz.com/jp/csr/employee/pdf/strategymap.pdf>

As a measure to promote physical health, we held the Sojitz Health and Fitness Day in September 2023 with the aim of raising employee awareness of health issues and encouraging a healthy lifestyle. The festival included ten events that were attended by employees and management, including our President. Attendees learned about the importance of adopting a health-conscious mindset through a range of initiatives including events for promoting exercise (including physical fitness tests) and seminars on a range of topics including sleep, body alignment and posture, diet, and understanding of annual health check results.

As a measure to promote mental health, we held mental health seminars under the guidance of its industrial psychiatrist, including a seminar for all employees and a training for managers on methods for supporting the mental health of their team members. Sojitz facilitates cooperation between its industrial psychologists and each company organization in order to prevent mental health issues before their arise.

As a measure to promote women’s health, Sojitz enhanced the initiatives in April 2022. For example, cervical cancer and breast cancer screenings are being offered to female employees of all ages, a dedicated gynecologist is assigned to its healthcare room, an in-house fertility consultation service is established on infertility treatment, a service agreement was concluded with an external company, and online education seminars were offered on women’s health by doctors and experts. The difficulty to balance work and infertility treatment is recognized as an issue. Sojitz has enhanced initiatives such as offering seminars presented by a gynecologist on how to balance work and infertility treatment to promote a deeper understanding of this process, not only the individuals but also their colleagues to create a workplace environment that actively supports employees seeking to balance work and infertility treatment.

Sojitz will continue to promote Health and Productivity Management and maintain physical and mental health of each and every employee, while striving to create a workplace environment where employees are able to fully exercise their abilities.

## < List of Systems and Initiatives to Support Diverse Human Resources >

<b>Empowerment of female employees</b>	<ul style="list-style-type: none"> <li>• Career talk sessions by female outside directors and roundtable discussions with female executive officers</li> <li>• Mentor programs to female career track employees provided by the senior management</li> <li>• External trainings for female career track employees and managers with secondment experience in and outside Japan</li> <li>• Improvement of the percentage of young female career track employees</li> <li>• Cross-industry networking (exchange of views with female career track employees in other industries)</li> </ul>	<ul style="list-style-type: none"> <li>• IkuBoss (supervisors having a great understanding of child-rearing)/unconscious bias training</li> <li>• Cafeteria training for administrative employees to develop skills</li> <li>• Position transfer system (region, position and field-specific career track employees)</li> </ul> <p>etc.</p>
<b>Work-life balance support</b>	<ul style="list-style-type: none"> <li>• Pre-maternity meetings, meetings with supervisors, pre/post-returning meetings</li> <li>• Support for early return to work after leave, shorter workhour system</li> <li>• Support for using preschools located near Company facilities</li> <li>• Aid for using baby sitting services</li> <li>• Seminar for supporting reinstatement</li> <li>• Childcare concierge, childcare handbook</li> </ul>	<ul style="list-style-type: none"> <li>• Parental leave system, childcare leave system</li> <li>• Family-care leave, family support leave</li> <li>• Care-giving leave, nursing care leave, shorter workhour system</li> <li>• Rehiring systems for employees who have left the company for family care</li> <li>• Reemployment system following a spouse's job transfer</li> </ul> <p>etc.</p>
<b>Health support</b>	<ul style="list-style-type: none"> <li>• Regular health checkups, lifestyle disease screening, cancer screening</li> <li>• Cervical cancer and breast cancer screenings for all female employees</li> <li>• Individual consultations with industrial psychiatrists, stress assessments</li> <li>• Healthcare (massage) rooms</li> </ul>	<ul style="list-style-type: none"> <li>• Gynecologist in health care room, in-house fertility consultation service</li> <li>• Coupons for gynecology checkups and fertility treatment</li> <li>• Support for advanced cancer therapy</li> <li>• Introduction of health management system</li> </ul> <p>etc.</p>
<b>Workstyle reforms</b>	<ul style="list-style-type: none"> <li>• Curtailing long working hours</li> <li>• Encouraging the use of paid leave</li> <li>• Special leave for long-term employees</li> </ul>	<ul style="list-style-type: none"> <li>• Super flex system, elimination of core working hours</li> <li>• Teleworking systems</li> <li>• IT-driven efficient operation</li> </ul> <p>etc.</p>
<b>Human resource evaluations and development</b>	<ul style="list-style-type: none"> <li>• Evaluation encouraging taking on challenges</li> <li>• Training for evaluators</li> <li>• Performance-linked bonuses</li> <li>• 360-degree surveys</li> <li>• Engagement surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Training of career support for subordinates</li> <li>• Career design training</li> <li>• Recurrent education support system</li> <li>• Leadership training</li> <li>• Instructor/mentor system</li> </ul> <p>etc.</p>
<b>Recruitment and assignment</b>	<ul style="list-style-type: none"> <li>• Recruitment of new graduates, mid-career hires and persons with disabilities, rehiring after reaching retirement age</li> <li>• Sojitz Shared Service (Special Sojitz Subsidiary) based on the Law for Employment Promotion of Persons with Disabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Domestic/overseas secondment</li> <li>• Internal recruitment system</li> <li>• Job rotation system</li> </ul> <p>etc.</p>

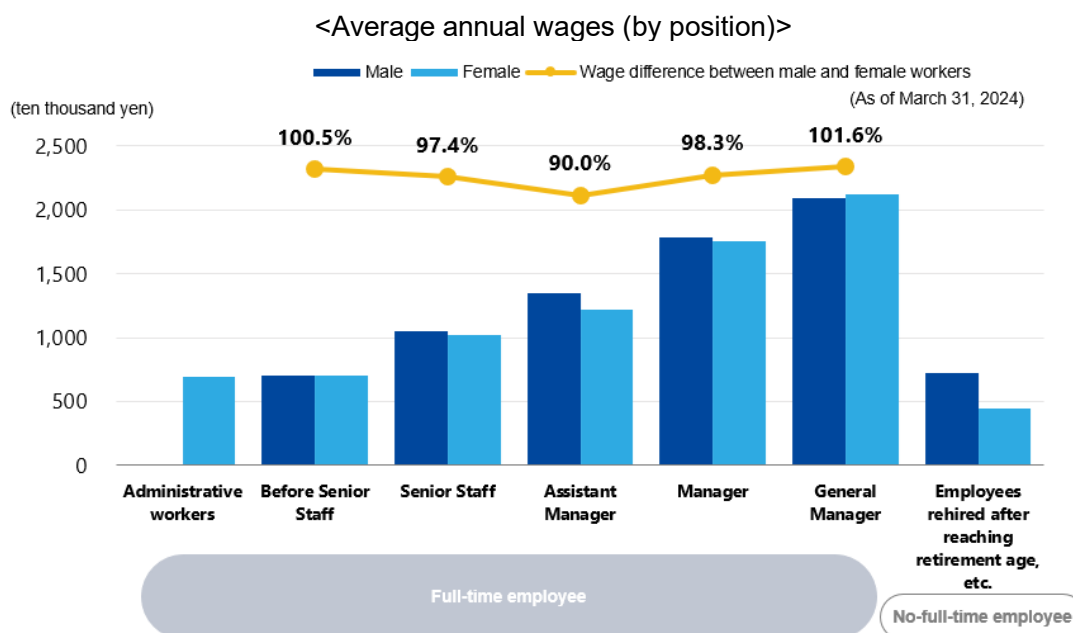
- Group-wide initiatives to accelerate corporate value improvement (through employee shareholding association and granting of shares)

Sojitz aims to foster employee awareness about constantly improving the corporate value of the entire Group and its share price. Not only by the shareholders return but also granting shares to employees who support the company, we will further motivate each employee to have a sense of ownership and support the corporate value improvement. In May 2023, Sojitz granted as special incentives of 100 shares to each employee who is a member of the Shareholding Association. As of March 2024, around 90% of Sojitz employees are members of the Shareholding Association. To channel the flow of funds from profit expansion to the people and business for their growth, we will accelerate the initiatives across the Group to improve corporate value. Sojitz will offer special remuneration to employees if the KPIs under the MTP 2026 are achieved.

## 5) Information Disclosure based on the Act for the Promotion of Women's Advancement (Supplemental Information)

### ● Gender-Based Wage Disparity at Sojitz

Full-time employees at the Sojitz include career track employees and administrative employees. Career track employees undertake a proactive role in core business tasks while administrative employees assist career track employees by performing the full spectrum of administrative tasks. Non-full-time employees primarily consist of individuals rehired after the mandatory retirement age of 60 years old. A job grade system is provided for each job class, based on which job grades are assigned in accordance with employees' qualities, skills, and ambitions, with no consideration paid to age or gender. This system prevents disparities in wages based on gender between employees of the same job grade, in terms of work duties and scope of possible relocation, except in cases of differences due to factors such as amount of overtime work.



### ● Gender-Based Wage Disparity Among Employment Management Categories (All Employees, Full-Time Employees, and Non-Full-Time Employees)

The following table shows the difference in wages between men and women when calculated based on the employment management categories of "All employees," "Full-time employees," and "Contract employees" under Act for the Promotion of Women's Advancement (hereinafter referred to as "employment management categories based on the Law for the Promotion of Women's Advancement").

<Gender-Based Average Annual Wage Disparity (Ratio of Average Annual Wages of Female Employees to Average Annual Wages of Male Employees) >

All employees	Full-time employees	Career track employees	Administrative employees	Contract employees
58.2%	58.6%	70.3%	—	61.4%

< Number of employees (as of March 31, 2024) >

(Persons)	All employees	Full-time employees	Career track employees	Administrative employees	Contract employees
Male	1,717	1,611	1,611	—	106
Female	796	735	366	369	61
Total	2,513	2,346	1,977	369	167

- Reason for Gender-Based Disparity Occurring in Employment Management Categories Based on the Act for the Promotion of Women's Advancement, and Sojitz's Interpretation

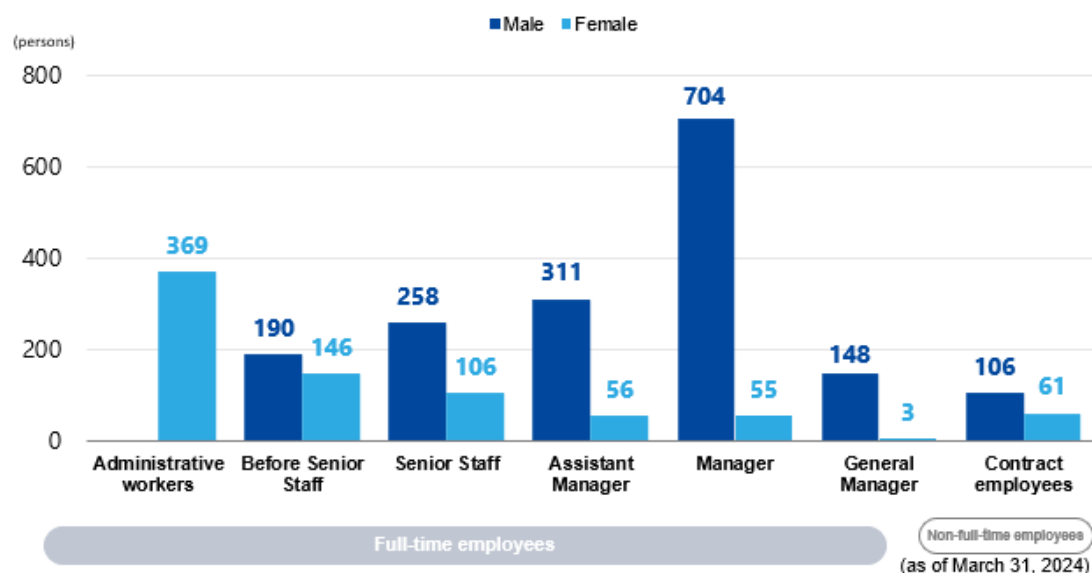
In the employment management categories based on the Act on Promotion of Women's Participation and Advancement in the Workplace, there is gender-based disparity. One of the reasons behind this is the low percentage of female career track employees in management ranks. Sojitz is currently advancing Promotion of women in the workplace as one of the key measures of our human resource strategies. Aiming to increase the ratio of female employees among all employees to 50% or so and the ratio of female section managers to 50% in the decade of 2030, Sojitz is promoting to increase recruitment of female new graduates and mid-career hires, implementing systems to help employees balance their work with childrearing, bolstering its human resource pipelines among all age groups, helping employees gain experience, and encouraging them to pursue career development. These measures are expected to increase the current low representation of women in management positions, and thereby help alleviate this gender-based wage disparity.

For more information on human resource pipelines among all age groups, please refer to ● Promotion of women in the workplace (Page 41-43).

Another reason behind the gender-based wage disparity at the Company is the fact that all administrative employees, who tend to have lower wages than career track employees, are women (as of March 31, 2024). Administrative positions are one component of the diverse workstyles provided by Sojitz, and we intend to continue recruiting administrative employees. Even though this job class can be chosen by anyone regardless of gender, all applicants for administrative positions, whether it be new graduates or mid-career individuals, are women. Therefore, it will continuously affect the gender-based wage disparity in the future. On the other hand, Sojitz offers systems that allow mutual position transfers between career track and administrative positions, making it possible for both male and female employees to choose the job class that best matches their individual goals and preferred workstyles even after joining the Company.

Contract employees primarily consist of individuals rehired on fixed-term contracts after mandatory retirement at age 60. The wages of individuals rehired in this manner are dependent upon their job class and job grade at the time of mandatory retirement. As a large number of women rehired in this manner were administrative employees at the time of retirement, there is a disparity in wages by gender among contract employees, which translates to a gender-based wage disparity when looking at the average of all employees.

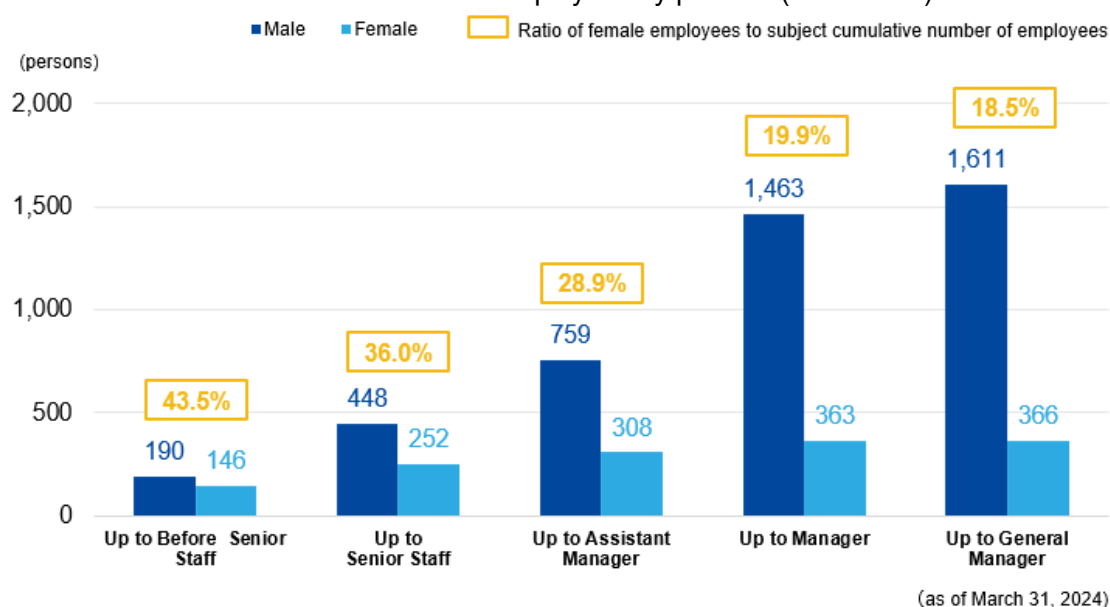
<Number of employees by job class>



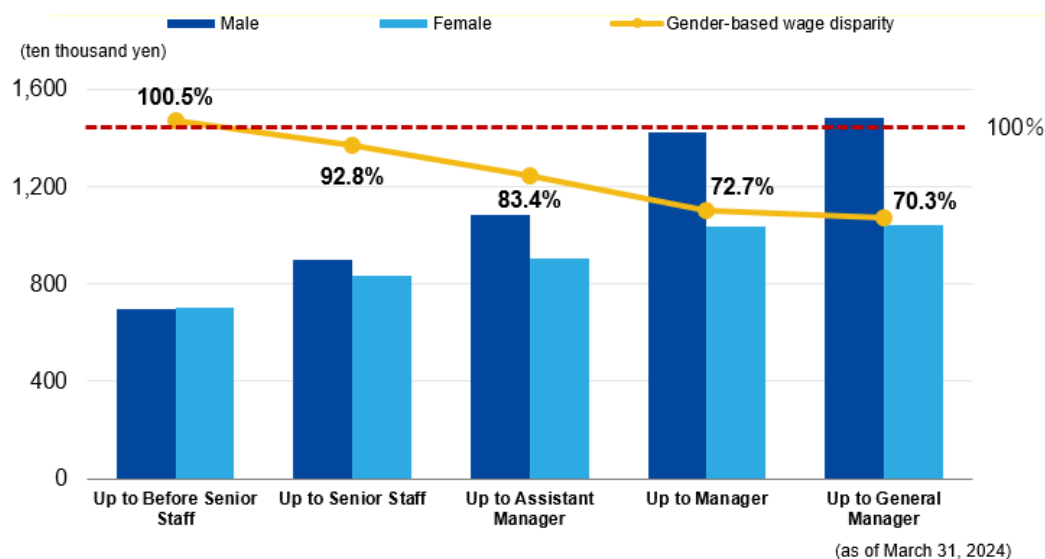
- Wage differentials between male and female among career track employee positions

The general employer action plan established in accordance with the Act for the Promotion of Women's Advancement released by the Company in the year ended March 31, 2017, sets the target of raising the ratio of women hired to career track employee positions among new graduates to above 30% by the year ended March 31, 2022. The ratio of women hired to career track employee positions among new graduates surpassed 30% in the year ended March 31, 2019, and a ratio of more than 30% has been maintained since. Female career track employees among the aggregate number of career track employees represent around 30% of all job grades up to senior staff. Conversely, female career track employees represent a significantly lower portion of assistant manager and higher job grades, which are largely populated by individuals hired prior to Sojitz's decision to increase recruitment of women. As shown in average annual wages by position of career track employees, the average wages of female employees are nearly 100% the average wages of male employees in the low-ranking job grades, where women have high and balanced representation, but only 70.3% the average wages of male employees when looking at all career track job grades (including general manager, etc.) as a result of the gradual decrease in the representation of female employees seen starting in high-ranking job grades. Sojitz is currently advancing a management strategy entailing increased recruitment of female career track employees (both new graduates and mid-career hires), implementations of systems to help employees balance their work with childrearing, bolstering of human resource pipelines among all age groups, assistance for employees in gaining experience, and encouragement for pursuing career development. As this strategy contributes to increased representation of women among career track employees, the overall gender-based wage disparity is expected to decline.

< Number of career track employees by position (cumulative) >



< Annual average wage of career-track positions by job classification (cumulative) >



- 5-year trend of “Gender-based Wage Disparity” under the Act for the Promotion of Women’s Advancement

	Gender-based wage disparity				Number of employees			
	All employees	Full-time employees	Career track employees	Contract employees	All employees	Full-time employees	Career track employees	Contract employees
FY2023 (this report)	58.2%	58.6%	70.3%	61.4%	2,513	2,346	1,977	167
FY2022	57.3%	58.0%	70.1%	52.0%	2,523	2,350	1,978	173
FY2021	58.6%	58.8%	72.0%	57.6%	2,558	2,380	1,999	178
FY2020	55.4%	56.3%	67.7%	50.2%	2,551	2,390	2,017	161
FY2019	55.3%	56.8%	67.8%	44.7%	2,460	2,313	1,997	147
FY2018	56.1%	56.7%	68.5%	53.7%	2,410	2,278	1,959	132

A wage disparity has been on a path to a modest overall improvement for the last 5 years since FY2018 but the change is still slight. In accordance with the targets set under the Medium-term Management Plan 2026, we maintain the ratio of career track female employees at 40% and above and increase the ratio of female section managers to about 20% in FY2026. We monitor whether steady improvement has been made in the gender-based wage disparity.

(Reference) Evaluation by External Organizations

	FY2020	FY2021	FY2022	FY2023
FTSE Blossom Japan Index	Selected	Selected	Selected	Selected
FTSE Blossom Japan Sector Relative Index (*)	–	–	Selected	Selected
MSCI Japan ESG Select Leaders Index	–	–	–	Selected (New)
MSCI Japan Empowering Women Index (WIN)	Selected	Selected	Selected	Selected
CDP (Climate Change)	A-	A-	A-	A-

\* A new ESG Index provided by FTSE Russell in 2022

For more information on our sustainability initiatives, please refer to the Sojitz ESG Book

[https://www.sojitz.com/jp/csr/sojitz\\_esg/](https://www.sojitz.com/jp/csr/sojitz_esg/)

\*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. Actual results may differ materially based on various factors including the 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.

### 3. Risk Factors

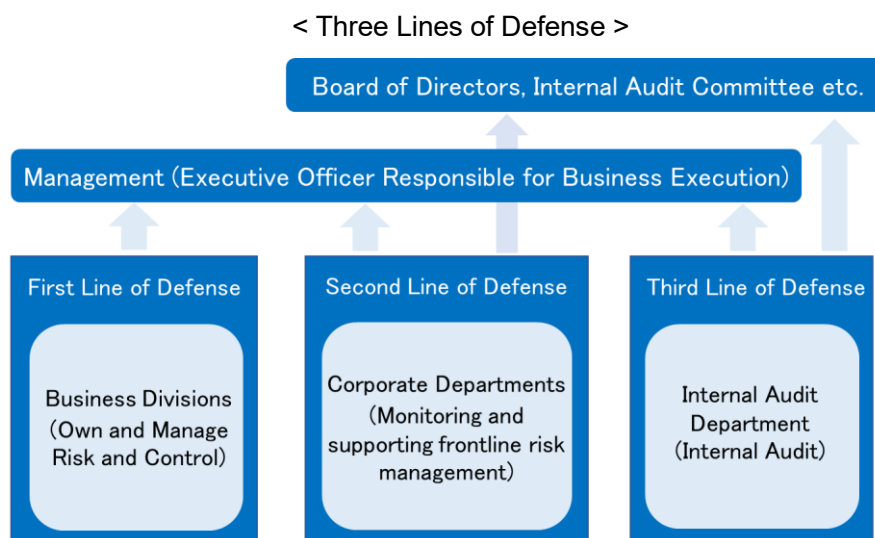
The following are factors relating to business and financial conditions listed in the annual security report that may potentially have a significant influence on investor decisions.

Those notes that concern factors of the future are predictions based on targets, certain assumptions and hypotheses, or Sojitz's judgment based on the information available at the end of this fiscal year.

As a general trading company, the Sojitz Group is engaged in a diverse and globally dispersed range of businesses. Due to the nature of its businesses, the Group is exposed to a variety of risks. The operating environment continues to exhibit high levels of volatility amid trends including Russia's prolonged military invasion of Ukraine; the acceleration of digitalization; and the diversification of values and needs. This volatility is creating a constant need to respond to new risks. Moreover, we must assess risks from a perspective that looks beyond the Sojitz Group to include suppliers, buyers, outsourcers, and other areas of our supply chain in order to furnish effective response measures.

Framing such volatility in the business environment as an opportunity, we have been advancing various measures for improving corporate value to drive the ongoing evolution of the Sojitz Group's businesses and business models under the Medium-Term Management Plan 2023 concluding with the year ended March 31, 2024.

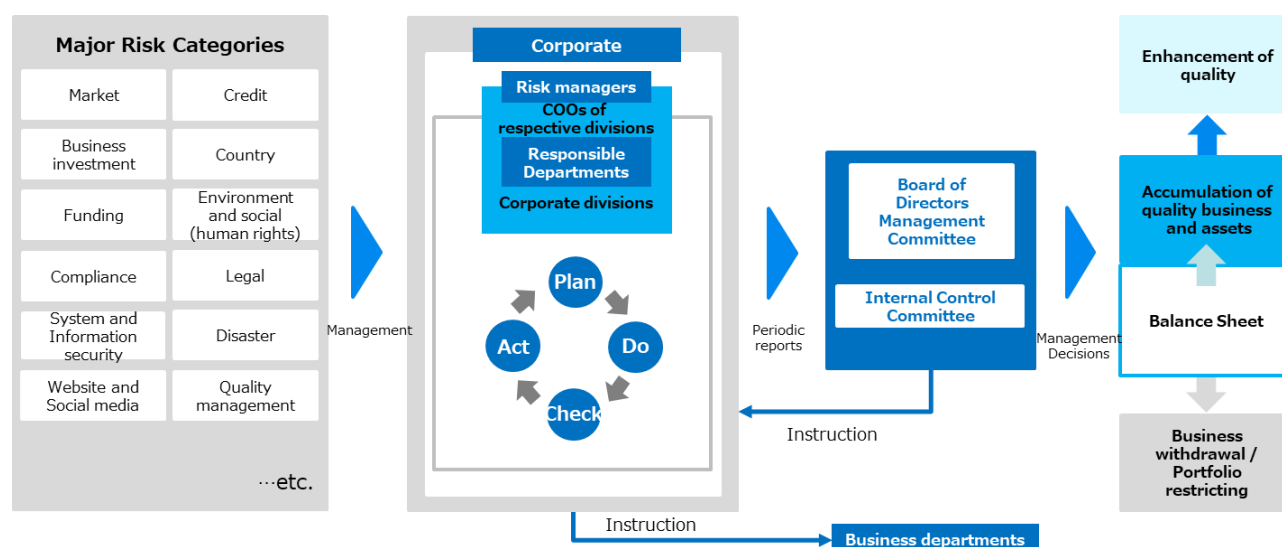
Sojitz's basic internal control policy comprises three lines of defense (first line: business divisions; second line: corporate divisions; third line: internal audits). Under the aforementioned circumstances, the management has been discussing how to augment the risk management capabilities of the first and second lines of defense as well as how to evaluate and visualize risks for the entire Group.



The Group conducts risk management in accordance with the Basic Code of Corporate Risk Management, based on which the Internal Control Committee, an executive body under the direct control of the president, makes a comprehensive assessment of the entire Group, identifies and categorizes the various risks that may be incurred during the course of business activities. Moreover, ongoing steps are taken to verify the risks that may emerge as a result of new business endeavors or operating environment changes, and the suitability of response measures is constantly verified. These risks are subdivided, tracked in a comprehensive manner, and assessed for materiality, and each risk manager is tasked with formulating risk management policies and plans at the beginning of each fiscal year for use in implementing a PDCA (plan-do-check-act) cycle. The Internal Control Committee tracks the progress on a quarterly basis, discussing improvement measures or issuing instructions to the relevant divisions as deemed necessary. Moreover, the findings of such activities are reported to the Management Committee and the Board of Directors on a quarterly basis.

The Board of Directors oversees risk management activities and assesses the effectiveness of risk management systems and processes by reviewing regular reports and other measures.

< Risk Management PDCA Cycle Based on the Basic Code of Corporate Risk Management >



Management frameworks are being reinforced based on the importance of addressing certain risks. These risks include the cybersecurity and security trade control risks and the risks associated with business-to-consumer operations that are rising due to recent changes in our operating environment and in our business fields. In addition, we take an approach toward combating specific risks that accounts for the entire supply chain, and enact flexible responses to the sudden materialization of risks by measuring the quantitative impact of the given risk event in order to strengthen our corporate resilience. In the year ended March 31, 2024, scenarios were formulated for geopolitical risks, disaster risks, and environmental and human rights risks. These scenarios were examined through discussion by the Management Committee and between business and corporate divisions to assess the response measures to be implemented in the event that a risk materializes.

The Sojitz Group measures risk assets, the risks to which its assets are exposed, within the following four risk types: market risk, business investment risk, credit risk, and country risk. We use them as indicators to ensure profitability against risks, keeping the ratio of risk assets to total equity at or below 1.0 to maintain financial soundness. The ratio of risk assets to total equity as of March 31, 2024 was 0.6 times.

In these manners, the Sojitz Group has formulated effective risks management systems for addressing various risks. However, even with such rigorous risk management, it is impossible to completely eliminate risks in our business activities.

Risks that may impact the Sojitz Group's businesses include, but are not limited to, the following.

(1) Risk of changes in the macroeconomic environment

The Group operates a wide range of businesses in Japan and overseas that are engaged in a broad array of activities. Political and economic conditions in Japan and other countries and the overall global economy influence the Group's results. Therefore, global and/or regional economic trends could adversely affect the Group's operating performance and/or financial condition.

(2) Market risks

The Group is exposed to market risks, including exchange rate risk associated with transactions denominated in foreign currencies in connection with international trade or business investments; interest rate fluctuation risk associated with debt financing and portfolio investment; commodity price fluctuation risk associated with purchase and sale agreements and commodity inventories incidental to operating activities; and market price fluctuation risk associated with holding listed securities and other such assets. The Group has a basic policy of minimizing these market risks through such means as matching assets and liabilities and hedging with forward exchange contracts, commodity futures/forward contracts, and interest rate swaps.

#### (a) Currency risk

The Group engages in import and export transactions, and offshore transactions, denominated in foreign currencies as a principal business activity. The revenues and expenditures associated with such transactions are mainly paid in foreign currencies, whereas the Group's consolidated reporting currency is the Japanese yen. The Group is therefore exposed to the risk of fluctuations in the yen's value against foreign currencies, and hedges its foreign currency exposure with forward exchange contracts and other measures to prevent or limit losses stemming from this currency risk. Even with such hedging, however, there is no assurance that the Group can completely avoid currency fluctuation risk. The Group's operating performance and/or financial condition could be adversely affected by unanticipated market movements. Additionally, the Group's dividend income from overseas Group companies and the profits and losses of overseas consolidated subsidiaries and equity method associates are largely denominated in foreign currencies. Their conversion into yen entails currency risk. The Group also owns many foreign subsidiaries and operating companies. When these companies' financial statements are converted into yen, exchange rate movements could adversely affect the Group's operating performance and/or financial condition. With regard to the Group's sensitivity to income from exchange rates (US\$ only), should the rate change by ¥1/US\$ the impact will lead to a gross profit margin of approximately ¥700 million for the year, profit for the year (attributable to owners of the parent) of approximately ¥200 million, and total equity of approximately ¥2,000 million.

#### (b) Interest rate risk

The Group raises funds by borrowing from financial institutions or issuing bonds to extend credit (e.g., for trade receivables), invest in securities, acquire fixed assets, and for other purposes. Asset and liability items are categorized based on whether or not they are sensitive to interest rate changes, with the difference between the value of sensitive assets and sensitive liabilities used to determine an interest rate mismatch value. Based on this amount, the ratios of funds 14 procured from fixed-rate sources and variable-rate sources are adjusted to better manage interest rate fluctuation risks. However, the Group cannot completely avoid interest rate fluctuation risks. An increase in funding costs due to a sharp rise in interest rates could adversely affect the Group's operating performance and/or financial condition. In the year ended March 31, 2024, the Group's outstanding interest-bearing debt was ¥906,704 million, the average interest rate for short-term borrowings was 3.87%, long-term borrowings payable within one year were 2.70%, and long-term borrowings (excluding those payable within one year) were 1.90%.

#### (c) Commodity price risk

As a general trading company, the Group deals in a wide range of commodities in its various businesses. It is consequently exposed to the risk of commodity price fluctuations. For market-traded commodities, the Group manages exposures and controls losses by setting (long and short) position limits and maximum loss amount for each of its organizational units. The Group also imposes and enforces stop-loss rules (i.e., organizational units must promptly liquidate losing positions, if unit losses, including valuation losses, exceed the 90% of the maximum loss amount). Even with these controls, however, there is no assurance that the Group can completely avoid commodity price risk. The Group's operating performance and/or financial condition could be adversely affected by unanticipated market or other movements. The positions of each product are monitored, and measures are implemented to control levels as appropriate based on division-specific analyses of price movements.

#### (d) Listed securities price risk

The Group has large holdings of marketable securities. The Group is moving ahead with the reduction of cross-shareholdings under the Medium-Term Management Plan 2023 with goal of achieving a 50% reduction in such holdings from the level of December 31, 2020. In this undertaking, sales are steadily conducted and executed as originally planned. For listed shares, the Group intends to ongoingly confirm the holding purpose for all holdings under the Medium-Term Management Plan 2026, as under the Medium-Term Management Plan 2023.

Nonetheless, a major decline in stock prices could result in fluctuations in the fair price of marketable securities and, in turn, adversely affect the Group's operating performance and/or financial condition.

### (3) Credit risks

The Group extends credit to business partners around the world as an aspect of various transactions. These transactions present the risk of the Company being unable to collect receivables as result of performance downturns or bankruptcy on the part of buyers. At the same time, it is possible that suppliers may be unable to supply products as stipulated in supply contracts due to management difficulties. Such a situation could impede the ability for the Group to fulfill its responsibilities as the primary contractor in sales contracts, thus creating the risk of an inability to fulfill contractual obligations.

The Group mitigates credit risks by assigning credit ratings to business partners to which it extends credit based on an 11-grade rating scale. Transaction limits are then set based on said credit ratings and the types of risks to which the Company may be exposed. Credit and contract amounts are contained within the defined transaction limits. Furthermore, transaction conditions are periodically revised based on a comprehensive assessment of the credit and supply chain statuses of business partners. In addition, safeguards (e.g., collateral, guarantees, and insurance) are used as warranted by the credit status of business partners or changes thereto. We thereby endeavor to minimize the losses projected to be incurred in the event that a credit risk should materialize. Furthermore, a system for assessing receivables has been implemented to assess the recoverability of doubtful receivables based on the credit status of the counterparty, repayment history, and safeguards. Should it be judged that it might be difficult to recover receivables, the amount of the at-risk receivables will be calculated and provisions for doubtful accounts will be recorded in a timely manner.

However, even with such credit management procedures, there is no assurance that the Group can completely avoid credit risks. If, for example, receivables are rendered uncollectible due to bankruptcy by a business partner, the Group's operating performance and/ or financial condition could be adversely affected.

### (4) Business investment risks

The Group conducts business investments to acquire companies and establish new operating companies in various business areas. Business investments entail risks that earnings may not be generated in accordance with business plans, that invested capital may not be recovered, or that losses might be incurred when withdrawing from businesses. The Group takes steps to prevent and limit losses associated with business investments by establishing business investment standards related to management and withdrawal during the decision-making process or after investments, and management is performed based on these standards.

When conducting new investments, business plans are submitted to stringent reviews looking at factors such as the meaningfulness of initiatives and cash flow projections. Profitability assessments use internal rate of return as an indicator, and hurdle rates are set for this indicator. Only projects expected to surpass this hurdle rate are chosen in order to select projects that contribute to improved shareholder value while producing returns commensurate to risks.

Return on invested capital and cash return on invested capital are measured for post-investments projects to ensure that these metrics exceed cost of capital. Moreover, regular assessments of business feasibility are carried out to quickly identify potential issues in order to facilitate timely and appropriate improvement measures or withdrawals and thereby safeguard the Company's balance sheet and maintain or improve corporate value.

Even with such pre- and post-investment risk management frameworks, the Group cannot completely avoid the risk that investment returns will fall short of expectations or the risk that businesses will fail to perform according to plan. Moreover, if the business does not proceed as expected, the value of goodwill and fixed assets held by the Group may be damaged, resulting in impairment losses, or losses may be incurred when exiting business ventures. Such events could adversely affect the Group's operating performance and/or financial condition.

## (5) Country risks

To minimize losses that may result from country risks, the Group recognizes that it must avoid concentrated exposure to any single country or region. In conducting business in countries that pose substantial country risks, the Group hedges against country risks on a transaction by transaction basis in principle through such means as purchasing trade insurance.

In managing country risks, the Group assigns nine levels to its country-risk ratings for individual countries and regions based on objective measures according to the size of the country risks. It then sets net exposure (gross exposure less trade insurance coverage and/or other country-risk hedges) limits based on the economic scale of the country and its assigned rating. The Group limits its net exposure to individual countries to no more than the net exposure limit.

However, even with these risk controls and hedges, the Group cannot completely eliminate the risk that businesses will fail to perform according to plan or the risk of losses due to changes in political, economic, regulatory, or societal conditions in the countries in which the Group conducts business or countries in which the Group's customers are located. Such events could adversely affect the Group's operating performance and/or financial condition.

## (6) Funding risks

The Group largely funds its operations by issuing bonds and borrowing funds from financial institutions, and therefore maintains good business relationships with financial institutions and keeps the long-term debt ratio at a specified level, which ensures stable funding. However, in the event of a disruption of the financial markets, or major downgrades of the Group's credit rating by rating agencies, funding constraints, and/or increased financing costs could adversely affect the Group's operating performance and/or financial condition.

## (7) Environmental and social (human rights) risks

The Group develops its business on a global scale, meaning that it is involved in diverse and wide-ranging business activities and supply chains. It is possible that an environmental, occupational health and safety, or human rights issue might occur in association with the Group's business activities or supply chains, or that an environmental or human rights organization or other social constituent may judge that the Group has been involved in an environmental, occupational health and safety, or human rights issue. Such events could force the Group to temporarily or permanently cease operations or require decontamination or cleanup work. The Group could also face litigation, incur expenses related to compensation for affected parties, or otherwise have to pay for damage. Such events have the potential to result in the Group becoming detached from its supply chains or suffering damage to its reputation.

Moreover, global warming resulted from a failure to prevent climate change poses risks to business earnings and asset value. Specific examples of these risks include transition risks associated with regulatory strengthening for the purpose of limiting climate change as well as physical risks of damages from flooding and other natural disasters created by rising temperatures.

The Sojitz Group endeavors to manage environmental and social (human rights) risks based on the Sustainability Challenge, its long-term vision, and environmental, human rights, and other policies.

For more information on environmental and social (human rights) risks, please refer to **"2. Operating and Financial Review and Prospects, 2. Sustainability Policies and Initiatives, (1) Sustainability challenge, Risk Management"** (Page 23).

#### (8) Compliance risks

The Group's diverse business activities are subject to a broad range of laws and regulations, including the Companies Act of Japan, tax laws, anti-corruption laws, anti-harassment laws, antitrust laws, customs laws, foreign exchange laws and other trade-related laws, and various industry-specific laws, including chemical regulations. To ensure compliance with these laws and regulations in Japan and overseas, the Group has formulated a compliance program, established a compliance committee, and made other Companywide efforts to instill a 18 compliance-oriented mindset within all Group officers and employees. In addition, trade security frameworks are implemented and operated centered on the Security Trade Control Committee. However, such measures cannot completely eliminate the compliance risks entailed by the Group's business activities. Additionally, the Group's operating performance and/or financial condition could be adversely affected by major statutory or regulatory revisions or application of an unanticipated interpretation of existing laws or regulations.

#### (9) Litigation risks

Litigation or other legal proceedings (e.g., arbitration) may be initiated in Japan or overseas against or with the Group in connection with the Group's business activities. Due to the uncertain nature of litigation and other legal proceedings, it is not possible at the present time to predict the likelihood of this occurring, when it could occur, or the effect that such risks might have on the Group. Nevertheless, such risks could adversely affect the Group's operating performance and/or financial condition.

#### (10) Information system and information security risks

The Group has prescribed regulations and a management system centered on the Information and IT System Security Committee, which is chaired by the chief information security officer (CISO), to appropriately protect and manage information assets. The Group also has implemented safeguards against failure of key information systems and network infrastructure, such as installing duplicate hardware, and is endeavoring to strengthen its safeguards against information leaks through such means as employing firewalls to prevent unauthorized access from outside of the organization, implementing measures to combat viruses that exploit system vulnerabilities, and utilizing encryption technologies.

Moreover, the Group has implemented propriety measures to strengthen Groupwide security governance. These measures have included integrated management of Groupwide IT assets and vulnerabilities, installation of software for quickly detecting and limiting the damages from cyberattacks, and drills on responding to suspicious emails. These security measures are implemented on a Groupwide basis.

In addition, the security risk assessments of the Company and its subsidiaries launched in the year ended March 31, 2022, were conducted in the year ended March 31, 2024, and guidance pertaining to security measures was provided as necessary. These assessments are carried out on an annual basis in order to drive ongoing improvements through the implementation of a PDCA cycle. At the same time, we will track security issues and risks to set priorities for medium- to long-term security measures.

While the Group is working to strengthen overall information security and prevent system failures, it cannot completely eliminate the risk of important information assets, including personal information, being leaked or damaged by increasingly prevalent cyberattacks or unauthorized access to its computer systems. Nor can the Group eliminate the risk of its information and communication systems being rendered inoperable by an unforeseeable natural disaster or system failure. Additionally, in the event that security risks materialize at the Group's consolidated companies, including the Company, the Group strives to mitigate anticipated losses, such as response costs and compensation costs to suppliers and customers, by concluding insurance policies. However, the Group's operating performance and/or financial condition could be adversely affected, depending on the extent of the damage.

#### (11) Natural disaster and calamity risks

The Group could be directly or indirectly affected in the event of an earthquake, flood, storm, or other natural disaster or by a widespread pandemic that damages offices or other facilities or impacts employees and/or their family members. The Group has prepared disaster and pandemic response manuals, has conducted disaster response drills, and has established an employee safety confirmation system and a business continuity plan (BCP).

Alternative suppliers and products are identified as a means of protecting supply chains in the event of a major disaster in order to ensure that we are able to continue transactions. In addition, we track potential impacts on supply chains and conclude insurance policies when appropriate to minimize the possible damages should a disaster occur.

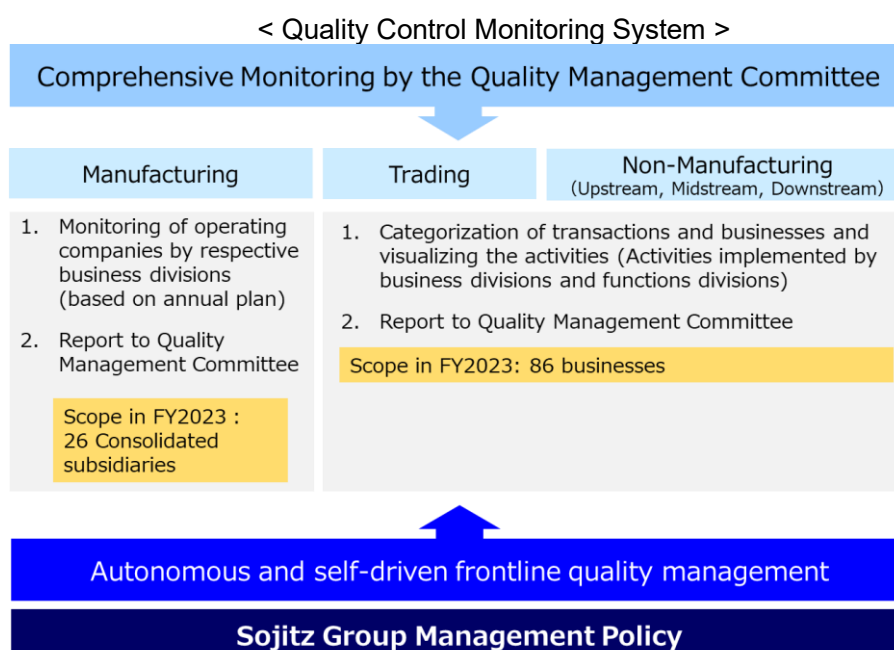
However, the Group cannot completely avoid the risk of damage from natural disasters. The Group's operating performance and/or financial condition could be adversely affected should a natural disaster disrupt supply chains.

#### (12) Risks related to sharing company information via the corporate website and social media accounts

The corporate website and social media accounts expose us to the risk of system vulnerabilities that could potentially lead to the doctoring of posted information or the leakage of personal information collected via these venues, as well as risk of criticism/claims or infringement of copyrights, trademarks, or rights of likeness stemming from use of the corporate website or social media accounts. As described in “(10) Information system and information security risks” above, we strive to develop measures to protect against system vulnerabilities to the greatest extent possible. Shared Group social media policies and regulations are put in place obligating organizations operating websites or social media accounts to establish clear rules and provisions requiring prior authorization for posts and regular reviews of websites. However, these measures do not completely eliminate the potential risks, and it is still possible that issues related to websites or social media accounts could negatively impact trust in the Group or the value of the Sojitz brand.

#### (13) Quality management risks

Business investments are broadening and diversifying the range of areas in which the Group conducts business while increasing its involvement in the manufacturing and service industries. The Group conducts autonomous and self-driven quality management at frontline organizations based on the Sojitz Group Quality Management Policy, which puts forth basic shared Groupwide policies for quality management. In addition, the Quality Management Committee has been established as a Groupwide organization for promoting appropriate management of the quality of products and services. This committee is a central part of the system for comprehensive monitoring of the status of quality management at frontline organizations detailed in the diagram below.



Should a quality management risk materialize, the necessary steps will be taken to accommodate the affected customer while accounting for the characteristics of the given business. Meanwhile, the Quality Management Committee will examine and research such efforts to share the results and discoveries thereof on a Companywide basis so that the lessons learned can be applied to other businesses to drive improvements in quality management. In trading businesses, potential sources of quality management risks are identified and countermeasures are assessed by looking at entire supply chains on an individual sales channel-basis.

However, it is impossible to completely eliminate quality management risks, and the Group may be found liable for any damages that occur as a result of quality issues. Such issues could adversely affect the Group's operating performance and/or financial condition.

#### (14) Human resource risks

The Group views human resources as an important form of capital and a wellspring of value. Accordingly, we emphasize human capital in management to continuously cultivate human resources who create value, and we seek to recruit and foster the human resources necessary for advancing our management and business strategies. With due consideration paid to our human resource portfolio, we are dedicating effort to recruiting mid-career individuals with expertise in areas such as M&A transactions or digital technologies with the goal of promoting diversity, creating innovation, and strengthening functions. In the year ended March 31, 2024, a total of 47 mid-career individuals were recruited (in comparison to our target of recruiting 100 new graduates and 40 to 50 mid-career individuals). Moreover, redoubled efforts to recruit mid-career individuals have resulted in a more balanced distribution of ages in Sojitz's employee base, which previously lacked individuals in their 30s and early 40s.

Human resource development programs are being enhanced for the managers, DX-Experts, and non-Japanese human resources who will be necessary to advance business strategies as part of efforts to assemble the team of diverse, autonomous individuals described in the Company's human resource strategy. In addition, human resource key performance indicators have been defined for important themes to allow for quantitative monitoring of the progress and results of human resource development initiatives.

Although the Group is advancing various initiatives based on its human resource strategies, it is still possible that the Group may not be able to recruit and cultivate the necessary human resources due to increased fluidity in the workforce, which is also shrinking as a result of population aging. Such a situation could lead to delays in the implementation of business plans.

For more information on human resource risks, please refer to “**2. Operating and Financial Review and Prospects**, 2. Sustainability Policies and Initiatives, (2) Basic Policy for Human Resource strategies, **Risk Management**” (Page 38).

#### 4. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

##### (Analysis of Financial Position, Operating Results and Cash Flows)

##### (1) Significant Estimates and Underlying Assumptions for Accounting

The preparation of the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from such estimates.

Estimates and underlying assumptions thereof are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

The significant estimates and underlying assumptions applied by the Group for the preparation of the Consolidated Financial Statements are as follows.

##### (a) Fair Value of Financial Instruments

Sojitz Group uses observable market data, to the extent available, to measure the fair value of assets or liabilities. The specific fair value calculations are as follows.

##### 1) Equity instruments

The fair value of listed shares is the quoted price on an exchange. The fair value of unlisted shares is calculated using valuation methods including discounted future cash flow, market prices of comparable companies, net asset value, and other valuation methods. Measuring the fair value of unlisted shares involves the use of unobservable inputs such as discount rate and valuation multiples, as well as any necessary adjustments including discounts for a lack of liquidity or a non-controlling interest. The Group's corporate departments determine the policies and procedures for measuring the fair value of unlisted shares, and validate their approach to measuring fair value, including the valuation model, by periodically confirming matters such as the operating circumstances associated with particular equities, the availability of relevant business plans, and data from comparable public companies.

##### 2) Derivative financial assets and liabilities

##### Currency-related derivatives

The fair values of foreign exchange transactions, spot/forward transactions, currency option transactions, and currency swap transactions are calculated based on the forward exchange rate as of the closing date.

##### Interest rate-related derivatives

The fair value of interest-rate swaps is the present value of future cash flow discounted by an interest rate that reflects time to settlement and credit risk.

##### Commodity-related derivatives

The fair value of commodity futures transactions is calculated using final prices on commodities exchanges as of the fiscal year-end. The fair values of commodity forward transactions, commodity option transactions, and commodity swap transactions are calculated based on the index prices publicly announced at the fiscal year-end.

##### (b) Impairment of Non-Financial Assets

At each fiscal year-end, the Group determines whether there is any indication of an impairment loss with respect to the Group's non-financial assets, and, if so, the Group estimates the recoverable amount of such assets. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that there may be an impairment with respect thereof. If the carrying amount of an individual asset or a cash-generating unit exceeds the recoverable amount, such carrying amount is reduced to equal the recoverable amount and an impairment loss is recognized.

Recoverable amount is either the fair value or the value in use (whichever is the higher value) after deducting disposal costs from individual assets or cash-generating units. Fair value is calculated using reasonable estimated prices, obtainable through orderly transactions between market participants. Value in use is calculated by discounting estimated future cash flow using a pre-tax discount rate that reflects the current market value in relation to the inherent risks of cash-generating units or individual assets, and the time value of money. In principle, the business plan used to estimate future cash flow is limited to five years. The Group makes appropriate use of outside experts according to the complexity of calculating the value in use and fair value.

With respect to impairment losses of assets other than goodwill that were recognized in previous fiscal years, the Group determines at each fiscal year-end whether such impairment losses have ceased to exist or there are indications that the same have decreased. If any such indications exist, the Group will estimate the recoverable amount of such assets. If such recoverable amount exceeds the carrying amount of such assets, the carrying amount of the assets is increased to equal the recoverable amount and reversal of impairment losses is recognized. Impairment losses recognized with respect to goodwill are not reversed in subsequent periods.

In addition, because goodwill that constitutes part of the carrying amount of an investment with respect to an investment accounted for using the equity method is not separately recognized, it is not tested for impairment separately. If it is suggested that there may be an impairment loss with respect to an investment made to an investment accounted for using the equity method, the entire carrying amount of such investment will be tested for impairment as a single asset, by comparing the recoverable amount with such carrying amount.

The Group's accounting estimates, including accounting for impairment of fixed assets, are made based on the information available when creating the consolidated financial statements.

#### (c) Provisions

A provision is recognized only when the Group has a present obligation (legal or presumptive) as a result of a past event, there is a probability that an outflow of resources embodying economic benefits will be required to settle such obligation, and a reliable estimate can be made regarding the amount of such obligation. Where there is materiality in the effects of time value of money, provisions are discounted using a pre-tax rate that reflects the risks specific to said liability.

#### (d) Measurement of Defined Benefit Obligations

Defined benefit plans refer to retirement benefit plans other than a defined contribution plan. Defined benefit obligations are calculated separately for each plan by estimating the future amount of benefits that employees will have earned in return for their services provided in the current and prior periods and discounting such amount in order to determine the present value. The fair value of any plan assets is deducted from the present value of the defined benefit obligations.

The discount rates are principally equivalent to the market yields of AA credit-rated corporate bonds at the fiscal year-end that have maturity terms which are approximately the same as those of the Group's obligations and use the same currencies as those used for future benefit payments. Past service cost is immediately recognized as profit or loss.

The Group immediately recognizes all of the remeasurements of the net defined benefit liability (asset) as other comprehensive income and promptly reclassifies them as retained earnings.

#### (e) Recoverability of Deferred Tax Assets

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amount of an asset and liability in the statement of financial position and its tax base, the unused tax losses carried forward, and the unused tax credits carried forward. The amounts of tax assets and liabilities are calculated under the expected tax rate or tax law applicable as of the period in which assets are realized or liabilities settled based on a statutory tax rate or the same substantially enacted as of the fiscal year-end. Deferred tax assets are recognized for deductible temporary differences, the unused tax losses carried forward, and the unused tax credits carried forward to the extent that it is probable that they can be used against future taxable profit. The carrying amount of deferred tax assets is reassessed at each fiscal year-end, and such carrying amount will be reduced to the extent it is no longer probable that related tax benefits from such assets will be realized.

## (2) Analysis of Operating Results

In the year ended March 31, 2024, the economy showed signs of a robust recovery due to strong service consumption on the back of a revival in economic activity after COVID-19 pandemic, and steady employment. However, there is still a need to continue monitoring the impact of uncertainties such as Russia's prolonged military invasion of Ukraine, growing geopolitical risks such as tensions in the Middle East, the deterioration of the real estate market and slowing demand in China, as well as persistent inflation and continued monetary tightening by central banks around the world.

In the United States, the Federal Reserve Board raised interest rates from March 2022 to July 2023 in an effort to curb inflation. From September 2023 to March 2024, the Federal Reserve Board held interest rates unchanged for 5 consecutive meetings, and the policy interest rate stands at 5.25-5.50%. A soft landing is becoming the main scenario due to slowing inflation and strong employment and consumption in the U.S. economy in 2024.

In the EU economic area, the European Central Bank (ECB) decided to keep the policy interest rate unchanged for the fifth straight time at its Governing Council meeting in April 2024. Consumer price inflation slowed to 2.4% year-on-year in March. GDP in the European Union continued to stagnate in the fourth quarter of 2023, growing 0.2% year-on-year.

In China, the consumer price index (CPI) in February rose 0.7% year-on-year. It was the first increase in six months, but the CPI needs to be monitored carefully going forward. Although some major economic indicators for January-February 2024 improved, the floor area of residential sales in January-February fell 31.6% year-on-year, an indication that the real estate market remains stagnant.

In Asia, exports of goods were on the rise due to a recovery in 2023 from weak external demand, mainly in Europe and the United States. Countries in Asia are expected to cut interest rates from the second half of 2024 onwards, as they consider the impact on their currencies and follow the monetary policies of the United States and other economies.

In Japan, GDP growth for October-December 2023 was a sluggish 0.1% from the previous quarter. The Bank of Japan decided to end its large-scale monetary easing policy, including negative interest rates, in March 2024 and raised interest rates for the first time in 17 years, but the gap between Japanese and US interest rates remains large and the yen continues to weaken. Although total cash earnings, or nominal wages, has been increasing, domestic consumption has remained stagnant given the prolonged decline in real wages.

Sojitz Corporation's consolidated business results for the year ended March 31, 2024 are presented below.

Revenue was down 2.6% year on year, to ¥2,414,649 million, due to reduced revenue in the Metals, Mineral Resources & Recycling Division, a result of declines in prices for coal; and in the Chemicals Division, a result of declines in transactions volumes for chemical products.

Gross profit was decreased ¥11,612 million year on year, to ¥325,955 million, due to reduced profit in the Metals, Mineral Resources & Recycling Division, a result of declines in prices and rising costs for coal; and in the Chemicals Division, a result of declines in transactions volumes for chemical products and one-time losses.

Profit before tax was down ¥29,538 million year on year, to ¥125,498 million, as a result of declines in gross profit, and increases in other selling, general and administrative expenses due to new acquisition of consolidated subsidiaries.

After deducting income tax expenses of ¥22,437 million from profit before tax of ¥125,498 million, profit for the year amounted to ¥103,060 million, down ¥12,764 million year on year. Profit for the year (attributable to owners of the Company) declined ¥10,482 million year on year, to ¥100,765 million.

Comprehensive income for the year of ¥173,283 million was recorded, up ¥27,480 million year on year, following a increase in financial assets at fair value through other comprehensive income along with more beneficial foreign currency translation differences for foreign operations. Comprehensive income for the year (attributable to owners of the Company) was ¥168,317 million, an increase of ¥29,883 million year on year.

Results for the year ended March 31, 2024 are summarized by segment below.

Effective April 1, 2023, the Company has changed the classification method for some of its reporting segments. This information is provided in the notes to the consolidated financial statements, “5. Segment Information”.

(millions of yen)

Segment	FY2023 (A)	FY2022 (B)	Difference (A)-(B)	Main Factors
Automotive	2,281	6,016	(3,735)	Profit for the year (attributable to owners of the Company) decreased mainly due to sluggish automobile sales business in the Philippines and withdrawal from distributor business in Thailand.
Aerospace & Transportation Project	4,316	6,960	(2,644)	Profit for the year (attributable to owners of the Company) decreased mainly due to decrease in aircraft-related transactions.
Infrastructure & Healthcare	15,851	7,644	8,207	Profit for the year (attributable to owners of the Company) increased mainly due to the reaction to losses recorded due to the asset valuation review of the Taiwan Offshore Wind Power Project in the previous fiscal year.
Metals, Mineral Resources & Recycling	43,492	62,704	(19,212)	Profit for the year (attributable to owners of the Company) decreased mainly due to declines in market prices and increased costs in the coal.
Chemicals	14,773	18,610	(3,837)	Profit for the year (attributable to owners of the Company) decreased mainly due to weak demand for chemicals including synthetic resins and one-time losses in the first half of the year.
Consumer Industry & Agriculture Business	7,464	6,294	1,170	Profit for the year (attributable to owners of the Company) increased mainly due to improved profit margins and increased sales volume in the fertilizer business in Thailand.
Retail & Consumer Service	13,108	6,831	6,277	Profit for the year (attributable to owners of the Company) increased mainly due to recovery of domestic retail business, sales of commercial facilities and negative goodwill associated with new investments.

Growth strategies by segment are as follows.

#### Automotive

The Automotive Division is developing a strategy aimed at sustainable growth by leveraging the strengths of existing businesses centered on automotive sales. The division will pursue a distinct and superior business model by building on the expansion of areas where it already has knowledge and a proven track record in, and by strengthening its sales, finance, and digital capabilities with a growth strategy underlined by the three keywords “function,” “feature,” and “transformation.” This will lead to achieving sustainable growth while providing solutions and value to address social challenges and needs, as well as contributing to the realization of a prosperous mobility society.

#### Aerospace & Transportation Project

The Aerospace & Transportation Project Division will build on its many years of experience and extensive knowledge in the three major areas of aerospace, shipping, and railways, and integrate this with its knowhow in the social infrastructure business, which was newly added following organizational reforms on April 1, 2024. The division will weave each business together and pursue co-creation both inside and outside the company, developing businesses that are relatable and appealing to society. The division will also sharpen and diversify its functions, aim to increase business value, and provide cross-cutting solutions

that accurately respond to changing customer and market needs.

#### Infrastructure & Healthcare

In the energy and healthcare fields, the Infrastructure & Healthcare Division will address social issues such as decarbonization, population growth, and aging by providing customers not only with traditional asset-based infrastructure businesses, but also project-based businesses that offer services and solutions, in an aim to expand revenue opportunities and scale. In addition, the division will expand its local network through the customer base and connections of investee companies and through partner companies, and seek to build a competitive advantage unique to Sojitz and to create new value by utilizing the Company's tangible and intangible assets.

#### Metals, Mineral Resources & Recycling

The Metals, Mineral Resources & Recycling Division will promote the transformation of its business portfolio to place emphasis on adapting to a circular society and addressing decarbonization in an effort to contribute to the sustainability of society. The division will not only thoroughly strengthen its business foundation in the field of resource recycling, but will also reform the business models of existing businesses by promoting digitalization and decarbonization. This will strengthen market resilience and lead to building a more stable resource supply system while providing new value that responds to social needs.

#### Chemicals

The Chemicals Division, which is at a major turning point, will take effective measures to capture opportunities for changes in commercial flows such as a shift to next-generation operations through the implementation of digitalization. It will also boost efforts to promote localization at overseas bases to respond to changes in the supply chain of each region. In addition, the division will focus on creating businesses that are in line with decarbonization as demand to address the issue increases in society, while also seeking profits by advancing business investments of a certain scale.

#### Consumer Industry & Agriculture Business

The Consumer Industry & Agriculture Business Division will further strengthen existing businesses such as the fertilizer and agricultural business, food and feedstuff and livestock business, and forestry and biomass business, mainly in emerging countries with strong economic growth. In particular, the division will build new businesses and expand profits by integrating digital technology into the fertilizer business, in which it has one of the largest market shares in Southeast Asia. The division will also expand the cattle fattening, processing, and sales business in Vietnam to include pork and poultry, aiming to develop into the country's largest comprehensive meat business.

#### Retail & Consumer Service

The Retail & Consumer Service Division will focus on its strengths in the Vietnam retail, marine food products, and meat products businesses, and seek to accumulate profits by further improving our "selling ability" x "transportation ability." In Vietnam, the division will not only strengthen existing businesses, but also adopt a strategy of broad expansion in which each business grows with business partners by working together. The division will increase value through synergy with DaiTanViet (wholesale business), which has newly joined our Group, and use digital technology to improve the efficiency of our supply chain. In the marine food products business, the division will strengthen profits by focusing on existing businesses, while also taking advantage of the growth of the marine food products market in the U. S., China, and other Asian countries to increase overseas sales.

### (3) Capital Resources and Liquidity of Funds and Procurement Status

#### (a) Consolidated Balance Sheet

Total assets on March 31, 2024, were ¥2,886,873 million, up ¥226,030 million from March 31, 2023, following the impact of the depreciation of the yen and the acquisition of new consolidated subsidiaries.

Total liabilities on March 31, 2024, amounted to ¥1,931,245 million, up ¥146,979 million from March 31, 2023, as results of the impact of the depreciation of the yen, new acquisitions of consolidated subsidiaries and an increase in trade and other payable due to the holiday at the end of the fiscal year.

Total equity attributable to owners of the Company was ¥924,076 million on March 31, 2024, up ¥86,363 million from March 31, 2023, despite the purchase of treasury stock and payment of dividends. This increase was due to the accumulation of profit for the year (attributable to owners of the Company), and an increase in other components of equity resulted primarily from foreign exchange rate.

Consequently, on March 31, 2024, the equity ratio was 32.0%. Net interest-bearing debt (total interest-bearing debt less cash and cash equivalents and time deposits) totaled ¥697,290 million on March 31, 2024, up ¥67,864 million from March 31, 2023. This resulted in the Company's net debt equity ratio\* equaling 0.75 times on March 31, 2024.

(\*) The equity ratio and net debt equity ratio are calculated based on total equity attributable to owners of the Company. Lease liabilities have been excluded from aforementioned total interest-bearing debt.

Analysis based on segment assets are below.

(millions of yen)

Segment	March 31, 2024 (A)	March 31, 2023 (B)	Difference (A)-(B)	Main Factors
Automotive	290,675	182,691	107,983	Increase mainly due to the acquisitions of a Panamanian automobile sales company and an Australian used car sales company
Aerospace & Transportation Project	204,334	201,354	2,980	Increase mainly due to increased other current assets in aircraft-related transactions
Infrastructure & Healthcare	547,634	516,454	31,179	Increase mainly due to the acquisition of an Australian energy conservation business company
Metals, Mineral Resources & Recycling	533,366	531,874	1,492	Increase mainly due to the impact of yen depreciation, despite a decrease in trade and other receivables resulting from dropped coal prices and decreased transaction volumes
Chemicals	324,872	322,189	2,682	Increase mainly due to an increase in trade and other receivables
Consumer Industry & Agriculture Business	258,339	238,907	19,432	Increase mainly due to increased sales volume in the fertilizer business in Thailand
Retail & Consumer Service	533,567	419,917	113,650	Increase mainly due to the acquisitions of a Vietnamese commercial food wholesaler and a tuna processing and sales company

## (b) Consolidated Cash Flows

For the year ended March 31, 2024, operating activities provided net cash flow of 112,187million, investing activities provided net cash flow of ¥12,429 million, and financing activities used net cash flow of ¥186,523 million. Sojitz ended the period with cash and cash equivalents of ¥196,275 million, reflecting foreign currency translation adjustments related to cash and cash equivalents.

### (Cash flows from operating activities)

Net cash provided in operating activities amounted to ¥112,187 million, a decline of ¥59,452 million year on year, mainly as a result of business earnings and dividends received.

### (Cash flows from investing activities)

Net cash provided in investing activities totaled ¥12,429 million, a decline of ¥16,728 million year on year, mainly due to collections from aircraft-related transactions and proceeds from sales of natural gas-fired power plant business in the United States, despite investments in Panamanian automobile sales business company and Vietnam Commercial Food Wholesalers.

### (Cash flows from financing activities)

Net cash used in financing activities totaled ¥186,523 million, down ¥43,844 million year on year, mainly as a result of repayment of borrowings, purchase of treasury stock and payment of dividends.

Cash flow management under the Medium-Term Management Plan 2023 entailed the management of growth investments and shareholder returns within the scope of the cash generated by period earnings and asset replacement. In addition, the Company targeted a positive core cash flow, which is not affected by short-term changes in working capital, on an aggregate basis over the six years encompassing the periods of the Medium-Term Management Plan 2020 and the Medium-Term Management Plan 2023.

In the year ended March 31, 2024, core operating cash flow amounted to a positive ¥109.2 billion as a result of strong performance. Core cash flow was a negative ¥62.8 billion mainly due to outflows for new investments and shareholder returns, despite the positive core operating cash flow combined with investment gains associated with cross-shareholdings and asset replacement as well as the collection of cash from aircraft-related transactions. However, core cash flow on an aggregate basis over the six years was a significantly positive ¥139.7 billion.

Under the Medium-Term Management Plan 2026, the Company intends to invest for growth and return profits to shareholders using cash to be generated by period earnings and asset replacement. The Company also intends to manage core cash flow to keep it positive when added to the above-mentioned positive core cash flow on an aggregate basis over the six years.

(BN JPY)	MTP2020 3-Year Aggregate Results (FY18 - FY20)	MTP2023 3-Year Aggregate Results (FY21 - FY23)	FY23	MTP2023 3-Year Aggregate Forecast (FY21 - FY23) (Announced on February 2, 2024)	Achievement rate for 3years	FY24 Forecast
Core operating CF	219.0	383.0	109.0	Approx. 390.0	98%	130.0
Asset Replacement (Investment recovery)	170.0	281.0	106.0	Approx. 280.0	100%	50.0
New Investments and others	(262.0)	(447.5)	(206.0)	Approx. (450.0)	99%	(200.0)
Shareholder Returns	(71.0)	(133.0)	(72.0)	Approx. (120.0)	111%	(35.0)
Core CF	56.0	83.5	(63.0)	Six-year aggregate Positive	Six-year aggregate Positive	(55.0)
FCF	108.0	281.5	125.0	Approx. 250.0	113%	(140.0)

\*1 Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flow calculated for accounting purposes

\*2 Includes acquisitions of treasury stock

\*3 Core cash flow = Core operating cash flow (excluding changes in working capital) + Post-adjustment net cash provided by (used in) investing activities – Dividends paid – Purchase of treasury stock (Post-adjustment net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)

### (c) Liquidity and Financing of Funds

Under Medium-Term Management Plan 2023, the Sojitz Group continues to advance financial strategies in accordance with the basic policy of maintaining and enhancing the stability of its capital structure. In addition, Sojitz has been endeavored to maintain a stable financial foundation by keeping the long-term debt ratio at a certain level and by holding sufficient liquidity as a buffer against changes in the economic or financial environment. On March 31, 2024, the current ratio was 150.2% and the long-term debt ratio was 81.9%.

Even though Sojitz did not issue straight bonds, as one source of long-term funding, in the year period ended March 31, 2024, Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever the timing and associated costs prove advantageous.

As supplemental sources of procurement flexibility and precautionary liquidity, Sojitz maintains a ¥100.0 billion long-term yen commitment line (which remains unused) and long-term commitment line totaling US\$2.575 billion (of which US\$0.6 billion has been used).

(Status of Achievement of Target Management Indicators, etc.)

Please refer to “**2. Operating and Financial Review and Prospects**, 1. Management Policies, Operating Environment, and Management Issues, (1) Review of Medium-Term Management Plan 2023” (Page 13-14).

(Sales, Purchases and Contracts)

#### 1) Sales

Please refer to “(2) Analysis of Operating Results” (Page 62-64) and “**5. Financial Information**, 1. Consolidated Financial Statements, Notes, 5 Segment information”.

#### 2) Purchases

Purchase is generally linked to sales, so this information is omitted.

#### 3) Status of Contracts

Contracts signed are generally linked to sales, so the information is omitted.

#### \*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. Actual results may differ materially based on various factors including the 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.

#### 5. Material Contracts

There are no contracts for which disclosure is required.

#### 6. Research & Development

There are no R&D activities for which disclosure is required.

### 3. Equipment and Facilities

#### 1. Overview of Capital Expenditures

##### (1) Sojitz

There were no significant capital investments, disposals or sales of facilities in the year ended March 31, 2024.

##### (2) Domestic Subsidiaries

Equipment and facilities below were sold in the year ended March 31, 2024.

Segment	Office Name	Type of Equipment and Facilities	Location	Land Acreage (1,000㎡)	Land	Buildings	Right-of-use assets	Investment property	Other
					Carrying Amount (Millions of yen)				
Retail & Consumer Service	Sojitz New Urban Development Corporation	Rental housing etc.	Chuo-ku, Tokyo etc.	-	-	-	83	3,081	67

(Note) The carrying amount is as of March 31, 2023. In the year ended March 31, 2023, investment property (3,081 Millions of Yen) held by Sojitz New Urban Development was reclassified as assets held for sale.

##### (3) Overseas Subsidiaries

Equipment and facilities below were added as major equipment and facilities of Sojitz Group in the year ended March 31, 2024.

Segment	Office Name	Type of Equipment and Facilities	Location	Land Acreage (1,000㎡)	Land	Buildings	Right-of-use assets	Investment property	Other
					Carrying Amount (Millions of yen)				
Automotive	Albert Automotive Holdings Pty Ltd	Branches and head office etc.	Victoria, Australia etc.	83	-	491	3,765	-	5,119
	PREMIUM PROPERTIES INTERNATIONAL, S.A.	Exhibition hall	Panama, Panama	102	11,030	3,307	-	602	358
Retail & Consumer Service	KHANH VINH CORPORATION LIMITED LIABILITY COMPANY	Warehouse etc.	Long An, Vietnam	-	-	5	3,086	-	341

(Note) The carrying amount is as of March 31, 2024.

Equipment and facilities below were sold in the year ended March 31, 2024.

Segment	Office Name	Type of Equipment and Facilities	Location	Land Acreage (1,000㎡)	Land	Buildings	Right-of-use assets	Investment property	Other
					Carrying Amount (Millions of yen)				
Aerospace & Transportation Project	Natural Maritime, S.A.	Ship	Panama	-	-	-	-	-	1,626

(Note) The carrying amount is as of March 31, 2023.

## 2. Status of Major Facilities

As of March 31, 2024, major equipment and facilities of Sojitz and its consolidated subsidiaries are below.

### (1) Sojitz

Segment	Office Name	Type of Equipment and Facilities	Location	Number of Employees (persons)	Land Acreage (1,000㎡)	Land	Buildings	Right-of-use assets	Investment property	Other *1
						Carrying Amount (Millions of yen)				
Other	Tokyo Head Office	Head Office	Chiyoda-ku, Tokyo	1,818	-	-	1,297	30,448	-	216
Other	Kansai Office	Branch Office	Kita-ku, Osaka-shi, Osaka	69	-	-	172	1,855	-	11
Retail & Consumer Service	Seishin Chuo SC	Commercial facility	Nishi-ku, Kobe-shi, Hyogo	-	-	-	-	-	2,624	-

(Note) \*1: Including structures, equipment and intangible assets.

### (2) Domestic Subsidiaries

Segment	Office Name	Type of Equipment and Facilities	Location	Number of Employees (persons)	Land Acreage (1,000㎡)	Land	Buildings	Right-of-use assets	Investment property	Other *1
						Carrying Amount (Millions of yen)				
Infrastructure & Healthcare	Mirai Soden Kami-Mio Corporation	Solar power plant	Iizuka-shi, Fukuoka	-	-	-	-	246	-	3,227
Chemicals	NI Chemical Corporation	Tank facility	Mihama-ku, Chiba-shi, Chiba	25	57	2,096	289	11	41	1,982
Consumer Industry & Agriculture Business	Sojitz Goto Kaihatsu Co., Ltd.	Resort Hotel	Goto-shi, Nagasaki	1	16	84	1,884	25	-	355
Retail & Consumer Service	DAIICHI BO Co., Ltd.	Logistics center	Kasamatsu-cho, Hashima-gun, Gifu	36	74	1,969	226	-	375	22
	The Marine Foods Corporation	Head office and factory	Minato-ku, Tokyo etc.	915	86	1,571	1,475	1,320	-	1,830

(Note)

\*1: Including structures, equipment, machinery, vehicles and intangible assets.

### (3) Overseas Subsidiaries

Segment	Office Name	Type of Equipment and Facilities	Location	Number of Employees (persons)	Land Acreage (1,000 m <sup>2</sup> )	Land	Buildings	Right-of-use assets	Investment property	Other *1
						Carrying Amount (Millions of yen)				
Automotive	Sojitz Automotive Group, Inc.	Exhibition hall	California, the United States	460	148	2,490	4,503	11,325	-	11,382
	Albert Automotive Holdings Pty Ltd	Branches and head office etc.	Victoria, Australia etc.	297	83	-	491	3,765	-	5,119
	PREMIUM PROPERTIES INTERNATIONAL, S.A.	Exhibition hall	Panama, Panama	-	102	11,030	3,307	-	602	358
Aerospace & Transportation Project	Sojitz Transit & Railway Canada Inc.	In-house factory	Montreal, Canada etc.	492	137	2,274	1,523	246	-	2,037
	Southwest Rail Industries, Inc.	Freight car	Texas, the United States	-	-	-	38	-	-	21,310
Infrastructure & Healthcare	Sojitz Energy Development Ltd.	Oil and gas interests and related facility	British North Sea territory	-	-	-	-	-	-	7,451
	S4 Chile SpA	Solar power plant	Tarapacá, Chile	-	3,000	-	-	232	-	20,766
	Long Duc Investment Pte. Ltd.	Industrial Park, infrastructure etc.	Dong Nai, Vietnam	56	-	-	119	46	2,882	1,298
	PT. SDI PROPERTIES INDONESIA	Rental housing etc.	Bekasi, Indonesia	57	11	951	2,674	4	-	142
Metals, Mineral Resources & Recycling	Sojitz Resources (Australia) Pty.Ltd.	Bauxite interests and alumina refining facility	Worsley, Australia	-	4,513	228	-	3,889	-	13,886
	Sojitz Development Pty Ltd	Coal Mining Interests and related facility	Gregory, Australia etc.	-	164,212	598	1,089	3,104	-	41,213
Chemicals	PT.Kaltim Methanol Industri	Head office and factory	Jakarta, Indonesia	242	-	-	17	16	-	1,470
Consumer Industry & Agriculture Business	Thai Central Chemical Public Co.,Ltd.	Head office and factory	Bangkok, Thailand	906	376	1,220	1,283	241	121	5,817
	Saigon Paper Corporation	Head office and factory	Ho Chi Minh, Vietnam	1,090	-	-	51	250	-	12,366
Retail & Consumer Service	KHANH VINH CORPORATION LIMITED LIABILITY COMPANY	Warehouse etc.	Long An, Vietnam	89	-	-	5	3,086	-	341
Other	Sojitz Corporation of America	Head Office etc.	New York, the United States	80	-	-	154	1,798	-	382

(Note) \*1: Including structures, equipment, machinery, vehicles and intangible assets.

### 3. Plans for New Additions or Disposals

There are no plans for new additions or disposals for which disclosure is required.

#### 4. Corporate Information

##### 1. Status on the Sojitz's Shares

##### (1) Total Number of Shares and Other Related Information

###### (a) Total Number of Shares

Class	Total Number of Shares authorized to be issued
Common Stock	500,000,000
Total	500,000,000

###### (b) Number of Shares Issued

Class	Number of Shares outstanding (as of March 31, 2024)	Number of Shares outstanding as of issuance date of this report (as of June 18, 2024)	Names of stock exchange on which Sojitz is listed or names of authorized financial instruments firms association	Description
Common Stock	225,000,000	225,000,000	Tokyo Stock Exchange (listed on the Prime Market)	All outstanding shares are shares with full voting rights and have identical rights. The number of shares constituting a unit is 100.
Total	225,000,000	225,000,000	-	-

##### (2) Status of the Share Subscription Rights

###### (a) Stock Option Plans

Not applicable.

###### (b) Rights Plan

Not applicable.

###### (c) Other Information about Share Subscription Rights

Not applicable.

##### (3) Exercise Status of Bonds with Share Subscription Rights Containing a Clause for Exercise Price Adjustment

Not applicable.

#### (4) Trends in the Number of shares Issued, Amount of Common Stock, and Others

Date	Change in the number of shares issued (share)	Balance of the number of shares issued (share)	Changes in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Changes in additional paid-in capital (Millions of Yen)	Balance of additional paid-in capital (Millions of Yen)
October 1, 2021 (Note 1)	(1,001,199,601)	250,299,900	-	160,339	-	152,160
April 7, 2023 (Note 2)	(15,299,900)	235,000,000	-	160,339	-	152,160
September 29, 2023 (Note 3)	(10,000,000)	225,000,000	-	160,339	-	152,160

(Note)

1. As a result of the reverse stock split on October 1, 2021, whereby five shares of common stock were consolidated into one share, the total number of shares outstanding decreased by 1,001,199,601 shares.
2. The Company cancelled its treasury stock on April 7, 2023 in accordance with the resolution of the Board of Directors meeting held on March 31, 2023, the number of shares issued decreased by 15,299,900 shares.
3. The Company cancelled its treasury stock on September 29, 2023 in accordance with the resolution of the Board of Directors meeting held on September 22, 2023, the number of shares issued decreased by 10,000,000 shares.

#### (5) Status of Shareholders

As of March 31, 2024

As of March 31, 2021

Classification	Status of Shares (1 unit = 100 shares)								Shares under one unit (Number of shares)
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and others	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders (persons)	-	71	46	904	430	159	112,601	114,211	-
Number of shares held (units)	-	696,625	177,846	60,531	638,982	414	650,440	2,224,798	2,520,200
Ratio(%)	-	31.31	7.99	2.72	28.72	0.02	29.24	100.00	-

(Note)

- 1 Regarding treasury stock of 6,110,051 shares, 61,100 units are included in "Individuals and Other" and 51 shares are included in "Shares under one unit"
- 2 Regarding 480 shares registered in the name of Japan Securities Depository Center, Inc., 4 units are included in "Other Corporations" and 80 shares are included in "Shares under one unit"

## (6) Status of Major Shareholders

As of March 31, 2024

Name of shareholders	Location	Number of shares held (Thousands)	Percentage of common stock issued (excluding treasury stocks) (%)
The Master Trust Bank of Japan (trust accounts) (Note2)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	38,218	17.46
Custody Bank of Japan, Ltd. (trust accounts) (Note2)	8-12, Harumi 1-chome, Chiyoda-ku, Tokyo	16,023	7.32
JPMorgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	5,638	2.58
JAPAN SECURITIES FINANCE CO., LTD.	2-10, Nihonbashi-kayabacho 1-chome, Chuo-ku, Tokyo	3,985	1.82
THE BANK OF NEW YORK MELLON 140044 (Standing agent: Mizuho Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286, USA (15-1, Konan 2-chome, Minato-ku, Tokyo)	3,272	1.50
The Nomura Trust and Banking Co., Ltd. (trust accounts) (Note2)	2-2, Otemchi 2-chome, Chiyoda-ku, Tokyo	3,121	1.43
STATE STREET BANK AND TRUST COMPANY 505103 (Standing agent: Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101, USA (15-1, Konan 2-chome, Minato-ku, Tokyo)	2,919	1.33
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	2,760	1.26
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing agent: Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, USA (15-1, Konan 2-chome, Minato-ku, Tokyo)	2,619	1.20
GOLDMAN SACHS INTERNATIONAL (Standing agent: Goldman Sachs Japan Co., Ltd.)	PLUMTREE COURT, 25 SHOE LANE, LONDON EC4A 4AU, U.K. (10-1, Roppongi 6-chome, Minato-ku, Tokyo)	2,573	1.18
Total	-	81,132	37.07

(Note)

1. The number of shares held is rounded down to the nearest thousand, and the percentage of shares held to the total number of issued shares (excluding treasury stocks) is rounded to the nearest hundredth.
2. Of the above number of shares held, the number of shares related to trust business is as follows.

The Master Trust Bank of Japan	37,751 thousand shares
Custody Bank of Japan, Ltd.	15,939 thousand shares
The Nomura Trust and Banking Co., Ltd.	3,121 thousand shares
3. As of the end of March 2024, the number of shares held by each shareholder is no longer aggregated with the trust account, etc.
4. In the substantial shareholding report made available for public inspection on April 15, 2024, it is stated that Mitsubishi UFJ Financial Group, Inc. and its joint holders own the following shares as of April 8, 2024, but as the Company has not been able to confirm the actual number of shares held as of March 31, 2024, it has not been included in the above list of major shareholders.

The contents of the report are as follows.

Name of shareholders	Location	Number of shares held (Thousands)	Percentage of common stock issued (%)
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,522	2.45
Mitsubishi UFJ Asset Management Co., Ltd.	9-1, Higashishimbashi 1-chome, Minato-ku, Tokyo	2,992	1.33
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	779	0.35

## (7) Voting rights

### (a) Issued shares

As of March 31, 2024

Category	Number of Shares	Number of voting rights	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (Treasury shares, etc.)	-	-	-
Shares with restricted voting rights (Other)	-	-	-
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares) Ordinary share 6,110,000	-	The number of shares constituting one unit is 100.
	(Reciprocal holding) Ordinary share 40,000	-	The number of shares constituting one unit is 100.
Shares with full voting rights (Other)	Ordinary share 216,329,800	2,163,298	The number of shares constituting one unit is 100.
Shares less than one unit	Ordinary share 2,520,200	-	Shares less than one unit (100 shares)
Total number of issued shares	225,000,000	-	-
Number of voting rights held by all shareholders	-	2,163,298	-

(Note)

- 1 The Company's shares owned by the trust account related to the BIP trust for directors' remuneration are included in the common stock of 886,100 shares (8,861 voting rights) in the "Shares with full voting rights (Other)".
- 2 Treasury shares and the Company's shares owned by the trust account related to the BIP trust for directors' remuneration included in shares less than one unit are as follows.

Sojitz Corporation	51 Shares
BIP Trust Account	40 Shares

- 3 Shares registered for forfeiture in the name of Japan Securities Depository Center, Inc. are included in "Shares with full voting rights (Other)" with 400 shares (4 voting rights) and in "Shares less than one unit" with 80 shares.

### (b) Treasury shares, etc.

As of March 31, 2024

Name of shareholder	Address of shareholder	Number of shares held in own name	Number of shares held in others' names	Total number of shares held	Shareholding ratio
Sojitz Corporation (Treasury shares)	1-1, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo	6,110,000	-	6,110,000	2.72
Fuji Nihon Seito Corporation (Reciprocal holding)	6-7, Kabutocho, Nihonbashi, Chuo-ku, Tokyo	40,000	-	40,000	0.02
Total	-	6,150,000	-	6,150,000	2.73

(Note)

1. In addition to the above treasury shares and 51 treasury shares less than one unit, 886,140 shares of the Company's shares held by the trust account related to the BIP trust for directors' remuneration are treated as treasury shares in the consolidated financial statements.
2. The Company cancelled its treasury stock on April 7, 2023 in accordance with the resolution of the Board of Directors meeting held on March 31, 2023, the number of treasury stock decreased by 15,299,900 shares.
3. The Company repurchased its shares from April 10, 2023 to September 22, 2023 in accordance with the resolution of the Board of Directors meeting held on March 31, 2023, the number of treasury stock increased by 9,789,300 shares.
4. The Company disposed its treasury stock on May 26, 2023 in accordance with the resolution of the Board of Directors meeting held on February 2, 2023, the number of treasury stock decreased by 174,800 shares.
5. The Company cancelled its treasury stock on September 29, 2023 in accordance with the resolution of the Board of Directors meeting held on September 22, 2023, the number of treasury stock decreased by 10,000,000 shares.
6. The Company repurchased its shares from February 26, 2024 to April 5, 2024 in accordance with the resolution of the Board of Directors meeting held on February 22, 2024, the number of treasury stock increased by 4,000,000 shares.

#### (8) Details of the Officer and Employee Stock Ownership Plan

##### Performance-Linked Share Remuneration System for Directors and Other Officers

At the 21st Ordinary General Shareholders' Meeting, which was held on June 18, 2024, the continuation and partial amendment of the performance-linked share remuneration system for Directors and Executive Officers (excluding Independent Directors, Directors who are Audit and Supervisory Committee Members, and individuals not residing in Japan; hereinafter referred to as "Directors, etc.") were approved. This decision was made with the goal of providing a highly transparent and objective officers remuneration system that is strongly linked to Company performance and that serves to heighten commitment of Directors, etc. to contributing to improvements in performance and corporate value over the medium to long term. This system is designed to evaluate the contributions of Directors, etc. to medium- to long-term performance based on their aggregate term of service. These evaluations are used to determine total numbers of shares to be delivered to applicable Directors, etc., including those issued after their resignation.

##### (a) Overview of Performance-Linked Share Remuneration System

The performance-linked share remuneration system utilizes a Board Incentive Plan (BIP) Trust. Similar to the performance-linked share remuneration and share with transfer restriction remuneration systems employed of the United States and Europe, the BIP Trust delivers shares of the Company's stock, monetary amounts equivalent to price of shares, and dividends associated with shares to applicable Directors, etc. based on their rank and the degree of accomplishment of performance targets.

##### (b) Total Amount of Shares to be Delivered to Applicable Directors, etc.

On August 7, 2018, the BIP Trust acquired 1,727,600 shares of the Company's stock with an acquisition price of ¥689 million.

Following the one-for-five consolidation of shares of common stock conducted with an effective date of October 1, 2021, the BIP Trust acquired 700,100 shares of the Company's stock with an acquisition price of ¥1,342 million on December 1, 2021.

Accordingly, the total number and book value of the shares held by the BIP Trust on March 31, 2024, was 886,140 shares and ¥1,720 million, respectively.

##### (c) Scope of Beneficiaries

Applicable Directors, etc. who have retired and fulfill other criteria.

## 2. Acquisitions and disposals of treasury shares

(Class of shares, etc.)

Acquisitions of shares of common stock falling under Article 155, Items 3, 7 and 8 of the Companies Act of Japan

### (1) Acquisitions by resolution of shareholders meeting

Not applicable.

### (2) Acquisitions by resolution of board of directors meeting

Classification	Number of shares (Shares)	Total amount (Yen)
Details of resolution at meeting of the Board of Directors (March 31, 2023) (Acquisitions period: April 10, 2023 to September 29, 2023)	10,000,000	30,000,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired during the current fiscal year	9,789,300	29,999,845,400
Number of shares and total amount of outstanding shares of resolution	210,700	154,600
Ratio of non-exercised portion at the end of the current fiscal year (%)	2.11	0.00
Treasury shares acquired during the current period for acquisitions	-	-
Ratio of non-exercised portion as of filing date of this report (%)	2.11	0.00

(Note) The Acquisitions of treasury shares based on the resolution at the meeting of the Board of Directors held on March 31, 2023 was completed with the acquisitions of treasury shares on September 22, 2023.

Classification	Number of shares (Shares)	Total amount (Yen)
Details of resolution at meeting of the Board of Directors (November 27, 2023) (Acquisitions period: November 27, 2023)	16,066	49,917,062
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired during the current fiscal year	16,066	49,917,062
Number of shares and total amount of outstanding shares of resolution	-	-
Ratio of non-exercised portion at the end of the current fiscal year (%)	0.00	0.00
Treasury shares acquired during the current period for Acquisitions	-	-
Ratio of non-exercised portion as of filing date of this report (%)	0.00	0.00

(Note) The Acquisitions of shares by purchase from shareholders whose whereabouts are unknown, pursuant to the provisions of Article 197, Paragraphs 3 and 4 of the Companies Act of Japan.

Classification	Number of shares (Shares)	Total amount (Yen)
Details of resolution at meeting of the Board of Directors (February 22, 2024) (Acquisitions period: February 26, 2024 to April 30, 2024)	4,000,000	16,000,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired during the current fiscal year	3,226,800	12,596,293,900
Number of shares and total amount of outstanding shares of resolution	773,200	3,403,706,100
Ratio of non-exercised portion at the end of the current fiscal year (%)	19.33	21.27
Treasury shares acquired during the current period for acquisitions	773,200	3,041,588,400
Ratio of non-exercised portion as of filing date of this report (%)	-	2.26

(Note) The Acquisitions of treasury shares based on the resolution at the meeting of the Board of Directors held on February 22, 2024 was completed with the acquisitions of treasury shares on April 5, 2024.

(3) Acquisitions of treasury shares not based on a resolution approved at the ordinary general meeting of shareholders or a resolution approved by the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the current fiscal year	24,855	84,603,574
Treasury shares acquired during the current period for acquisitions	2,471	9,991,865

(Note) "Treasury share acquired during the current period for acquisitions" does not include shares consisting of less than one full unit purchased during the period from June 1, 2024 to the issuance date of this report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Classification	Current fiscal year		Current period	
	Number of shares (Shares)	Total disposition amount (Yen)	Number of shares (Shares)	Total disposition amount (Yen)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares that was disposed of	25,299,900	51,396,040,972	-	-
Acquired treasury shares for which transfer of shares was conducted in association with merger/stock exchange/share delivery/corporate separation	-	-	-	-
Others (Decrease due to sale of shares constituting less than one full unit upon request for additional purchase)	1,581	5,164,172	100	390,660
Others (Disposal for granting shares through employee shareholding association)	174,800	452,032,800	-	-
Number of treasury shares held	6,110,051	-	6,112,422	-

(Note)

1 "Number of treasury shares held" for the current period for acquisition does not include shares constituting less than one full unit purchased during the period from June 1, 2024 to the issuance date of this report.

2 "Number of treasury shares held" for the current fiscal year and the current period does not include the Company's shares held by the trust account related to the BIP Trust for directors' remuneration.

### 3. Dividend Policy

Sojitz's basic dividend policy and top management priority is to pay stable dividends to shareholders on an ongoing basis, and to commit to enhancing shareholder value and improving its competitiveness by accumulating and effectively utilizing earnings.

Under the Medium-Term Management Plan 2023, the basic dividend policy was to maintain a consolidated payout ratio of around 30%. Lower limit for dividends was set as representing market price-based DOE (\*1) of 4% until PBR reaches 1.0 times and book value-based DOE (\*2) of 4% when PBR is above 1.0 times.

(\*1) Market price-based = Dividend per share / Stock price (Annual average of last price at each month in fiscal year)

(\*2) Book value-based DOE = Dividend per share / Total equity attributable to owners of the Company per share (At the end of fiscal year)

#### (1) Year-End Dividend

The year-end dividend for the year ended March 31, 2024 is to be decided as follows based on the above basic dividend policy and a comprehensive evaluation of business results, total equity, and other factors.

##### (a) Type of property to be distributed as dividends

Cash

##### (b) Total value of dividend distribution and its allocation among shareholders

¥70 per share of Sojitz common stock, ¥15,322 million in total

For the year ended March 31, 2024, Sojitz will pay an annual dividend of ¥135 per share, when including the interim dividend of ¥65 per share made on December 1, 2023. This will make for total dividend payments of ¥29,761 million and a consolidated payout ratio of 29.9% along with a market price-based DOE of 4.2%, surpassing the defined minimum level of 4%.

##### (c) Effective date of dividends from surplus

June 19, 2024

Dividends paid from surplus for the year ended March 31, 2024 are as shown below.

Date of resolution	Total amount of dividends (Millions of Yen)	Dividend per share (Yen)
October 31, 2023 Resolution of the Board of Directors	14,439	65.00
June 18, 2024 Resolution of the Ordinary General Shareholders' Meeting	15,322	70.00

#### (2) FY2024 Dividends

The Medium-Term Management Plan 2026 sets a progressive dividend policy based on shareholders' equity DOE (\*) of 4.5% to pay stable dividends to shareholders on an ongoing basis.

(\*) Shareholders' equity is after deducting Other components of equity (Foreign currency translation reserve, Other valuation differences, Deferred gains or losses on hedges) from total equity at the end of the previous fiscal year.

(\*) Shareholders' equity DOE: Dividends paid / Shareholders' equity

Based on the above dividend policy, in the year ending March 31, 2025, Sojitz plans to pay an annual dividend of ¥150 per share (interim dividend of ¥75 plus year-end dividend of ¥75). This amount will equate to a consolidated payout ratio of 29.6% of the forecast for profit for the year (attributable to owners of the Company)

Sojitz's Articles of Incorporation enable the Board of Directors to adopt resolutions regarding the dividends of surplus as stipulated by Article 459, Paragraph 1 of the Companies Act of Japan.

At a meeting of the Board of Directors held on May 1, 2024, Sojitz resolved that the interim dividend for the year ending March 31, 2025 will be ¥75 per share for common shares issued as of September 30, 2024, the record date for dividends. The total amount of the interim dividend is expected to be ¥16,358 million (effective date: December 1, 2024).

For details, please refer to the "Notice Concerning Cash Dividends (Year-End Dividend Proposal for the Fiscal Year Ended March 2024 and Interim Dividend for the Fiscal Year Ending March 2025)" announced on May 1, 2024.

## 4. Corporate Governance

### (1) Overview of Corporate Governance

#### (a) Basic concept

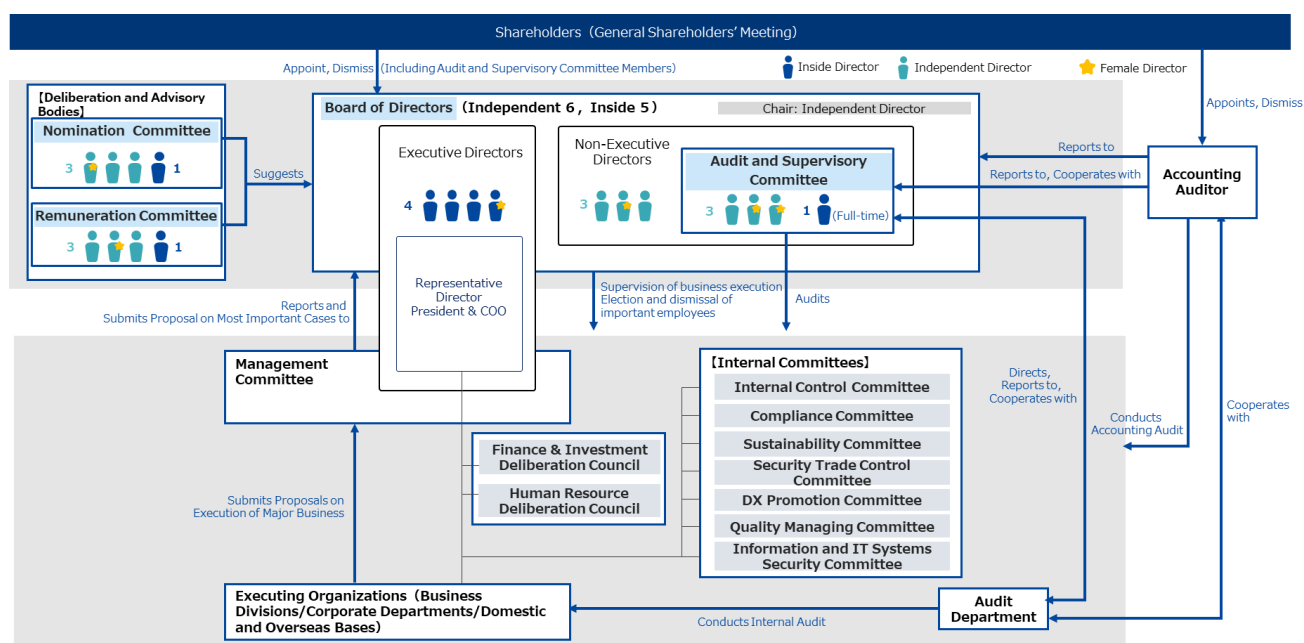
We strive to improve our corporate value over the medium-to-long term based on the “Sojitz Group Statement—The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity,” as well as the “2030 Vision of Sojitz— a general trading company that constantly cultivates new businesses and human capital.”

In order to materialize these, based on our belief that the enhancement of our corporate governance is an important issue of management, we have striven to establish a highly sound, transparent and effective management structure, while also working toward the fulfillment of our management responsibilities and accountability to our shareholders and other stakeholders. Based on this concept, since June 2020, Sojitz has had an Independent Director serve as Chair of the Board of Directors and appointed a majority of the Nomination Committee and the Remuneration Committee as Independent Directors. Furthermore, in June 2023, Sojitz appointed a majority of the Board of Directors as Independent Directors. Through these changes, Sojitz has been committed to ensuring management transparency and strengthening its corporate governance system.

In addition, upon approval at the 21st Ordinary General Shareholders’ Meeting held on June 18, 2024, Sojitz transitioned from a Company with Audit and Supervisory Board to a Company with Audit and Supervisory Committee. This transition will appoint Audit and Supervisory Committee Members, who are responsible for auditing the execution of duties of Directors, as members of the Board of Directors to strengthen the supervisory function of the Board of Directors. It will also aim to promote the delegation of authority from the Board of Directors to Executive Directors and Executive Officers to accelerate decision-making.

Under this structure, we will enhance the quality and speed of our management decisions and improve the corporate value of the Group in a constantly changing business environment.

#### < Corporate Governance Framework (as of June 18, 2024) >



(b) Outline of the corporate governance system and reasons for adopting the system

1) Management and operation execution system

We employ an executive officer system for the purpose of clarifying authority and responsibilities and ensuring smooth and swift execution of business through the separation of management supervision and decision-making from operational execution.

The Board of Directors is the highest decision-making body for reviewing and resolving fundamental basic policies and the most important matters concerning the management of the Group. The Board of Directors also supervises operational execution through proposals of important matters and regular reports from the executive function.

The executive function comprises the Management Committee, chaired by the President, who is also the Chief Operating Officer. The Management Committee is responsible for the review and approval of important managerial and executive agendas from a Group-wide and medium- to long-term viewpoint. In addition, we have established the Finance & Investment Deliberation Council for the review and approval of important investments and loans, the Human Resource Deliberation Council for the review and approval of major human resource matters, and internal committees to handle issues to be addressed from cross-organizational perspectives. All of these bodies report directly to the President.

The term of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers is set at one year in order to facilitate swift and appropriate responses to rapid changes in the operating environment and clarify responsibilities related to management.

2) Monitoring and supervisory functions for management

To enhance the Board of Directors' oversight of business operations and to ensure the receipt of objective and diverse counsel, the majority of the Board of Directors is comprised of Independent Directors, and the Chair of the Board of Directors is an Independent Director.

Sojitz is a Company with Audit and Supervisory Committee, with Audit and Supervisory Committee Members, who are responsible for auditing the execution of duties of Directors, becoming members of the Board of Directors. This will enable us to reflect audit results in discussions at the Board of Directors meetings, seeking to further strengthen the supervisory function of the Board of Directors.

Furthermore, the majority of the members of the Nomination Committee and the Remuneration Committee, which provide advisory services to the Board of Directors, are Independent Directors, and the Chairs of these committees are Independent Directors, ensuring the appropriateness and transparency of the appointment and remuneration of Directors.

(c) Company institutions

1) Board of Directors

As the highest decision-making body, the Board of Directors reviews and resolves fundamental policies and most important cases concerning the Group's management, and also supervises business execution through proposals of important matters and regular reports from the executing body. The Independent Directors supervise the Executive Directors and overall system of business execution. They also provide opinions and advice on corporate governance.

- Policy for appointing Directors and composition of the Board of Directors

In appointing candidates for Directors, we take into consideration the diversity such as gender, age, international experience or other characteristics, and appoint multiple candidates who possess abundant experience, specialized knowledge and advanced expertise from both inside and outside Sojitz, to ensure decision-making and management supervision appropriate to a general trading company involved in a wide range of businesses. Sojitz's Articles of Incorporation stipulate that the number of members of the Board of Directors shall be no more than 12. As of June 18, 2024, the Board of Directors consists of 11 members (7 males and 4 females: the ratio of female Directors is 36.4%), including 7 Directors (excluding Directors who are Audit and Supervisory Committee Members), 3 of whom are Independent Directors, and 4 Directors who are Audit and Supervisory Committee Members, 3 of whom are independent Directors. The Board of Directors is chaired by an Independent Director, Mr. Tsuyoshi Kameoka.

- Procedure for appointing Directors

In line with the policy above, the Board of Directors deliberates on the experience and quality as an officer with respect to each Director candidate based on the results of discussion at the Nomination Committee, which provides advisory services to the Board of Directors, and resolves the candidate proposal for submission to the General Shareholders' Meeting for approval.

- Activities of the Board of Directors in FY2023

The Sojitz's Board of Directors meets once a month and as needed, and attendance at the Board of Directors meetings in FY2023 is as follows.

Name	Position	Attendance at the Board of Directors meetings (Total of 16 meetings)	Concurrent advisory committees
Masayoshi Fujimoto	Executive Director	16	Nomination Committee and Remuneration Committee
Ryutaro Hirai (*1)	Executive Director	16	-
Yoshiki Manabe (*2)	Executive Director	12	-
Masaaki Bito (*3)	Executive Director	16	-
Norio Otsuka (*1)	Independent Director Chair of the Board of Directors	16	Nomination Committee and Remuneration Committee
Naoko Saiki	Independent Director	16	Nomination Committee (Chair) and Remuneration Committee
Ungyong Shu	Independent Director	16	Nomination Committee and Remuneration Committee (Chair)
Haruko Kokue	Independent Director	16	Nomination Committee and Remuneration Committee
Tsuyoshi Kameoka (*2)	Independent Director	12	Nomination Committee and Remuneration Committee

\*1 Mr. Ryutaro Hirai and Mr. Norio Otsuka retired at the Ordinary General Shareholders' Meeting held on June 18, 2024.

\*2 Mr. Yoshiki Manabe and Mr. Tsuyoshi Kameoka attended all 12 meetings of the Board of Directors held after they assumed the office of Director on June 20, 2023.

\*3 Mr. Masaaki Bito resigned as Director on March 31, 2024.

- Matters deliberated by the Board of Directors

The Board of Directors reviews and resolves fundamental matters concerning management among the Group, involving management policy, business plans and important personnel based on the internal rules of the Board of Directors in addition to laws, regulations and the Articles of Incorporation. It also reviews and resolves important matters related to business execution, such as investments and loans of high quantitative importance. As for business execution other than these matters resolved by the Board of Directors, the President, the Chief Operating Officer, or the executing bodies reporting to the President & CEO; the Management Committee, the Finance & Investment Deliberation Council, the Human Resource Deliberation Council, etc. review and approve matters depending on the contents, scale, importance and risks of each matter.

One of the proposals that took up the most time for discussion in FY2023 was the transition to a Company with Audit and Supervisory Committee. In order for Sojitz to remain competitive in the constantly changing business environment and achieve a higher level of performance, it is essential to enhance the quality and speed of management decisions. Additionally, in anticipation of the launch of a new medium-term management plan in FY2024, Sojitz has initiated a comprehensive review of its governance structure, including the transition to a Company with Audit and Supervisory Committee, starting in FY2023.

During the review process, we discussed the importance of reviewing the governance system and how systematic audits should be conducted using the internal control system, while ensuring the independence of audits, the establishment of an effective audit system, including the need for full-time Audit and Supervisory Committee Members, the number of Audit and Supervisory Committee Members, a system to supplement the duties of the Audit and Supervisory Committee, the scope of authority to be delegated to Executive Directors and the criteria for such authority, and the remuneration system for Directors. In addition to the reports presented at the Board of Directors meetings, there were numerous discussions held outside of these meetings, with more than ten times meetings dedicated to this purpose. On occasion, the Board of Directors would request modifications or reconsideration of an executive side proposal. In response, the executive side would reexamine and re-propose the proposal.

Following a thorough discussion process, the Board of Directors approved the transition to a Company with Audit and Supervisory Committee. Directors and Audit and Supervisory Board Members commented that “the discussion was highly transparent and constructive, taking into account various opinions,” and that “the executive side provided thorough and detailed explanations.”

Following this transition, Sojitz will reinforce the supervisory role of the Board of Directors and facilitate the delegation of authority from the Board of Directors to the Executive Directors. This will ensure transparent, fair, prompt, and decisive decision-making. Sojitz will strive to further enhance its corporate value under the medium-term management plan 2026 and will continue to work to establish a sound, transparent, and highly efficient management structure.

< Main deliberations at the Board of Directors meetings held during FY2023 >

Management Strategies, Sustainability, and Governance (52%)	Transition to a Company with Audit and Supervisory Committee, Progress on the Medium-Term Management Plan 2023 and Formulation of the Medium-Term Management Plan 2026, Repurchase and cancellation of treasury stock, Sustainability Committee reports, Nomination and Remuneration Committees reports, Executive personnel and remuneration, Business execution reports, D&O insurance, Limited liability agreements with Independent Directors, Assessment of effectiveness of the Board of Directors, Cross-shareholdings, Shareholders' equity costs, The Board of Directors' annual plan, Matters related to the General Shareholders' Meeting, Personnel policies, DX (Digital Transformation) strategy in the Medium-Term Management Plan 2026, Information and IT Systems Security Committee reports
Audit, Internal Control, Risk Management, Finance & Accounting, and Compliance (22%)	Matters related to the Audit and Supervisory Board, Internal audit reports, Internal Control Committee reports, Risk management operation policy, Matters related to financial closing, Matters related to budgets, financial planning, financing and financial progress reports, Compliance Committee reports, Security Trade Control Committee reports, Reports on litigation and arbitration
Investments & Loans (26%)	Food wholesale business in Vietnam, Automobile business in Panama, LNG business in Australia, etc.

Note: The figures in parentheses indicate the percentage of deliberation time spent for each agenda to the total deliberation time of the Board of Directors meetings held during FY2023.

● Support system for Directors

- The Board Meeting Operation Office has been established as an organization which is comprised of six full-time staff (as of June 18, 2024), who support the Directors by reporting to, providing information to, and communicating with Directors in a timely and appropriate manner.
- Materials from Management Committee meetings and Finance & Investment Deliberation Council meetings, shareholder newsletters, reports by securities analysts, and internal newsletters are shared with Independent Directors, who are also given opportunities to participate in Finance & Investment Deliberation Council meetings as observers.
- Information sharing meetings between Executive Directors and Independent Directors (held monthly in principle), off-site meetings among all Directors, Independent Directors meetings, meetings and opinion exchanges between Independent Directors and a Non-Executive Director who is a full-time Audit and Supervisory Committee Member (twice a year each), and visits to business offices by Independent Directors are held to promote communication and mutual understanding among Executive Directors, Non- Executive Directors and Independent Directors and to facilitate constructive discussions at the Board of Directors meetings.

- Analysis/assessment of effectiveness of the Board of Directors

Each year, we analyze and assess the effectiveness of the Board of Directors as a whole in order to improve its functions. The method of analysis and the results of the FY2023 assessment, as well as the action plan for the fiscal year 2024 based on these results, are as follows.

#### 1. Assessment method

At the December 2023 Board of Directors meeting, the Board of Directors discussed the merits of using an external organization or a self-evaluation in conducting the effectiveness evaluation. After careful consideration, the Board of Directors decided to conduct the self-evaluation this year as well. This is in line with the frank opinions received from Directors and Audit and Supervisory Board Members during the self-evaluation conducted in FY2022. The Board of Directors believes that exchanging opinions among the members of the Board of Directors would be more beneficial. Conversely, there were opinions that an evaluation by an external organization should be conducted once every few years. The Board of Directors therefore decided to separately discuss the evaluation method for the next fiscal year and thereafter.

##### Method of implementation:

The Board Meeting Operation Office collects (anonymous) questionnaires and conducts individual interviews with Directors and Audit and Supervisory Board Members. Based on the results of these interviews, the Board of Directors deliberates on issues identified and determines measures and policies for agenda setting and various measures in the next fiscal year. Questionnaire items are reviewed as necessary. The evaluation is on a 4-point scale, with a free-response column for all questions.

##### Questionnaire items and interview items:

The questionnaire items and interview items cover a range of topics related to the roles and responsibilities of the Board of Directors (including business portfolio), composition of the Board of Directors, the management of the Board of Directors, the decision-making process of the Board of Directors, the supervision by the Board of Directors, the support system for the Board of Directors, advisory committees, items concerning Independent Directors, dialogue with shareholders, human resource strategies, sustainability, DX, management issues to be discussed, the transition to a Company with Audit and Supervisory Committee, the evaluation of the Board Meeting Operation Office, and other relevant topics.

#### 2. Outline of effective assessment results

The Board of Directors discussed the results of the survey and individual interviews, and confirmed that the effectiveness of the Company's Board of Directors has been ensured.

##### (1) Evaluated items

###### Medium-Term Management Plan 2023:

The progress of the Medium-Term Management Plan 2023 was well analyzed, and constructive discussions were held through regular reports. The divisional reports from the COOs of the business divisions were evaluated to be better.

###### Independent Directors:

The Chair's management and leadership of the agenda fostered an atmosphere of active exchange of opinions, and the Independent Directors were evaluated for their independent and proactive expression of constructive opinions.

###### Dialogue with shareholders:

In terms of dialogue with shareholders, the proactive approach to disclosure of information to investors adopted by management was highly evaluated.

##### (2) Response to and evaluation of issues identified in the FY2022 Board of Directors' effectiveness assessment

###### Medium-Term Management Plan 2023:

While the aforementioned issues were evaluated to a certain extent, there was a comment that the reporting on the progress of investment and loan projects approved by the Board of Directors should be improved.

Number of Directors:

The Board of Directors believes that the total number of Directors and Audit and Supervisory Board Members should be decreased from 14 (as of the end of FY2023) to 11 Directors from June 2024. This would be beneficial from the standpoint of encouraging productive discussions.

Sharing of discussions at the Nomination Committee meetings:

Regarding the succession plan for the Chair and the rotation of Independent Directors, the guidelines based on the discussions at the Nomination Committee meetings were reported to the Board of Directors. While the nature of the discussions at the Nomination Committee meetings makes it difficult to disclose all the information, in order to contribute to transparency, the information was shared outside of the Board of Directors meetings in addition to reporting at the Board of Directors meetings.

### 3. Policy for FY2024

Medium-Term Management Plan 2026:

With regard to the Medium-Term Management Plan, we will continue regular progress reports and divisional reports by divisional COOs, and deepen discussions on the long-term vision, business portfolio, DX promotion, and human resources, while utilizing opportunities other than the Board of Directors meetings.

In addition to the existing reporting on the progress of investment and loan projects, the frequency and method of reporting will be reviewed and improved.

Transition to a Company with Audit and Supervisory Committee:

In line with the transition to a Company with Audit and Supervisory Committee, the board agenda was reviewed to delegate some of the authority for important business execution decisions to the Executive Directors. Following the transition, the Board of Directors will continue to review the board agenda and maintain the existing information-sharing mechanism to prevent information gaps among Independent Directors, and make improvements as necessary.

## 2) Advisory bodies to the Board of Directors (Nomination Committee, Remuneration Committee)

Sojitz has established the following advisory bodies to the Board of Directors.

	Nomination Committee	Remuneration Committee
Roles	Discusses and proposes the standards and methods for selecting Director and Executive Officer candidates and considers candidate proposals.	Discusses and proposes remuneration levels for Directors and Executive Officers and various systems related to evaluation and remuneration.
Members*	Independent Directors: 3 Executive Director: 1	Independent Directors: 3 Executive Director: 1
	Naoko Saiki (Chair/Independent Director) Ungyong Shu (Independent Director) Tsuyoshi Kameoka (Independent Director) Kosuke Uemura (Representative Director and President)	Ungyong Shu (Chairperson/ Independent Director) Naoko Saiki (Independent Director) Tsuyoshi Kameoka (Independent Director) Masayoshi Fujimoto (Representative Director and Chairman)

\* As of June 18, 2024

● Activities in FY2023

In FY2023, the Nomination Committee and Remuneration Committee held a total of 9 and 9 meetings, respectively. The attendance of each member of both the Nomination Committee and Remuneration Committee was as follows.

Name	Attendance at the Nomination Committee meetings (a total of 9 meetings)	Attendance at the Remuneration Committee meetings (a total of 9 meetings)
Norio Otsuka	9	9
Naoko Saiiki	9	9
Ungyong Shu	9	9
Haruko Kokue	9	9
Tsuyoshi Kameoka (*)	8	8
Masayoshi Fujimoto	9	9

(\*) Mr. Tsuyoshi Kameoka attended all 8 meetings of the Nomination Committee and all 8 meetings of the Remuneration Committee held after he became a committee member on June 20, 2023.

● Main deliberations at each committee in FY2023

	Main deliberations
Nomination Committee	Selection of the new President and discussion of the succession plan
	Composition of the Board of Directors, the Audit and Supervisory Committee, the Nomination Committee and the Remuneration Committee after the transition to a Company with Audit and Supervisory Committee
	Selection of candidates for Directors and Executive Officers for FY2024
	FY2024 Skills Matrix of Directors
	Nomination Committee report of activities for FY2023 and plan of activities for FY2024
Remuneration Committee	Establishment of performance targets, etc. to be used in calculating performance-linked remuneration (short-term) for Directors (excluding Independent Directors) and Executive Officers in FY2023
	Evaluation method and progress evaluation of ESG-related indicators of performance-linked remuneration (medium-to long-term) for Directors (excluding Independent Directors) and Executive Officers in FY2022
	Executive remuneration structure of Medium-Term Management Plan 2026
	Remuneration Committee report of activities for FY2023 and plan of activities for FY2024

< Selection of the President >

The selection of a new president is a significant management issue. In this process, the Nomination Committee has assigned challenging tasks and major roles to the candidates and conducted fixed-point observations to assess the qualities and abilities of the candidates through intensive discussion session and liaison meetings from the business divisions.

After careful consideration, we have determined that it is appropriate to replace the President at the end of the Medium-Term Management Plan 2023. Following a series of interviews with the final candidate conducted by the members of the Nomination Committee, it has been concluded that Mr. Kosuke Uemura is the most suitable candidate for the role of President. This decision was based on his demonstrated ability to anticipate future needs, ability to effect change, vision for the future, and commitment to enhancing the value of the Company. Additionally, his past performance was taken into account. In light of the aforementioned conclusions, the Board of Directors, at its meeting held on November 27, 2023, elected Mr. Kosuke Uemura as the next President.

### 3) Audit and Supervisory Committee

Sojitz transitioned to a Company with Audit and Supervisory Committee upon approval at the 21st Ordinary General Shareholders' Meeting held on June 18, 2024. The Audit and Supervisory Committee audits the execution of duties of Directors from the perspective of legality and appropriateness to fulfill its supervisory and auditing functions over operations of business, by attending important meetings related to the execution of business, interviewing Executive Directors, reviewing documents related to important decisions, and using other methods.

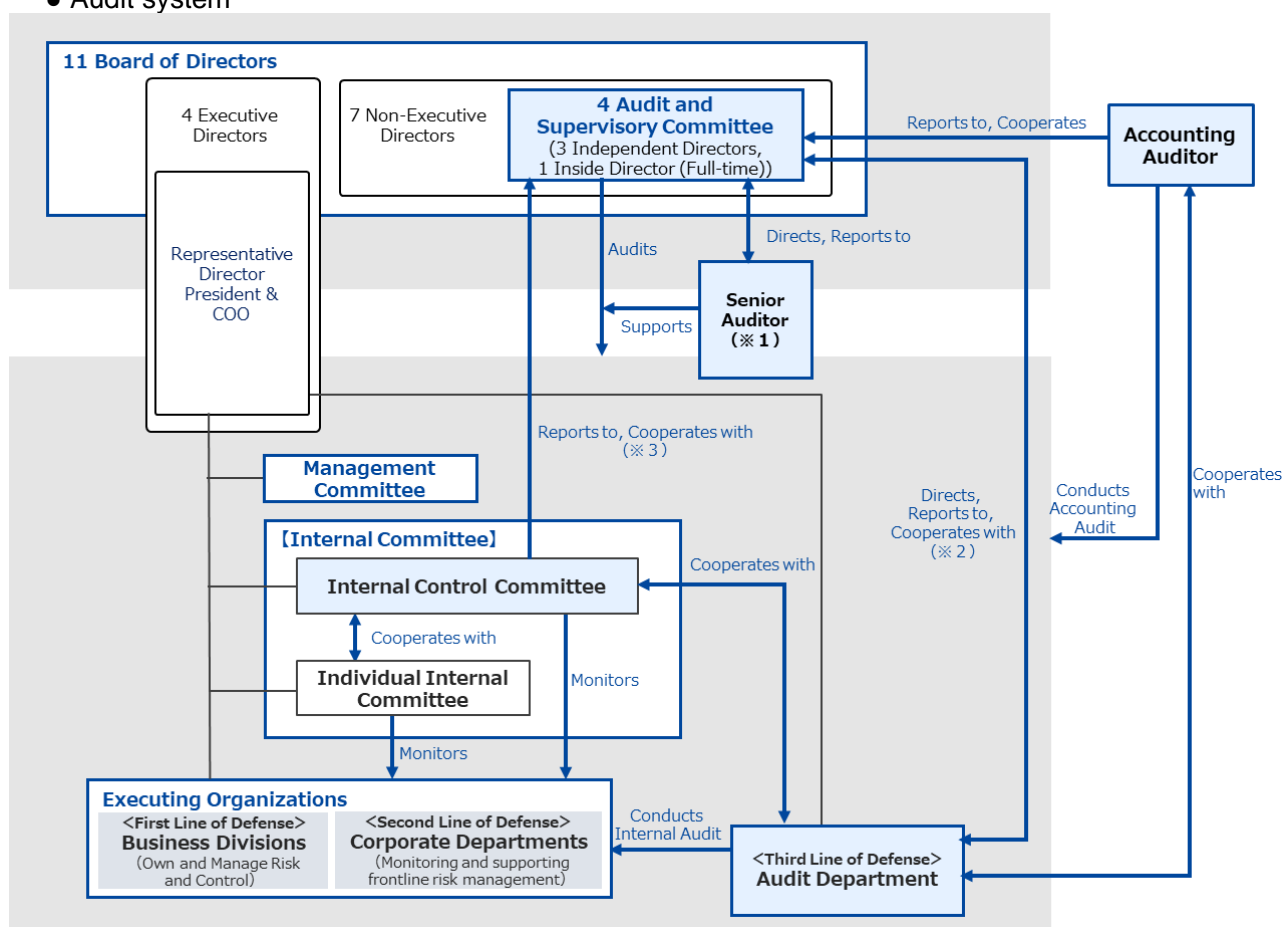
#### ● Composition of the Audit and Supervisory Committee

The Audit and Supervisory Committee consists of 4 members (2 males, 2 females), including 1 full-time Inside Director and 3 Independent Directors. To ensure the effectiveness of audits by the Audit and Supervisory Committee, we appoint 1 Inside Director who is familiar with the Group's business as a full-time Audit and Supervisory Committee Member and Chair of the Audit and Supervisory Committee.

In addition, 3 members of the Audit and Supervisory Committee have considerable knowledge of finance and accounting as follows.

- Mr. Yoshiaki Manabe, a full-time Inside Director, has served as COO, been responsible for accounting and finance, and held other important positions at Sojitz. He has considerable knowledge of finance and accounting.
- Mr. Kazuhiro Yamamoto, an Independent Director, has been responsible for finance, accounting, and business planning and held important positions including CFO at Teijin Limited. He has considerable knowledge of finance and accounting.
- Ms. Satoko Suzuki, an Independent Director, opened a certified public accountant office after serving as a certified public accountant at an audit firm, and has been engaged in auditing services for many years. She has outstanding expertise in finance and accounting.

#### ● Audit system



\*1 Senior Auditor

- Two Senior Auditors are assigned to ensure the effectiveness of audits by the Audit and Supervisory Committee.
- Senior Auditors are persons who are familiar with the Group's business and operations and have knowledge of finance and accounting, risk management, and other relevant areas. They complement and support the duties of the Audit and Supervisory Committee from the same perspective as Audit and Supervisory Committee Members.
- The Senior Auditor performs their duties under the direction of the Audit and Supervisory Committee.
- Senior Auditors' personnel evaluation and transfers are subject to consultation with the Audit and Supervisory Committee to ensure the independence of audits.

\*2 Establishment of a reporting line from the Internal Audit Department to the Audit and Supervisory Committee

- The Audit and Supervisory Committee receives regular reports on the audit status from the Internal Audit Department.
- The Audit and Supervisory Committee may ask the Internal Audit Department to make reports and conduct investigations and may give specific instructions to the Internal Audit Department as necessary.

\*3 Establishment of a reporting line from the Internal Control Committee to the Audit and Supervisory Committee

- The Internal Control Committee, which is an executing body under the management of the President, oversees the implementation and enforcement of the internal control system and conducts periodic monitoring. While cooperating with other committees, the Internal Control Committee identifies issues and considers countermeasures related to the internal systems and frameworks, points out these issues to the relevant departments, and makes improvements.
- The Audit and Supervisory Committee receives regular reports from the Internal Control Committee on the establishment and operation status of the internal control system in business execution.

In addition, the Audit and Supervisory Committee, the Internal Audit Department and the Accounting Auditor meet regularly to share the status of their respective audits and exchange opinions to promote cooperation among them.

4) Training policy for Directors

We take the following initiatives to enable Directors to appropriately fulfill their roles and responsibilities.

- We provide newly appointed Directors with opportunities to participate in or take training programs such as lectures on the medium-term management plan, the internal control, risk management structure, IR and sustainability initiatives, and lectures by lawyers on legal duties and responsibilities of Directors and Audit and Supervisory Committee Members.
- In order for Directors to deepen their understanding of our extensive business activities, each of the COOs holds business and initiative briefing sessions, and in order for Directors to deepen their understanding of the latest macroeconomic conditions, our research institute holds monthly briefing sessions. In addition, we provide other necessary information on an ongoing basis.
- We offer Directors opportunities to attend seminars, etc. held by external organizations.

(d) Business executing bodies

We have established the following executing bodies that directly report to the President, who is the Chief Operating Officer.

1) Management Committee

The Committee consists of Executive Directors, Chief Operation Officers (COOs) of the business divisions and corporate department supervisors. It reviews and approves management policies, management strategies and management administrative matters among the Group from Group-wide and medium-to-long-term viewpoints. The Committee meetings are held twice a month in principle and as needed.

A total of 27 meetings were held in FY2023, with a total of 12 members (10 males and 2 females). In FY2023, the Committee mainly focused on reviewing the progress of business investment, personnel policies, etc., outlined in the Medium-Term Management Plan 2023, strategies and policies for business and human resources in the Medium-Term Management Plan 2026. Additionally, the meeting addressed reports on the macro environment, foreign exchange and country risks, and other important sales and corporate projects.

In FY2024, the Committee consists of a total of 13 members (10 males and 3 females).

2) Finance & Investment Deliberation Council

The Council consists of Executive Directors and corporate department supervisors. It discusses and resolves important investment and loan proposals from a Group-wide viewpoint. The Council meetings are held twice a month in principle, and a total of 20 meetings were held in FY2023.

3) Human Resource Deliberation Council

The Council consists of Executive Directors and corporate department supervisors. It discusses and resolves important issues pertaining to human resources from a Group-wide viewpoint. The Council meetings are held twice a month in principle, and a total of 21 meetings (2 of which were held in writing) were held in FY2023.

#### 4) Internal committees

In order to enhance corporate value, we have established the following internal committees (as of June 18, 2024) that act as executing bodies under the direct supervision of the President to advance management initiatives that need to be handled across the organization. Each internal committee regularly reports on its discussions to the Board of Directors and the Management Committee. The frequency and number of meetings of each committee held in FY2023 were as follows.

	Roles	Frequency of meetings (Number of meetings held in FY2023)
Internal Control Committee	The Internal Control Committee formulates policies to maintain and improve our internal control system based on the Companies Act and the Financial Instruments and Exchange Act, and monitors this internal control system and its enforcement among the Group.	Once a quarter in principle (4 meetings)
Compliance Committee	The Compliance Committee examines and formulates fundamental policies and measures to ensure compliance.	Once a quarter in principle (4 meetings)
Sustainability Committee	Based on the Sustainability Challenge, the Sustainability Committee examines and formulates various policies and measures, focusing on the realization of a decarbonized society and respect for human rights in the supply chain. In FY2023, the Committee mainly discussed and reviewed CO <sub>2</sub> emissions reduction and contribution to reduction, the measurement of CO <sub>2</sub> emissions in the supply chain (Scope 3), risk assessment of high-risk business areas related to the environment and human rights, and efforts to respect human rights, as well as external trends related to biodiversity and other sustainability issues.	Once a quarter in principle (4 meetings)
Security Trade Control Committee	The Security Trade Control Committee expedites responses to changing security trade control issues associated with the Sojitz Group and establishes appropriate trade control systems.	In addition to the annual meeting, convened as needed (2 meetings)
Quality Management Committee	The Quality Management Committee builds and maintains a company-wide quality control system and studies and formulates measures to develop business (B to C business) from a market-oriented perspective and to increase corporate value.	Once a quarter in principle (5 meetings)
DX Promotion Committee	The DX Promotion Committee monitors the overall picture of DX promotion aimed at improving corporate value, and shares the progress and status of efforts, and verifies their effects, with the goal of realizing increased corporate value through business transformation and enhanced competitiveness, while pursuing reforms in business models, human resources, and operational processes by utilizing digitalization. In FY2023, the Committee discussed and shared examples of the use of data and implementation of technology in the businesses being worked on in each of the business divisions, as well as the development of digital human resources.	Once a month in principle (11 meetings)
Information and IT Systems Security Committee	Information and IT Systems Security Committee promotes task setting, the formulation of action plans, and the implementation of countermeasures relating to the security of company-wide information assets and IT systems to improve corporate value, while grasping the focus and importance of risks that arise in business where digital data and IT are utilized in conjunction with the accelerated promotion of DX.	Once a quarter in principle (4 meetings)

Furthermore, we have established the Business Continuity Management Working Group and the Disclosure Working Group, which discuss and review the practices and initiatives for specific themes from cross-organizational perspectives. We will continue to make necessary reviews and upgrade our corporate structure to build a system that contributes to increasing our corporate value.

(e) Matters pertaining to Directors

1) Number of Directors

As stipulated in the Articles of Incorporation of the Company, the Company shall have 12 or less Directors (including 5 or less Directors who are Audit and Supervisory Committee Members).

2) Resolutions for appointment of Directors

As stipulated in the Articles of Incorporation of the Company, resolutions to appoint Directors shall be adopted by a majority vote of the shareholders present at the General Shareholders' Meeting holding an aggregate of one-third or more of the total number of voting rights of shareholders who are entitled to vote, and cumulative voting shall not be used in the appointment of Directors.

(f) Resolutions by the General Shareholders' Meeting

1) Matters for which a resolution by the Board of Directors may be made in place of a resolution by the General Shareholders' Meeting

- Acquisition of treasury stock

As stipulated in the Articles of Incorporation of the Company, the Company may acquire its own shares through market transactions based on resolutions by the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act of Japan. This provision is meant to allow for the flexible implementation of financial and other management measures.

- Exemption from liability for Directors

As stipulated in the Articles of Incorporation of the Company, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act of Japan, the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors and former Audit and Supervisory Board Members) from liability for damages prescribed in Article 423, Paragraph 1 of said act, to the extent allowed by applicable laws and regulations. This provision is based on the assumption that Directors are acting in good faith and that excessive losses will not be incurred and is meant to allow Directors to fulfill their expected roles in an efficient and effective manner.

- Dividends of surplus, etc.

As stipulated in the Articles of Incorporation of the Company, the Company may, by resolution of the Board of Directors, pay dividends from surplus pursuant to Article 459, Paragraph 1 of the Companies Act of Japan.

2) Matters requiring resolution by the General Shareholders' Meeting

As stipulated in the Articles of Incorporation of the Company, resolutions of the General Shareholders' Meeting prescribed in Article 309, Paragraph 2 of the Companies Act of Japan shall be adopted by two-thirds or more of the voting rights of the shareholders who are present thereat and entitled to vote and holding an aggregate of one-third or more of the total number of shares with voting rights are present. This provision is meant to allow for flexible proceedings of the General Shareholders' Meeting.

(g) Dialogue with shareholders and investors

Sojitz maintains a basic policy of engaging in constructive dialogue. Sojitz continues to provide shareholders and investors with appropriate and timely information on management policy and initiatives, as well as clear explanations using understandable words and logic to achieve sustained growth and improve corporate value over the medium-to-long term. Shareholders' and investors' opinions are then reported to the upper management and reflected in management decisions.

To ensure fair and appropriate disclosure of information to its stakeholders, including shareholders and investors, in accordance with the Fair Disclosure Rule, Sojitz has established and observed a set of internal regulations including the Regulations to Prevent Insider Trading and the Information Disclosure Regulations that stipulate fundamental policies for compliance with laws and regulations, transparency, timeliness, fairness, consistency and confidentiality, and ensure strict compliance by officers and employees.

1) Providing information to shareholders and investors

Sojitz's basic policy is to communicate information fairly and equally to shareholders and investors in Japan and abroad. Information regarding the Medium-Term Management Plan and financial results is publicized via TDnet or the Sojitz website immediately after resolution by the Board of Directors. In addition, to promote the understanding of its management philosophy, vision, business activities and business models, Sojitz has engaged in active provision of information, such as publishing Integrated Reports and shareholder newsletters, holding business activities briefings, integrated report briefings, and briefings for individual shareholders, participating in briefings for individual investors, and disclosing relevant information on the Sojitz website.

2) Systems and initiatives for dialogue with shareholders and investors

The Representative Director and President, CFO and other management team members serve as the main speakers at individual meetings with investors, small meetings and briefings. In addition, the Investor Relations Office, a dedicated organization, internally shares, as appropriate, the views and opinions of shareholders and investors obtained in the course of dialogue. We regarded stock prices as the voice of the market, and set PBR of over 1.0 as one of our KPIs in the Medium-Term Management Plan 2023.

Furthermore, the investors considering Sojitz as an investment target have spread and expanded, and we aim to enhance our corporate value by deepening dialogue through briefings and interviews, after verifying their attributes, whether new or existing, domestic or foreign. Moreover, we have newly assigned representatives to engage in IR activities in the United States and are focusing on enhancing our relationship with stakeholders.

Main topics and concerns of dialogue with shareholders and investors:

- The progress of the Medium-Term Management Plan 2023 as well as Medium-Term Management Plan 2026 and long-term vision
- Initiatives aimed at achieving PBR of over 1.0
- Shareholder returns policy
- Sustainability approach and initiatives
- Human resource strategies
- Selection process of the President
- Transition to a Company with Audit and Supervisory Committee
- Matters requiring resolution by the General Shareholders' Meeting
- Investors' investment policies, expectations and requests

Dialogue results in FY2023

IR events	Sojitz attendees	Participants	Frequency
General Shareholders' Meeting	Representative Director and President CFO Inside and Independent Directors Audit and Supervisory Board Members Executive Officers	Shareholders	Once
Financial results briefings	Representative Director and President CFO Executive Officers	Analysts Institutional investors	4 times
Briefings for individual shareholders and investors	Representative Director and President CFO Executive Officers Investor Relations Office	Individual shareholders Individual investors	4 times
Small meetings	Representative Director and President CFO Independent Directors Executive Officers	Analysts Institutional investors	5 times
IR Day and business activities briefings	CFO Executive Officers	Analysts Institutional investors	Once
IR and SR meetings in Japan and abroad	Representative Director and President CFO Independent Directors Executive Officers Investor Relations Office U.S. representatives (IR specialists)	Analysts Institutional investors Shareholders	352 times

\* For the details of each IR event, please refer to our website at <https://www.sojitz.com/en/ir/meetings/>

(h) Basic concept and status of implementation and operation of internal control system

1) Basic concept (until June 18, 2024)

Sojitz has been working on implementing and maintaining our internal control systems on a Group-wide basis. The “Basic policy regarding the establishment of systems for ensuring appropriate execution of Sojitz Group business operations” was resolved by the Board of Directors on April 24, 2015, based on the Companies Act and the Regulations for Enforcement of the Companies Act of Japan. Sojitz transitioned to a Company with Audit and Supervisory Committee upon approval at the 21st Ordinary General Shareholders’ Meeting held on June 18, 2024. The Board of Directors resolved the basic policy under a new governance structure on the same date (see Pages 100-101).

i) Retention and management of information relating to the execution of the Company Directors’ duties

With respect to important documents relating to the execution of duties by Directors of the Company, such as the minutes of Board of Directors meetings and approval documents, a retention period that is equal to the period required by the relevant law or regulation shall be prescribed in accordance with the Board of Directors rules and the internal rules for document retention and information management. The department in charge of such retention shall also be designated, and documents shall be made available for view as necessary.

ii) System to ensure compliance by Company Directors and employees with laws and regulations and the Articles of Incorporation in execution of duties

The Sojitz Group Compliance Code of Conduct and Ethics and the manual for its implementation shall be established, as well as the Sojitz Group Compliance Program to ensure that Directors and employees comply with laws and regulations, the Articles of Incorporation, and internal rules.

In order to fully achieve understanding of and compliance with amendments of laws and regulations relating to the Group’s operations, the reinforcement and improvement of the legal compliance system centering on the Compliance Committee shall be promoted. Also, the separation of duties by departments and the supervisors in charge of Group companies shall be clarified.

Sojitz shall ensure that the Group does not enter into any business or other relationship with anti-social forces, and shall resolutely reject any improper request, taking legal measures if necessary.

iii) Rules and other systems regarding management of loss risks of the Company and its subsidiaries

In order to prevent, or when impossible to prevent, to minimize economic losses of the Group, various potential risks for economic losses both inside and outside the Company including credit risks, business investment risks, market risks and disaster risks shall be analyzed and categorized. The Company shall establish internal rules or manuals, and assign a department for managing the risks in each category.

The effectiveness of internal rules and handling procedures shall be periodically reviewed and improved. Furthermore, in the event that a new type of risk emerges in the Group due to changes in the business environment, a person and/or department to be responsible shall be promptly appointed, and appropriate internal rules with regard to the new risk shall be prescribed.

iv) System to ensure efficiency in execution of duties by Directors of the Company and its subsidiaries

The responsible fields or departments of each Director and Executive Officer of the Company and the responsibility of each of its departments shall be made clear, as well as chains of command, scopes of authority and decision-making rules.

In the Board of Directors rules, important matters requiring resolutions of the Board of Directors shall be clearly prescribed and the Management Committee and other committees to deliberate and decide other important matters shall be convened. Also, matters to be reported to the Board of Directors shall be set forth in the Board of Directors rules.

A department to oversee the management structure of the Group and ensure the sound management of Group companies shall be established.

Top management policy of the Group shall be promptly announced to all Directors and employees of the Group companies through the Management Committee, Corporate Planning Department or the supervisor in charge, and through other oral and written methods.

Group management shall be promoted by preparing a management plan on a consolidated basis and by sharing management objectives and management indices within the Group.

v) System for reporting the execution of duties by Directors of subsidiaries to the Company and other systems for proper business operations in the Company and its Subsidiaries

The supervisors in charge who manage the Group companies as prescribed in the Basic Code of Group Management shall be designated. The supervisors in charge must request prior consultation with the Group companies regarding important matters, and must report to the Company regularly on the business report, operating activity reports, and other reports.

The Company shall review and develop the business processes of each Group company in light of internal controls relating to consolidated financial reporting.

The Audit Department of the Company shall conduct internal audits on the Group companies, and ensure the proper conduct of their business operations.

vi) Employees assisting Audit and Supervisory Board Members of the Company and their independence from Directors, and the system to ensure efficiency of instructions to these employees from the Audit and Supervisory Board Members of the Company

The Audit and Supervisory Board Members Office shall be established to assist Audit and Supervisory Board Members and assign the necessary employees.

These employees shall work under the direction of the Audit and Supervisory Board Members of the Company, and their performance evaluations and personnel changes shall require the consent of the Audit and Supervisory Board Members of the Company.

vii) Reports to Audit and Supervisory Board Members

The Board of Directors rules shall include a rule that requires any Director of the Company to immediately report to Audit and Supervisory Board Members of the Company when he/she learns of a fact that may cause significant damage to the Company.

The department in charge of the internal reporting system of the Group shall report regularly to Audit and Supervisory Board Members of the Company on the status of the internal report from Directors and employees of the Group through the Compliance Committee or other body.

The Audit Department of the Company shall provide Audit and Supervisory Board Members of the Company with a copy of the internal audit report upon completion of each internal audit.

The Audit and Supervisory Board of the Company shall be entitled to request a report from the Accounting Auditor, a Director or other relevant person, as it deems necessary.

viii) System for ensuring that a person who reports to Audit and Supervisory Board Members of the Company will not receive disadvantageous treatment as a result

A Director or employee of the Group shall not be treated disadvantageously because he/she makes a report through the internal reporting system or other methods (including reports to Audit and Supervisory Board Members of the Company and others).

ix) Other arrangements to ensure efficient auditing by the Audit and Supervisory Board Members of the Company

Expenses deemed necessary shall be paid by the Company, keeping in mind the efficiency and appropriateness of audits by Audit and Supervisory Board Members.

One or more of the Audit and Supervisory Board Members of the Company shall attend every meeting of the Board of Directors of the Company and express opinions as necessary. They may also attend the Management Committee and other important meetings of the Company, directly observing the discussions and reporting on important matters.

Representative Directors shall regularly meet with Audit and Supervisory Board Members and exchange opinions on key issues, as well as on the conditions of and important issues relating to audits by Audit and Supervisory Board Members.

## 2) Status of implementation and operation

- Overall internal control system

The Internal Control Committee, which is an executing body under the management of the President, consolidates and monitors the status of implementation and operation of the internal control system, and leads maintenance and improvement of our internal control systems.

(Overview of operational status)

The Internal Control Committee oversees the implementation and enforcement of the overall internal control system and conducts periodic monitoring. Through these activities, the Committee also identifies issues and considers countermeasures related to the internal systems and frameworks, points out these issues to the relevant departments, and makes improvements. In addition, the Committee monitors progress on assessments of internal controls with regards to financial reporting, based on the Financial Instruments and Exchange Act, thereby working to ensure the reliability of financial reporting.

The Internal Control Committee met 4 times during the fiscal year ended March 31, 2024, and reported the details of these meetings to the Board of Directors.

Each committee under the management of the President (Compliance Committee, Sustainability Committee, Security Trade Control Committee, DX Promotion Committee, Quality Management Committee, and Information and IT Systems Security Committee) and each working group (Disclosure Working Group and Business Continuity Management Working Group) discuss specific initiatives for their area of expertise.

- Compliance

Sojitz has established a Sojitz Group Compliance Program, which sets out procedures for achieving thorough compliance, and has also formulated a Sojitz Group Code of Conduct and Ethics, which provides common criteria for conduct that applies to Group officers and employees globally.

The Compliance Committee, chaired by the Chief Compliance Officer (CCO), leads the establishment of systems for promoting compliance with laws and regulations and corporate ethics at Group companies and overseas bases, such as appointing compliance supervisors and forming compliance committees.

To help prevent or quickly detect compliance violations, Sojitz has a hotline (internal reporting system) that provides access to the CCO and outside legal counsel; a consultation desk where the Compliance Committee Secretariat members can be contacted; and the multi-lingual Sojitz Ethics Hotline, which is available 24 hours a day, 365 days a year. These systems are made known to all Group officers and employees. In addition, a point of contact concerning the compliance of Sojitz has been established on the website of Sojitz, to collect any reports from outside of the Company.

To prevent corruption, Sojitz has also established the Sojitz Group Anti-Corruption Policy and the Guidelines for Sojitz Group Anti-Corruption Policy, and has introduced corresponding rules at Group companies.

Sojitz formulated the Sojitz Group Basic Policy on Sanctions and Export Controls, in an effort to develop a safeguard structure against the risks associated with the violations of sanctions and export controls in Japan and overseas.

In addition, in expanding the business around the world, Sojitz has established the Sojitz Group Tax Policy regarding observance of tax compliance, optimization of tax costs, and relationships with tax authorities, and strived to fulfill its tax obligations in a timely and appropriate manner.

Sojitz has developed and implemented educational programs useful for business practice to ensure legal compliance and maintain a good working environment free of any kind of harassment, such as providing educational opportunities including e-learning.

(Overview of operational status)

Based on the action plan formulated by the Compliance Committee, Sojitz continues to provide counsel on how to prevent compliance issues from reoccurring, as well as providing assistance and guidance to Group companies on how to practice said Code of Conduct.

Specific activities related to compliance in the fiscal year ended March 31, 2024 included the following:

- Four meetings of the Compliance Committee held
- Meetings of the CCO with Chief Operation Officers and Presidents of Group companies
- Regular liaison meetings among the compliance staff of Group companies
- Regular liaison meetings with the compliance staff of overseas operating sites
- Training programs, seminars and briefings on important issues concerning the prevention of harassment and corruption
- Various training programs for newly hired employees, employees hired as mid-career professionals, employees on overseas assignments, and others
- Alert letters for scandals caused by consumption of alcohol and regarding price pass-through
- Individual support for Sojitz's domestic operating companies through a risk-based approach to enhance the compliance system (cooperation in investigations, tailored training programs, etc.)
- Distribution of e-learning/videos on the Sojitz Group Code of Conduct and Ethics, the prevention of corruption, and the prevention of harassment to Group employees worldwide

With regard to security trade control in particular, based on the action plans formulated by the Security Trade Control Committee, the committee secretariat is engaged in activities for preventing violations of sanctions and export controls while providing support and guidance to Group companies.

Specific activities carried out in the fiscal year ended March 31, 2024 included the following:

- Two meetings of the Security Trade Control Committee held
- Various training programs for newly hired employees, employees hired as mid-career professionals, employees on overseas assignments, and others
- Support for the revision and formulation of local security trade control-related regulations at overseas operating sites
- Support for responding to measures in concert with strengthened sanctions and others, due to changes in the security situation (including U.S.-China relations, situation in Myanmar, and Russia-Ukraine situation)

● Risk management

Sojitz has established the Basic Rules of Corporate Risk Management and designated categories of business activity risk to deal with the various risks to which Sojitz is exposed in the course of its business operations. Sojitz has assigned officers responsible for each kind of risk categorized. Through a PDCA cycle of formulating, executing, monitoring and reviewing the Risk Management Policy and Plan, Sojitz strives to further improve the risk management system on an ongoing basis.

In accordance with the Medium-Term Management Plan 2023, Sojitz is enhancing its risk management capabilities in the first and second lines of the three-line defense (first line: business divisions, second line: corporate departments, and third line: internal audits), which is the fundamental concept of internal control.

(Overview of operational status)

The Group conducts a materiality assessment after exhaustively identifying and reviewing Group-wide risks based on the internal and external business environment. The Group has currently identified 12 major risks (market risk, credit risk, business investment risk, country risk, funding risk, environmental and social (human rights) risk, compliance risk, legal risk, system and information security risk, disaster risk, risk related to sharing company information via the corporate website and social media accounts, and quality-related risk).

In the formulation of the Risk Management Policy and Plan for each fiscal year, these risks are further subdivided, and detailed responses are taken according to the characteristics of each risk.

The Risk Management Policy and Plan is resolved by the Board of Directors, and the status of its implementation is monitored by the Internal Control Committee and reported to the Management Committee and the Board of Directors on a quarterly basis.

In addition, when changes in the business environment necessitate the strengthening of risk recognition and initiatives within the Group, or the need to address new areas of risk, these are reported to the management and addressed as appropriate.

In accordance with the Medium-Term Management Plan 2023, Sojitz has formulated the Sojitz Group Quality Management Policy as a basic policy for the Group's quality management, in a steady effort to strengthen its response to quality-related risks.

In addition to traditional risk management in trading businesses, the Group is also quantifying and monitoring risks by assuming scenarios related to major risks, such as disasters and environmental risks, in order to understand risks along the supply chain and strengthen our ability to respond and resilience when risks occur.

We are also working to raise awareness of the importance of risk response among Group employees by establishing or changing Group rules and guidelines, distributing the Internal Control Bulletin that summarize key information such as precautions, and conducting self-inspections to check risk points for each organization.

In addition, we conduct constant education and enlightenment activities through various risk management training programs to improve the risk sensitivity of Group officers and employees.

- Management of Group companies

Each Group company has a management system under the supervision of the chief manager based on the management system for Group companies' business operations defined in the Basic Rules of Group Management and the Group Management Administration Regulations. The status of each system is monitored on a periodic basis.

In addition, Directors monitor business management of Group companies through the business division or corporate department staff who supervise these companies, or else the Directors, Audit and Supervisory Board Members, and others dispatched to Group companies.

(Overview of operational status)

Sojitz receives regular reports from Group companies, including annual business reports and monthly operating activity reports. Through the Directors and the Audit and Supervisory Board Members dispatched to each Group company, Sojitz manages and supervises Group companies, ensuring that they have established an appropriate management foundation and corporate governance and that these are working correctly. As for the most important matters concerning the management of individual Group companies, execution of the most important business requires advance consultation with Sojitz to ensure appropriate management.

Additionally, in order to promote Group management, Sojitz makes efforts to disseminate the Group's management philosophy and policies through the establishment of individual company regulations based on the Group's management policies and through training sessions for Group companies' officers and employees.

Based on an audit plan adopted by the Board of Directors and under the supervision of the Internal Audit Committee, the Internal Audit Department of the Company conducts audits to investigate whether organizational governance, risk management, and internal controls are functioning appropriately in the Group companies. The Internal Audit Department also makes proposals for effective improvements to prevent losses and solve issues.

As part of the Group's efforts to further enhance the corporate governance of Group companies, in order to improve the effectiveness of the Board of Directors at each Group company, the Guidance for management of the Board of Directors has been formulated, and the operating status of the Board of Directors at each company has been monitored and reported regularly to the Management Committee and the Board of Directors at Sojitz.

In addition, training programs for newly appointed Directors and Audit and Supervisory Board Members at Group companies are provided on a yearly basis.

- Management and storage of information

With respect to handling of important documents related to execution of duties such as the minutes of Board of Directors meetings, the responsible department shall appropriately manage such documents according to the retention period required by law based on guidelines including the internal rules for document retention, and shall make such documents available for viewing as necessary. As for the information related to business execution, a system is in place to monitor the status of operation by establishing rules that define the classification and confidentiality of the information. In addition, the Information and IT Systems Security Committee, chaired by the Chief Information Security Officer (CISO), is regularly held to strengthen the information security system.

(Overview of operational status)

With respect to information related to business execution, Sojitz regularly reviews the classification, management methods, and retention period of information as stipulated in the internal regulations, and makes efforts to ensure proper management. In addition, the Group has formulated guidelines on specific methods for the management and operation of information that requires particularly strict control, which is defined as “information requiring specific management,” and has investigated the status of holding such information and provided instructions for improvement as necessary. Furthermore, the Group has endeavored to bolster security governance across the board. Sojitz constantly reinforces its security measures by rolling out them to the whole Group such as by introducing software to early detect cyberattacks that are becoming increasingly sophisticated and to minimize their impact, conducting security risk assessments, and providing guidance for improvement.

The Information and IT Systems Security Committee met 4 times during the fiscal year ended March 31, 2024.

- Arrangements to ensure effective auditing by the Audit and Supervisory Board Members

In terms of reporting to Audit and Supervisory Board Members, Sojitz has adopted a system which, in addition to the reports by the Directors, reports on matters required for auditing in a timely manner, such as reporting on Group-wide matters by various committees, including the Internal Control Committee and the Compliance Committee, as well as the Internal Audit Department, and business reports from the consolidated subsidiaries. Additionally, relevant regulations provide that persons who report to the Audit and Supervisory Board Members will not receive disadvantageous treatment on account of having made the report.

For accounting audits, Audit and Supervisory Board Members receive explanations on the audit plan and regular reports on the audit status from the Accounting Auditor, share information with each other, and establish a system enabling efficient audits. Additionally, Audit and Supervisory Board Members monitor and verify whether the Accounting Auditor maintains its independence and constantly evaluate the status of quality management of audits.

(Overview of operational status)

Audit and Supervisory Board Members receive reports in a timely fashion and set interviews regularly in addition to exchange of opinions conducted between the Audit and Supervisory Board Members and Directors as well as the Audit and Supervisory Board Members and the Accounting Auditor.

Additionally, Sojitz has initiated three-way audit meetings among the Audit and Supervisory Board, the Accounting Auditor, and the Internal Audit Department on a regular basis, commencing with the fiscal year ended March 31, 2024. This further enhances cooperation with the Accounting Auditor and the Internal Audit Department.

Furthermore, audits of domestic and overseas consolidated subsidiaries are conducted through on-site inspections and remote audits using a web conferencing system to ensure sufficient communication.

3) Basic concept (after June 18, 2024)

Sojitz's Board of Directors resolved at a meeting held on June 18, 2024, to adopt the "Basic Policy for the Development of a System to Ensure Properness of Group Business " as follows.

Additionally, for details on the "System for Ensuring Effective Audits by the Audit Committee Members," please refer to "(1) Overview of Corporate Governance, (c) Company institutions, 3) Audit and Supervisory Committee (pages 87-88)."

- i) System to Ensure that the Execution of Duties by the Directors and Employees of Sojitz and its Subsidiaries Complies with Laws, Regulations and its Articles of Incorporation
  - Sojitz will establish procedures to ensure thorough compliance in the "Sojitz Group Compliance Program," and will enact a "Sojitz Group Code of Conduct and Ethics" to ensure that the Sojitz Group's officers and employees comply with laws, regulations, articles of incorporation and internal rules.
  - Sojitz, in an effort to ensure the Sojitz Group's compliance with relevant laws and regulations, will promote the development of a compliance system centered around the Compliance Committee, and will clarify the division of duties for each department within Sojitz and the management personnel who are responsible at Sojitz's group companies.
  - Sojitz will not have any relations with antisocial forces including in transactions, and will adopt a resolute stance that includes legal actions against unjust demands, and further, will endeavor to ensure that this same posture is thoroughly undertaken in the Sojitz Group.
  - Sojitz will establish internal rules on procedures and the like for the preparation of financial statements that conform with laws, regulations and accounting standards, to ensure the appropriateness of the Sojitz Group's consolidated financial reports.
  - Sojitz will establish the Internal Audit Department as a body that is independent from the other business executing divisions. The Internal Audit Department will conduct internal audits to verify that the Sojitz Group is appropriately carrying out business activities as well as business management and like matters in compliance with laws, regulations and internal rules.
- ii) System for the Retention and Control of Information Related to the Execution of Duties by Sojitz's Directors
  - Sojitz will establish retention periods and the division that is responsible for retention, and will control important documents, including the minutes of the Board of Directors and circulated decision documents, related to the execution of duties by Sojitz's Directors in accordance with the Board of Directors Rules and the internal rules related to the control of documents and information.
- iii) Rules and Other Systems for the Management of the Risks of Loss at Sojitz and its Subsidiaries
  - Sojitz will identify and classify the various internal and external risks tied to losses at the Sojitz Group and will establish internal rules and response procedures as well as responsible divisions for these risks, in an effort to prevent losses at the Sojitz Group and to minimize the losses that are incurred. In addition, it will continually confirm and improve the effectiveness thereof, and will promptly address any new risks faced by the Sojitz Group with changes in the business environment.
  - Sojitz will establish internal rules on policies and programs to address natural disasters, terrorism, wars, crime, riots, infectious diseases and other unforeseen events caused by external factors, in order to manage risk.
  - Sojitz will engage in the appropriate management of risk by introducing rules and requiring the establishment of the necessary risk management systems, in proportion to content and scale of business at the Sojitz's group companies.
- iv) System to Ensure the Efficient Execution of Duties by the Directors of Sojitz and its Subsidiaries
  - Sojitz will clarify the division of roles for its Directors and Executive Officers, and will establish internal rules and the like regarding the division of duties, chain of command, authority and decision-making procedures for the various divisions within the company.
  - Sojitz will set out those important matters that are to be resolved by the Board of Directors in the "Board of Directors Rules," will delegate decisions on other important matters to the Executive Directors, and will establish a Management Committee, other councils and committees, and other business execution bodies. In addition, it will set out those matters that are reported by Executive Directors to the Board of Directors, and create a system for effective monitoring by the Board of Directors.
  - Sojitz will establish a division to supervise the management and operating systems at Sojitz's group companies, and will ensure the efficiency of Sojitz Group's management to promote group management.
  - The Sojitz Group's management policies determined by Sojitz's Board of Directors, Management Committee and the like will be promptly disseminated within the Sojitz Group, and will be made known to the Sojitz Group's officers and employees both verbally and in writing.

- Sojitz will establish management plans on a consolidated basis, and will share management goals and indicators within a group.
- v) System to Ensure the Properness of Business within the Corporate Group Consisting of Sojitz and its Subsidiaries
- Sojitz, in its “Basic Code of Group Management” and other internal rules related to group management, will be sure to set out the lead management in charge of Sojitz’s group companies, will seek prior consultation with its group companies regarding important matters, and will impose a duty that reports that include annual business reports and business activity reports be provided to Sojitz on a regular basis.
  - Sojitz’s Internal Audit Department will conduct internal audits of its group companies to verify the appropriateness of business.
- vi) System to Ensure the Effective Implementation of Audits by Sojitz’s Audit and Supervisory Committee
- (1) System to Assist in the Duties of the Audit and Supervisory Committee
- Sojitz will assign persons who are well-versed in Sojitz Group’s business and operations, and who have knowledge of finances, accounting and risk management to serve as employees to assist in the duties of the Audit and Supervisory Committee. These employees will carry out their duties in accordance with the directions of the Audit and Supervisory Committee, and their evaluations and transfers will be made through discussions with the Audit and Supervisory Committee.
- (2) System for Reporting to the Audit and Supervisory Committee
- Sojitz’s Directors and executive officers must immediately provide reports to the Audit and Supervisory Committee when discovering facts which may cause significant damages to Sojitz.
  - The division in charge of Sojitz Group’s whistleblower system will provide regular reports to the Audit and Supervisory Committee, via the Compliance Committee or the like, regarding the status of whistleblower reports from the group’s officers and employees.
  - Sojitz’s Internal Audit Department will provide regular reports regarding internal audits to the Audit and Supervisory Committee.
  - The Audit and Supervisory Committee will be entitled to seek reports from Accounting Auditors, Sojitz’s Directors and others as needed.
  - Sojitz will not engage in detrimental treatment toward officers and employees of the Sojitz Group who submit reports via the whistleblower system or the like (including reports to the Audit and Supervisory Committee or the like), by reason of their provision of these reports.
- (3) Other Systems to Ensure the Effective Implementation of Audits by Sojitz’s Audit and Supervisory Committee
- Sojitz will allocate the expenses required for the Audit and Supervisory Committee to carry out its duties.
  - A system will be established wherein the Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee will be entitled to attend meetings of Sojitz’s Management Committee and other important meetings to gain a direct recognition of the status of deliberations and reports on important matters.
  - Sojitz’s Representative Directors will regularly hold meetings with the Audit and Supervisory Committee to exchange opinions regarding the issues that should be addressed by the company, the state of audit environment improvements at the Audit and Supervisory Committee, important audit related issues, and like matters.

(2) Status of directors

(a) List of Directors

7 male Directors and 4 female Directors (percentage of female: 36.4%)

Position	Name	Date of birth (Gender)	Career summary, position and responsibilities		Term	Number of shares held (Number of shares to be delivered under the share remuneration system) (Shares)
Representative Director, Chairman & CEO	Masayoshi Fujimoto	Jan. 9, 1958 (Male)	Apr. 1981 Apr. 2005  Dec. 2008 Aug. 2012  Oct. 2014  Apr. 2015 Oct. 2015 Apr. 2016 Jun. 2017 Apr. 2024	Joined Nissho Iwai Corporation General Manager of Automotive Department 3, Sojitz Corporation Director President, MMC Automotriz S.A. Sojitz Corporation of America Regional General Manager, Machinery Division, Americas Corporate Officer Senior General Manager, Corporate Planning, Sojitz Corporation Executive Officer Managing Executive Officer Senior Managing Executive Officer Representative Director, President & CEO Representative Director, Chairman & CEO (current position)	(Note)3	174,224 (130,204)
Representative Director, President & COO	Kosuke Uemura	May 18, 1968 (Male)	Apr. 1993 Aug. 2013  Jun. 2015  Apr. 2018  Mar. 2020  Apr. 2021 Apr. 2023  Jan. 2024  Apr. 2024 Jun. 2024	Joined Nissho Iwai Corporation Sojitz Corporation of America General Manager, Energy & Metal Division, Americas Director Senior Vice President, Sojitz Energy Venture Inc. General Manager, Project Development Office, Chemicals Division Vice COO, Chemicals Division General Manager, Project Development Office, Chemicals Division Executive Officer, COO, Chemicals Division Executive Officer, COO, Corporate Planning Department Executive Officer, COO, Corporate Planning Department, Energy Transformation Decarbonization Area President & COO Representative Director, President & COO (current position)	(Note)3	23,781 (21,021)

Position	Name	Date of birth (Gender)	Career summary, position and responsibilities		Term	Number of shares held (Number of shares to be delivered under the share remuneration system) (Shares)
Representative Director, Senior Managing Executive Officer, CFO (Corporate Departments, Executive Management of Corporate Planning Department)	Makoto Shibuya	Jun. 20, 1971 (Male)	Apr. 1994 Oct. 2014  Apr. 2021  Apr. 2023   Apr. 2024 Jun. 2024	Joined Nissho Iwai Corporation General Manager, Corporate Planning Department, Sojitz Corporation Executive Officer, COO, Corporate Planning Department, Corporate Sustainability Office Managing Executive Officer, CFO, Executive Management of M&A, Strategy & Value Creation, IR, Sustainability, Financial Solutions, and Finance, COO, General Accounting Department and Business Accounting Department Senior Managing Executive Officer, CFO Representative Director, Senior Managing Executive Officer, CFO (current position)	(Note)3	32,373 (23,713)
Director, Senior Managing Executive Officer, CDO & CIO (Executive Management of Digital Department)	Tomomi Arakawa	Sep. 16, 1961 (Female)	Apr. 1985 Jan. 1998 Jul. 2015  Oct. 2021 Dec. 2021 Apr. 2023  Apr. 2024  Jun. 2024	Joined IBM Japan, Ltd. Retail Segment Executive, General Business Unit, IBM Asia Pacific Service Corporation Board of Director and Chief Digital Officer and Vice President, Digital Sales, IBM Japan, Ltd. Corporate Advisor, Sojitz Corporation Executive Officer, CDO Managing Executive Officer, CDO, CIO, COO, Digital Department Senior Managing Executive Officer, CDO, CIO Director, Senior Managing Executive Officer, CDO, CIO (current position)	(Note)3	19,169 (18,169)

Position	Name	Date of birth (Gender)	Career summary, position and responsibilities		Term	Number of shares held (Shares)
Independent Director	Naoko Saiki	Oct. 11, 1958 (Female)	Apr. 1982 Jun. 2013 Jul. 2014 Oct. 2015 Jul. 2017 Jan. 2019 May 2019 Apr. 2020 Jun. 2020 Jun. 2021 Jun. 2022 Apr. 2023 Jun. 2023	Joined the Ministry of Foreign Affairs Director-General for Cultural Affairs, Ministry of Foreign Affairs Director-General, Economic Affairs Bureau Councillor, Japanese Government's TPP Headquarters, Cabinet Secretariat Director-General, International Legal Affairs Bureau Director-General, Foreign Service Training Institute Retired from the Ministry of Foreign Affairs Corporate Advisor, Sojitz Corporation (retired in February 2020) Visiting Professor, Graduate School of Public Policy, The University of Tokyo Independent Director, Sojitz Corporation (current position) Outside Audit and Supervisory Board Member, Development Bank of Japan Inc. Outside Director, Komatsu Ltd. (current position) External Director, Sankyu Inc. (current position) Special Advisor to the Minister for Foreign Affairs (current position) Outside Member of the Board of Directors, Development Bank of Japan Inc. (current position)	(Note)3	—
Independent Director	Ungyong Shu	Oct. 19, 1962 (Male)	Apr. 1986 May 2001 Jul. 2005 May 2007 Jul. 2010 Jul. 2011 Nov. 2013 Jun. 2021 Jun. 2022 Sep. 2022	Joined Morgan Guaranty Trust Company of New York, Tokyo Office Managing Director, J.P. Morgan Securities Head of Financial Institutions Division (retired in May 2007) Chairman of Financial Institutions Group, Investment Banking Division, Merrill Lynch Japan Securities Limited Co-Head of Investment Banking Division Vice Chairman (retired in March 2013) Representative Director, The Core Value Management, Inc. (current position) Independent Director, Sojitz Corporation (current position) Independent Director, Monex Group, Inc. (current position) Visiting Professor, Graduate School of Business Administration, Hitotsubashi University (current position)	(Note)3	—
Independent Director	Tsuyoshi Kameoka	Oct. 18, 1956 (Male)	Apr. 1979 Apr. 2005 Mar. 2006 Nov. 2008 Mar. 2009 Mar. 2013 Mar. 2015 Apr. 2019 Jun. 2020 Jun. 2021 Apr. 2022 Jun. 2022 Sep. 2022 Jun. 2023	Joined Shell Sekiyu K.K. (currently Idemitsu Kosan Co., Ltd.) Senior Officer and Kinki Area Manager, Showa Shell Sekiyu K.K. (currently Idemitsu Kosan Co., Ltd.) Executive Officer and Kinki Area Manager Executive Officer and General Manager, Head Office Sales Division Corporate Executive Officer Executive Officer, Vice President, Oil Business COO President & Representative Director, Group CEO Representative Director, Vice Chairman and Executive Officer, Idemitsu Kosan Co., Ltd. (retired in June 2020) Special Advisor (retired in June 2022) Independent Director, Kawasaki Kisen Kaisha, Ltd. Standing Trustee and Board Member, Kwansei Gakuin University (current position) Outside Director, J-Oil Mills, Inc. (current position) Corporate Advisor, Sojitz Corporation (retired in March 2023) Independent Director, Sojitz Corporation (current position)	(Note)3	400

Position	Name	Date of birth (Gender)	Career summary, position and responsibilities		Term	Number of shares held (Number of shares to be delivered under the share remuneration system) (Shares)
Director (Audit and Supervisory Committee Members)	Yoshiki Manabe	Jun. 6, 1963 (Male)	Apr. 1986 Apr. 2012 Jul. 2017 Apr. 2019 Apr. 2021 Apr. 2023 Jun. 2023 Jun. 2024	Joined Nissho Iwai Corporation General Manager, Controller Office, Energy & Metal Division, Sojitz Corporation CFO & CAO for the Americas CFO & CAO, Sojitz Corporation of America Executive Officer, COO, General Accounting Department, Finance Department, Structured Finance Department, IR Office Managing Executive Officer, COO, General Accounting Department, Business Accounting Department, Finance Department, IR Office Senior Managing Executive Officer, Executive Management of Corporate Departments Representative Director, Senior Managing Executive Officer, Executive Management of Corporate Departments Director (Audit and Supervisory Committee Members) (current position)	(Note)4	52,398 (39,798)
Independent Director (Audit and Supervisory Committee Members)	Kazuhiro Yamamoto	Sep. 27, 1952 (Male)	Apr. 1975 Apr. 2000 Jul. 2001 Jun. 2008 Jun. 2010 Apr. 2011 Apr. 2012 Apr. 2014 Jun. 2015 Apr. 2016 Apr. 2017 Apr. 2019 Apr. 2020 Jun. 2020 Jun. 2021 Jun. 2024	Joined Teijin Limited General Manager, Management System Reform Promotion Office General Manager, Pharmaceutical and Medical Care Business Management Department Director and CFO, in charge of Finance & Accounting Department and Corporate Communications Office, Infocom Corporation Senior Managing Director President & Representative Director, CEO Corporate Officer, Teijin Limited (retired in June 2012) General Manager, Corporate Strategy Office Executive Officer, CFO, Accounting, Finance & Purchase Division Director, Executive Officer Director, Senior Executive Officer Representative Director, Executive Vice President, CFO and CIO (Chief Information & Innovation Officer) Representative Director, Executive Vice President, responsible for Chief Officer of Teijin Group (retired in June 2020) Director (retired in June 2020) Advisor (retired in March 2021) Independent Audit and Supervisory Board Member, Sojitz Corporation Independent Director (Audit and Supervisory Committee Members), Sojitz Corporation (current position)	(Note)4	—

Position	Name	Date of birth (Gender)	Career summary, position and responsibilities		Term	Number of shares held (Shares)
Independent Director, (Audit and Supervisory Committee Members)	Haruko Kokue	Jan. 17, 1959 (Female)	Apr. 1981 Apr. 2006 Apr. 2011 Apr. 2013 Apr. 2016 Apr. 2020 Jun. 2020 May 2021 Jun. 2022 Jun. 2023 Jun. 2024	Joined Mitsui Petrochemical Industries (currently Mitsui Chemicals, Inc.) General Manager, Mitsui Phenols Singapore Pte. Ltd. General Manager, SCM Division, Mitsui Chemicals, Inc. Senior Director, General Manager, CSR Division Senior Director, General Manager, Corporate Communications Division Counselor (retired in March 2021) Outside Director, Toppan Forms Co., Ltd. Corporate Advisor, Sojitz Corporation (retired in January 2022) Independent Director Outside Director, KINDEN CORPORATION (current position) Independent Director (Audit and Supervisory Committee Members), Sojitz Corporation (current position)	(Note) <sup>4</sup>	—
Independent Director, (Audit and Supervisory Committee Members)	Satoko Suzuki	Nov. 22, 1973 (Female)	Oct. 1996 Sep. 2003 Aug. 2005 Mar. 2006 Sep. 2012 Jul. 2015 Jun. 2019 Jun. 2022 Jun. 2023 Jun. 2024	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC, Retired in August 2005) Certified Public Accountant registration Representative, Suzuki Satoko CPA Office (current position) Certified Public Tax Accountant registration Director, non-profit Accounting & Tax Professionals Network Supervisory Director, Ichigo Hotel REIT Investment Corporation (current position) Outside Director, Bull-Dog Sauce Co., Ltd. Outside Director, Audit and Supervisory Committee Member, UBE Corporation (current position) External Corporate Auditor, Helios Techno Holding Co., Ltd. (current position) Independent Director (Audit and Supervisory Committee Members), Sojitz Corporation (current position)	(Note) <sup>4</sup>	—
Total						302,345 (232,905)

(Note)

1 Ms. Naoko Saiki, Mr. Ungyong Shu, and Mr. Tsuyoshi Kameoka are Independent directors.

2 Mr. Kazuhiro Yamamoto, Ms. Haruko Kokue, and Ms. Satoko Suzuki are Independent directors (Audit and Supervisory Committee members).

3 The term of office for directors (excluding those who are Audit and Supervisory Committee members) is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2025.

4 The term of office for directors (Audit and Supervisory Committee members) is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2026.

5 Sojitz has submitted a Notification of Independent Directors to the Tokyo Stock Exchange, designating Ms. Naoko Saiki, Mr. Ungyong Shu, Mr. Tsuyoshi Kameoka, Mr. Kazuhiro Yamamoto, Ms. Haruko Kokue, and Ms. Satoko Suzuki as Independent directors.

6 The number of shares held includes the number of shares to be delivered after retirement under the stock compensation plan (as of June 18, 2024) and holding through shareholding associations.

(Reference) Executive Officers as of June 18, 2024 are as follows:

Title	Name	Positions
* Chairman	Masayoshi Fujimoto	CEO
* President	Kosuke Uemura	COO
Senior Managing Executive Officer	Masaaki Bito	Representative Director, Executive Vice President, Metal One Corporation* <sup>1</sup>
Senior Managing Executive Officer	Koichi Yamaguchi	President & CEO for the Americas President, Sojitz Corporation of America President, Sojitz Canada Corporation
* Managing Executive Officer	Makoto Shibuya	CFO Executive Management of Corporate Departments COO, Corporate Planning Department
* Managing Executive Officer	Tomomi Arakawa	CDO, CIO COO, Digital Department
Managing Executive Officer	Koji Izutani	General Manager, Kansai Office
Managing Executive Officer	Shigeya Kusano	President & CEO for Asia & Oceania Managing Director, Sojitz Asia Pte. Ltd. General Manager, Singapore Branch
Managing Executive Officer	Satoru Takahama	Representative Director, Chief Executive Officer, JALUX Inc.
Managing Executive Officer	Masakazu Hashimoto	COO, Aerospace, Transportation & Infrastructure Division
Managing Executive Officer	Hiroto Murai	COO, Retail & Consumer Service Division
Managing Executive Officer	Tatsuya Morita	CCO, CISO COO, Legal Department, Internal Control Administration Department
Managing Executive Officer	Yasuhisa Nakao	COO, Business Innovation Office Executive management of Economic Security Affairs
Managing Executive Officer	Kazuhisa Yumikura	COO, Finance Department
Managing Executive Officer	Toshiaki Kasai	COO, Human Resources Department
Executive Officer	Taro Okamura	President & CEO for Middle East & Africa
Executive Officer	Yumie Endo	COO, PR Department, IR Office, Corporate Sustainability Department
Executive Officer	Tatsuhiko Kanetake	COO, Automotive Division
Executive Officer	Osamu Matsuura	COO, Metals, Mineral Resources & Recycling Division
Executive Officer	Tatsuhiko Niitaka	President & CEO for Europe Managing Director, Sojitz Corporation of Europe B.V. General Manager, Sojitz Corporation of Europe B.V., Paris Branch Director & CEO, Sojitz Europe Trade Holdings GmbH
Executive Officer	Takefumi Nishikawa	COO, Energy Solution & Healthcare Division
Executive Officer	Hideo Hatada	COO, Consumer Industry & Agriculture Business Division
Executive Officer	Katsunori Okada	President & CEO for China Chairman, Sojitz (China) Co., Ltd. Chairman & President, Sojitz (Shanghai) Co., Ltd. Chairman, Sojitz (Dalian) Co., Ltd., Sojitz (Guangzhou) Co., Ltd., Sojitz (Hong Kong) Ltd., and Sojitz (Shenzhen) Co., Ltd.
Executive Officer	Hitoshi Oda	COO, Risk Management Department
Executive Officer	Kenji Maeda	COO, Chemicals Division
Executive Officer	Mizue Nakazawa	COO, General Accounting Department, Business Accounting Department

(Note) \* Serves concurrently as Director

(b) Information about Independent Directors

Sojitz has 6 Independent Directors (3 of which are Directors who are Audit and Supervisory Committee Members). (As of June 18, 2024)

1) Policies on appointment and standards for independence of Independent Directors

Sojitz places importance on the independence of Independent Directors. Sojitz has formulated our own Independence Standards for Independent Directors, in addition to the provisions of the Companies Act and standards for independence of officers set by financial instruments exchanges. Sojitz confirms that all our Independent Directors meet these standards.

(Reference)

Standards Concerning the Appointment and Independence of Candidates for Independent Directors

< Standards Concerning the Appointment of Candidates for Independent Director >

Sojitz appoints Independent Directors from those with a wide range of knowledge, deep insight, excellent character, mental and physical health conditions, and abundant experience in industries and administrative fields, such as those who have management experience in business corporations and government agencies, and who have objective and specialist viewpoints toward world affairs, social and economic trends, and corporate management. Sojitz also ensures the diversity of the candidates' gender, age and internationality from the perspective of reflecting the viewpoints of a variety of stakeholders in the supervision of business activities.

< Independence Standards for Independent Directors >

Sojitz judges Independent Directors to be independent by confirming that they do not fall under any of the following standards, in addition to the independence standards prescribed by financial instruments exchanges.

1. A major shareholder of Sojitz (a shareholder holding 10% or more of Sojitz's total voting rights) or a member of business personnel thereof
2. A major creditor to Sojitz (a creditor from whom Sojitz owed an amount exceeding 2% of consolidated total assets in the most recent fiscal year) or a member of business personnel thereof
3. A major business partner of Sojitz (a business partner whose transaction amount with Sojitz exceeded 2% of Sojitz's annual consolidated revenue in the most recent fiscal year) or a member of business personnel thereof
4. A party whose major business partner is Sojitz (an entity whose transaction amount with Sojitz exceeded 2% of its annual consolidated revenue, etc. in the most recent fiscal year) or a member of business personnel thereof
5. An attorney, certified public accountant, certified tax accountant, consultant or other professional who received money or other property from Sojitz for his/her services as an individual, in an amount exceeding ¥10 million annually on average over the past three fiscal years, other than remuneration of Director or Audit and Supervisory Board Member (if such money or property was received by an organization, such as a corporation or partnership, this item refers to a person who belongs to the organization that received money or other property from Sojitz in an amount exceeding ¥10 million annually on average over the past three fiscal years or in an amount of 2% of the annual gross income or annual consolidated revenue, etc. of the organization, whichever the greater.)
6. A person who receives donations or grants from Sojitz in an amount exceeding ¥10 million annually (if such donations or grants are received by an organization, such as a corporation or partnership, this item refers to a member of business personnel of the organization.)
7. A person who serves as Sojitz's Accounting Auditor or a person who is engaged in auditing Sojitz's activities as an employee of the Accounting Auditor
8. A person who has fallen under any of the above items 1. to 7. in the past three years
9. A spouse or relative within the second degree of kinship of a person falling under any of the above items 1. to 8. (limited to the person holding the position of officer or other important positions)
10. A spouse or relative within the second degree of kinship of a member of business personnel of Sojitz or any of its consolidated subsidiaries (limited to the person holding the position of officer or other important positions)
11. A person with concerns about his/her independence, such as having constant and substantial conflict of interest with general shareholders as a whole in performing the duties of Independent Director

2) Views on the Independent Directors' interests in the Company, their functions and roles in the Company's corporate governance, and the status of their appointment

Sojitz has no special interest in or relationship with the Independent Officers.

With regard to the capital relationship, the shareholdings of each Independent Director in the Company are listed in "(a) List of Directors (Page 102-106)"

<Independent Directors (excluding Directors who are Audit and Supervisory Committee Members)>

Name	Relationship with Sojitz	Functions and roles to be played in Sojitz's corporate governance, and reasons for the appointment
Tsuyoshi Kameoka	<p>Transactions between Idemitsu Kosan Co., Ltd., at which Mr. Tsuyoshi Kameoka served as Representative Director, Vice Chairman and Executive Officer until June 2020, and Sojitz in the most recent fiscal year were less than 1% of consolidated sales revenue of said company and less than 1% of consolidated revenue of Sojitz.</p> <p>Mr. Kameoka served in an advisor role to the Company between September 2022 and March 2023 for which he received remuneration; however, the remuneration amount was below the amount defined in Sojitz's Independence Standards for Independent Directors. Furthermore, the remuneration was paid as compensation for advice he provided to Sojitz drawing from his experience and knowledge, which does not impact Mr. Kameoka's independence as an Independent Director.</p> <p>Based on the above, we believe that Mr. Kameoka satisfies the independence requirements of Sojitz's Independence Standards for Independent Directors, and we are confident in his ability to remain independent.</p>	<p>Mr. Tsuyoshi Kameoka has served as President &amp; Representative Director, Group CEO of Showa Shell Sekiyu K.K. and brings a wealth of experience and deep insight regarding management from his involvement in overseeing the business integration of Idemitsu Kosan, Co., Ltd. and other events. Since 2023, he has exercised appropriate supervision over management from an independent and objective standpoint and played an appropriate role as an Independent Director of Sojitz. Sojitz has therefore appointed him as an Independent Director candidate with the expectation that he will contribute to strengthening Sojitz's corporate governance and raising its corporate value.</p>
Naoko Saiki	<p>Ms. Naoko Saiki served in an advisor role to the Company between May 2019 and February 2020 for which she received remuneration; however, the remuneration amount was below the amount defined in Sojitz's Independence Standards for Independent Directors. Furthermore, the remuneration was paid as compensation for advice she provided to Sojitz drawing from her experience and knowledge, which does not impact Ms. Saiki's independence as an Independent Director.</p> <p>Based on the above, we believe that Ms. Saiki satisfies the independence requirements of Sojitz's Independence Standards for Independent Directors, and we are confident in her ability to remain independent.</p>	<p>Ms. Naoko Saiki has had a career at the Ministry of Foreign Affairs in positions such as Director General of the Economic Affairs Bureau and Director General of the International Legal Affairs Bureau. In addition to her skills in economic negotiations, she has a high level of insight into international affairs, international law, economics, and culture. Based on her experience and insight from working at the forefront of diplomacy, she has provided pertinent advice to the Board of Directors of Sojitz from a wide range of perspectives, including international affairs, the environment and society, and human resource development. In addition, as Chairperson of the Nomination Committee, she has led discussions on a succession plan and contributed to the creation of a system that contributes to the development and strengthening of management personnel. Sojitz has appointed her as an Independent Director candidate in the expectation that she will continue to exercise appropriate supervisory function in relation to management from an independent and objective standpoint by leveraging her extensive experience and contribute to Sojitz's sustainable growth and enhancement of corporate value.</p>

Name	Relationship with Sojitz	Functions and roles to be played in Sojitz's corporate governance, and reasons for the appointment
Ungyong Shu	Nothing of note.	Mr. Ungyong Shu has held important positions at J.P. Morgan Securities and Merrill Lynch Japan Securities Limited and has extensive knowledge of M&A strategies and financial and capital policies, as well as extensive experience as a corporate manager at financial institutions and personal connections. As Sojitz implements strategic business investments for sustainable growth, he has contributed to the vitality of discussions at the Board of Directors meetings by providing accurate recommendations, taking advantage of his experience and expertise. In addition, as the Chairperson of the Remuneration Committee, he has led discussions to formulate an executive remuneration system that will encourage the realization of Sojitz's vision. Sojitz has appointed him as an Independent Director candidate in the expectation that he will continue to be able to exercise appropriate supervision over management from an independent and objective standpoint, and contribute to the further development and enhancement of the corporate value of Sojitz.

<Independent Directors who are Audit and Supervisory Committee Members>

Name	Relationship with Sojitz	Functions and roles to be played in Sojitz's corporate governance, and reasons for the appointment
Kazuhiro Yamamoto	<p>Transactions with Teijin Limited, at which Mr. Kazuhiro Yamamoto served as Director until June 2020, were less than 1% of revenue in Sojitz's consolidated financial statements and less than 1% of consolidated revenue of Teijin Limited for the most recent fiscal year.</p> <p>Based on the above, we believe that Mr. Yamamoto satisfies the independence requirements of Sojitz's Independence Standards for Independent Directors, and we are confident in his ability to remain independent.</p>	<p>After joining Teijin Limited, Mr. Kazuhiro Yamamoto served in a number of key positions, including General Manager of the Pharmaceutical and Medical Care Business Management Department and General Manager of the Corporate Strategy Office, and President and CEO as well as CFO of Infocom Corporation, a listed subsidiary of Teijin. He has deep insight in the fields of management, information and telecommunications, and home healthcare, as well as knowledge of finance and accounting cultivated through his experience. Sojitz has appointed him as a candidate for Director who is Audit and Supervisory Committee Member with the expectation that he will exercise appropriate auditing and supervision from an independent and objective standpoint and contribute to raising Sojitz's corporate governance and value as he has fulfilled an appropriate role as Independent Audit and Supervisory Board Member of Sojitz since 2021.</p>

Name	Relationship with Sojitz	Functions and roles to be played in Sojitz's corporate governance, and reasons for the appointment
Haruko Kokue	<p>Transactions with Mitsui Chemicals Inc., at which Ms. Haruko Kokue served as Counselor until March 2021, were less than 1% of revenue in Sojitz's consolidated financial statements and less than 1% of consolidated sales revenue of Mitsui Chemicals Inc. for the most recent fiscal year.</p> <p>Ms. Kokue served in an advisor role to the Company between May 2021 and January 2022 for which she received remuneration; however, the remuneration amount was below the amount defined in Sojitz's Independence Standards for Independent Directors. Furthermore, the remuneration was paid as compensation for advice she provided to Sojitz drawing from her experience and knowledge, which does not impact Ms. Kokue's independence as an Independent Director who is Audit and Supervisory Committee Member.</p> <p>Based on the above, we determine that the individual meets the requirements for independence as outlined in our "Standards for Independence of Independent Directors," and their independence is ensured.</p>	<p>Ms. Haruko Kokue has extensive experience in supply chain management, public relations, investor relations, and international business management since joining Mitsui Chemicals, Inc. She also has deep insight into dialogues with various stakeholders and supply chain. Sojitz has appointed her as a candidate for Director who is Audit and Supervisory Committee Member with the expectation that she will exercise appropriate auditing and supervision from an independent and objective standpoint and contribute to raising Sojitz's corporate governance and value as she has been serving appropriately as Independent Director of Sojitz since 2022.</p>
Satoko Suzuki	Nothing of note.	<p>After serving as an auditor at Deloitte Touche Tohmatsu, Ms. Satoko Suzuki opened a certified public accountant firm and has been engaged in auditing services for many years. Currently, she also serves as a supervisory director of a REIT investment corporation and as an Independent Director who is audit and supervisory committee member of a major general chemical company. Sojitz has appointed her as a candidate for Director who is Audit and Supervisory Committee Member with the expectation that she will exercise appropriate auditing and supervision from an independent and objective standpoint and contribute to raising Sojitz's corporate governance and value as she possesses insight on finance and accounting, as well as outstanding expertise in auditing services cultivated through her extensive experience.</p>

(c) Outline of the contents of the limited liability agreement

Sojitz has a limited liability agreement with Directors (excluding Executive Directors) limiting their liabilities to the higher of ¥10 million or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act of Japan.

(d) Outline of the contents of directors' and corporate auditors' liability insurance policies

Sojitz has its Directors and its subsidiaries' Directors and Corporate Auditors insured under directors' and corporate auditors' liability insurance policies, which cover damages and litigation expenses incurred by the insured in the event of a claim for damages arising from the insured's acts (including omissions) in the course of his or her duties as a Corporate Officer. However, criminal acts such as bribery, or damage caused by an officer who intentionally commits an illegal act, are excluded from coverage, thereby preventing loss of propriety in the performance of duties by officers and other employees. All insurance premiums are paid by the Company.

### (3) Corporate Audits, Accounting Audits and Internal Audits

With the approval of the 21st Ordinary General Shareholders' Meeting held on June 18, 2024, the Company has transitioned to a Company with Audit and Supervisory Committee. Therefore, information on corporate audits, accounting audits and internal audits for FY2023 shows the status before such transition, i.e., the status of corporate audits, accounting audits and internal audits as a Company with Audit and Supervisory Board. For more information on the organization and personnel of the Audit and Supervisory Committee, please refer to “(1) Overview of Corporate Governance (c) Company institutions 3) Audit and Supervisory Committee” (Page 87-88) and “(2) Status of Directors (a) List of Directors and (b) Information about Independent Directors.” (Page 102-111)

#### (a) Audits by the Audit and Supervisory Board Members

##### 1) Organization and Personnel

Before the transition, the Company, as a Company with Audit and Supervisory Board, had 5 Audit and Supervisory Board Members, including 3 Independent Audit and Supervisory Board Members, 3 of whom had considerable knowledge of finance and accounting as follows.

Position	Name	Attendance at the Audit and Supervisory Board meetings (Total of 19 meetings)	Attendance at the Board of Directors meetings (Total of 16 meetings)
Full-time Audit and Supervisory Board Member	Masaaki Kushibiki	19 (100%)	16 (100%)
Full-time Audit and Supervisory Board Member	Takehiro Honda	19 (100%)	16 (100%)
Independent Audit and Supervisory Board Member	Michiko Nagasawa	19 (100%)	16 (100%)
Independent Audit and Supervisory Board Member	Kazuhiro Yamamoto	19 (100%)	16 (100%)
Independent Audit and Supervisory Board Member	Junko Kamei	19 (100%)	16 (100%)

\*1 Masaaki Kushibiki has been engaged in operations such as accounting, tax, and risk management, etc. at Sojitz and holding important positions including person in charge of risk management and human resources and general affairs.

\*2 Kazuhiro Yamamoto has been responsible for finance, accounting, and business planning at Teijin Limited and holding important positions including CFO.

\*3 Junko Kamei has a wealth of experience and a high level of expertise as a certified public accountant from her many years of experience engaging in auditing work at auditing firms as well as knowledge of finance and accounting, which she has cultivated through her work experience at a securities company.

## 2) Activities of Audit and Supervisory Board Members and Audit and Supervisory Board

### Activities of Audit and Supervisory Board Members:

Pursuant to the Corporate Audit Standards, audit plans and task assignments established by the Audit and Supervisory Board, Audit and Supervisory Board Members oversee and audit the operations of Sojitz Group by performing audits using the following main activities and other methods.

Audit and Supervisory Board Members receive explanations about audit plans and regular audit reports from the Accounting Auditor, which they use to conduct effective audits and monitor the independence of the Accounting Auditor. They also receive audit plans and reports on the status of audits from the Internal Audit Department, and submit opinion statements on audit results. The Audit and Supervisory Board has thus established a system for ascertaining the status in a timely and appropriate fashion, based on cooperation with the Accounting Auditor and the Internal Audit Department.

Audit and Supervisory Board Members conducted audits while having sufficient communication with domestic and overseas consolidated subsidiaries through on-site audits and remote audits using the web conference system.

Audit and Supervisory Board Members concentrated on the following matters during FY2023.

#### (1) Status of group governance

Monitor and audit the business execution of Sojitz and domestic and overseas Sojitz Group companies to ensure that it is conducted in a responsible manner, with constant awareness of social responsibility and based on fair and appropriate judgment.

#### (2) Status of group compliance

Promote Group-wide awareness of compliance and ensure strict adherence to laws, regulations, and internal rules to prevent the occurrence of corporate scandals and other events that may cause significant damage to Sojitz.

#### (3) Internal Control System

Monitor the implementation and operation of the Internal Control System and verify its effectiveness in cooperation with the Accounting Auditor, departments in charge of internal audits and internal controls, as well as auditors of group companies. Furthermore, monitor the status of the system for ensuring the reliability of financial reporting as stipulated in the Financial Instruments and Exchange Act and verify it in the same manner as above, as a component of the Internal Control System in the broad sense of the term.

#### (4) Asset and business management follow-up system

In order to maintain and ensure the profitability of the entire Group's business and the quality of its assets in the midst of changing internal and external environments, verify the process of asset evaluation and business follow-up, including investments and loans, to monitor and audit whether appropriate decisions are made in a timely manner.

#### (5) Cooperation with the Internal Audit Department and the Internal Control Administration Department

Enhance communication with the Internal Audit Department and the Internal Control Administration Department to enhance the quality of audits.

Main Activities of Audit and Supervisory Board Members	Frequency of Events	Task Assignments	
		Full-time	Independent
Attendance at the Board of Directors meetings	16 times a year	○	○
Attendance at important meetings (Management Committee, Finance & Investment Deliberation Council, Internal Control Committee, Compliance Committee, Sustainability Committee, Security Trade Control Committee, Quality Management Committee, Information and IT Systems Security Committee, Internal Audit Committee)	At appropriate times	○	△ (*1)
Meetings with Executive Directors	Twice a year	○	○ (*2)
Meetings with Independent Directors	Twice a year	○	○
Meetings with executive management officers, COOs of business and function divisions, Presidents and CEOs of overseas operations	Twice a year	○	△
On-site audits of domestic and overseas group companies (including remote audits)	47 companies a year	○	△
Meetings with full-time auditors of group companies	Twice a year	○	-
Attendance at reporting meetings on audit plans and audits and interviews with the Accounting Auditor	See another table	○	○
Attendance at pre-audit briefings and audit review meetings of the Internal Audit Department and submission of written opinion	71 times a year	○	-
Review of important documents relevant to major business decisions	Once a quarter	○	-

A “○” mark indicates a task, and a “△” mark indicates a partial or voluntary task.

(\*1) Independent Audit and Supervisory Board Members attended the Finance & Investment Deliberation Council meetings as observers.

(\*2) At least 1 Independent Audit and Supervisory Board Member attended.

#### Activities of Audit and Supervisory Board Member and Audit and Supervisory Board:

As a general rule, the Audit and Supervisory Board meets once a month, as well as on an as-needed basis on an ad hoc basis. During FY2023, the Audit and Supervisory Board met 19 times, each meeting lasting approximately 2 hours and 30 minutes.

The main resolutions, matters discussed, and matters reported by the Audit and Supervisory Board are as follows.

Matters discussed, resolutions, reports	Specific content
Audit policies and plans	<p>The audit policy is formulated in consideration of materiality, timeliness, and other necessary factors, while also noting our business environment and the status of the establishment and operation of the Internal Control System.</p> <p>The audit plan is prepared by appropriately selecting audit targets, methods, and timing of audits, and important audit issues are set as key audit areas.</p>
Evaluation of the Accounting Auditor	<p>Meetings with the Accounting Auditor, hearings regarding accounting audit activities from the General Accounting Department, the Business Accounting Department, the Internal Control Administration Department, and the Internal Audit Department. In addition, referring to evaluation criteria of the Accounting Auditor determined by the Audit and Supervisory Board, independence and expertise are confirmed and evaluated.</p>
Key Audit Matters (KAM) (*)	<p>With regard to Key Audit Matters (KAMs), Audit and Supervisory Board Members discussed them with the Accounting Auditor, received reports on the status of its audits, and requested explanations as necessary. The Audit and Supervisory Board exchanged opinions with the Accounting Auditor on the contents of the KAMs regarding whether or not they were consistent with Sojitz's business risks, and whether or not we should consider them from a more multifaceted perspective.</p>
Evaluation of the effectiveness of the Audit and Supervisory Board	<p>In order to improve the effectiveness of the Audit and Supervisory Board, the frequency and operation of the Audit and Supervisory Board meetings, the appropriateness of the content of deliberations, collaboration with Directors, the Accounting Auditor, and the Internal Audit Department, and the nature of the reporting system, etc. were self-evaluated in a questionnaire format. In addition, discussions were held to review the methods of audits by Audit and Supervisory Board Members and to improve future audit plans.</p>
Audit activities conducted by full-time Audit and Supervisory Board Members	<p>Full-time Audit and Supervisory Board Members read important documents and attend important meetings and state opinions if needed. They also maintain auditing environment, and work on the collection and analysis of internal information proactively. For Independent Audit and Supervisory Board Members, they report the attendance of important meetings such as Management Committee, the meetings with Executive Directors, COOs of business and function divisions, and the result of the on-site audits of domestic and overseas group companies at Audit and Supervisory Board meetings.</p>
Communication with COOs	<p>Audit and Supervisory Board Members communicate with Executive Directors, executive management officers, Presidents and CEOs of overseas operations, COOs of business and function divisions once a half year. In the year ended March 31, 2024, the meeting was held 55 times, and more than 1 Independent Audit and Supervisory Board Members attended 41 times.</p>
On-site audit	<p>Audit and Supervisory Board Members strive to ascertain frontline circumstances by proactively conducting on-site audits of domestic and overseas group companies and operating bases. Regarding the selection of sites where the Audit and Supervisory Board Members have on-site audit, they consider qualitative factors such as business environment, operational status of internal control, and evaluation of risks in addition to quantitative factors such as assets and business activities.</p> <p>On-site audits were carried out in a coordinated way, both physically and remotely through the implementation of remote audits using the web conference system. As a result, Audit and Supervisory Board Members have had dialogues with COOs of 26 overseas group companies in 14 countries and 21 domestic group companies and reported the results of their on-site audits and observations to Executive Directors. At least 1 Independent Audit and Supervisory Board Member has participated in on-site audits and observations of 16 overseas group companies in 5 countries and 15 domestic group companies.</p>
Reports from the Internal Audit Department	<p>Full-time Audit and Supervisory Board Members attend overview briefings and review meetings of internal audits and sit in on Internal Audit Committee meetings to ascertain the status of internal audits accordingly. The Audit and Supervisory Board receives regular reports from the General Manager of the Internal Audit Department on the internal audit plan and its progress.</p>
Three-way audit meetings	<p>In addition to regular reports from the Accounting Auditor, full-time Audit and Supervisory Board Members hold a three-way audit meeting with the Accounting Auditor and the Internal Audit Department on a quarterly basis to share the status of their respective audits and exchange their opinions.</p>

(\*) Key Audit Matters

(Reference) Reporting meetings and cooperation with the Accounting Auditor

Content (FY2023 Results)	Description	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Audit plans	Explanation on the overview of audit plans and quarterly review plans				●								
Reports on progress in audits and quarterly reviews	Reports on the overview of progress in quarterly reviews	●			●			●				●	
Reports on quarterly reviews	Reports on the overview of the results of quarterly reviews					●			●			●	
Reports on audits	Reports on the overview of the results of audits under the Companies Act and the Financial Instruments and Exchange Act		●	●									
Reports on internal control audits	Reports on the overview of the results of internal control audits			●									
Three-way audit meetings	Information sharing among the Accounting Auditor, the Internal Audit Department, and full-time Audit and Supervisory Board Members						●			●			●
Information and opinion exchange	Exchange of information and opinions on the quality management system employed by the Accounting Auditor and its independence, new audit methods and challenges, and KAMs		●			●			●			●	●

(b) Internal audits

The Company has established the Internal Audit Department as an organization independent of other business execution departments. The Internal Audit Department (comprising 35 people as of June 18, 2024) conducts internal audits covering the business divisions, corporate departments, and consolidated subsidiaries to verify that the various management activities and operational controls of the Sojitz Group are being properly executed in compliance with laws, regulations, and internal rules. The status of internal audits conducted by the Internal Audit Department is as follows:

- The Department develops an annual audit plan with an annual operating policy, priority items, and annual schedule, among other things, and conducts internal audits in accordance with the plan.
- During the audit, the Department investigates whether organizational governance, risk management, and internal controls are functioning appropriately and makes proposals for effective improvements to prevent loss and resolve issues.
- After the audit is completed, the Department convenes an audit review meeting for the audited organization to present the audit results, exchange opinions on problem areas, and discuss improvement measures. Attendees include the president of the audited organization, COOs responsible for corporate departments, and full-time Audit and Supervisory Committee Members. After the audit review meeting, an internal audit report is prepared and submitted to the audit report meeting (comprising Representative Directors, full-time Audit and Supervisory Committee Members, and other persons deemed necessary by the president).
- To address the problems identified in the audits, the Internal Audit Department receives reports about improvements by the audited organizations for the three- and six-month periods after the audits, and conducts a follow-up audit to check their progress.
- The General Manager of the Internal Audit Department reports the results of internal audits to the Management Committee, the Board of Directors, and the Audit and Supervisory Committee on a regular basis.

In addition, the following are initiatives taken by Sojitz to ensure the effectiveness of internal audits.

- The Internal Audit Department's annual audit plan is determined by the resolution of the Audit and Supervisory Committee.
- The Internal Audit Department reports the results of internal audits not only to the president, but also to the Board of Directors and the Audit and Supervisory Committee on a regular basis.
- The General Manager of the Internal Audit Department, full-time Audit and Supervisory Committee Members, and their assistants hold regular meetings to share findings and challenges, among other things, in their respective audit activities in a timely manner and exchange their opinions.
- The Internal Audit Department, Audit and Supervisory Committee, and the Accounting Auditor convene quarterly to share their respective audit results.
- Deliberations and assessments of the Internal Audit Department's organizational performance, as well as individual evaluations of the General Manager of the Internal Audit Department, require consultation with the Audit and Supervisory Committee, ensuring the independence of the internal audits.

(c) Accounting audits

1) Name of Accounting Auditor  
KPMG AZSA LLC

2) The period successively involved in the audit  
21 years

Asahi & Co., one of the predecessors of the current auditor, KPMG AZSA LLC, has been auditing the financial statements of Nissho Iwai Corporation, the predecessor of the Company, since 1969.

3) The certified public accountants executing audits  
Hiroaki Sugiura, Ryohei Tomita, Tsugunobu Hikishikibayashi

4) The member of assistants involved executing audits  
18 certified public accountants, 51 others

5) Evaluation of Accounting Auditor by the Audit and Supervisory Board and its Members and, Policy and reason for selection of Accounting Auditor

The Audit and Supervisory Board and its Members evaluated and selected the Accounting Auditor, under comprehensive consideration, according to the evaluation standards for Accounting Auditor set out by the Audit and Supervisory Board, by having interviews, etc., with the Accounting Auditor, and from such perspectives as quality control, results of examination by external institutions, the auditing team's independence, expertise and member configuration, auditing fees, effectiveness and efficiency of audit, communication with the Audit and Supervisory Board Members and group auditing.

Based on such a policy, the Audit and Supervisory Board decided to reappoint KPMG AZSA LLC as the Accounting Auditor of the Company.

6) Policy for determining dismissal or non-reappointment of Accounting Auditor

In the event that the Audit and Supervisory Committee deems that any Accounting Auditor falls under any of the Items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the Accounting Auditor based on the consent of all Directors who are Audit and Supervisory Committee Members.

In addition, the Audit and Supervisory Committee shall make comprehensive judgments on the Accounting Auditor's execution of their duties, etc., and in case the Accounting Auditor is deemed incapable of executing proper audits, the Audit and Supervisory Committee shall decide on the contents of proposal on dismissal or non-reappointment of the Accounting Auditor, to be submitted to the General Shareholders' Meeting, by the resolution of the Audit and Supervisory Committee.

(d) Information about audits

1) Details of fees paid to the certified public accountant auditor

(Millions of Yen)

Classification	Year ended March 31, 2023		Year ended March 31, 2024	
	Audit fees	Non-Audit fees	Audit fees	Non-Audit fees
Sojitz	433	31	425	13
Consolidated Subsidiaries	337	-	331	3
Total	771	31	756	17

The Company enlists the services of certified public accountants for non-auditing services including advisory services related to International Financial Reporting Standards.

In the year ended March 31, 2023, consolidated subsidiaries enlist the services of certified public accountants for non-auditing services including the performance of procedures based on predetermined agreements.

2) Payment of compensation to certified public accountant responsible for auditing and network thereof (KPMG Group) (excluding cases applicable under 1) above)

(Millions of Yen)

Classification	Year ended March 31, 2023		Year ended March 31, 2024	
	Audit fees	Non-Audit fees	Audit fees	Non-Audit fees
Sojitz	-	29	-	10
Consolidated Subsidiaries	469	94	605	84
Total	469	123	605	95

The Company enlists the services of certified public accountants for non-auditing services including sustainability-related services.

Consolidated subsidiaries enlist the services of certified public accountants for non-auditing services including the performance of procedures related to taxation.

3) Payment of compensation for the preparation of verification of audits

Sojitz Corporation of America, a significant consolidated subsidiary of the Company, pays compensation to Deloitte & Touche LLP for the preparation of verification of audits.

The Marine Foods Corporation, a significant consolidated subsidiary of Sojitz, pays compensation to Deloitte Touche Tohmatsu LLC for audit attestation services.

4) Policies for determining compensation for audits

Pursuant to the provisions of Article 399, Paragraph 1 of the Companies Act of Japan, the amount of compensation to be paid for audits is decided based on factors including the number of days required to perform audits after receiving approval from the Audit and Supervisory Board.

5) Reason for issuance of approval by the Audit and Supervisory Board with regard to compensation to be paid to the Accounting Auditor

Pursuant to the provisions of Article 399, Paragraph 1 of the Companies Act of Japan, the Audit and Supervisory Board has approved the amount of compensation to be paid to the Accounting Auditor proposed by the Board of Directors after verifying the appropriateness of the audit plan presented by the Accounting Auditor, the process of performing the accounting audit, and the basis for calculating compensation estimates as needed.

(4) Remuneration of Directors and Audit and Supervisory Board Members

(a) Total amount of remuneration by officer classification, total amount of remuneration by type of remuneration and number of company officers subject to payment

(FY2023)		(Millions of Yen)			
	Number of persons to be paid	Basic remuneration	Performance-linked remuneration		Total
		Monetary (*1, 2)	Monetary (short-term) (*1)	Share (medium- to long-term) (*1, 3, 4)	
Directors (Total)	10	317	127	275	720
Executive Directors	5	254	127	275	657
Independent Directors	5	63	—	—	63
Audit and Supervisory Board Members (Total)	5	106	—	—	106
Audit and Supervisory Board Members (full-time)	2	73	—	—	73
Independent Audit and Supervisory Board Members	3	32	—	—	32

(Notes)

- Figures are rounded down to the nearest million yen.
- As of the end of FY2023, there were 9 Directors and 5 Audit and Supervisory Board Members. The total amount of remuneration of Directors and Audit and Supervisory Board Members includes that for 1 Director who retired due to expiration of his term of office at the conclusion of the Ordinary General Shareholders' Meeting held on June 20, 2023 and for 1 Director who retired due to resignation on March 31, 2024.
- As the Board of Directors confirmed that the amounts of remuneration for individual Directors for FY2023, including the target of each evaluation indicator, based on the Executive Remuneration Policy, basic remuneration (fixed remuneration) by rank, the calculation method for performance-linked remuneration (short-term), and the calculation method for performance-linked remuneration (medium- to long-term) were consistent with the determination policy described in below (Executive Remuneration Policy for FY2023), the details of such remuneration were judged to be in line with the policy.
- The performance-linked remuneration (medium- to long-term) is a share remuneration system based on the Board Incentive Plan (BIP) Trust. The total amount of the aforementioned share remuneration represents the amount reported as expenses for FY2023 associated with the share delivery points regarding the BIP Trust, including the persons who are scheduled to retire in FY2023.

(b) Details of the resolution

The maximum amount of remuneration of Sojitz's Directors and other matters were resolved as described below.

(FY2023)

Position	Type of remuneration		Maximum remuneration		Resolution of Ordinary General Shareholders' Meeting	Number of company officers at the time of resolution
Executive Directors	Basic remuneration	Monetary remuneration	¥550 million per year		June 27, 2007	7 Directors (including 1 Independent Director)
		Monetary remuneration (short-term)				
	Performance-linked remuneration	Share remuneration (medium- to long-term) Eligible persons: Excluding non-residents in Japan •Directors (internal) •Executive Officers	Upper limit of cash contributed by Sojitz	¥1,800 million in total for three fiscal years	June 18, 2021	8 Directors (including 4 Independent Directors)
			Upper limit of the number of Sojitz shares subject to delivery to Directors, etc.	The upper limit of points to be granted to Directors, etc. shall be 6 million points (equivalent to 1.2 million shares) for three fiscal years		
Independent Directors	Basic remuneration	Monetary remuneration	¥100 million per year			
Audit and Supervisory Board Members	Basic remuneration	Monetary remuneration	¥150 million per year		June 27, 2007	5 Audit and Supervisory Board Members (including 3 Independent Audit and Supervisory Board Members)

(From FY2024 onwards)

The maximum amount of remuneration of Sojitz's Directors and other matters were amended based on the resolution of the Ordinary General Shareholders' Meeting held on June 18, 2024 as described below.

Position		Type of remuneration		Maximum remuneration		Resolution of Ordinary General Shareholders' Meeting	Number of company officers at the time of resolution
Directors (excluding Directors who are Audit and Supervisory Committee Members)	Directors (excluding Independent Directors)	Basic remuneration	Monetary remuneration	¥720 million per year		June 18, 2024	4 persons
		Performance-linked remuneration	Monetary remuneration (short-term)				
			Share remuneration (medium- to long- term)	Upper limit of cash contributed by Sojitz	¥3,600 million in total for three fiscal years		
	Eligible persons: •Excluding non-residents in Japan •Including Executive Officers	Upper limit of the number of Sojitz shares subject to delivery to Directors, etc.	The upper limit of points to be granted to Directors, etc. shall be 1.5 million points (equivalent to 1.5 million shares) for three fiscal years				
	Independent Directors	Basic remuneration	Monetary remuneration	¥60 million per year		June 18, 2024	3 persons
Directors who are Audit and Supervisory Committee Members		Basic remuneration	Monetary remuneration	¥160 million per year		June 18, 2024	4 persons

(c) Total remuneration paid to individual Directors and Audit and Supervisory Board Members

The names and positions of individuals receiving more than ¥100 million in total remuneration in the year ended March 31, 2024, are as follows.

(Millions of Yen)

Name	Position	Company	Basic remuneration	Performance-linked remuneration		Total
			Monetary	Monetary (short-term)	Share (medium- to long-term)	
Masayoshi Fujimoto	Director	Sojitz	86	47	117	251
Ryutaro Hirai	Director	Sojitz	66	32	69	167
Yoshiki Manabe	Director	Sojitz	40	24	43	108
Masaaki Bito	Director	Sojitz	51	23	45	119

Notes:

1. Figures are rounded down to the nearest million yen.
2. The performance-linked remuneration (medium- to long-term) is a share remuneration system based on the Board Incentive Plan (BIP) Trust. The total amount of the aforementioned share remuneration represents the amount reported as expenses for FY2023 associated with the share delivery points regarding the BIP Trust.

(d) Policy for determining the amount of remuneration for Directors and Audit and Supervisory Board Members or the method of calculating the amount of remuneration

1) Executive Remuneration Policy

Sojitz's basic policy on remuneration for Directors is to create a system that is closely linked to the Company business performance and that will ensure transparency and objectivity with the aim of raising the motivation of Directors to contribute to improved performance and corporate value over the medium to long term. In accordance with this basic policy on remuneration, the Executive Remuneration Policy (Company policy for determining amounts of remuneration paid to individual Directors, etc.) was approved at the Board of Directors meeting held on April 30, 2021 in order to make a policy for the remuneration of Directors and Executive Officers that is consistent with Sojitz's corporate statement, value creation model, Vision for 2030, and Medium-Term Management Plan 2023, which was launched in April 2021. The details of the Executive Remuneration Policy are as follows.

Basic view	<p>Sojitz's basic view on remuneration for Directors and Executive Officers (the "Officers") is based on the following two considerations.</p> <ul style="list-style-type: none"> <li>- Remuneration shall offer incentives to pursue ongoing growth and medium- to long-term increases in corporate value in order to facilitate the creation and provision of two types of value—value for Sojitz and value for society.</li> <li>- Remuneration systems shall be structured to drive us toward our vision for 2030 of "Becoming a general trading company that constantly cultivates new businesses and human capital."</li> </ul>
Basic policies	<ul style="list-style-type: none"> <li>- Remuneration systems shall be linked to medium- to long-term performance and corporate value improvements as well as to short-term performance.</li> <li>- Remuneration systems shall be linked to the new value Sojitz creates and provides in the digital society as it practices ESG management.</li> <li>- Remuneration systems shall be linked to the shareholder value of Sojitz.</li> <li>- Remuneration systems shall provide a sufficient level of remuneration to recruit and retain globally competitive personnel.</li> <li>- Remuneration shall be determined through a process with a high degree of transparency and objectivity.</li> </ul>
Breakdown of remuneration	<p>◆ Level of remuneration In line with the basic policies, the level of remuneration shall stay attractive and commensurate with the job responsibilities of each of the Officers. The level of remuneration shall be determined in consideration of factors such as other general trading companies, surveys conducted by third parties on executive remuneration at listed corporations in Japan, along with the level of employee salary. The level of Sojitz's executive remuneration shall be subject to review as appropriate depending on the changes in the external business environment.</p> <p>◆ Structure of remuneration Sojitz's remuneration consists primarily of basic remuneration and performance-linked remuneration. Medium- to long-term performance-linked remuneration applies a "pay for mission" approach, which takes into consideration factors such as the fulfillment of our corporate statement and the creation and provision of the two types of value.</p> <ul style="list-style-type: none"> <li>- Basic remuneration (fixed remuneration): Monetary remuneration determined by the individual's rank, commensurate with job responsibilities</li> <li>- Performance-linked remuneration (short-term): Monetary remuneration linked to corporate performance in a single year as well as the progress made with the Medium-Term Management Plan</li> <li>- Performance-linked remuneration (medium- to long-term): Share remuneration linked to the achievement of the Medium-Term Management Plan and the increase in corporate value (in terms of ESG and share price) *</li> </ul>

	<p>◆ Remuneration mix [Officers (excluding Independent Directors)]</p> <table><tr><td>Basic remuneration</td><td>Performance-linked remuneration (short-term)</td><td>Performance-linked remuneration (medium- to long-term)</td></tr><tr><td>54% – 66%</td><td>21% – 26%</td><td>13% – 20%</td></tr></table> <p>[Independent Directors] Remuneration consists wholly of basic remuneration, while special allowance shall be paid separately to the Chairman of the Board of Directors, and the Chairs of the Nomination Committee and the Remuneration Committee.</p> <p>◆ Timing of the payment of remuneration</p> <ul style="list-style-type: none"><li>- Basic remuneration: Paid monthly</li><li>- Performance-linked remuneration (short-term): Paid once a year at a certain time</li><li>- Performance-linked remuneration (medium- to long-term): After the retirement*</li></ul>	Basic remuneration	Performance-linked remuneration (short-term)	Performance-linked remuneration (medium- to long-term)	54% – 66%	21% – 26%	13% – 20%
Basic remuneration	Performance-linked remuneration (short-term)	Performance-linked remuneration (medium- to long-term)					
54% – 66%	21% – 26%	13% – 20%					
Determination method of performance-linked remuneration	Determined based on factors such as the degree of accomplishment of targets, progress made with the Medium-Term Management Plan and individual contribution to corporate performance.						
Forfeiture of remuneration (claw back clause, malus clause)	If a resolution is passed by the Board of Directors for a post-closing correction of accounts due to serious accounting errors or fraud, or if a wrongdoing by an Officer is confirmed by the Board of Directors, Sojitz may restrict the payment of performance-linked remuneration or request the refund of the remuneration the Officer has received.						
Governance over remuneration	The amount of remuneration of each of the Officers shall be determined by the Board of Directors, after deliberations at the Remuneration Committee chaired by an Independent Director, with the majority of committee members being Independent Directors.						

Note: For share remuneration, after retirement of Directors, based on the confirmation that they meet the beneficiary requirements, they shall receive delivery of the number of Sojitz shares equivalent to the accumulated share delivery points calculated at the rate of one Sojitz share per share delivery point (0.2 Sojitz share per share delivery point after the share consolidation on October 1, 2021). The beneficiary requirements shall be determined as necessary to achieve the purpose of the share remuneration system.

## 2) Director remuneration systems for the year ended March 31, 2024

In accordance with the Executive Remuneration Policy, the following systems will be utilized for remuneration of Directors in the year ended March 31, 2024.

- Types of remuneration

Remuneration of Directors (excluding Independent Directors) is comprised of basic remuneration (fixed remuneration), performance-linked remuneration (short-term), and performance-linked remuneration (medium- to long-term). Remuneration of Independent Directors consists only of basic remuneration (fixed remuneration). When an Independent Director serves as the Chair of the Board of Directors, the Nomination Committee, or the Remuneration Committee, such Director will receive monthly allowance in a designated amount in addition to basic remuneration (fixed remuneration).

- Basic remuneration

Basic remuneration (fixed remuneration) is monetary remuneration paid in an amount determined based on the individual's rank, commensurate with job responsibilities. This remuneration is paid annually, with the amount determined based on rank being divided by 12 and paid each month.

- Performance-linked remuneration (short-term)

Performance-linked remuneration (short-term) is paid as monetary remuneration in an amount that is linked to corporate performance in a single year as well as the progress made with the Medium-Term Management Plan. An amount of performance-linked remuneration (short-term) shall be paid to Directors of the appropriate rank in cash (1) based on the standard amount set for the given rank (remuneration amount when all targets are 100% met), (2) consolidated profit for the year (attributable to owners of the Company), degree of progress on consolidated profit for the year (attributable to owners of the Company) (degree of progress toward the target during the period of Medium-Term Management Plan 2023 (the years ended March 31, 2022–2024)), return on equity (ROE), core operating cash flow, and degree of progress on core operating cash flow (degree of progress toward the target during the period of Medium-Term Management Plan 2023 (the years ended March 31, 2022–2024)) and (3) the degree of accomplishment of targets for evaluation indicators.

The degree of accomplishment of targets for evaluation indicators shall be calculated by comparing the target for each evaluation indicator to actual performance. Target amounts for evaluation indicators shall be determined at the beginning of each fiscal year in April or May via resolution by the Board of Directors after deliberations at the Remuneration Committee. The precise method for calculating performance-linked remuneration (short-term) is as described below. Performance-linked remuneration (short-term) is paid in July following the conclusion of the applicable fiscal year.

Targets and actual performance for performance-linked remuneration (short-term) in the year ended March 31, 2024, are as indicated in "Composition of remuneration" below.

- Performance-linked remuneration (medium- to long-term)

Performance-linked remuneration (medium- to long-term) is a share remuneration linked to the achievement of the Medium-Term Management Plan and increases in corporate value (in terms of ESG and share price). An amount of performance-linked remuneration (medium- to long-term) will be paid to Directors of the appropriate rank by (1) allocating basic points in amounts calculated each fiscal year based on the standard remuneration amount for the given individual's rank and the defined share price, (2) calculating share delivery points by multiplying the aggregate amount of basic points accrued by a coefficient determined based on the degree of accomplishment of targets for evaluation indicators after the conclusion of three fiscal years, and then (3) issuing shares of the Company's stock and monetary payments in amounts calculated based on the aggregate amount of share delivery points accrued when the given individual resigns from their position, on the condition that they fulfill all the given requirements.

In calculating share delivery points, consolidated profit for the year (attributable to owners of the Company), stock growth rate (ratio of total shareholder return (hereinafter referred to as "TSR") to growth rate of dividend-included TOPIX for the applicable period); and separate ESG-related criteria will be used as evaluation indicators during the period of Medium-Term Management Plan 2023 (the years ended March 31, 2022–2024). Target amounts for evaluation indicators shall be determined via resolution by the Board of Directors after deliberations at the Remuneration Committee.

The outline of frameworks and precise calculation method for performance-linked remuneration (medium- to long-term) are described below.

The targets used for calculating performance-linked remuneration (medium- to long-term) are as indicated in “Composition of remuneration” below.

• Composition of remuneration

In order to ensure that the executive remuneration system is closely linked to Sojitz’s business performance and is highly transparent and objective, the target of each indicator was determined by resolution of the Board of Directors after deliberations at the Remuneration Committee, reflecting the targets set out in Medium-Term Management Plan 2023.

< Composition of remuneration for Directors and Executive Officers (excluding Independent Directors) >

Type of remuneration			Outline	Performance-linked indicators (KPIs)	Evaluation weight	Variation in remuneration	Timing of payment	Target	Results vs target	
Basic remuneration	Fixed		Cash (54-66%)	Determined by the individual's rank, commensurate with job responsibilities	—	—	Monthly	—	—	
Performance-linked remuneration	Variable	Short-term	Cash (21-26%)	Linked to corporate performance in a single year as well as progress made with the Medium-Term Management Plan	Consolidated net profit (Note 1) (level of achievement of single-year targets)	35%	0-150% (Note 2)	Once a year, at a certain time	¥95.0 billion (FY2023) ¥100.8 billion	
					Consolidated net profit (Note 1) (progress made toward cumulative targets of the Medium-Term Management Plan)	35%			(FY2021-23 cumulative total) ¥294.3 billion	
					ROE	20%			(FY2023) 11.4%	
					Core operating cash flow (level of achievement of single-year targets)	5%			(FY2023) ¥109.2 billion	
					Core operating cash flow (progress made toward cumulative targets of the Medium-Term Management Plan)	5%			(FY2021-23 cumulative total) ¥383.1 billion	
		Medium- to long-term	Shares (13-20%)	Linked to the achievement of the Medium-Term Management Plan and the increase in corporate value (in terms of ESG and share price)	Accumulated consolidated net profit (Note 1) in the three-year period	60%	60-200%	Shares allotted after retirement	¥195.0 billion	—
					Sojitz share growth rate (Note 3)	30%			110%	
					ESG (environmental, social and governance)-related criteria (Note 4)	10%			See below	

ESG areas	Evaluation indicators	Evaluation standards
Decarbonization	1. Reduction in direct energy use by the Company 2. Reduction in thermal coal, coking coal, and oil field interests	Amount for reduction from March 31, 2021
Social issues	Initiatives for addressing social issues based on two types of value 1. Initiatives for contributing to a recycling-oriented society 2. Essential infrastructure development and related service provision 3. Regional economy invigoration initiatives in Japan	Status of company-wide and division initiatives described on the left
Corporate governance	1. Company-wide initiatives by division 2. Index evaluations, etc.	1. Improvements in and reinforcement of corporate governance through reports to the Compliance Committee and the Internal Control Committee 2. Evaluations from third-party institutions
Human capital	1. Empowerment of female employees 2. Childcare leave acquisition 3. Improvement in major employee awareness survey items	1. Increases in ratios and numbers of female career track employees with overseas experience 2. Improvement of childcare leave acquisition rates 3. Degree of improvement in items of employee awareness survey instituted in March 2021

(Notes)

1. Refers to profit for the year attributable to owners of the Company.
2. If actual results for each criterion fall below 40% of the targets, no remuneration shall be paid for such criterion.
3. Evaluation shall be made based on a relative comparison between total shareholder return (TSR) of Sojitz and dividend-included TOPIX.
4. Level of achievement of the ESG targets is evaluated by the Remuneration Committee.

• Reduction, non-payment, and request for refund of remuneration

In the following cases, the Company may elect to reduce or not pay the unpaid portion of basic remuneration (fixed remuneration), performance-linked remuneration (short-term), or performance-linked remuneration (medium- to long-term) or request the refund of some or all of the paid portion of said remuneration.

- i. Should a resolution be made by the Board of Directors that a post-closing correction of the Company's accounts is necessary due to serious accounting errors or fraud

- ii. Should an individual cause significant damage to the Company through acts based on intent or gross negligence (including but not limited to violations of laws, regulations, internal rules, or the Articles of Incorporation or violations of duty of care or fiduciary duty in the execution of duties)
- iii. Should an individual resign for personal reasons in opposition to the desires of the Company (except for in cases of unavoidable resignation due to illness, injury, or other causes)
- iv. Should an individual be dismissed from his/her position as a Director for valid reasons
- v. Should an individual accept employment at a competitor without the permission of the Company

### 3) Remuneration system of Audit and Supervisory Board Members

Performance-linked remuneration is not paid to Audit and Supervisory Board Members out of consideration for their role in auditing Directors' execution of their duties. As a result, Audit and Supervisory Board Members only receive basic remuneration (monetary).

### 4) Methods for determining executive remuneration

As for remuneration for Directors, the Executive Remuneration Policy, rank-based standard amounts for basic remuneration (fixed remuneration), and calculation methods of performance-linked remuneration (short-term) and performance-linked remuneration (medium- to long-term) (including the targets for each of the evaluation indicators) are decided based on resolutions made by the Board of Directors after deliberations at the Remuneration Committee. Based on these decisions, amounts of remuneration paid to individual Directors are calculated and determined. Amounts of remuneration paid to individual Audit and Supervisory Board Members are determined through discussion by the Audit and Supervisory Board.

The Remuneration Committee is an advisory body to the Board of Directors tasked with deliberation and proposals related to levels of remuneration for Directors and Executive Officers and evaluation and remuneration systems. The committee is membered by a majority of Independent Directors and is chaired by an Independent Director. In the year ended March 31, 2024, the Remuneration Committee was comprised of 5 Independent Directors (Ungyong Shu, Norio Otsuka, Naoko Saiki, Haruko Kokue and Tsuyoshi Kameoka) and 1 Executive Director (Representative Director, President & CEO Masayoshi Fujimoto), and Ungyong Shu served as the chairperson of this committee.

Topics related to the executive remuneration discussed by the Board of Directors and the Remuneration Committee in the year ended March 31, 2024 included the following.

May 2023	Remuneration Committee	Performance targets, etc. for calculating performance-linked remuneration for the year ended March 31, 2024
	Board of Directors	Performance targets, etc. for calculating performance-linked remuneration for the year ended March 31, 2024
Jun. 2023	Remuneration Committee	Performance-linked remuneration (short- term) for Executive Officers for the year ended March 31, 2023 Evaluation of progress on ESG-related indicators in the year ended March 31, 2023 among performance-linked compensation (medium- to long-term)
	Board of Directors	Performance-linked remuneration (short- term) for Executive Officers for the year ended March 31, 2023
Jul. 2023	Remuneration Committee	Revision of the executive remuneration system
Aug. 2023	Remuneration Committee	Revision of the executive remuneration system
Sep. 2023	Remuneration Committee	Revision of the executive remuneration system
Oct. 2023	Remuneration Committee	Revision of the executive remuneration system
	Board of Directors	Report on the activities of the Remuneration Committee for the first half of the year ended March 31, 2024
Dec. 2023	Remuneration Committee	Revision of the executive remuneration system
Feb. 2024	Remuneration Committee	Revision of the executive remuneration system
Mar. 2024	Remuneration Committee	Revision of the executive remuneration system
		Revision of regulations related to executive remuneration
		Report on the activities of the Remuneration Committee for the year ended March 31, 2024 and activity policy for the year ending March 31, 2025
	Board of Directors	Revision of the executive remuneration system
		Revision of regulations related to executive remuneration
		Report on the activities of the Remuneration Committee for the year ended March 31, 2024 and activity policy for the year ending March 31, 2025

## 5) Executive Remuneration Policy for the year ending March 31, 2025

Based on the assumption of transitioning from a company with Audit and Supervisory Board to a company with Audit and Supervisory Committee effective on June 18, 2024, the partial amendment of the Executive Remuneration Policy (Company policy for determining amounts of remuneration paid to individual Directors, etc.) was approved at the Board of Directors meeting held on March 22, 2024 as a policy for the remuneration system of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers. The policy was amended after obtaining reports from the Remuneration Committee.

The details of the amended Executive Remuneration Policy are as follows.

Basic view	<p>Sojitz's basic view on remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter) and Executive Officers (hereinafter collectively referred to as the "Officers") is based on the following two considerations.</p> <ul style="list-style-type: none"> <li>- Remuneration shall offer incentives to pursue ongoing growth and medium- to long-term increases in corporate value in order to facilitate the creation and provision of two types of value—value for Sojitz and value for society.</li> <li>- Remuneration systems shall be structured to drive us toward our vision for 2030 of "Becoming a general trading company that constantly cultivates new businesses and human capital."</li> </ul>
Basic policies	<ul style="list-style-type: none"> <li>- Remuneration systems shall be linked to medium- to long-term performance and corporate value improvements as well as to short-term performance.</li> <li>- Remuneration systems shall be linked to the new value Sojitz creates and provides in the digital society as it practices ESG management.</li> <li>- Remuneration systems shall be linked to the shareholder value of Sojitz.</li> <li>- Remuneration systems shall provide a sufficient level of remuneration to recruit and retain globally competitive personnel.</li> <li>- Remuneration shall be determined through a process with a high degree of transparency and objectivity.</li> </ul>
Breakdown of remuneration	<p>◆ Level of remuneration</p> <p>In line with the basic policies, the level of remuneration shall stay attractive and commensurate with the job responsibilities of each of the Officers. The level of remuneration shall be determined in consideration of factors such as other general trading companies, surveys conducted by third parties on executive remuneration at listed corporations in Japan, along with the level of employee salary. The level of Sojitz's executive remuneration shall be subject to review as appropriate depending on the changes in the external business environment.</p> <p>◆ Structure of remuneration</p> <p>Sojitz's remuneration consists primarily of basic remuneration and performance-linked remuneration. Medium- to long-term performance-linked remuneration applies a "pay for mission" approach, which takes into consideration factors such as the fulfillment of our corporate statement and the creation and provision of the two types of value.</p> <ul style="list-style-type: none"> <li>- Basic remuneration (fixed remuneration): Monetary remuneration determined by the individual's rank, commensurate with job responsibilities</li> <li>- Performance-linked remuneration (short-term): Monetary remuneration linked to corporate performance in a single year as well as the progress made with the Medium-Term Management Plan</li> <li>- Performance-linked remuneration (medium to long-term): Share remuneration linked to the achievement of the Medium-Term Management Plan and the increase in corporate value (in terms of ESG and share price) *</li> </ul>

	<p>◆ Remuneration mix</p> <p>[Officers (excluding Independent Directors)]</p> <p>The proportion of basic remuneration among total compensation will be lowered to between approximately 40% and 64%, based on job responsibilities, and the proportion of performance-linked remuneration will be raised.</p> <table><tr><td>Basic remuneration</td><td>Performance-linked remuneration (short-term)</td><td>Performance-linked remuneration (medium to long-term)</td></tr><tr><td>40% – 64%</td><td>20% – 22%</td><td>16% – 40%</td></tr></table> <p>[Independent Directors (excluding Directors who are Audit and Supervisory Committee Members)]</p> <p>Remuneration consists wholly of basic remuneration, while special allowance shall be paid separately to the Chair of the Board of Directors, and the Chairs of the Nomination Committee and the Remuneration Committee.</p> <p>◆ Timing of the payment of remuneration</p> <ul style="list-style-type: none"><li>- Basic remuneration: Paid monthly</li><li>- Performance-linked remuneration (short-term): Paid once a year at a certain time</li><li>- Performance-linked remuneration (medium- to long-term): After the retirement*</li></ul>	Basic remuneration	Performance-linked remuneration (short-term)	Performance-linked remuneration (medium to long-term)	40% – 64%	20% – 22%	16% – 40%
Basic remuneration	Performance-linked remuneration (short-term)	Performance-linked remuneration (medium to long-term)					
40% – 64%	20% – 22%	16% – 40%					
Determination method of performance-linked remuneration	Determined based on factors such as the degree of accomplishment of targets, progress made with the Medium-Term Management Plan and individual contribution to corporate performance.						
Forfeiture of remuneration (claw back clause, malus clause)	If a resolution is passed by the Board of Directors for a post -closing correction of accounts due to serious accounting errors or fraud, or if wrongdoing by an Officer is confirmed by the Board of Directors, Sojitz may restrict the payment of performance-linked remuneration or request the refund of the remuneration the Officer has received.						
Governance over remuneration	The amount of remuneration of each of the Officers shall be determined by the Board of Directors, after deliberations at the Remuneration Committee chaired by an Independent Director, with the majority of committee members being Independent Directors. The amount of remuneration for Directors who are Audit and Supervisory Committee Members shall be determined through discussion among the Directors who are Audit and Supervisory Committee Members.						

Note: For share remuneration, after retirement of Directors, based on the confirmation that they meet the beneficiary requirements, they shall receive delivery of the number of Sojitz shares equivalent to the accumulated share delivery points calculated at the rate of one Sojitz share per share delivery point. The beneficiary requirements shall be determined as necessary to achieve the purpose of the share remuneration system.

6) Director remuneration systems for the year ending March 31, 2025

In accordance with the amended Executive Remuneration Policy, the following systems will be utilized for remuneration of Directors in the year ending March 31, 2025.

- Types of remuneration

Remuneration of Directors (excluding Independent Directors and Directors who are Audit and Supervisory Committee Members) is comprised of basic remuneration (fixed remuneration), performance-linked remuneration (short-term), and performance-linked remuneration (medium- to long-term). Remuneration of Independent Directors consists only of basic remuneration (fixed remuneration). When an Independent Director serves as the Chair of the Board of Directors, the Nomination Committee, or the Remuneration Committee, such Director will receive monthly allowance in a designated amount in addition to basic remuneration (fixed remuneration).

- Basic remuneration

Basic remuneration (fixed remuneration) is monetary remuneration paid in an amount determined based on the individual's rank, commensurate with job responsibilities. This remuneration is paid annually, with the amount determined based on rank being divided by 12 and paid each month.

- Performance-linked remuneration (short-term)

Performance-linked remuneration (short-term) is paid as monetary remuneration in an amount that is linked to corporate performance in a single year as well as the progress made with the Medium-Term Management Plan. An amount of performance-linked remuneration (short-term) shall be paid to Directors of the appropriate rank in cash determined (1) based on the standard amount set for the given rank (remuneration amount when all targets are 100% met) , (2) consolidated profit for the year (attributable to owners of the Company), degree of progress on consolidated profit for the year (attributable to owners of the Company) (degree of progress toward the target during the period of Medium-Term Management Plan 2026 (the years ending March 31, 2025–2027)), return on equity (ROE), core operating cash flow, and degree of progress on core operating cash flow (degree of progress toward the target during the period of Medium-Term Management Plan 2026 (the years ending March 31, 2025–2027)) and (3) the degree of accomplishment of targets for evaluation indicators.

The degree of accomplishment of targets for evaluation indicators shall be calculated by comparing the target for each evaluation indicator to actual performance. Target amounts for evaluation indicators shall be determined at the beginning of each fiscal year in April or May via resolution by the Board of Directors after deliberations at the Remuneration Committee. The precise method for calculating performance-linked remuneration (short-term) is as described below. Performance-linked remuneration (short-term) is paid in July following the conclusion of the applicable fiscal year.

The targets used for calculating performance-linked remuneration (short-term) in the year ending March 31, 2025, are as follows.

Evaluation Indicators	Targets
1. Consolidated profit for the year (attributable to owners of the Company) (degree of accomplishment of single-year target)	¥110.0 billion
2. Consolidated profit for the year (attributable to owners of the Company) (degree of progress toward the aggregate Medium-Term Management Plan target of ¥360.0 billion)	¥110.0 billion
3. ROE	11.7%
4. Core operating cash flow (degree of accomplishment of single-year target)	¥130.0 billion
5. Core operating cash flow (degree of progress toward the Medium-Term Management Plan target of ¥450.0 billion)	¥130.0 billion

- Performance-linked remuneration (medium- to long-term)

Performance-linked remuneration (medium- to long-term) is a share remuneration linked to the achievement of the Medium-Term Management Plan and increases in corporate value (in terms of ESG and share price). An amount of performance-linked remuneration (medium- to long-term) will be paid to Directors of the appropriate rank by (1) allocating basic points in amounts calculated each fiscal year based on the standard remuneration amount for the given individual's rank and the defined share price, (2) calculating share delivery points by multiplying the aggregate amount of basic points accrued by a coefficient determined based on the degree of accomplishment of targets for evaluation indicators after the conclusion of three fiscal years, and then (3) issuing shares of the Company's stock and monetary payments in amounts calculated based on the aggregate amount of share delivery points accrued when the given individual resigns from their position, on the condition that they fulfill all the given requirements.

In calculating share delivery points, consolidated profit for the year (attributable to owners of the Company), stock growth rate (ratio of total shareholder return to growth rate of dividend-included TOPIX for the applicable period); and separate ESG-related criteria will be used as evaluation indicators during the period of Medium-Term Management Plan 2026 (the years ending March 31, 2025–2027). Target amounts for evaluation indicators shall be determined via resolution by the Board of Directors after deliberations at the Remuneration Committee.

The outline of frameworks and precise calculation method for performance-linked remuneration (medium- to long-term) are described below.

The targets used for calculating performance-linked remuneration (medium- to long-term) are as indicated in "Composition of remuneration" below.

- Composition of remuneration

With the aim of further enhancing the link between remuneration and business performance and creating a remuneration system that includes a system of evaluation criteria that more fully reflect the efforts and progress made toward improving corporate value in the medium- to long-term, Sojitz has decided to lower the proportion of basic remuneration among total compensation for Directors (excluding Independent Directors and Directors who are Audit and Supervisory Committee Members) and Executive Officers to between approximately 40% and 64%, based on their job responsibilities, and raise the proportion of performance-linked remuneration from the year ending March 31, 2025.

In order to ensure that the executive remuneration system is closely linked to Sojitz's corporate performance and is highly transparent and objective, the target of each indicator was determined by resolution of the Board of Directors after deliberations at the Remuneration Committee, reflecting the targets set out in Medium-Term Management Plan 2026.

< Composition of remuneration for Directors (excluding Independent Directors and Directors who are Audit and Supervisory Committee Members) and Executive Officers >

Current		After amendment	
Basic remuneration (Fixed)	Cash (54 - 66%)	Cash (40 - 64%)	Basic remuneration (Fixed)
Performance-linked remuneration (Variable)	Short-term	Cash (20 - 22%)	Short-term
	Medium- to long-term	Shares (16 - 40%)	Medium- to long-term
			Performance-linked remuneration (Variable)

Overview	Performance-linked indicators (KPIs)	Evaluation Weights (Current > After amendment)	Variation in remuneration
Determined by the individual's rank, commensurate with job responsibilities  Timing of payment: Monthly	—	—	—
★Key Points of Change Increased the ratio of performance-linked remuneration			
Linked to corporate performance in a single year as well as progress made with the Medium-Term Management Plan  Timing of payment: Once a year, at a certain time	Consolidated net profit (Note 1) (level of achievement of single-year targets)	35% > 30%	0 - 150% (Note 2)
	Consolidated net profit (Note 1) (progress made toward cumulative targets of the Medium-Term Management Plan)	35% > 30%	
	ROE	20% (no change)	
	Core operating cash flow (level of achievement of single-year targets)	5% > 10%	
Linked to the achievement of the Medium-Term Management Plan and the increase in corporate value (in terms of ESG and share price)  Timing of payment: Shares allotted after retirement	Core operating cash flow (progress made toward cumulative targets of the Medium-Term Management Plan)	5% > 10%	60% - 200%
	Accumulated consolidated net profit (Note 1) in the three-year period	60% > 40%	
	Sojitz share growth rate (Note 3)	30% > 40%	
	ESG -related criteria (Note 4)	10% > 20%	

★Key Points of Change  
Revised valuation index weight allocation

(Notes)

- Refers to profit for the year attributable to owners of the Company.
- If actual results for each criterion fall below 40% of the targets, no remuneration shall be paid for such criterion.
- Evaluation shall be made based on a relative comparison between total shareholder return (TSR) of Sojitz and dividend-included TOPIX.
- Level of achievement of the ESG targets is evaluated by the Remuneration Committee.

• Reduction, non-Payment, and request for refund of remuneration

In the following cases, the Company may elect to reduce or not pay the unpaid portion of basic remuneration (fixed remuneration), performance-linked remuneration (short-term), or performance-linked remuneration (medium- to long-term) or request the refund of some or all of the paid portion of said remuneration.

- Should a resolution be made by the Board of Directors that a post-closing correction of the Company's accounts is necessary due to serious accounting errors or fraud
- Should an individual cause significant damage to the Company through acts based on intent or gross negligence (including but not limited to violations of laws, regulations, internal rules, or the Articles of Incorporation or violations of duty of care or fiduciary duty in the execution of duties)
- Should an individual resign for personal reasons in opposition to the desires of the Company (except for in cases of unavoidable resignation due to illness, injury, or other causes)
- Should an individual be dismissed from his/her position as a Director for valid reasons
- Should an individual accept employment at a competitor without the permission of the Company

7) Method of calculation for performance-linked remuneration (short-term)

Performance-linked remuneration (short-term) shall be the sum of the amounts calculated for evaluation indicators using calculation equations i.–v. below for the given fiscal year.

Performance-linked remuneration (short-term) = i + ii + iii + iv + v

i.  $\frac{\text{Consolidated profit for the year (attributable to owners of the Company) for the given fiscal year}}{\text{Target for consolidated profit for the year (attributable to owners of the Company) for the given fiscal year}} \times 465,000 \times 30\% \times (\text{number of months served in payment period}^{*1} \div 12) \times \text{Rank coefficient}^{*2, *3}$

ii.  $\frac{\text{Aggregate consolidated profit for the year (attributable to owners of the Company)}}{\text{Target for aggregate consolidated profit for the year (attributable to owners of the Company)}} \times 465,000 \times 30\% \times (\text{number of months served in payment period}^{*1} \div 12) \times \text{Rank coefficient}^{*2, *3}$

iii.  $\frac{\text{ROE for the given fiscal year}}{\text{Target for ROE for the given fiscal year}} \times 465,000 \times 20\% \times (\text{number of months served in payment period}^{*1} \div 12) \times \text{Rank coefficient}^{*2, *3}$

iv.  $\frac{\text{Core operating cash flow for the given fiscal year}}{\text{Target for core operating cash flow for the given fiscal year}} \times 465,000 \times 10\% \times (\text{number of months served in payment period}^{*1} \div 12) \times \text{Rank coefficient}^{*2, *3}$

v.  $\frac{\text{Aggregate core operating cash flow}}{\text{Target for aggregate core operating cash flow}} \times 465,000 \times 10\% \times (\text{number of months served in payment period}^{*1} \div 12) \times \text{Rank coefficient}^{*2, *3}$

\*1 Figures for number of months served are truncated to the nearest month. Should the rank of an applicable individual change within the payment period, the number of months served shall be calculated by counting the month in which the change in rank took place based on the rank that the individual held for the largest number of days within the given month (should the number of days be the same, the post-change rank shall be used). Should an Executive Officer that does not serve concurrently as Director assume a concurrent position as Director during his/her term of service, the payment period for said individual shall be from July 1 to June 30 of the following year.

\*2 Rank coefficients are as follows.

< Executive Officers serving concurrently as Directors >

Rank	With right of representation	Without right of representation
Director / Chairman & CEO	100.0	—
Director / Chairman	86.0	79.6
Director / Vice Chairman	51.0	46.2
Director / President & CEO	100.0	—
Director / President & COO	91.4	—
Director / Executive Vice President	67.1	61.7
Director / Senior Managing Executive Officer	51.0	46.2
Director / Managing Executive Officer	42.6	38.1
Director / Executive Officer	—	30.8

\*3 Amounts shall be rounded to the nearest ¥10,000.

\*4 “Aggregate consolidated profit for the year (attributable to owners of the Company)” refers to the total of the amounts of consolidated profit for the year (attributable to owners of the Company) for each fiscal year during the period of Medium-Term Management Plan 2026 (the years ending March 31, 2025–2027), and “Target for aggregate consolidated profit for the year (attributable to owners of the Company)” refers to the target for the total of the amounts of consolidated profit for the year (attributable to owners of the Company) for the fiscal years during the aforementioned period.

\*5 “Aggregate core operating cash flow” refers to the total of the amounts of core operating cash flow for each fiscal year during the period of Medium-Term Management Plan 2026 (the years ending March 31, 2025–2027), and “Target for aggregate core operating cash flow” refers to the target for the total of the amounts of core operating cash flow for the fiscal years during the aforementioned period.

- \*6 The upper limit for the degree of accomplishment of the targets for each indicator (calculated using the underlined parts in the equations for i.–v. above) is 1.50 (representing 150% accomplishment of the respective target) while the lower limit is 0.40 (representing 40% accomplishment of the respective target). Should the calculated figure fall below 0.40, remuneration associated with said indicator shall not be paid.
- \*7 Performance in relation to the evaluation indicators shall be treated as follows should an individual resign or pass away during his/her term.
- Consolidated profit for the year (attributable to owners of the Company) shall be calculated by translating the amount of consolidated profit for the period (attributable to owners of the Company) disclosed in the most recent quarterly financial statements to a full-year amount for consolidated profit for the year (attributable to owners of the Company) (e.g. multiplying first-quarter consolidated profit for the period (attributable to owners of the Company) by four in the event that the first-quarter financial statements are the most recently disclosed).
  - The above method shall also be applied to the calculation of core operating cash flow.
  - ROE shall be calculated by translating the amount of consolidated profit for the period (attributable to owners of the Company) disclosed in the most recent quarterly financial statements to a full-year amount for consolidated profit for the year (attributable to owners of the Company) and then dividing the amount by total equity disclosed in the most recent quarterly financial statements.

The upper limits for performance-linked remuneration (short-term) by rank are as follows.

(Millions of Yen)

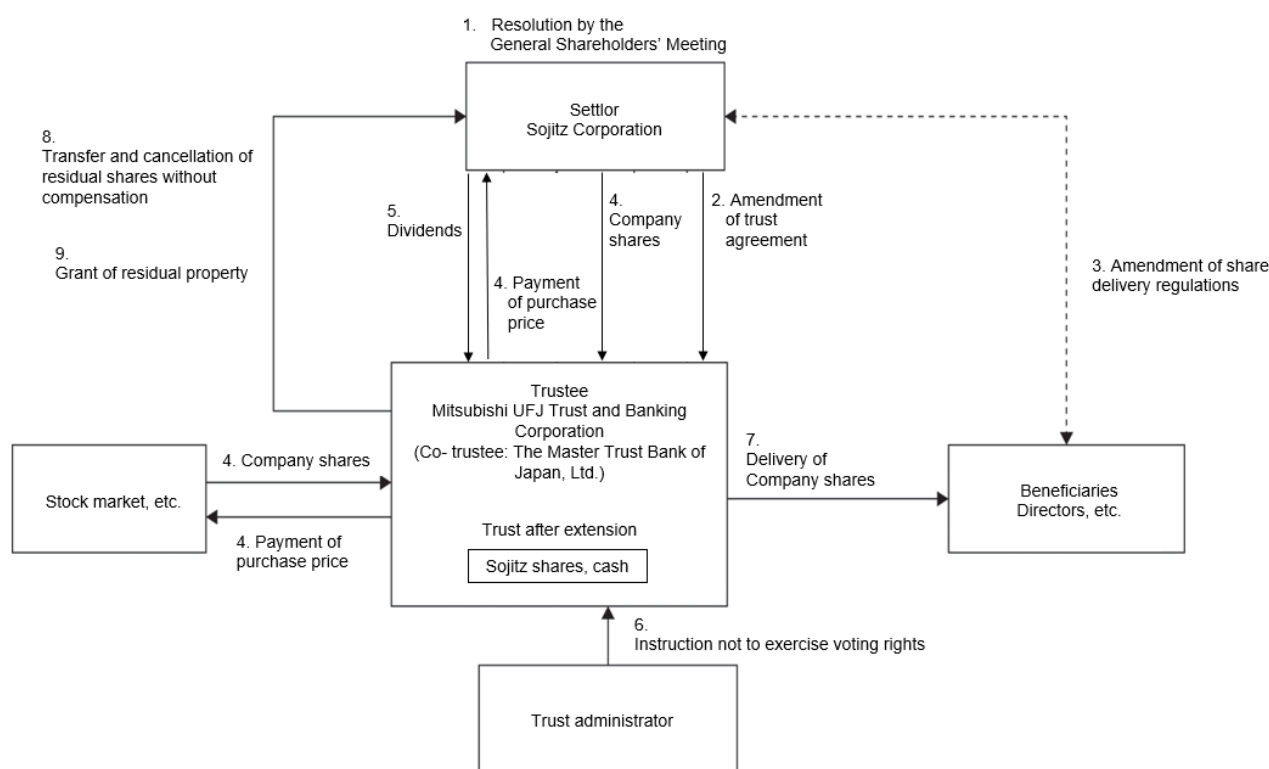
Rank	Upper Limit for Evaluation Indicators											
	i	ii	iii	iv	v	Total	i	ii	iii	iv	v	Total
	With right of representation						Without right of representation					
Director / Chairman & CEO	21	21	14	7	7	70	–	–	–	–	–	–
Director / Chairman	18	18	12	6	6	60	17	17	12	6	6	58
Director / Vice Chairman	11	11	8	4	4	38	10	10	7	4	4	35
Director / President & CEO	21	21	14	7	7	70	–	–	–	–	–	–
Director / President & COO	20	20	13	7	7	67	–	–	–	–	–	–
Director / Executive Vice President	15	15	10	5	5	50	13	13	9	5	5	45
Director / Senior Managing Executive Officer	11	11	8	4	4	38	10	10	7	4	4	35
Director / Managing Executive Officer	9	9	6	3	3	30	8	8	6	3	3	28
Director / Executive Officer	–	–	–	–	–	–	7	7	5	3	3	25

## 8) Performance-linked remuneration (medium- to long-term)

At the 21st Ordinary General Shareholders' Meeting, which was held on June 18, 2024, the continuation and partial amendments of the performance-linked share remuneration system for Directors and Executive Officers (excluding Independent Directors, Directors who are Audit and Supervisory Committee Members, and individuals not residing in Japan; hereinafter referred to as "Directors, etc." ) were approved. This decision was made with the goal of providing a highly transparent and objective executive remuneration system that is strongly linked to corporate performance and that serves to heighten the commitment of Directors, etc. to contributing to improvements in performance and corporate value over the medium to long term.

This system is designed to evaluate the contributions of Directors, etc. to medium- to long-term performance based on their aggregate term of service. These evaluations are used to determine total numbers of shares to be delivered to applicable Directors, etc., delivered after their resignation.

The performance-linked share remuneration system utilizes a BIP Trust. Similar to the performance-linked share remuneration and share with transfer restriction remuneration systems employed in the United States and Europe, the BIP Trust delivers shares of the Company's stock, monetary amounts equivalent to price of shares, and dividends associated with shares to applicable Directors, etc. based on their rank and the degree of accomplishment of performance targets (see chart below for details).



- i. Sojitz obtained approval at the 21st Ordinary General Shareholders' Meeting, which was held on June 18, 2024, for the partial amendments to the system.
- ii. Sojitz will, based on the consent to the amendment to the trust agreement, make monetary contribution to the trust not exceeding the limit as approved by resolution of the General Shareholders' Meeting in i. above, thereby extending the trust period of the trust for the benefit of Directors, etc. who meet the beneficiary requirements.
- iii. In conjunction with the extension of the system, Sojitz will make partial amendments to the share delivery regulations
- iv. The trust will, under the instruction of the trust administrator, acquire Sojitz shares from Sojitz (through disposal of its own shares) or from the stock market, using cash remaining as part of the trust property at the time of the amendment to the trust agreement, as well as cash contributed in ii. The number of shares to be acquired by the trust after the extension of the trust period shall not exceed the limit as approved by resolution of the General Shareholders' Meeting in i.
- v. Payment of dividends for Sojitz shares held in the trust shall be treated in the same way as other Sojitz shares.
- vi. Voting rights for Sojitz shares held in the trust will not be exercised throughout the trust period.

- vii. Each year during the trust period, Directors, etc. shall be granted a certain number of basic points commensurate with their individual rank. After the expiry of the applicable period, the number of the share delivery points shall be determined by multiplying the number of the accumulated points by rate of accomplishment of targets for evaluation indicators. Directors, etc. who meet certain beneficiary requirements shall, after their retirement from the office of Directors, etc. receive delivery of Sojitz shares equivalent to a certain percentage of the accumulated share delivery points, while receiving, after conversion of the number of Sojitz shares equivalent to the remaining accumulated share delivery points pursuant to the provisions of the trust agreement to fund tax payments, the cash proceeds from the conversion, as well as the cash dividends paid in v. on Sojitz shares held in the trust, commensurate with the number of the accumulated share delivery points as of the dividend record date.
- viii. If residual shares occur upon the expiry of the trust period, due to reasons such as the failure to achieve the performance targets for each fiscal year during the trust period, Sojitz will, by amending the trust agreement or making additional contribution to the trust, renew and continue to use the trust after extension as part of the system as it is, or as part of a similar but new share remuneration system, or alternatively, will transfer the residual shares from the trust to Sojitz without compensation, to achieve cancellation thereof based on the resolution by the Board of Directors.
- ix. At the termination of the trust, residual property remaining after the distribution to the beneficiaries will belong to Sojitz to the extent of the trust expense reserve, which is the trust fund less the share acquisition fund, while the portion in excess of the trust expense reserve will be donated to organizations that have no interest in Sojitz and Directors, etc.

9) Methods of calculating performance-linked remuneration (medium- to long-term)

The methods of calculating basic points and share delivery points are as follows.

• Method of calculating basic points

Basic points =  $(930,000 \times \text{Number of months served in payment period}^{*1} \div 12 \times \text{Rank coefficient}^{*2})^{*3} \times 0.9 \div \text{Defined share price}^{*4}$

The method of calculation for basic points to be allocated in the final fiscal year of the applicable period shall be as follows.

Basic points =  $[(930,000 \times \text{Number of months served in payment period} \div 12 \times \text{Rank coefficient})^{*3} \times 0.9 \div \text{Defined share price}] + [(930,000 \times \text{Number of months served in period of executing duties in relation to the final fiscal year of the applicable period} \div 12 \times \text{Rank coefficient})^{*3} \times \text{Service period adjustment coefficient}^{*5} \div \text{Defined share price}]$

\*1 Figures for number of months served are truncated to the nearest month. Should the rank of an applicable individual (should a Director serve concurrently as Executive Officer, the rank of said individual shall be Executive Officer; the same applies hereinafter) change within the payment period, the number of months served shall be calculated by counting the month in which the change in rank took place based on the rank that the individual held for the largest number of days within the given month (should the number of days be the same, the post-change rank shall be used).

Should an Executive Officer who does not serve concurrently as Director assume a concurrent position as Director during his/her term of service, the payment period for said individual shall be from July 1 to June 30 of the following year.

\*2 Rank coefficients are as follows.

< Executive Officers serving concurrently as Directors >

Rank	With right of representation	Without right of representation
Director / Chairman & CEO	100.0	—
Director / Chairman	86.0	79.6
Director / Vice Chairman	26.6	24.0
Director / President & CEO	100.0	—
Director / President & COO	91.4	—
Director / Executive Vice President	39.2	36.1
Director / Senior Managing Executive Officer	26.6	24.0
Director / Managing Executive Officer	19.4	17.2
Director / Executive Officer	—	12.0

\*3 Amounts shall be rounded to the nearest ¥10,000.

\*4 The defined share price is the average closing price for the Company's stock on the Tokyo Stock Exchange over the month of July 2024 (figures past the decimal point were truncated). Should the trust period be extended, a new defined share price will be set using the average closing price of the month preceding the extension.

\*5 The service period adjustment coefficients are as follows.

Applicable beneficiaries	Coefficient
1. Beneficiaries or prospective beneficiaries of the system for continuous period of three years during the applicable period	0.3
2. Beneficiaries or prospective beneficiaries of the system for continuous period of two years during the applicable period (excluding beneficiaries applicable under 1. above)	0.2
3. Beneficiaries not applicable under 1. or 2. above	0.1

- Method of calculating share delivery points

Share delivery points = A + B + C

A: Accumulated basic points × 0.4 × Consolidated profit for the year coefficient\*<sup>1</sup>

B: Accumulated basic points × 0.4 × Stock growth coefficient\*<sup>2</sup>

C: Accumulated basic points × 0.2 × ESG coefficient\*<sup>3</sup>

Note: Share delivery points shall be calculated in two segments (A + B and C), and figures past the decimal point shall be truncated.

\*1 Consolidated profit for the year coefficient

- Consolidated profit for the year coefficient shall be calculated based on the degree of accomplishment of the target for aggregate consolidated profit for the year (attributable to owners of the Company) over the applicable period in accordance with the following table.
- Degree of accomplishment = (Aggregate consolidated profit for the year (attributable to owners of the Company) ÷ ¥360.0 billion) × 100 (truncated to the second decimal place)

Degree of accomplishment	Consolidated profit for the year coefficient
39% or less	60%
40% – 99%	Degree of accomplishment × 66.7% + 33.3%
100% – 149%	Degree of accomplishment × 200% – 100%
150% or more	200%

\*2 Stock growth coefficient

- The stock growth coefficient shall be calculated as the ratio of the Company's total shareholder return (TSR) to the growth rate of dividend-included TOPIX in accordance with the following table.
- The Company's TSR shall be calculated as follows.  

$$\text{TSR (\%)} = (B + C) \div A \times 100 \text{ (truncated to the second decimal place)}$$

A: Average closing price for the Company's stock on the Tokyo Stock Exchange over three months from January to March 2024  
B: Average closing price for the Company's stock on the Tokyo Stock Exchange over three months from January to March 2027  
C: Aggregate dividends per share over the years ending March 31, 2025–2027
- The growth rate of dividend-included TOPIX shall be calculated as follows.  

$$\text{Growth rate of dividend-included TOPIX (\%)} = E \div D \times 100 \text{ (truncated to the second decimal place)}$$

D: Average for dividend-included TOPIX over three months from January to March 2024  
E: Average for dividend-included TOPIX over three months from January to March 2027

Note: "Average for dividend-included TOPIX" is calculated based on *Stock Price Index & Stock Price Average (End of Year/Month/Daily)* released by Japan Exchange Group.

- Stock growth rate = TSR ÷ Growth rate of dividend-included TOPIX × 100 (truncated to second decimal place)

Stock growth rate (ratio of TSR to dividend-included TOPIX)	Stock growth coefficient
39% or less	60%
40% – 109%	Stock growth rate × 57.1% + 37.1%
110% – 149%	Stock growth rate × 250% – 175%
150% or more	200%

### \*3 ESG coefficient

- The ESG coefficient shall be calculated by aggregating the scores for the following four items arrived at through qualitative and quantitative evaluations by the Remuneration Committee.

The upper limit of aggregate scores shall be 60 while the lower limit shall be 18.

ESG coefficient (%) = Aggregate scores for the fiscal years within the applicable period ÷ 30 × 100

ESG areas	Evaluation indicators	Evaluation criteria
Decarbonization	1. Reduction in direct energy use by the Company 2. Reduction in thermal coal, coking coal, and oil field interests	Amount for reduction from March 31, 2024
Social issues	Initiatives for addressing social issues based on two types of value 1. Initiatives for contributing to a recycling-oriented society 2. Essential infrastructure development and related service provision 3. Regional economy invigoration initiatives in Japan	Status of company-wide and division initiatives described on the left
Human capital	1. Diversity 2. Challenges 3. Open and comfortable working environment	1. Ratio of female employees with experience working outside the company 2., 3. Degree of improvements in items of challenge-taking index and open and comfortable working environment index on the employee awareness survey instituted in November 2023

Note: The following procedures shall be taken should a beneficiary resign or pass away during his/her term.

- Should a beneficiary resign (including in cases of unavoidable resignation due to illness, injury, or other causes, excluding cases of resignation for other personal reasons), a beneficiary to whom a reassignment order that makes him/her a non-resident of Japan be issued, or a beneficiary pass away during the payment period, basic points shall be allocated on the date of the event.
- Should a beneficiary resign, a beneficiary to whom a reassignment order that makes him/her a non-resident of Japan be issued, or a beneficiary pass away prior to the conclusion of the payment period in the final fiscal year of the applicable period, share delivery points for the payment period shall be allocated to the beneficiary in an amount equivalent to the accumulated basic points held by the beneficiary on the date of the event.

The upper limits for share delivery points by rank are as follows.

(Thousands of Points)

Rank	With right of representation				Without right of representation			
	(A)	(B)	(C)	(A)+(B)+(C)	(A)	(B)	(C)	(A)+(B)+(C)
Director / Chairman & CEO	90	90	45	225	—	—	—	—
Director / Chairman	77	77	39	193	72	72	36	180
Director / Vice Chairman	24	24	12	60	22	22	11	55
Director / President & CEO	90	90	45	225	—	—	—	—
Director / President & COO	82	82	41	205	—	—	—	—
Director / Executive Vice President	36	36	18	90	33	33	17	83
Director / Senior Managing Executive Officer	24	24	12	60	22	22	11	55
Director / Managing Executive Officer	18	18	9	45	16	16	8	40
Director / Executive Officer	—	—	—	—	11	11	6	28

New basic points and share delivery points will not be allocated to Directors (excluding Independent Directors and Directors who are Audit and Supervisory Committee Members) or Executive Officers under the system during the period when they do not reside in Japan. Rather, these individuals shall be provided with cash in amounts calculated using the aforementioned calculation methods for basic points and share delivery points.

#### 10) Remuneration system of Directors who are Audit and Supervisory Committee Members

Performance-linked remuneration is not paid to Audit and Supervisory Committee Members out of consideration for their role in auditing Directors' execution of their duties. As a result, Audit and Supervisory Committee Members only receive basic remuneration (monetary). The amount of such remuneration is determined through discussion among the Directors who are Audit and Supervisory Committee Members.

#### 11) Methods for determining executive remuneration

As for remuneration for Directors, the Executive Remuneration Policy, rank-based standard amounts for basic remuneration (fixed remuneration), and calculation methods of performance-linked remuneration (short-term) and performance-linked remuneration (medium- to long-term) (including the targets for each of the evaluation indicators) are decided based on resolutions made by the Board of Directors after deliberations at the Remuneration Committee. Based on these decisions, amounts of remuneration paid to individual Directors are calculated and determined. Amounts of remuneration paid to individual Audit and Supervisory Committee Members are determined through discussion among Directors who are Audit and Supervisory Committee Members.

The Remuneration Committee is an advisory body to the Board of Directors tasked with deliberation and proposals related to levels of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers and evaluation and remuneration systems. The committee is membered by a majority of Independent Directors and is chaired by an Independent Director.

(5) Equity securities held

(a) Criteria and concept of the classification of investment shares

The Company classifies its holdings of investment shares for pure investment purpose and for purposes other than pure investment as follows.

Investment shares for pure investment purpose: Shares held for the purpose of earning capital gains, etc.

Investment shares held for purposes other than pure investment: Shares held for purposes other than pure investment

(b) Investment shares held for purposes other than pure investment

- 1) Methods for verifying holding policies and rationality of holdings, and details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual issues

**[ Policies for Reducing Cross-Shareholdings of Listed Shares under Medium-Term Management Plan 2023 ]**

Under Medium-Term Management Plan 2023, Sojitz decided to proceed further with reducing listed shares held as part of our shareholding policy. In accordance with our policy to halve the amount of listed shares held on a consolidated basis as of the end of December 2020 in the amount of ¥89.6 billion by the end of March 2024, we have sold a cumulative total of ¥76.6 billion and executed as initially planned.

(Reference)

The ratio of Sojitz's holdings on a non-consolidated basis to total equity on a consolidated basis (plan and results) is indicated below:

< Holding status of listed shares and unlisted shares on a non-consolidated basis >

	March 31, 2024 Plan	March 31, 2021 Results	March 31, 2022 Results	March 31, 2023 Results	March 31, 2024 Results
(1) Book value of shares held on a non-consolidated basis (Billions of Yen)	—	95.7	118.7	76.5	79.9
Listed shares (Billions of Yen)	—	77.4	98.8	55.3	56.2
Unlisted shares (Billions of Yen)	—	18.3	20.0	21.2	23.7
(2) Total equity on a consolidated basis (Billions of Yen)	—	654.7	763.9	876.6	955.6
(3) Ratio to total equity on a consolidated basis (%) (1) ÷ (2)	Under 10%	15%	16%	9%	8%

\* The figures for listed shares reflect share prices at each point in time.

### **[ Policies for Shareholdings under Medium-Term Management Plan 2026 ]**

Each year, we conduct a quantitative assessment of each lot of listed shares that we continue to hold as cross-shareholdings to ensure that dividends or related profit earned from those shares exceed the shares' equity cost (weighted average cost of capital). We also conduct a qualitative assessment, looking at whether the shares help improve our corporate value. Based on these assessments, we examine the value of retaining these holdings. We retain those holdings that are deemed to be worthwhile, seeking ways to achieve greater impact and benefit from those shares. Meanwhile, for those shares which are deemed to lack significant value, we set a deadline to improve their value, or, if there is no indication these shares will improve, we examine the possibility of divestiture. The Board of Directors and the Management Committee conduct such assessments for each lot of shares held as cross-shareholdings.

The results of the assessments conducted in FY2023 are as follows.

- Regarding the listed shares that we continue to hold as cross-shareholdings, we confirmed that, for the shares held as a whole, the profit realized from these holdings exceeds Sojitz's cost of capital.
- For each company, we assessed whether the profit realized from the holdings exceeded Sojitz's cost of capital and whether the holdings would lead to enhancement of Sojitz's corporate value.
- For those shares which are deemed to lack significant value, we set a deadline to improve their value, or examine the possibility of divestiture.

### **[ Exercise of Voting Rights ]**

Based on the significance of holding shares of listed companies, we exercise our voting rights based on whether or not they contribute to sustainable growth and improved corporate value over the medium to long term for both Sojitz and the investment target. We also have a system of monitoring the status of exercise of voting rights.

2) Number of issues and amount on balance sheet

Classification	Number of issues (Issues)	Total amount on balance sheet (Millions of Yen)
Unlisted shares	125	23,729
Shares excluding unlisted shares	27	56,228

(Issues whose number of shares increased in the year ended March 31, 2024)

Classification	Number of issues (Issues)	Acquisitions costs associated to the increase in shares (Millions of Yen)	Reason for increase in number of shares
Unlisted shares	4	2,203	The number of shares has increased due to the acquisition of shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships.
Shares excluding unlisted shares	4	170	The number of shares has increased due to the acquisition of shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships.

(Issues whose number of shares decreased in the year ended March 31, 2024)

Classification	Number of issues (Issues)	Sales value associated to the decrease in shares (Millions of Yen)
Unlisted shares	12	627
Shares excluding unlisted shares	18	19,539

3) Number of shares and amount on balance sheet of each Specified Investment Shares and Deemed Stock holdings

Specified Investment Shares

Issue	FY2023	FY2022	Purpose of holding, quantitative effect of holding (*1) and reason for increase in number of shares	Holding of Sojitz Stock (*2)
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
NHK SPRING CO., LTD.	13,199,462	13,199,462	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of metal parts and motorcycle parts, etc. in Automotive and Metals, Mineral Resources & Recycling.	Yes
	19,759	12,499		
Japan Airport Terminal Co., Ltd.	845,000	845,000	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of domestic and foreign airport operations in Aerospace & Transportation Project and Retail & Consumer Service.	No
	5,010	5,577		
Yamazaki Baking Co., Ltd.	1,199,544	2,399,089	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of baking ingredients, etc. in Consumer Industry & Agriculture Business.	Yes
	4,703	3,848		
ANA HOLDINGS INC.	1,413,600	1,413,600	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of Boeing commercial aircraft, etc. in Aerospace & Transportation Project.	No
	4,537	4,065		
NICHIRIN CO., LTD.	1,144,000	1,144,000	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of metal materials, etc. in Metals, Mineral Resources & Recycling.	No
	4,381	2,707		

Issue	FY2023	FY2022	Purpose of holding, quantitative effect of holding (*1) and reason for increase in number of shares	Holding of Sojitz Stock (*2)
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
Braskem S.A.	3,705,962	4,105,662	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of green polyethylene, etc. in Chemicals.	No
	2,868	2,202		
Nisshin Seifun Group Inc.	886,805	1,773,610	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of wheat products, etc. in Consumer Industry & Agriculture Business.	Yes
	1,861	2,750		
ADEKA CORPORATION	561,403	561,401	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of addition agent, etc. in Chemicals.	Yes
	1,809	1,267		
Tokuyama Corporation	648,420	1,296,840	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of industrial salt and soda ash, etc. in Chemicals.	No
	1,760	2,729		
Showa Sangyo Co., Ltd.	500,000	1,000,000	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of wheat products, etc. in Consumer Industry & Agriculture Business.	Yes
	1,750	2,537		

Issue	FY2023	FY2022	Purpose of holding, quantitative effect of holding (*1) and reason for increase in number of shares	Holding of Sojitz Stock (*2)
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
NIPPON FINE CHEMICAL CO., LTD.	540,700	540,700	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of cosmetic materials, etc. in Chemicals.	Yes
	1,384	1,414		
OSAKA SODA CO., LTD.	116,102	116,102	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of special resins, etc. in Chemicals.	Yes
	1,121	505		
PT. Nippon Indosari Corpindo Tbk	89,309,350	107,563,250	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of wheat products, etc. in Consumer Industry & Agriculture Business.	No
	1,007	1,426		
SINFONIA TECHNOLOGY CO., LTD.	308,400	308,400	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of aircraft, etc. in Aerospace & Transportation Project.	Yes
	999	486		
NIPPON CORPORATION	419,064	838,128	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of wheat products, etc. in Consumer Industry & Agriculture Business.	Yes
	994	1,391		

Issue	FY2023	FY2022	Purpose of holding, quantitative effect of holding (*1) and reason for increase in number of shares	Holding of Sojitz Stock (*2)
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
Hokuetsu Corporation	256,500	513,000	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of bleaching agent, etc. in Chemicals.	Yes
	493	455		
Japan Investment Adviser Co., Ltd.	400,000	200,000	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of aircraft related, etc. in Aerospace & Transportation Project. Additionally, the number of shares has increased due to the exercise of stock acquisition rights granted on January 17, 2024.	No
	431	211		
TAYCA CORPORATION	225,096	225,096	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of pigments and metal raw materials, etc. in Chemicals and Metals, Mineral Resources & Recycling.	Yes
	342	264		
Kansai Paint Co., Ltd.	104,580	100,653	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of solvent, etc. in Chemicals. Additionally, the number of shares has increased due to acquisitions by the business partner stock ownership plan. However, we are reviewing the significance of holding these shares by thoroughly examining both quantitative and qualitative aspects.	No
	227	179		
Archean Chemical Industries Limited	123,053	2,500,000	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of industrial salt, etc. in Chemicals. The above information is presented from the current fiscal year, as the company was listed on the stock exchange on November 21, 2022.	No
	150	2,666		

Issue	FY2023	FY2022	Purpose of holding, quantitative effect of holding (*1) and reason for increase in number of shares	Holding of Sojitz Stock (*2)
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
TOABO Corporation	271,000	271,000	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of textile raw materials, etc. in Chemicals.	Yes
	122	96		
Nihon Seiko Co., Ltd.	43,400	132,000	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of metal raw materials, etc. in Metals, Mineral Resources & Recycling.	No
	108	409		
Gun Ei Chemical Industry Co., Ltd.	27,800	27,800	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of phenol, etc. in Chemicals.	Yes
	107	71		
Green Earth Institute Co., Ltd.	150,000	150,000	Green Earth Institute Co., Ltd. is a start-up company and possesses technology for the production of biomass-derived chemicals. Sojitz holds shares for the purpose of acquiring new business opportunities utilizing its technology.	No
	85	117		
KUNIMINE INDUSTRIES CO., LTD.	76,000	76,000	Sojitz holds shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of metal raw materials, etc. in Metals, Mineral Resources & Recycling.	Yes
	80	70		
Alphax Food System Co., Ltd.	172,100	—	Sojitz holds shares for the purpose of establishing a sales system and expanding sales for serving and guidance robots manufactured by OrionStar Robotics.	No
	78	—		

Issue	FY2023	FY2022	Purpose of holding, quantitative effect of holding (*1) and reason for increase in number of shares	Holding of Sojitz Stock (*2)
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
TAYO ROLLS LIMITED	307,341	307,341	Although Sojitz held shares for the purpose of export sales of roll products manufactured by the company, the company has already ceased operations and is in the process of selling the shares.	No
	50	25		
FUJIFILM Holdings Corporation	—	406,330	Sojitz had held shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of solvents and soda ash, etc. in Chemicals and Infrastructure & Healthcare. However, during the current fiscal year, Sojitz has sold all of its holdings in the company.	No
	—	2,721		
NIPPON SHOKUBAI CO., LTD.	—	192,515	Sojitz had held shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of addition agent, etc. in Chemicals. However, during the current fiscal year, Sojitz has sold all of its holdings in the company.	No
	—	1,016		
DAISUE CONSTRUCTION CO., LTD.	—	618,987	Sojitz had held shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of building materials, wood and other construction materials, etc. in Retail & Consumer Service and Consumer Industry & Agriculture Business. However, during the current fiscal year, Sojitz has sold all of its holdings in the company.	Yes
	—	719		
TOLI Corporation	—	1,034,500	Sojitz had held shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of plasticizer, etc. in Chemicals. However, during the current fiscal year, Sojitz has sold all of its holdings in the company.	No
	—	282		

Issue	FY2023	FY2022	Purpose of holding, quantitative effect of holding (*1) and reason for increase in number of shares	Holding of Sojitz Stock (*2)
	Number of shares (Shares)	Number of shares (Shares)		
	Amount on balance sheet (Millions of Yen)	Amount on balance sheet (Millions of Yen)		
TOHO METAL Co., LTD.	—	126,800	Sojitz had held shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of metal raw materials, etc. in Metals, Mineral Resources & Recycling. However, during the current fiscal year, Sojitz has sold all of its holdings in the company.	Yes
	—	219		
FUJIYA CO., LTD.	—	72,617	Sojitz had held shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of confectionery products, etc. in Consumer Industry & Agriculture Business. However, during the current fiscal year, Sojitz has sold all of its holdings in the company.	Yes
	—	179		
SHIKOKU KASEI HOLDINGS CORPORATION	—	52,500	Sojitz had held shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of addition agent, etc. in Chemicals. However, during the current fiscal year, Sojitz has sold all of its holdings in the company.	No
	—	73		
THE TORIGOE CO., LTD.	—	119,000	Sojitz had held shares for the purpose of acquiring business opportunities, functions and experience, and maintaining and strengthening business relationships of wheat products, etc. in Consumer Industry & Agriculture Business. However, during the current fiscal year, Sojitz has sold all of its holdings in the company.	No
	—	71		

(Note)

\*1 The quantitative effect of holding cannot be provided as the effect includes transaction volumes with business partners. However, the Company has confirmed that the effect of all holdings surpasses cost of capital. For information on the method of verifying the rationale of holdings, please refer to “1) Methods for verifying holding policies and rationality of holdings, and details of verification by the Board of Directors, etc. regarding the appropriateness of holding individual issues.”

\*2 Holdings of shares of the Company's stock have been listed to the extent that such holdings can be confirmed via the shareholder registry on March 31, 2024.

Deemed Stock holdings  
There are no applicable issues.

(c) Investment shares held for pure investment purposes

Classification	FY2023		FY2022	
	Number of issues (Issues)	Total amount on balance sheet (Millions of Yen)	Number of issues (Issues)	Total amount on balance sheet (Millions of Yen)
Unlisted shares	1	30	1	30
Shares excluding unlisted shares	—	—	—	—

Classification	FY2023		
	Total amount of dividend income (Millions of Yen)	Total amount of gain or loss on sales (Millions of Yen)	Total amount of valuation gain or loss (Millions of Yen)
Unlisted shares	0	—	—
Shares excluding unlisted shares	—	—	—

(d) Names, number of shares and amount on balance sheet of investment shares whose holding purpose was changed from pure investment purpose to purposes other than pure investment  
There are no applicable issues.

(e) Names, number of shares and amount on balance sheet of investment shares whose holding purpose was changed from purposes other than pure investment to pure investment purpose  
There are no applicable issues.

## 5. Financial Information

### Consolidated Statement of Financial Position

		Millions of yen		Thousands of U.S. dollars
	Note	2023	2024	2024
Assets				
Current assets				
Cash and cash equivalents .....	30	247,286	196,275	1,299,834
Time deposits .....		6,991	13,139	87,013
Trade and other receivables .....	6	794,898	826,972	5,476,635
Derivative financial assets .....	33(9)	4,642	5,444	36,052
Inventories .....	7	280,982	288,302	1,909,284
Income tax receivables .....		11,002	11,403	75,516
Other current assets .....	13	59,991	104,736	693,615
Subtotal .....		1,405,796	1,446,273	9,577,966
Assets held for sale .....	18	38,743	16,248	107,602
Total current assets .....		1,444,540	1,462,521	9,685,569
Non-current assets				
Property, plant and equipment .....	8	195,414	234,340	1,551,920
Right-of-use assets.....	35	65,603	97,547	646,006
Goodwill .....	9(1)	85,731	132,597	878,125
Intangible assets .....	9(2)	70,834	92,170	610,397
Investment property .....	10	8,116	9,982	66,105
Investments accounted for using the equity method .....	11	559,939	616,145	4,080,430
Trade and other receivables .....	6	86,293	87,955	582,483
Other investments .....	12	129,781	130,905	866,920
Derivative financial assets .....	33(9)	1,328	1,223	8,099
Other non-current assets .....	13	6,650	10,003	66,245
Deferred tax assets .....	32(1)	6,609	11,478	76,013
Total non-current assets .....		1,216,303	1,424,351	9,432,788
Total assets .....		2,660,843	2,886,873	19,118,364

Note: The U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate at March 31, 2024 of ¥151=\$1.

	Note	Millions of yen		Thousands of U.S. dollars
		2023	2024	2024
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables .....	14	579,252	<b>663,135</b>	<b>4,391,622</b>
Lease liabilities .....	35	17,305	<b>19,340</b>	<b>128,079</b>
Bonds and borrowings .....	15	167,775	<b>164,138</b>	<b>1,087,006</b>
Derivative financial liabilities .....	33(9)	5,480	<b>4,682</b>	<b>31,006</b>
Income tax payables .....		20,633	<b>8,900</b>	<b>58,940</b>
Provisions .....	16	2,437	<b>3,955</b>	<b>26,192</b>
Other current liabilities .....	17	79,676	<b>104,482</b>	<b>691,933</b>
Subtotal .....		872,560	<b>968,635</b>	<b>6,414,801</b>
Liabilities directly associated with assets held for sale .....	18	19,260	<b>4,815</b>	<b>31,887</b>
Total current liabilities .....		891,821	<b>973,450</b>	<b>6,446,688</b>
Non-current liabilities				
Lease liabilities .....	35	54,104	<b>85,749</b>	<b>567,874</b>
Bonds and borrowings .....	15	715,929	<b>742,566</b>	<b>4,917,655</b>
Trade and other payables .....	14	9,234	<b>9,671</b>	<b>64,046</b>
Derivative financial liabilities .....	33(9)	38	<b>555</b>	<b>3,675</b>
Retirement benefits liabilities .....	31(1)	22,713	<b>24,114</b>	<b>159,695</b>
Provisions .....	16	48,962	<b>44,599</b>	<b>295,357</b>
Other non-current liabilities .....	17	15,421	<b>12,445</b>	<b>82,417</b>
Deferred tax liabilities .....	32(1)	26,042	<b>38,093</b>	<b>252,271</b>
Total non-current liabilities .....		892,445	<b>957,795</b>	<b>6,343,013</b>
Total liabilities .....		1,784,266	<b>1,931,245</b>	<b>12,789,701</b>
Equity				
Share capital .....	19	160,339	<b>160,339</b>	<b>1,061,847</b>
Capital surplus .....	19	147,601	<b>96,448</b>	<b>638,728</b>
Treasury stock .....	19	(31,058)	<b>(21,915)</b>	<b>(145,132)</b>
Other components of equity .....		138,638	<b>199,190</b>	<b>1,319,139</b>
Retained earnings .....	19	422,193	<b>490,013</b>	<b>3,245,119</b>
Total equity attributable to owners of the parent .....		837,713	<b>924,076</b>	<b>6,119,708</b>
Non-controlling interests .....		38,863	<b>31,550</b>	<b>208,940</b>
Total equity .....		876,576	<b>955,627</b>	<b>6,328,655</b>
Total liabilities and equity .....		2,660,843	<b>2,886,873</b>	<b>19,118,364</b>

# Consolidated Statement of Profit or Loss

	Note	Millions of yen		Thousands of U.S. dollars
		2023	2024	2024
Revenue	20			
Sales of goods .....		2,368,500	2,299,715	15,229,900
Sales of services and others .....		111,339	114,933	761,145
Total revenue .....		2,479,840	2,414,649	15,991,052
Cost of sales .....		(2,142,272)	(2,088,694)	(13,832,410)
Gross profit .....		337,567	325,955	2,158,642
Selling, general and administrative expenses .....	21	(222,771)	(241,464)	(1,599,099)
Other income (expenses)				
Gain (loss) on disposal of fixed assets, net .....	22	2,197	2,077	13,754
Impairment loss on fixed assets .....	23	(14,338)	(4,983)	(33,000)
Gain on reorganization of subsidiaries/associates .....	24	30,776	8,073	53,463
Loss on reorganization of subsidiaries/associates .....	23,25	(8,604)	(3,980)	(26,357)
Other operating income .....	26	11,040	14,379	95,225
Other operating expenses .....	26	(8,301)	(12,327)	(81,635)
Total other income (expenses) .....		12,770	3,240	21,456
Financial income				
Interest earned .....	27	12,802	11,928	78,993
Dividends received .....	27	6,732	5,545	36,721
Other financial income .....	27	—	684	4,529
Total financial income .....		19,534	18,158	120,251
Financial costs				
Interest expenses .....	27	(18,537)	(24,006)	(158,980)
Other financial costs .....	27	(808)	—	—
Total financial costs .....		(19,345)	(24,006)	(158,980)
Share of profit (loss) of investments accounted for using the equity method .....	11	27,282	43,615	288,841
Profit before tax .....		155,036	125,498	831,112
Income tax expenses .....	32(2)	(39,211)	(22,437)	(148,589)
Profit for the year .....		115,824	103,060	682,516
Profit attributable to:				
Owners of the parent .....		111,247	100,765	667,317
Non-controlling interests .....		4,577	2,294	15,192
Total .....		115,824	103,060	682,516
	Note	Yen		U.S. dollars
		2023	2024	2024
Earnings per share				
Basic earnings (losses) per share .....	28	481.94	450.97	2.98
Diluted earnings (losses) per share .....	28	—	450.97	2.98

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Millions of yen		Thousands of U.S. dollars
		2023	2024	2024
Profit for the year .....		115,824	103,060	682,516
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Financial assets measured at FVTOCI .....	29	(11,064)	17,619	116,682
Remeasurements of defined benefit pension plans .....	29	1,138	152	1,006
Share of other comprehensive income of investments accounted for using the equity method .....	11,29	1,328	485	3,211
Total items that will not be reclassified to profit or loss ...		(8,597)	18,257	120,907
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations .....	29	18,745	39,232	259,814
Cash flow hedges .....	29	(3,178)	(627)	(4,152)
Share of other comprehensive income of investments accounted for using the equity method .....	11,29	23,009	13,359	88,470
Total items that may be reclassified subsequently to profit or loss .....		38,575	51,964	344,132
Other comprehensive income for the year, net of tax .....		29,978	70,222	465,046
Total comprehensive income for the year .....		145,803	173,283	1,147,569
Total comprehensive income attributable to:				
Owners of the parent .....		138,434	168,317	1,114,682
Non-controlling interests .....		7,369	4,965	32,880
Total .....		145,803	173,283	1,147,569

# Consolidated Statement of Changes in Equity

Millions of yen												
	Note	Attributable to owners of the parent										
		Other components of equity										Total equity
		Share capital	Capital surplus	Treasury stock	Foreign currency translation differences for foreign operations	Financial assets measured at FVTOCI	Cash flow hedges	Remeasurements of defined benefit pension plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the parent	
Balance as of April 1, 2022 .....		160,339	147,027	(31,015)	31,314	104,732	699	—	136,747	314,913	728,012	763,878
Profit for the year .....										111,247	111,247	115,824
Other comprehensive income ..					23,244	(9,438)	12,439	941	27,186		27,186	29,978
Total comprehensive income for the year .....		—	—	—	23,244	(9,438)	12,439	941	27,186	111,247	138,434	145,803
Purchase of treasury stock .....	19		(2)	(139)							(142)	(142)
Disposal of treasury stock .....	19		(96)	96							—	—
Dividends .....	19									(29,208)	(29,208)	(33,624)
Change in ownership interests in subsidiaries without loss/ acquisition of control .....											—	(722)
Purchase commitments for non-controlling interests' shares .....										(28)	(28)	(28)
Reclassification from other components of equity to retained earnings .....						(24,354)		(941)	(25,296)	25,296	—	—
Share-based payment transaction...	34		672								672	672
Other changes .....										(26)	(26)	739
Total contributions by and distributions to owners of the Company .....		—	573	(43)	—	(24,354)	—	(941)	(25,296)	(3,967)	(28,733)	(33,105)
Balance as of March 31, 2023 ....		160,339	147,601	(31,058)	54,559	70,939	13,139	—	138,638	422,193	837,713	876,576
Profit for the year .....					50,394	17,995	(1,262)	424	67,551	100,765	100,765	103,060
Other comprehensive income ..										67,551	67,551	70,222
Total comprehensive income for the year .....		—	—	—	50,394	17,995	(1,262)	424	67,551	100,765	168,317	173,283
Purchase of treasury stock .....	19		(14)	(42,725)							(42,739)	(42,739)
Disposal of treasury stock .....	19		(478)	473							(5)	(5)
Cancellation of treasury stock.....	19		(51,396)	51,396							—	—
Dividends .....	19									(29,504)	(29,504)	(32,521)
Change in ownership interests in subsidiaries without loss/ acquisition of control .....					2,786			2,786	(14,683)	(11,896)	(9,843)	(21,739)
Purchase commitments for non-controlling interests' shares .....										1,472	1,472	1,472
Reclassification from other components of equity to retained earnings .....						(9,361)		(424)	(9,786)	9,786	—	—
Share-based payment transaction...	34		735								735	735
Other changes .....										(15)	(15)	566
Total contributions by and distributions to owners of the Company .....		—	(51,152)	9,143	2,786	(9,361)	—	(424)	(6,999)	(32,945)	(81,953)	(94,232)
Balance as of March 31, 2024 ....		160,339	96,448	(21,915)	107,740	79,573	11,876	—	199,190	490,013	924,076	955,627

Thousands of U.S. dollars												
	Note	Attributable to owners of the parent										
		Other components of equity										Total equity
		Share capital	Capital surplus	Treasury stock	Foreign currency translation differences for foreign operations	Financial assets measured at FVTOCI	Cash flow hedges	Remeasurements of defined benefit pension plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the parent	
Balance as of March 31, 2023 .....		1,061,847	977,490	(205,682)	361,317	469,794	87,013	—	918,132	2,795,980	5,547,768	5,805,139
Profit for the year .....					333,735	119,172	(8,357)	2,807	447,357	667,317	667,317	682,516
Other comprehensive income ..										447,357	447,357	465,046
Total comprehensive income for the year .....		—	—	—	333,735	119,172	(8,357)	2,807	447,357	667,317	1,114,682	1,147,569
Purchase of treasury stock .....	19		(92)	(282,947)							(283,039)	(283,039)
Disposal of treasury stock .....	19		(3,165)	3,132							(33)	(33)
Cancellation of treasury stock.....	19		(340,370)	340,370							—	—
Dividends .....	19									(195,390)	(195,390)	(215,370)
Change in ownership interests in subsidiaries without loss/ acquisition of control .....					18,450			18,450	(97,238)	(78,781)	(65,185)	(143,966)
Purchase commitments for non-controlling interests' shares .....										9,748	9,748	9,748
Reclassification from other components of equity to retained earnings .....						(61,993)		(2,807)	(64,807)	64,807	—	—
Share-based payment transaction...	34		4,867								4,867	4,867
Other changes .....										(99)	(99)	3,748
Total contributions by and distributions to owners of the Company .....		—	(338,754)	60,549	—	(61,993)	—	(2,807)	(46,350)	(218,178)	(542,735)	(624,052)
Balance as of March 31, 2024.....		1,061,847	638,728	(145,132)	713,509	526,973	78,649	—	1,319,139	3,245,119	6,119,708	6,328,655

# Consolidated Statement of Cash Flows

		Millions of yen		Thousands of U.S. dollars
	Note	2023	2024	2024
<b>Cash flows from operating activities</b>				
Profit for the year .....		115,824	103,060	682,516
Depreciation and amortization .....		39,907	42,034	278,370
Impairment loss on fixed assets .....		14,338	4,983	33,000
Finance (income) costs .....		(188)	5,848	38,728
Share of (profit) loss of investments accounted for using the equity method .....		(27,282)	(43,615)	(288,841)
(Gain) loss on disposal of fixed assets, net .....		(2,197)	(2,077)	(13,754)
Income tax expenses .....		39,211	22,437	148,589
Changes in trade and other receivables .....		22,129	(57,489)	(380,721)
Changes in inventories .....		(41,710)	48,044	318,172
Changes in trade and other payables .....		26,246	36,020	238,543
Changes in other assets and liabilities .....		21,684	(22,434)	(148,569)
Changes in retirement benefits liabilities .....		(515)	7	46
Others .....	30(4)	(20,343)	(9,378)	(62,105)
Subtotal .....		187,105	127,440	843,973
Interest earned .....		13,142	11,053	73,198
Dividends received .....		37,965	40,759	269,927
Interest paid .....		(18,495)	(26,092)	(172,794)
Income tax paid .....		(48,078)	(40,973)	(271,344)
Net cash provided (used) by/in operating activities .....		171,639	112,187	742,960
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment .....		(25,684)	(27,093)	(179,423)
Proceeds from sale of property, plant and equipment ..		6,785	4,327	28,655
Purchase of intangible assets .....		(12,579)	(4,122)	(27,298)
(Increase) decrease in short-term loans receivable .....		146	1,071	7,092
Payment for long-term loans receivable .....		(688)	(9,812)	(64,980)
Collection of long-term loans receivable .....		1,635	5,239	34,695
Net proceeds from (payments for) acquisition of subsidiaries .....	30(2)	(1,991)	(37,632)	(249,218)
Net proceeds from (payments for) sale of subsidiaries .....	30(3)	12,207	26,088	172,768
Purchase of investments .....		(47,139)	(62,681)	(415,105)
Proceeds from sale of investments .....		76,849	37,022	245,178
Others .....	30(5)	19,616	80,022	529,947
Net cash provided (used) by/in investing activities .....		29,157	12,429	82,311
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term borrowings and commercial paper .....	30(6)	(64,360)	(21,243)	(140,682)
Proceeds from long-term borrowings .....	30(6)	166,826	291,528	1,930,649
Repayment of long-term borrowings .....	30(6)	(271,685)	(332,428)	(2,201,509)
Redemption of bonds .....	30(6)	(10,000)	(10,000)	(66,225)
Repayment of lease liabilities.....	30(6)	(16,929)	(17,769)	(117,675)
Payment for acquisition of subsidiary's interests from non-controlling interest holders.....		(3)	(22,020)	(145,827)
Proceeds from share issuance to non-controlling interest holders .....		1,564	991	6,562
Proceeds from sale of treasury stock .....		29	65	430
Purchase of treasury stock .....	19	(139)	(42,675)	(282,615)
Dividends paid .....	19	(29,208)	(29,504)	(195,390)
Dividends paid to non-controlling interest holders .....		(5,047)	(3,127)	(20,708)
Others .....	30(6)	(1,411)	(340)	(2,251)
Net cash provided (used) by/in financing activities .....		(230,367)	(186,523)	(1,235,251)
Net increase (decrease) in cash and cash equivalents ...		(29,570)	(61,907)	(409,980)
Cash and cash equivalents at the beginning of year .....	30(1)	271,651	247,286	1,637,655
Effect of exchange rate changes on cash and cash equivalents .		5,260	10,895	72,152
Decrease in cash and cash equivalents resulting from change in scope of consolidation.....		(54)	—	—
Cash and cash equivalents at the end of year .....	30(1)	247,286	196,275	1,299,834

# Notes to Consolidated Financial Statements

## 1 REPORTING ENTITY

Sojitz Corporation (the "Company") is a company domiciled in Japan. The addresses of the Company's registered headquarters and main office are available on its corporate website (<https://www.sojitz.com/en/>). The Consolidated Financial Statements of the Company as of and for the year ended March 31, 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures. The Group is an integrated trading company engaged in a wide range of business activities on a global basis. Its headquarters includes business sections that handle merchandising, trading, product manufacturing, services, project planning and management, investments and financing activities, both domestically and internationally.

## 2 BASIS OF PRESENTATION

### (1) Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

### (2) Basis of measurement

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following material items in the Consolidated Statement of Financial Position:

- Financial assets and liabilities measured at FVTPL are measured at fair value;
- Financial assets measured at FVTOCI are measured at fair value;
- Defined benefit plan assets or liabilities are measured at the present value of the defined benefit obligations less the fair value of plan assets; and,
- Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less sales costs.

### (3) Functional currency and presentation currency

The Consolidated Financial Statements are presented in Japanese yen, which is the Company's functional currency. All financial information presented in Japanese yen has been rounded down to the nearest million yen.

For the convenience of readers outside Japan, the accompanying Consolidated Financial Statements are also presented in United States dollars by translating Japanese yen amounts at the exchange rate of ¥151 to U.S.\$1, the approximate rate of exchange at the end of March 31, 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into United States dollars at the above.

#### (4) Use of estimates and judgments

The preparation of the Consolidated Financial Statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from such estimates.

Estimates and underlying assumptions thereof are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements is included in the following notes:

- Note 3 (1)–Scope of subsidiaries, associates and joint ventures
- Note 3 (14)–Recognition and presentation with respect to revenue

Information about uncertainties of estimates and assumptions that have a significant risk of resulting in material adjustments within the next consolidated fiscal year is included in the following notes:

- Note 6–Trade and other receivables
- Note 11–Investments accounted for using the equity method
- Note 16–Provisions
- Note 23–Impairment of non-financial assets
- Note 31–Measurement of defined benefit obligations
- Note 32–Recoverability of deferred tax assets
- Note 33 (6)–Fair value of financial instruments

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into three levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: unobservable inputs.

Information about assumptions made in measuring fair values is included in the following notes:

- Note 10–Investment property
- Note 23–Impairment of non-financial assets
- Note 33 (6)–Fair value of financial instruments

## (5) Changes in accounting policies

The accounting policies applied by the Group in the Consolidated Financial Statements are the same as those applied in the Consolidated Financial Statements for the previous fiscal year, except for the following major IFRS, which are early applied since the end of the current fiscal year.

IFRS	Title	Summaries of new IFRS/amendment
IAS 1	Presentation of Financial Statements (Issued in July 2020)	Clarification of how liabilities are classified as current or non-current

Because of the willingness and ability to refinance, the Group had classified partial balance of its current maturities of loans based on the unused balance in the commitment line agreements as non-current liabilities. With the application of the new amendment, the entire balance of loans has been classified as a non-current liability up to the commitment line.

As a result of the classification, “Bonds and borrowings” (current) in the Consolidated Statement of Financial Position decreased by ¥26,500 million (U.S.\$175,496 thousand) and “Bonds and borrowings” (noncurrent) increased by the same amount. The impact of the application on the Consolidated Financial Statement for the years ended March 31, 2023 is immaterial.

In conjunction with the early application of the above amendment, IAS 1 “Presentation of Financial Statements” (issued in October 2022) was also early applied, but the impact of the adapplication of the amendment on the Consolidated Financial Statements for the years ended March 31, 2023 and March 31, 2024 is immaterial.

### 3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements, and have been applied consistently by the Group.

#### (1) Basis of consolidation

##### 1) Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Group holds a majority of the voting rights of another entity, such entity is considered to be a subsidiary of the Group as it is determined that control exists, unless there is clear evidence that shares in such entity do not provide for control. In addition, in the case that the Group holds less than or equal to 50 percent of the voting rights of another entity, if it is determined through agreements or the like with other investment companies that the Group has significant control over such entity's finance and management, such entity is considered to be a subsidiary of the Group.

The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date the Group obtains control of the subsidiaries until the date the Group loses such control of the subsidiaries. In the case that the accounting policies adopted by subsidiaries are different from the Group's accounting policies, the financial statements of such subsidiaries are, as needed, adjusted in order to be consistent with the Group's accounting policies.

In addition, the Consolidated Financial Statements include the financial statements of certain subsidiaries which use different fiscal year end date from that of the Company. The reason being the impracticability of unifying the fiscal year end date of such subsidiaries with that of the Company due to requirements of local laws and regulations, characteristics of local business or the like.

When the financial statements of subsidiaries used in the preparation of the Consolidated Financial Statements are prepared with fiscal year end dates that are different from that of the Company, adjustments are made for the effects of significant transactions or events that occurred between the fiscal year end dates of such subsidiaries and that of the Company. The fiscal year end date for the majority of such subsidiaries is December 31. The difference between the fiscal year end dates of such subsidiaries and that of the Company never exceeds three months.

If there are changes in the Group's interest in a subsidiary, but the Company retains control over the subsidiaries, such transaction is accounted for as an equity transaction. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as equity attributable to owners of the parent.

If control is lost with respect to a subsidiary, the Group derecognizes such subsidiary's assets and liabilities or any non-controlling interests, or the other components of equity, related to such subsidiary.

Any surplus or deficit arising from such loss of control is recognized as profit or loss. If the Group retains any interest in such subsidiary after the control is lost, then such interest is measured at fair value at the date that control is lost.

## **2) Associates and joint ventures**

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. The Group presumes to exist significant influence over each of such entities when the Group owns between 20 percent and 50 percent of the voting rights of each such entity.

In the case that the Group holds less than 20 percent of the voting rights of another entity, if it is determined that the Group has significant influence over such entity based on the provision of a board member, a shareholders' agreement or the like, such entity is considered to be an associate of the Group.

Joint ventures are those entities with respect to which multiple parties, including the Group, have joint control over the economic activities by contract and unanimous consent of all of such parties is required when deciding on financial/management strategies, whereby the Group has rights to the net assets of the arrangement.

Except for those that are classified as assets held for sale in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), investments made to associates and joint ventures are accounted for using the equity method (such associates and joint ventures hereinafter referred to collectively as "Entities subject to Equity Method"). Investments made to Entities subject to Equity Method are each accounted for as the carrying amount following the application of the equity method less accumulated impairment losses. Such carrying amount includes goodwill recognized at the time of acquisition.

The Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of Entities subject to Equity Method from the date the Group obtains significant influence or joint control until the date the Group loses such significant influence or joint control. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the Entities subject to Equity Method. In the case that the accounting policies adopted by Entities subject to Equity Method are different from the Group's accounting policies, the financial statements of such entities are adjusted, as needed.

In addition, the Consolidated Financial Statements include investments made to Entities subject to Equity Method on dates that differ from the fiscal year end date. This is due to the impracticability of unifying the fiscal year end date as a result of relationships with other shareholders or the like. The fiscal year end date for the majority of Entities subject to Equity Method is December 31. Adjustments are made for the effects of significant transactions or events occurred between the fiscal year end date of Entities subject to Equity Method and that of the Company.

### **3) Business combinations**

Business combinations are accounted for using the acquisition method. The Group measures goodwill as excess the consideration transferred measured in acquisition-date fair value and the amount of any non-controlling interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed generally measured in fair value. When such difference is in the negative, such difference is immediately recognized as profit or loss.

Non-controlling interests are measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets, and the measurement method to be applied at the date of acquisition is determined on a transaction-by-transaction basis. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

### **4) Transactions eliminated under consolidation**

Intra-group balances and transactions, and any unrealized profits or losses through intra-group transactions, are eliminated when preparing the Consolidated Financial Statements.

## **(2) Foreign currency translation**

### **1) Foreign currency transactions**

Foreign currency transactions are translated to the respective functional currencies of each company at exchange rates at the dates of such transactions.

Monetary items in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at such date.

Foreign exchange translation differences on monetary items are recognized as profit or loss in the period incurred.

Non-monetary items that are measured based on historical cost of the foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items in foreign currency that are measured at fair value of such foreign currency are retranslated to the functional currency at the exchange rate as of the measurement date of fair values thereof. With respect to the foreign exchange translation differences of non-monetary items, if gains or losses on non-monetary items are recognized as other comprehensive income, the exchanged portion of such gains or losses will be recognized as other comprehensive income. On the other hand, if gains or losses on non-monetary items are recognized as profit or loss, the exchanged portions of such gains or losses will be recognized as profit or loss.

### **2) Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions thereof, are translated to the presentation currency using the exchange rate at the reporting date. In addition, the income and expenses of foreign operations are translated to the presentation currency using the average exchange rate for the year excluding cases in which exchange rates are fluctuating significantly.

Foreign exchange translation differences are recognized as other comprehensive income. If the Group's foreign operation is disposed of, the cumulative amount of the foreign exchange translation differences related to such foreign operation are reclassified to profit or loss at the time of such disposal.

Based on the application of the exemption clauses under IFRS 1 "First-time Adoption of International Financial Reporting Standards," the Group reclassified the cumulative translation differences as of the transition date to retained earnings.

### **(3) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in the bank that may be withdrawn at any time and short-term investments with maturity of three months or less from the acquisition date that are readily convertible into cash and not subject to any price fluctuation risk.

### **(4) Inventories**

Inventories are measured at the lower of cost and net realizable value.

The costs of inventories include purchasing costs, processing costs and all other costs incurred in the process of bringing such inventories to the present location and condition, and are mainly determined based on the average method. Non-fungible inventories are measured based on the specific identification method.

Inventories that have been acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, and changes in the fair values of such inventories are recognized as profit or loss.

### **(5) Property, plant and equipment**

After initial recognition, the Group applies the cost model, under which property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses.

The costs of property, plant and equipment include costs directly attributable to the acquisition of such assets. If a material component of property, plant and equipment is consumed differently, then such component is accounted for as a separate item of property, plant and equipment.

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each component thereof. The estimated useful lives of the following items are mainly as follows:

Buildings and structures:	2 – 80 years
Machinery and vehicles:	2 – 40 years
Tools, furniture & fixtures:	2 – 24 years

The depreciation methods, useful lives and residual values are reviewed at least every fiscal year end and amended as needed.

### **(6) Goodwill and intangible assets**

#### **1) Goodwill**

Goodwill is measured at cost less any accumulated impairment losses.

#### **2) Intangible assets**

After initial recognition, the Group applies the cost model and intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses.

At initial recognition, intangible assets acquired individually are measured at cost. The costs of intangible assets acquired from business combinations are measured at fair value at the date of acquisition. With respect to internally-generated intangible assets that do not meet the criteria for asset recognition, expenditures related thereto are accounted for as expenses at the time they are incurred. With respect to internally-generated intangible assets that meet the criteria for asset recognition, the total of expenditures related thereto that were incurred from the date such criteria were first met is treated as cost.

Intangible assets, for which useful lives may be determined, include mainly Software, Mining rights and Customer-related assets. These are amortized under the straight-line method for the period of such estimated use, except for mining rights. With respect to mining rights, they are amortized using the production output method based on estimated mine reserves. In addition, the estimated useful life of software used by the Group is approximately 5 years.

The amortization methods, the useful lives and residual values of intangible assets with finite useful lives are reviewed at least every fiscal year end and amended as needed.

Intangible assets for which useful lives cannot be determined are mainly franchise agreements acquired through business combinations and these are not amortized. The Company conducts a review to determine whether the events or circumstances supporting the judgment that useful lives cannot be determined continue to exist at every fiscal year end.

#### **(7) Investment property**

An investment property is a property held either to earn rental income or for capital appreciation or for both. An investment property does not include a property held for sale in the ordinary course of business or property used for the production or supply of goods or service or for other administrative purpose.

After initial recognition, the Group applies the cost model and investment property is measured at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation of an investment property is mainly computed under the straight-line method based on the applicable estimated useful life. The estimated useful lives are mainly between 2 years and 80 years. The depreciation methods, useful lives and residual values are reviewed at least every fiscal year end and amended as needed.

#### **(8) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset, which takes a considerable period of time before it is ready for its intended use or sale, are capitalized as part of the cost of such asset. All other borrowing costs are recognized as expenses in the period incurred.

## **(9) Impairment of non-financial assets**

At each fiscal year end, the Group determines whether there is any indication of an impairment loss with respect to the Group's non-financial assets, and, if so, the Group estimates the recoverable amount of such assets. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that there may be an impairment with respect thereof. If the carrying amount of an individual asset or a cash-generating unit exceeds the recoverable amount, such carrying amount is reduced to equal the recoverable amount and an impairment loss is recognized.

Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. Fair value is measured by using reasonable estimated prices, obtainable through orderly transactions between market participants. Value in use is measured by discounting estimated future cash flow using a pre-tax discount rate that reflects the current market value in relation to the inherent risks of cash-generating units or individual assets, and the time value of money. Such estimates of cash flow are based on business plans that are based on the budgets reflected historical performance, and such business plans are limited to five years in principle. The Group makes appropriate use of outside experts according to the complexity of measurement the value in use and fair value.

With respect to impairment losses of assets other than goodwill that were recognized in previous fiscal years, the Group determines at each fiscal year end whether such impairment losses have ceased to exist or there are indications that the same have decreased. If any such indications exist, the Group will estimate the recoverable amount of such assets. If such recoverable amount exceeds the carrying amount of such assets, the carrying amount of the assets is increased to equal the recoverable amount and reversal of impairment losses is recognized. Impairment losses recognized with respect to goodwill are not reversed in subsequent periods.

In addition, because goodwill that constitutes part of the carrying amount of an investment with respect to an Entity subject to Equity Method is not separately recognized, it is not tested for impairment separately. If it is suggested that there may be an impairment loss with respect to an investment made to an Entity subject to Equity Method, the entire carrying amount of such investment will be tested for impairment as a single asset, by comparing the recoverable amount with such carrying amount.

## **(10) Financial instruments**

### **1) Financial Assets**

The Group recognizes a financial asset when the Group becomes party of the contractual provisions of the instrument and derecognizes financial asset in cases in which the contractual right with respect to the cash flow from a financial asset is extinguished or the contractual right to receive cash flow from a financial asset has been transferred, and substantially all the risks and rewards associated with the ownership of such asset are removed.

In regular way of purchase or sale of financial assets, the Group recognizes or derecognizes financial assets measured at amortized cost and debt instruments measured at FVTOCI on the settlement date, whereas the Group recognizes or derecognizes other financial assets on the transaction date.

Initially recognized financial assets are classified as financial assets measured at amortized cost, debt instruments measured at FVTOCI, equity instruments measured at FVTOCI, and financial assets measured at FVPTL.

The Group liquidates certain trade receivables by discounting notes or the like. However, with respect to some liquidated receivables, the Group may be obligated to make payments as recourse for non-payment by the debtor. The Group continues to recognize such liquidated receivables as they do not meet the criteria for derecognition of financial assets.

#### *(a) Financial assets measured at amortized cost*

A financial asset that meets the following conditions is classified as financial asset measured at amortized cost.

- The asset is held based on a business model whose objective is to hold an asset in order to collect cash flow under a contract, and;
- Based on the contractual terms with respect to the financial asset, the cash flow, which is intended only for payment of principal and interests on the outstanding principal balance, arises on a specified date.

At initial recognition, financial assets measured at amortized cost are measured at fair value plus transaction costs directly attributable to acquisition of such assets. After initial recognition, the carrying amount of such financial assets measured at amortized cost is measured by using the effective interest method.

#### *(b) Debt instruments measured at FVTOCI*

Financial assets that meet the following criteria are classified as debt instruments measured through other comprehensive income.

- The asset is held based on a business model whose objective is to achieve both collecting cash flow under a contract and selling the financial assets ,and
- Based on the contractual terms with respect to the financial asset, the cash flow, which is intended only for payment of principal and interests on the outstanding principal balance, arises on a specified date.

At initial recognition, debt instruments measured at FVTOCI are measured at fair value plus transaction costs directly attributable to the acquisition of such assets. After initial recognition, they are measured at fair value and the subsequent changes in fair value are recognized as other comprehensive income. However, when such subsequent changes in fair value are financial revenue based on the effective interest method or differences due to foreign exchange and impairment loss, they are recognized as profit or loss. Furthermore, if the equity investment is derecognized, the accumulated amount is reclassified as profit or loss.

*(c) Equity instruments measured at FVTOCI*

In regards to equity instruments invested in not for the purpose of purchase and sale, an irrevocable election may be made at initial recognition to present subsequent changes to the fair value of such assets as other comprehensive income. With respect to investments made in equity instruments held for the purpose of maintaining and strengthening relationships with business partners, the Group has elected such investments as financial assets measured at FVTOCI in consideration of such purpose.

At initial recognition, equity instruments measured at FVTOCI are measured at fair value plus transaction costs directly attributable to the acquisition of such assets. After initial recognition, they are measured at fair value, and the subsequent changes in fair value are recognized as other comprehensive income. When the equity instruments measured at FVTOCI is derecognized, or the decrease in fair value compared to acquisition cost is substantial, the accumulated amount of other comprehensive income is reclassified as retained earnings, not as profit or loss. Dividends are recognized as profit or loss.

*(d) Financial assets measured at FVTPL*

All other financial assets are classified as financial assets measured at FVTPL. These assets are measured at fair value at initial recognition, with transaction costs directly attributable to the acquisition recognized as profit or loss at the date of occurrence. After initial recognition, they are measured at fair value, and the subsequent changes in fair value are recognized as profit or loss.

At initial recognition, trade receivables which do not include any significant financing component are measured at trade value.

## **2) Impairment of financial assets**

The Group recognizes a loss allowance for expected credit loss on financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, contractual assets, and financial guarantee contracts.

If credit risk on financial instruments has not significantly increased since the initial recognition on the reporting date, the Group measures the loss allowance for the financial instrument based on expected credit loss that result from default events that would be possible within the 12-months after the reporting date (12-month expected credit loss). If credit risk on financial instruments has significantly increased since initial recognition on the reporting date, however, the Group measures the loss allowance based on expected credit loss from all possible default events over the expected life of the financial instruments (lifetime expected credit loss). However, loss allowance for trade receivables and contractual assets are measured based on lifetime expected credit loss. When determining whether credit risk significantly increases or not from the initial recognition, the Group refers to obtainable, reasonable and supportable information, such as changes in external and internal credit ratings and past due information. Expected credit loss is based on the difference between contractual cash flow and collectable cash flow, and its estimate incorporates obtainable, reasonable, and supportable information regarding past non-performance, financial standing of the issuer or borrower, and future predictions.

If it is determined that all or part of the financial assets cannot be collected or extremely difficult to collect, such as there has been a significant financial difficulty of the issuer or borrower or a breach of contract including past due event, the financial assets are regarded as non-performing. In confirming evidence of credit impairment, the Group makes this determination based on matters such as a significant financial difficulty of the issuer or borrower or a breach of contract including past due event. In addition, when there is evidence of credit impairment for the financial assets on the reporting date, the Group estimates expected credit loss separately and measures the loss allowance. For the financial assets for which there is no evidence of credit impairment, the Group classify these together based on similarities in credit risk specifics and the internal credit rating. Then estimate expected credit risk comprehensively to measures the loss allowance.

If there is no reasonable expectation for the partial or full collection of the Group's claims associated with a financial asset, the Group directly deducts the value from the carrying amount of total financial assets.

## **3) Financial liabilities**

The Group recognizes a financial liability when the Group becomes party of the contractual provisions of the instrument and these are classified as financial liabilities measured at FVTPL or financial liabilities measured at amortized cost.

Financial liabilities are no longer recognized when they are extinguished, i.e., when obligations specified under a contract are discharged, cancelled or expires.

### *(a) Financial liabilities measured at amortized cost*

Financial liabilities, other than financial liabilities measured at FVTPL, are classified as financial liabilities measured at amortized cost. At initial recognition, financial liabilities measured at amortized cost are measured at fair value less any transaction costs directly attributable to incurring of such liabilities. After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

The balance of the current maturities of loans from financial institutions is classified as non-current liabilities up to the unused balance of long-term commitment line, as it can be refinanced.

*(b) Financial liabilities measured at FVTPL*

At initial recognition, financial liabilities measured at FVTPL are measured at fair value. After initial recognition, financial liabilities are measured at fair value and subsequent changes in the fair value thereof are recognized as profit or loss.

**4) Derivatives and hedge accounting**

In order to hedge the foreign currency fluctuation risk, interest rate fluctuation risk and commodity price fluctuation risk, the Group conducts derivative transactions, such as forward exchange transactions, interest rate swap transactions and commodity futures and forwards transactions.

Derivatives are initially recognized at fair value. After initial recognition, derivatives are measured at fair value and subsequent changes in the fair value thereof are accounted for as follows:

*(a) Fair value hedges*

The Group designates commodity futures and forwards contracts as hedging instruments to hedge the changes in fair values of firm commitments or inventories and designates interest rate swaps as hedging instruments to hedge the change in fair value of fixed-rate borrowings.

The changes in fair value of a derivative used as a hedging instrument are recognized as profit or loss. The carrying amount of hedged items is measured at fair value and the gains or losses on such hedged items arising from changes in the fair values attributable to the hedged risks are recognized as profit or loss.

*(b) Cash flow hedges*

The Group designates interest rate swaps as hedging instruments to hedge the variability of cash flows relating to floating-rate borrowings and designates forward exchange transactions as hedging instruments to hedge the variability of cash flows concerning firm commitments or forecast transaction in foreign currency.

Of the changes in fair value of a derivative used as a hedging instrument, portions determined to be effective are recognized as other comprehensive income and included as another component of equity.

The amount recognized as other comprehensive income is reclassified from other components of equity to profit or loss in the same period that the hedged transaction affects profit or loss; provided however, that if hedging of a scheduled transaction subsequently results in the recognition of a non-financial asset or liability, the amount recognized as other comprehensive income is then accounted for as revision to the initial carrying amount of such non-financial asset or liability. The ineffective portion is immediately recognized as profit or loss.

When the hedge no longer meets the criteria for hedge accounting, the hedge instrument expires or is sold, terminated or exercised, or designation of the hedge is revoked, hedge accounting is discontinued prospectively. If the scheduled transaction is no longer expected to occur, the amount of the effective portions of the hedge that have been recognized as other comprehensive income is immediately reclassified from other components of equity to profit or loss.

*c) Hedges of net investments in foreign operations*

The Group designates forward exchange transactions and foreign currency borrowings as hedging instruments to hedge the risk of change in exchange rate concerning net investments in foreign operations.

Of the changes in fair value of derivatives and non-derivatives used as a hedge instrument (loans, etc.), portions determined to be effective are recognized as other comprehensive income and included as another other component of equity. This effective portion recognized as other comprehensive income is reclassified from other components of equity to profit or loss at the time of disposition of a foreign operation.

*(d) Derivatives not designated as hedging instruments*

The changes in the fair value of such derivatives are recognized as profit or loss.

**5) Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount of such offset is presented in the consolidated statements of financial position only when the Group has a legally enforceable right to offset the recognized amounts and intends either to settle them on a net basis or realize the assets and settle the liabilities simultaneously.

**(11) Provisions**

A provision is recognized only when the Group has a present obligation (legal or presumptive) as a result of a past event, there is a probability that an outflow of resources embodying economic benefits will be required to settle such obligation and a reliable estimate can be made regarding the amount of such obligation.

Where there is materiality in the effects of time value of money, provisions are discounted using a pre-tax rate that reflects the risks specific to said liability.

**(12) Non-current assets held for sale**

As a result of the Group decision to sell assets or disposal group as part of asset replacement activities or changes holding policies, non-current assets or disposal groups to be recovered principally through sales transactions rather than through continuing use are classified as held for sale.

To be classified as held for sale, the asset or disposal group must be available for immediate sale in its present condition and must be highly probable for such sale. In addition, management must be committed to a plan to sell such asset or disposal group and complete such sale within one year from the date of classification.

Immediately before being classified as held for sale, an asset or disposal group are re-measured in accordance with the Group's accounting policies. After the classification as held for sale, such asset or disposal group is measured at the lower of its carrying amount and the fair value less costs to sell.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis. Impairment losses of an asset or disposal group that was initially classified as held for sale, and subsequent gains or losses arising following the remeasurement are recognized as profit or loss.

Property, plant and equipment, intangible assets and investment property classified as held for sale are not depreciated or amortized.

When the Group is committed to a sale plan involving the loss of control of a subsidiary, the Group classifies all the assets and liabilities of its subsidiary as held for sale, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

## **(13) Equity**

### **1) Share capital and capital surplus**

Proceeds from issuance of equity instruments by the Company are included in share capital and capital surplus. Transaction costs directly attributable to the issuance of equity instruments are deducted from capital surplus.

### **2) Treasury stock**

When the Group reacquires treasury stocks, the consideration paid is recognized as a deduction from equity. Transaction costs directly attributable to the reacquisition of treasury stocks are deducted from capital surplus.

In addition, when the Group sells treasury stocks, the consideration received is recognized as an increase in equity.

## **(14) Revenue from Contracts with Customers**

The Group recognizes revenue as the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, based on the five-step approach below.

- Step 1: Identify the contract with the customer.
- Step 2: Identify the separate performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the separate performance obligations.
- Step 5: Recognize revenue when or as the Group satisfies each performance obligations.

The Group identifies distinct goods or services included in a contract with customer and performance obligations (the basic transactional unit). Since the Group may fulfill a intermediaries or agent function in normal business transactions, the Group must consider whether it functions as a principal or agent in identifying performance obligations. In cases where the performance obligations essentially promise that the Group itself will provide specific goods or services, the Group is deemed to be a principal; in cases where the performance obligations is to arrange provision of goods or services by another party, the Group is deemed to be an agent. The following indicators are used to determine whether the Group is principal or agent.

- The Group has primary responsibility for performance of the promised provision of specified goods or services
- The Group bears inventory risk prior to transferring the specified goods or services to the customer or after transferring the goods or services under the control of the customer
- Price of the goods or services is set at the discretion of the Group

In cases where the Group is the principal party to the transaction, the Group recognizes revenue when or as the Group satisfies each performance obligations, as a monetary amount reflecting the expected consideration that the Group is entitled to receive from the exchange of the specified goods or services. Furthermore, in cases where the Group is acting as agent, the Group recognizes revenue when or as the Group satisfies each performance obligations, in the amount of any fee commission, or net revenue the Group is entitled to receive in exchange for arranging provision of the specified goods or services by another party.

The Group recognizes revenue as the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue does not include consumption tax, VAT, or other money recovered as tax agent. Variable consideration is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently removed. With regards to transaction price, revenue which includes variable consideration is immaterial.

In the case where, at the start of the contract, the Group assumes that it will take a year or less between the Group transferring the promised goods or services to the customer and receiving payment from the customer for those goods and services, the Group does not adjust revenue to reflect the impact of significant financing components on the promised consideration for the goods.

The Group recognizes revenue for major transactions at the following points:

*(a) Revenue from sale of products*

Revenue from sale of products primarily includes wholesaling, retail, sale of products through manufacturing/processing, and sales of real estate. The Group recognizes revenue at the point goods have been delivered, undergone inspection, and met the terms and conditions for delivery as named in the contract. At this point, the Group deems goods to be under the control of the customer and performance obligations to have been satisfied

In most cases, the Group will receive revenue from the sale of products within one year of meeting performance obligations. This amount does not include significant financing components.

*(b) Revenue from rendering of services or other kinds of sale*

Revenue from rendering of services or other kinds of sale mainly includes provision of services related to IT systems, automotive part inspections, and building maintenance. Revenue from these services which meets any of the requirements below entails control of the service being transferred for over time. The Group thus determines whether performance obligations have been fulfilled, before recognizing profit according to the degree of progress on performance obligations. The qualities of the goods or services transferred to the customer will be considered in measuring the degree of progress on performance obligations.

Requirements:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced.
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the Group does not meet above requirements, the Group will recognize revenue at the point that duties have been completed and the Group may claim payment from the customer, since the Group will have been deemed to have satisfied its performance obligations.

In most cases, the Group will receive revenue from rendering of services or other kinds of sale within one year of meeting performance obligations. This amount does not include significant financial components.

## **(15) Financial income and costs**

Financial income comprises interest income, dividend income and other financial income. Other financial income mainly includes gain on sales of financial instruments and gain arising from change in the fair value of financial instruments. Interest income is recognized at the time of occurrence by using the effective interest method. Dividend income is recognized on the date when the Group's right to receive payment is established.

Financial costs comprise interest expenses and other financial costs. Other financial costs mainly includes loss on sales of financial instruments and loss arising from change in the fair value of financial instruments.

## **(16) Employee benefits**

### **1) Post-employment benefits**

#### *(a) Defined benefit plans*

Defined benefit plans refer to retirement benefit plans other than a defined contribution plan. Defined benefit obligations are measured separately for each plan by estimating the future amount of benefits that employees will have earned in return for their services provided in the current and prior periods and discounting such amount in order to determine the present value. The fair value of any plan assets is deducted from the present value of the defined benefit obligations.

The discount rates are principally equivalent to the market yields of AA credit-rated corporate bonds at the fiscal year end that have maturity terms that are approximately the same as those of the Group's obligations and use the same currencies as those used for future benefits payments.

Past service cost is immediately recognized as profit or loss.

The Group immediately recognizes all the remeasurements of the net defined benefit liability (asset) as other comprehensive income and promptly reclassifies them as retained earnings.

#### *(b) Defined contribution plans*

Defined contribution plans are retirement benefit plans under which the Group pays fixed contributions to separate entities and will have no legal or presumptive obligation to pay any amount over its contribution amount. The obligations already paid or to be paid as contributions under the defined contribution plans are recognized as expenses in the period in which the employees provided the services related thereto.

*(c) Multi-employer plans*

Certain subsidiaries participate in multi-employer pension plans classified as defined benefit plan. In regards to such pension plans, sufficient information to calculate the proportionate share of such plan assets cannot be obtained. Thus, the Group accounts for such pension plans in the same manner in which it recognizes defined contribution plans. In other words, contributions to such multi-employer plans are recognized as expenses in the period in which the employees provided their services.

**2) Other long-term employee benefits**

Obligations in respect of long-term employee benefits other than post-employment benefits are measured by estimating the future amount of benefits that employees will have earned in return for their services in the current and prior periods and discounting such amount in order to determine the present value.

**3) Short-term employee benefits**

Short-term employee benefits are not discounted. Instead, they are accounted for as expenses at the time services related thereto are provided.

With respect to bonuses, the Group owes legal and presumptive payment obligations as a consequence of past employee services provided. If such amount of payment obligations can be reliably estimated, such estimated amount to be paid based on such bonus system is recognized as a liability.

**(17) Share-based remuneration**

The Group has introduced an equity-settled share-based remuneration system which provides directors and the like with performance-linked share remuneration.

Under this system, the service received are measured at the fair value of Sojitz shares at the grant date, and recognized as expense over the period from the grant date to the vesting date with a corresponding amount as an increase in capital surplus.

## (18) Income taxes

Income tax expenses comprise current tax expenses and deferred tax expenses. These are recognized as profit or loss, except when they arise from items that are directly recognized as other comprehensive income or equity, and from a business combination.

Current tax expenses are measured at the expected taxes receivable from or taxes payable to tax authorities, and the tax amounts are measured at using tax rates that have been enacted or substantially enacted by the fiscal year end.

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amount of an asset and liability in the statement of financial position and its tax base, the unused tax losses carried forward and unused tax credits carried forward. The amounts of tax assets and liabilities are measured at the expected tax rate or tax law applicable as of the period in which assets are realized or liabilities settled based on a statutory tax rate or the same substantially enacted as of the fiscal year end. Deferred tax assets and liabilities are not recognized in the following cases:

- when taxable temporary differences arise from initial recognition of goodwill;
- when they arise from initial recognition of assets or liabilities in a transaction that is neither a business combination, affects accounting profit and taxable profit (or loss) at the time of the transaction, nor does not give rise to equal taxable and deductible temporary differences at the time of the transaction; and,
- with respect to taxable temporary differences associated with investments in subsidiaries and associates, or interests in joint arrangements, when the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
- deferred tax assets and liabilities arising from tax law enacted to implement the Pillar Two model rules published by the OECD

Deferred tax assets and liabilities are offset only when the Group has a legally enforceable right to set off the current tax assets against current tax liabilities, and, such deferred tax assets and liabilities relate to income taxes levied on the same taxation entity. However, even in the case of different taxable entities, the Group can set off if the tax taxable entities intend either to settle current tax liabilities and assets on a net bases, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for deductible temporary differences, the unused tax losses carried forward and unused tax credits carried forward to the extent that it is probable that they can be used against future taxable profit. The carrying amount of deferred tax assets are reassessed at each fiscal year end, and such carrying amount will be reduced to the extent it is no longer probable that related tax benefits from such assets will be realized.

## **(19) Lease**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **1) As lessee**

Concerning the lessee's lease, the Group recognizes the right-of-use assets and the lease liabilities at the commencement date of the lease.

The Group measures the lease liability at the present value of the lease payments that are not paid at that date. After the commencement date, the carrying amount of the lease liability is measured by increasing or reducing to reflect interest on the lease liability and the lease payments made. If the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate will be used, and in general the Group will use the incremental borrowing rate as the discount rate. When measuring lease liability, the choice was made to recognize both lease components and related non-lease components as a single lease component instead of separating them.

The right-of-use asset is measured at cost deducting any initial direct costs from the amount of the initial measurement of the lease liability at initial recognition. After the commencement date, the carrying amount of the right-of-use asset is measured by deducting accumulated depreciation and accumulated impairment losses. The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line basis.

Lease term is determined as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Lease payments for short-term leases and leases of a low-value are recognized as expenses using the straight-line basis over the lease term.

### **2) As lessor**

The Group leases out railcars, real estate, ships and other assets and it classifies leases as either a finance lease or an operating lease at the commencement date. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

If the Group is an intermediate lessor, the sublease is classified with reference not to the underlying asset but to the right-of-use asset arising from the head lease. However, if the head lease is a short-term lease, the sublease is classified as an operating lease.

#### ***(a) Finance lease***

The recognition of assets owned based on the finance lease is suspended at the commencement date, and the lease receivable is recognized as an amount equivalent to the net investment in the lease. After the initial recognition, the collection of credit associated with lease receivable from the lessee is recognized, and will be recognized throughout the lease period as financial income in order to achieve a constant rate of profit on the net investment in the lease.

*(b) Operating lease*

The underlying assets that are the subject of the operating lease will continue to be recognized in the consolidated statement of financial position. Lease payments from the operating lease are recognized as earnings using either the straight-line basis or another regular basis. Furthermore, the underlying assets that are the subject of the operating lease will be depreciated using a consistent method used for other similar assets. The initial direct costs that arise from the acquisition of the operating lease contract are added to the carrying amount of the associated underlying asset. Throughout the lease period, they are recognized as expenses on the same basis as lease income.

## 4 NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The new or amended major standards, interpretations that have been issued prior to the approval date of the consolidated financial statements (i.e., March 31, 2024) and of which the Group has not yet to apply are as follows. Effects on the Group due to application of the below are still being considered and cannot be estimated at this time.

IFRS	Title	Reporting period on or after which the application is required	The Group' s applicable reporting period	Summaries of new / amended standards and interpretaions
IFRS 18	Presentation and Disclosure in Financial Statements	Period starting from January 1, 2027	Period ending on March 31, 2028	introduction of three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies

## 5 SEGMENT INFORMATION

### (1) Summary of reportable segments

Reportable segments are the Group's components for which discrete financial information is available, and whose operating results are regularly reviewed by the Board of Directors for the purposes of making decisions about resources to be allocated to such segments and assessing their performance.

The Group is an integrated trading company engaged in a wide range of business activities on a global basis. Headquarters includes business sections that handle merchandising, trading, product manufacturing, services, project planning and management, investments and financial activities, both domestically and internationally.

The Group's reportable segments comprise business divisions categorized by goods, services, functions and industries. The Group's reportable segments consist of the following seven business groups: Automotive; Aerospace & Transportation Project; Infrastructure & Healthcare; Metals, Mineral Resources & Recycling; Chemicals; Consumer Industry & Agriculture Business; and Retail & Consumer Service. Effective April 1, 2023, the Company reorganized its Aerospace & Transportation Project, Infrastructure & Healthcare, Chemicals, Consumer Industry & Agriculture Business, Retail & Consumer Service and Other segments and changed its reporting segment classification method. The revised categorization has been used to report figures for the previous year.

Main goods and services of each reportable segments are shown in "1. Overview of Sojitz and Its Subsidiaries 3. Business Overview". In addition, the following "Others" consists of, network services, domestic regional operating companies, logistics and insurance services, etc.

## (2) Information regarding reportable segments

The accounting methods for the reported business segments are mostly consistent with those stated in Note 3 ("MATERIAL ACCOUNTING POLICIES"), except with respect to the calculation of income tax expenses.

Transaction prices between segments are based on general market prices.

2023

	Millions of yen					
	Reportable segments					
	Automotive	Aerospace & Transportation Project	Infrastructure & Healthcare	Metals & Mineral Resources & Recycling	Chemicals	Consumer Industry & Agriculture Business
Revenue						
External revenue .....	298,801	65,133	142,562	645,668	636,396	326,577
Inter-segment revenue ..	0	11	18	—	4	1
Total revenue .....	298,802	65,144	142,581	645,668	636,400	326,579
Gross profit .....	55,430	18,976	28,243	83,350	62,518	29,395
Share of profit (loss) of investments accounted for using the equity method ...	1,471	350	522	22,671	47	1,047
Profit (loss) for the year (attributable to owners of the parent).....	6,016	6,960	7,644	62,704	18,610	6,294
Segment assets ....	182,691	201,354	516,454	531,874	322,189	238,907
Other:						
Investments accounted for using the equity method .....	7,278	12,101	222,300	238,801	13,198	17,123
Capital expenditure ..	4,663	9,584	1,806	10,302	1,772	3,602

	Millions of yen				
	Reportable segments				
	Retail & Consumer Service	Total	Others	Reconciliations	Consolidated
Revenue					
External revenue .....	310,866	2,426,007	53,832	—	2,479,840
Inter-segment revenue ..	368	405	175	(580)	—
Total revenue .....	311,234	2,426,412	54,008	(580)	2,479,840
Gross profit .....	45,076	322,990	14,866	(288)	337,567
Share of profit (loss) of investments accounted for using the equity method ...	881	26,993	291	(2)	27,282
Profit (loss) for the year (attributable to owners of the parent).....	6,831	115,063	1,526	(5,342)	111,247
Segment assets ....	419,917	2,413,388	282,260	(34,805)	2,660,843
Other:					
Investments accounted for using the equity method .....	45,736	556,540	3,408	(8)	559,939
Capital expenditure ..	3,490	35,222	11,184	—	46,407

Reconciliation of "Profit (loss) for the year (attributable to owners of the parent)" of ¥(5,342) million includes the difference between the Group's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to ¥(3,679) million, and unallocated financial costs and others of ¥(1,663) million.

The reconciliation amount of segment assets of ¥(34,805) million includes the elimination of inter-segment transactions or the like amounting to ¥(183,073) million and all of the Group assets that were not allocated to each segment amounting to ¥148,268 million, which mainly consists of the Group's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

Capital expenditure includes amount related to right-of-use assets.

	Millions of yen					
	Reportable segments					
	Automotive	Aerospace & Transportation Project	Infrastructure & Healthcare	Metals & Mineral Resources & Recycling	Chemicals	Consumer Industry & Agriculture Business
Revenue						
External revenue .....	403,734	45,833	169,617	484,215	559,916	267,828
Inter-segment revenue ..	—	16	0	1	4	1
Total revenue .....	403,734	45,850	169,617	484,217	559,920	267,830
Gross profit .....	60,215	19,278	33,393	48,288	59,681	34,076
Share of profit (loss) of investments accounted for using the equity method ...	1,060	1,410	19,260	19,148	(249)	916
Profit for the year (attributable to owners of the parent).....	2,281	4,316	15,851	43,492	14,773	7,464
Segment assets ..	290,675	204,334	547,634	533,366	324,872	258,339
Other:						
Investments accounted for using the equity method .....	8,787	21,507	244,316	252,309	12,215	19,276
Capital expenditure ...	8,896	2,580	4,005	12,395	3,378	3,288

	Millions of yen				
	Reportable segments				
	Retail & Consumer Service	Total	Others	Reconciliations	Consolidated
Revenue					
External revenue .....	428,578	2,359,724	54,925	—	2,414,649
Inter-segment revenue ..	378	404	164	(568)	—
Total revenue .....	428,957	2,360,128	55,089	(568)	2,414,649
Gross profit .....	57,306	312,241	14,274	(560)	325,955
Share of profit (loss) of investments accounted for using the equity method ...	1,970	43,516	81	17	43,615
Profit for the year (attributable to owners of the parent).....	13,108	101,286	(553)	33	100,765
Segment assets ..	533,567	2,692,790	299,484	(105,400)	2,886,873
Other:					
Investments accounted for using the equity method .....	54,345	612,757	3,463	(75)	616,145
Capital expenditure ...	8,432	42,976	33,257	—	76,234

Thousands of U.S. dollars						
	Reportable segments					
	Automotive	Aerospace & Transportation Project	Infrastructure & Healthcare	Metals & Mineral Resources & Recycling	Chemicals	Consumer Industry & Agriculture Business
Revenue						
External revenue .....	2,673,735	303,529	1,123,291	3,206,721	3,708,052	1,773,695
Inter-segment revenue ..	—	105	0	6	26	6
Total revenue .....	2,673,735	303,642	1,123,291	3,206,735	3,708,079	1,773,708
Gross profit .....	398,774	127,668	221,145	319,788	395,238	225,668
Share of profit (loss) of investments accounted for using the equity method ...	7,019	9,337	127,549	126,807	(1,649)	6,066
Profit for the year (attributable to owners of the parent).....	15,105	28,582	104,973	288,026	97,834	49,430
Segment assets .....	1,925,000	1,353,205	3,626,715	3,532,225	2,151,470	1,710,854
Other:						
Investments accounted for using the equity method .....	58,192	142,430	1,617,986	1,670,920	80,894	127,655
Capital expenditure ...	58,913	17,086	26,523	82,086	22,370	21,774

Thousands of U.S. dollars					
	Reportable segments				
	Retail & Consumer Service	Total	Others	Reconciliations	Consolidated
Revenue					
External revenue .....	2,838,264	15,627,311	363,741	—	15,991,052
Inter-segment revenue ..	2,503	2,675	1,086	(3,761)	—
Total revenue .....	2,840,774	15,629,986	364,827	(3,761)	15,991,052
Gross profit .....	379,509	2,067,821	94,529	(3,708)	2,158,642
Share of profit (loss) of investments accounted for using the equity method ...	13,046	288,185	536	112	288,841
Profit for the year (attributable to owners of the parent).....	86,807	670,768	(3,662)	218	667,317
Segment assets .....	3,533,556	17,833,046	1,983,337	(698,013)	19,118,364
Other:					
Investments accounted for using the equity method .....	359,900	4,057,993	22,933	(496)	4,080,430
Capital expenditure ...	55,841	284,609	220,245	—	504,860

Reconciliation of "Profit for the year (attributable to owners of the parent)" of ¥33 million (U.S.\$218 thousand) includes the difference between the Group's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to ¥(810) million (U.S.\$(5,364) thousand), and unallocated dividend income and others of ¥843 million (U.S.\$5,582 thousand).

The reconciliation amount of segment assets of ¥(105,400) million (U.S.\$(698,013) thousand) includes the elimination of inter-segment transactions or the like amounting to ¥(210,136) million (U.S.\$(1,391,629) thousand) and all of the Group assets that were not allocated to each segment amounting to ¥104,735 million (U.S.\$693,609 thousand), which mainly consists of the Group's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

Capital expenditure includes amount related to right-of-use assets.

### (3) Information regarding goods and services

Information regarding the revenue for each product/service was not separately presented because the same information was presented in the reporting segments.

#### (4) Geographical information

Geographical information relating to external revenue and non-current assets (excluding financial assets and deferred tax assets) was as follows.

##### 1) External revenue

Revenue is classified by country or region based on the locations of customers.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Japan .....	1,145,157	1,085,096	7,186,066
The Americas .....	297,243	338,769	2,243,503
Europe .....	171,679	155,481	1,029,675
Asia and Oceania .....	846,405	819,627	5,427,993
Others .....	19,354	15,674	103,801
Total .....	2,479,840	2,414,649	15,991,052

##### 2) Non-current assets (excluding financial assets and deferred tax assets)

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Japan .....	151,844	181,134	1,199,562
The Americas .....	131,219	183,377	1,214,417
Europe .....	32,894	28,792	190,675
Asia and Oceania .....	113,916	182,567	1,209,052
Others .....	2,476	770	5,099
Total .....	432,350	576,643	3,818,827

#### (5) Information about major customers

There was no customer whose transaction volume was equal to 10% or more of the Group's revenue for either the year ended March 31, 2023 or the year ended March 31, 2024.

## 6 TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Trade notes and accounts receivable .....	516,371	<b>555,906</b>	<b>3,681,496</b>
Loans receivable .....	41,794	<b>49,318</b>	<b>326,609</b>
Others.....	323,025	<b>309,703</b>	<b>2,051,013</b>
Total .....	881,191	<b>914,928</b>	<b>6,059,125</b>
Current assets .....	794,898	<b>826,972</b>	<b>5,476,635</b>
Non-current assets .....	86,293	<b>87,955</b>	<b>582,483</b>
Total .....	881,191	<b>914,928</b>	<b>6,059,125</b>

The Group has provided loans to the company operating the Taiwan offshore wind power generation business (hereinafter, the “operating company” ), through a subsidiary and the intermediate holding companies. For the year ended March 31, 2024, loans to the intermediate holding companies from the subsidiary of ¥10,518 million were recognized as Loans receivables and the Group classified the loans as financial assets measured at amortized cost.

The estimates of expected credit losses on these financial assets are affected by the business plan of the operating company and cash flows arising from the business. The group uses estimates of additional construction costs and period for completion of the work that were applied as the basis of the business plan of the operating company and the discount rate as key assumptions. The Group has determined that there have been no significant increases in the credit risk on the financial instruments related to the investments in the intermediate holding companies since initial recognition. As a result of measuring expected credit losses that result from default events that would be possible within 12-months after the reporting date, the Group did not recognize a loss allowance.

## 7 INVENTORIES

The breakdown of inventories was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Commodities and finished goods .....	234,700	<b>246,975</b>	<b>1,635,596</b>
Real estate held for development and resale .....	22,918	<b>697</b>	<b>4,615</b>
Materials and consumables .....	23,363	<b>40,629</b>	<b>269,066</b>
Total .....	280,982	<b>288,302</b>	<b>1,909,284</b>
Inventories to be sold more than one year after .....	678	<b>82</b>	<b>543</b>

In addition, write-downs of inventories recognized as expenses for the years ended March 31, 2023 and March 31, 2024 were ¥3,340 million and ¥4,073 million (U.S.\$26,973 thousand), respectively.

## 8 PROPERTY, PLANT AND EQUIPMENT

The increases/decreases in costs and accumulated depreciation and accumulated impairment losses of property, plant and equipment were as follows.

### [Costs]

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of April 1, 2022 .....	152,359	220,349	16,793	36,798	6,559	432,860
Acquisitions .....	2,119	13,823	1,344	23	8,734	26,046
Acquisitions through business combinations ....	960	2,116	67	—	8	3,153
Reclassification from construction in progress ...	3,675	1,051	396	4	(5,128)	—
Disposals .....	(1,781)	(14,117)	(1,653)	(44)	(35)	(17,631)
Reclassification to assets held for sale .....	(1)	(12,314)	(2)	(262)	(2)	(12,582)
Exchange translation differences for foreign operations .....	7,621	10,269	720	361	(26)	18,946
Others (Note) .....	(8,033)	(2,485)	(605)	(7,693)	(609)	(19,427)
Balance as of March 31, 2023 ...	156,921	218,694	17,061	29,187	9,500	431,365
Acquisitions .....	7,042	12,506	1,907	74	5,752	27,283
Acquisitions through business combinations ...	6,955	2,437	337	11,923	1,211	22,864
Reclassification from construction in progress ...	4,288	3,721	968	—	(8,978)	—
Disposals .....	(1,130)	(10,128)	(1,296)	(186)	(95)	(12,838)
Reclassification to assets held for sale .....	—	(22,382)	—	(0)	(68)	(22,450)
Exchange translation differences for foreign operations .....	14,241	26,163	1,081	1,470	874	43,831
Others (Note) .....	(2,438)	1,176	(280)	—	(337)	(1,880)
Balance as of March 31, 2024 ..	185,879	232,189	19,779	42,468	7,858	488,175

	Thousands of U.S. dollars					
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of March 31, 2023 ..	1,039,211	1,448,304	112,986	193,291	62,913	2,856,721
Acquisitions .....	46,635	82,821	12,629	490	38,092	180,682
Acquisitions through business combinations .....	46,059	16,139	2,231	78,960	8,019	151,417
Reclassification from construction in progress .....	28,397	24,642	6,410	—	(59,456)	—
Disposals .....	(7,483)	(67,072)	(8,582)	(1,231)	(629)	(85,019)
Reclassification to assets held for sale .....	—	(148,225)	—	0	(450)	(148,675)
Exchange translation differences for foreign operations .....	94,311	173,264	7,158	9,735	5,788	290,271
Others (Note) .....	(16,145)	7,788	(1,854)	—	(2,231)	(12,450)
Balance as of March 31, 2024 ....	1,230,986	1,537,675	130,986	281,245	52,039	3,232,947

(Note) "Others" mainly includes the impact of changes in the scope of consolidation.

[Accumulated depreciation and accumulated impairment losses]

Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of April 1, 2022 .....	(77,228)	(137,059)	(12,388)	(4,592)	(75)	(231,344)
Depreciation expenses .....	(4,739)	(9,844)	(1,851)	—	—	(16,434)
Impairment losses .....	(1,122)	(537)	(37)	(930)	—	(2,627)
Disposals .....	1,250	9,868	1,568	—	—	12,687
Reclassification to assets held for sale .....	0	4,571	2	—	—	4,574
Exchange translation differences for foreign operations ....	(3,506)	(6,756)	(521)	16	(0)	(10,767)
Others (Note) .....	6,267	1,372	319	—	—	7,960
Balance as of March 31, 2023..	(79,077)	(138,384)	(12,907)	(5,507)	(75)	(235,951)
Depreciation expenses .....	(5,819)	(10,700)	(1,495)	—	—	(18,015)
Impairment losses .....	(3,634)	(660)	(10)	—	—	(4,304)
Disposals .....	892	7,213	1,206	68	—	9,380
Reclassification to assets held for sale .....	—	22,382	—	0	68	22,450
Exchange translation differences for foreign operations ....	(7,264)	(19,015)	(831)	(62)	(9)	(27,183)
Others (Note) .....	53	(499)	235	—	—	(210)
Balance as of March 31, 2024 ..	(94,849)	(139,665)	(13,802)	(5,500)	(16)	(253,835)

Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of March 31, 2023 ...	(523,688)	(916,450)	(85,476)	(36,470)	(496)	(1,562,589)
Depreciation expenses .....	(38,536)	(70,860)	(9,900)	—	—	(119,304)
Impairment losses .....	(24,066)	(4,370)	(66)	—	—	(28,503)
Disposals .....	5,907	47,768	7,986	450	—	62,119
Reclassification to assets held for sale .....	—	148,225	—	0	450	148,675
Exchange translation differences for foreign operations ...	(48,105)	(125,927)	(5,503)	(410)	(59)	(180,019)
Others (Note) .....	350	(3,304)	1,556	—	—	(1,390)
Balance as of March 31, 2024 ...	(628,139)	(924,933)	(91,403)	(36,423)	(105)	(1,681,026)

(Note) "Others" mainly includes the impact of changes in the scope of consolidation.

[Carrying amounts]

Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools, furniture & fixtures	Land	Construction in progress	Total
Balance as of March 31, 2023 ...	77,844	80,309	4,154	23,680	9,424	195,414
Balance as of March 31, 2024 ...	91,029	92,523	5,977	36,968	7,841	234,340
Balance as of March 31, 2024 (Thousands of U.S. dollars) ...	602,841	612,735	39,582	244,821	51,927	1,551,920

The amounts of expenditures relating to property, plant and equipment in the course of its construction are presented under the "Construction in progress" column.

Depreciation expenses for property, plant and equipment are included in "Cost of sales" and "Selling, general and administrative expenses" in the Consolidated Statement of Profit or Loss.

## 9 GOODWILL AND INTANGIBLE ASSETS

### (1) Goodwill

#### 1) Costs, accumulated impairment losses and carrying amounts

The increases/decreases in costs and accumulated impairment losses of goodwill were as follows.

##### [Costs]

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at beginning of year .....	87,079	90,510	599,403
Acquisitions through business combinations .....	636	42,688	282,701
Exclusion of subsidiaries from the scope of consolidation.....	(223)	—	—
Exchange translation differences for foreign operations ...	3,543	5,384	35,655
Others .....	(525)	—	—
Balance at end of year .....	90,510	138,582	917,761

##### [Accumulated impairment losses]

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at beginning of year .....	(4,557)	(4,779)	(31,649)
Exchange translation differences for foreign operations ...	(221)	(1,205)	(7,980)
Balance at end of year .....	(4,779)	(5,984)	(39,629)

##### [Carrying amounts]

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Carrying amounts .....	85,731	132,597	878,125

## 2) Impairment tests

A cash-generating unit group to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that such unit may be impaired. Material carrying amounts of goodwill allocated to cash-generating unit groups were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Infrastructure & Healthcare			
Energy conservation business of overseas subsidiaries *1...	11,035	12,513	82,867
Retail & Consumer Service			
Commercial food wholesale business of overseas subsidiaries .....	—	15,909	105,357

(Note) \*1 Multiple cash-generating unit groups are combined.

The recoverable amount of the cash-generating unit groups to which significant goodwill has been allocated was calculated based on its value in use founded on the maximum five-year forecast that was approved by management or the fair value after deducting disposal costs founded on the forecast reflecting assumption of market participants.

The forecast of cash flows is based on budgets reflected on historical performance. In addition, the main assumption used to determine such forecast was the growth rate of gross profits through such terms, such growth rate being consistent with the forecasts of the nominal GDP growth rate or the like of the countries in which such cash-generating unit groups are situated.

The discount rates before tax and ultimate growth rates that were used in calculating the recoverable amount of the cash-generating unit groups to which significant goodwill has been allocated for the years ended March 31, 2023 and March 31, 2024, respectively, were as follows.

### (a) Discount rates before tax

	2023	2024
Infrastructure & Healthcare		
Energy conservation business of overseas subsidiaries...	11.0~17.4%	9.7~15.8%
Retail & Consumer Service		
Commercial food wholesale business of overseas subsidiaries .....	—	15.8%

### (b) Ultimate growth rates

In regards to cash flows for the terms beyond the forecast period that was approved by management, the value in use is calculated with a growth rate that is less than the long-term average growth rate for the countries or markets in which the Company operates.

With respect to goodwill that has been allocated to cash-generating unit groups, even if major assumptions are changed to a reasonable extent, the probability of such recoverable amount becoming less than the carrying amount is unlikely.

## (2) Intangible assets

The increases/decreases in costs and accumulated amortization and accumulated impairment losses of intangible assets were as follows.

### [Costs]

	Millions of yen				
	Software	Mining rights	Customer-related assets	Others	Total
Balance as of April 1, 2022.....	36,312	34,864	30,431	65,994	167,602
Acquisitions .....	1,850	30	—	10,300	12,181
Acquisitions through business combinations .....	7	—	230	519	756
Disposals .....	(710)	—	—	(194)	(904)
Reclassification to assets held for sale.....	(1)	(1,273)	—	(20,433)	(21,709)
Exchange translation differences for foreign operations ..	267	(806)	2,110	3,123	4,694
Others.....	1,509	—	204	(1,385)	328
Balance as of March 31, 2023 .....	39,234	32,815	32,976	57,923	162,949
Acquisitions .....	1,924	2	—	2,142	4,069
Acquisitions through business combinations .....	158	—	8,205	14,970	23,334
Disposals .....	(486)	(1)	—	(12,507)	(12,995)
Reclassification to assets held for sale.....	—	(980)	—	—	(980)
Exchange translation differences for foreign operations ..	487	3,292	3,571	4,211	11,562
Others.....	3,057	—	—	(8,925)	(5,867)
Balance as of March 31, 2024 .....	44,375	35,127	44,754	57,815	182,072

	Thousands of U.S. dollars				
	Software	Mining rights	Customer-related assets	Others	Total
Balance as of March 31, 2023 .....	259,827	217,317	218,384	383,596	1,079,132
Acquisitions .....	12,741	13	—	14,185	26,947
Acquisitions through business combinations .....	1,046	—	54,337	99,139	154,529
Disposals .....	(3,218)	(6)	—	(82,827)	(86,059)
Reclassification to assets held for sale.....	—	(6,490)	—	—	(6,490)
Exchange translation differences for foreign operations ..	3,225	21,801	23,649	27,887	76,569
Others .....	20,245	—	—	(59,105)	(38,854)
Balance as of March 31, 2024 .....	293,874	232,629	296,384	382,880	1,205,774

[Accumulated amortization and accumulated impairment losses]

	Millions of yen				
	Software	Mining rights	Customer-related assets	Others	Total
Balance as of April 1, 2022 .....	(28,753)	(30,358)	(4,578)	(18,880)	(82,571)
Amortization expenses .....	(2,150)	(481)	(1,997)	(2,545)	(7,175)
Impairment losses .....	(328)	—	—	(10,916)	(11,245)
Disposals .....	670	—	—	76	746
Reclassification to assets held for sale.....	1	1,273	—	7,304	8,580
Exchange translation differences for foreign operations ..	(166)	707	(341)	(780)	(580)
Others .....	99	—	—	30	130
Balance as of March 31, 2023 .....	(30,627)	(28,858)	(6,917)	(25,711)	(92,115)
Amortization expenses .....	(2,380)	(355)	(2,583)	(708)	(6,027)
Impairment losses .....	(21)	—	—	(343)	(364)
Disposals .....	412	0	—	12,453	12,865
Reclassification to assets held for sale.....	—	980	—	—	980
Exchange translation differences for foreign operations ..	(330)	(2,910)	(895)	(1,209)	(5,345)
Others .....	79	—	—	26	105
Balance as of March 31, 2024 .....	(32,867)	(31,143)	(10,396)	(15,494)	(89,901)

	Thousands of U.S. dollars				
	Software	Mining rights	Customer-related assets	Others	Total
Balance as of March 31, 2023 .....	(202,827)	(191,112)	(45,807)	(170,271)	(610,033)
Amortization expenses .....	(15,761)	(2,350)	(17,105)	(4,688)	(39,913)
Impairment losses .....	(139)	—	—	(2,271)	(2,410)
Disposals .....	2,728	0	—	82,470	85,198
Reclassification to assets held for sale.....	—	6,490	—	—	6,490
Exchange translation differences for foreign operations ..	(2,185)	(19,271)	(5,927)	(8,006)	(35,397)
Others .....	523	—	—	172	695
Balance as of March 31, 2024 .....	(217,662)	(206,245)	(68,847)	(102,609)	(595,370)

[Carrying amounts]

	Millions of yen				
	Software	Mining rights	Customer-related assets	Others	Total
Balance as of March 31, 2023 .....	8,606	3,956	26,058	32,212	70,834
Balance as of March 31, 2024.....	11,507	3,983	34,357	42,320	92,170
Balance as of March 31, 2024 (Thousands of U.S. dollars) ..	76,205	26,377	227,529	280,264	610,397

An important part of the carrying amount of "Mining rights" on March 31, 2023 and March 31, 2024 is the mining rights held by the Australian subsidiaries, amounting to ¥3,879 million and ¥3,900 million (U.S.\$25,827 thousand).

The value of intangible assets with indefinite useful lives included above were ¥9,413 million on March 31, 2023, and ¥10,674 million (U.S.\$ 70,688 thousand) on March 31, 2024. Such assets consisted primarily of franchise agreements. These franchise agreements were acquired through business combinations and were expected to exist as long as business continues. Therefore, management considers the useful lives of these assets to be indefinite.

There were no significant internally-generated intangible assets as of March 31, 2023 and March 31, 2024.

Amortization expenses are included in "Cost of sales" and "Selling, general and administrative expenses" in the Consolidated Statement of Profit or Loss.

## 10 INVESTMENT PROPERTY

### (1) Increases/decreases in costs, accumulated depreciation and accumulated impairment losses, carrying amounts and fair values of investment property

Increases/decreases in costs, accumulated depreciation and accumulated impairment losses, carrying amounts and fair values of investment property were as follows.

#### [Costs]

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at beginning of year .....	18,333	13,773	91,211
Acquisitions .....	—	1,611	10,668
Increase due to expenditures after acquisitions .....	239	163	1,079
Acquisitions through business combinations .....	—	644	4,264
Disposals .....	(1,927)	(346)	(2,291)
Reclassification to assets held for sale .....	(3,268)	—	—
Reclassification to/from inventories or property, plant and equipment ..	—	28	185
Exchange translation differences for foreign operations .....	857	582	3,854
Others .....	(460)	(429)	(2,841)
Balance at end of year .....	13,773	16,028	106,145

(Note) "Others" mainly includes the impact of changes in the scope of consolidation.

#### [Accumulated depreciation and accumulated impairment losses]

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at beginning of year .....	(5,071)	(5,657)	(37,463)
Depreciation expenses .....	(811)	(778)	(5,152)
Impairment losses .....	—	(1)	(6)
Disposals .....	561	327	2,165
Reclassification to assets held for sale .....	186	—	—
Reclassification to/from inventories or property, plant and equipment ..	—	8	52
Exchange translation differences for foreign operations .....	(529)	(307)	(2,033)
Others .....	8	362	2,397
Balance at end of year .....	(5,657)	(6,045)	(40,033)

(Note) "Others" mainly includes the impact of changes in the scope of consolidation.

#### [Carrying amounts and fair values]

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Carrying amounts .....	8,116	9,982	66,105
Fair values .....	8,222	10,133	67,105

The fair values are amounts that the Group measured based on an independent appraiser's appraisals and the "real estate appraisal standards" of the country in which the investment properties are located. These appraisals are measured based on either the public offering price, a sales comparison approach or discount cash flow approach. Upon an acquisition from a third party or at the time of the most recent appraisal, if there is no significant fluctuation in the index, which is believed to reflect a certain appraised value (market or assessed price) or appropriate market value, the fair value is adjusted using such appraised value or index.

As set forth under "2 BASIS OF PRESENTATION (4) Use of estimates and judgments," fair values are categorized into three levels in a fair value hierarchy based on the inputs used in the valuation techniques. Investment property is categorized within fair value hierarchy Level 3.

## (2) Profit or loss relating to investment property

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Rental income from investment property .....	4,584	<b>4,302</b>	<b>28,490</b>
Expenses arising from investment property .....	(3,431)	<b>(3,242)</b>	<b>(21,470)</b>
Profit .....	1,153	<b>1,060</b>	<b>7,019</b>

Rental income from investment property is included in "Sales of services and others" and "Other operating income" in the Consolidated Statement of Profit or Loss.

Expenses arising from investment property (depreciation expenses, repair expenses, insurance fees, taxes or the like) correspond to rental income from such investment properties and are included in "Cost of sales," "Selling, general and administrative expenses" and "Other operating expenses" in the Consolidated Statement of Profit or Loss.

## 11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### (1) Investments accounted for using the equity method, share of profit (loss) of investments accounted for using the equity method, and share of other comprehensive income of investments accounted for using the equity method

Investments accounted for using the equity method, share of profit (loss) of investments accounted for using the equity method and share of other comprehensive income of investments accounted for using the equity method were as follows.

[Investments accounted for using the equity method]

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Interests in joint ventures .....	76,318	<b>114,077</b>	<b>755,476</b>
Interests in associates .....	483,621	<b>502,068</b>	<b>3,324,953</b>
Investments accounted for using the equity method .....	559,939	<b>616,145</b>	<b>4,080,430</b>

[Share of profit (loss) of investments accounted for using the equity method]

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Interests in joint ventures .....	(15,044)	<b>21,458</b>	<b>142,105</b>
Interests in associates .....	42,326	<b>22,157</b>	<b>146,735</b>
Share of profit (loss) of investments accounted for using the equity method .....	27,282	<b>43,615</b>	<b>288,841</b>

[Share of other comprehensive income of investments accounted for using the equity method]

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Interests in joint ventures .....	5,126	<b>1,302</b>	<b>8,622</b>
Interests in associates .....	19,211	<b>12,542</b>	<b>83,059</b>
Share of other comprehensive income of investments accounted for using the equity method .....	24,337	<b>13,844</b>	<b>91,682</b>

Investments accounted for using the equity method include the investments in the intermediate holding company that invests in the company operating the Taiwan offshore wind power generation business (hereinafter, the “operating company”), through a subsidiary. In the year ended March 31, 2023, the intermediate holding company performed an impairment test since impairment indicators for the investments in the operating company were recognized. As a result, the recoverable amount was less than the carrying amount of the investments in the operating company. Therefore, the intermediate holding company recognized an impairment loss and the loss resulted in equity in negative, consequently. As such, the Group recognized loss in the equity method of ¥(24,700) million (U.S.\$(163,576) thousand) that was included in the impairment loss recognized by the intermediate holding company. In addition, the Group reduced the carrying amount of investments in the intermediate holding company accounted and for additional losses owed to the group recognized a liability of ¥4,923 million (U.S.\$32,602 thousand) from the application of the equity method as other non-current liabilities.

In the year ended March 31, 2024, investments to the intermediate holding companies accounted for applying to the equity method of ¥13,373 million (U.S.\$88,652 thousand) were recognized as a result of the additional contribution. The intermediate holding company performed an impairment test for the investments in the intermediate holding companies. As a result of the test, an impairment loss was not be recognized because the recoverable amount exceeded the carrying amount of the investments.

The fair value was measured as less costs of disposal as the recoverable amount of the investments in the intermediate holding companies. The estimated fair value less costs of disposal of the investments in the intermediate holding companies are affected by key assumptions adopted by the management, including the estimates of additional construction costs and period for completion of the work that were applied as the basis of the business plan of the operating company.

## (2) Joint ventures

### 1) Material joint venture

LNG Japan Corporation (“LNG Japan”), one of the Group's Entities subject to Equity Method, is a material Group joint venture.

The Group is participating in large-scale LNG projects in Asia, Oceania and the Middle East through LNG Japan.

LNG Japan is not publicly listed.

Summarized financial information of LNG Japan and a reconciliation of the carrying amount of the Group's interest in LNG Japan were as follows. Summarized financial information has been prepared by adjusting LNG Japan's financial statements based on the Group's accounting policies.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Percentage ownership interest .....	50 %	50 %	50 %
Current assets .....	50,177	39,673	262,735
Non-current assets .....	139,008	294,134	1,947,907
Current liabilities .....	36,589	28,444	188,370
Non-current liabilities .....	53,320	129,087	854,880
Equity .....	99,276	176,276	1,167,390
Non-controlling interests .....	—	37,611	249,079
Equity after deduction of non-controlling interests .....	99,276	138,665	918,311
Group's share of equity .....	49,638	69,332	459,152
Goodwill and consolidated adjustment ...	2,011	2,107	13,953
Carrying amount of interest .....	51,649	71,440	473,112

The balances of cash and cash equivalents that are included in current assets as of March 31, 2023 and

March 31, 2024 are ¥20,422 million and ¥15,436 million (U.S.\$102,225 thousand), respectively.

The balances of financial liabilities (excluding trade and other payables, and provisions) that are included in current liabilities as of March 31, 2023 and March 31, 2024 are ¥4,011 million and ¥4,835 million (U.S.\$32,019 thousand), respectively.

The balances of financial liabilities (excluding trade and other payables, and provisions) that are included in non-current liabilities as of March 31, 2023 and March 31, 2024 are ¥33,644 million and ¥99,793 million (U.S.\$660,880 thousand), respectively.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Gross profit .....	23,336	<b>20,814</b>	<b>137,841</b>
Depreciation and amortization .....	(99)	<b>(117)</b>	<b>(774)</b>
Interest earned .....	69	<b>418</b>	<b>2,768</b>
Interest expenses .....	(1,141)	<b>(1,033)</b>	<b>(6,841)</b>
Income tax expenses .....	(9,102)	<b>(8,787)</b>	<b>(58,192)</b>
Profit for the year .....	18,267	<b>16,096</b>	<b>106,596</b>
Other comprehensive income for the year .....	8,094	<b>2,190</b>	<b>14,503</b>
Total comprehensive income for the year .....	26,362	<b>18,287</b>	<b>121,105</b>
Share of:			
Profit for the year .....	9,133	<b>8,048</b>	<b>53,298</b>
Other comprehensive income for the year ...	4,047	<b>1,095</b>	<b>7,251</b>
Total comprehensive income for the year ....	13,181	<b>9,143</b>	<b>60,549</b>
Dividends received by the Group .....	—	<b>4,000</b>	<b>26,490</b>

## 2) Individually immaterial joint ventures

Carrying amounts of interests, share of profit (loss) for the year, share of other comprehensive income for the year and share of total comprehensive income for the year of all individually immaterial joint ventures were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Carrying amounts of interests .....	24,668	<b>42,636</b>	<b>282,357</b>

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Share of:			
Profit (loss) for the year .....	(24,178)	<b>13,409</b>	<b>88,801</b>
Other comprehensive income for the year .....	1,079	<b>207</b>	<b>1,370</b>
Total comprehensive income for the year .....	(23,099)	<b>13,616</b>	<b>90,172</b>

### (3) Associates

#### 1) Material associate

Metal One Corporation ("Metal One"), one of the Group's Entities subject to the Equity Method, is a material Group associate.

In the steel products business, the Group will expand its domestic and overseas customer base and sales network for steel products through Japan's one of the largest integrated steel trading companies, Metal One. At the same time, the Group will enhance and create global value chains by further expanding steel product trading through stronger collaboration and alliances with the Company's other businesses, such as energy-related and overseas business.

Metal One is not publicly listed.

Summarized financial information of Metal One and a reconciliation of the carrying amount of the Group's interest in Metal One were as follows. Summarized financial information has been prepared by adjusting Metal One's financial statements based on the Group's accounting policies.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Percentage ownership interest .....	40 %	40 %	40 %
Current assets .....	926,803	<b>828,612</b>	<b>5,487,496</b>
Non-current assets .....	224,193	<b>233,175</b>	<b>1,544,205</b>
Current liabilities .....	635,828	<b>515,323</b>	<b>3,412,735</b>
Non-current liabilities .....	53,476	<b>68,673</b>	<b>454,788</b>
Equity .....	461,692	<b>477,791</b>	<b>3,164,178</b>
Non-controlling interests .....	38,868	<b>40,323</b>	<b>267,039</b>
Equity after deduction of non-controlling interests .....	422,824	<b>437,468</b>	<b>2,897,139</b>
Group's share of equity .....	169,129	<b>174,987</b>	<b>1,158,854</b>
Goodwill and consolidated adjustment ...	3,981	<b>3,981</b>	<b>26,364</b>
Carrying amount of interest .....	173,110	<b>178,968</b>	<b>1,185,218</b>

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Gross profit .....	139,701	<b>138,650</b>	<b>918,211</b>
Profit for the year .....	41,403	<b>34,756</b>	<b>230,172</b>
Other comprehensive income for the year .....	6,693	<b>21,761</b>	<b>144,112</b>
Total comprehensive income for the year .....	48,097	<b>56,517</b>	<b>374,284</b>
Share of:			
Profit for the year .....	16,561	<b>13,902</b>	<b>92,066</b>
Other comprehensive income for the year ...	2,677	<b>8,704</b>	<b>57,642</b>
Total comprehensive income for the year ...	19,238	<b>22,607</b>	<b>149,715</b>
Dividends received by the Group .....	11,225	<b>16,606</b>	<b>109,973</b>

## 2) Individually immaterial associates

Carrying amounts of interests, share of profit for the year, share of other comprehensive income for the year and share of total comprehensive income for the year of all individually immaterial associates were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Carrying amounts of interests .....	310,510	323,099	2,139,728

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Share of:			
Profit for the year .....	25,765	8,254	54,662
Other comprehensive income for the year .....	16,533	3,838	25,417
Total comprehensive income for the year .....	42,299	12,092	80,079

## 12 OTHER INVESTMENTS

The breakdown of other investments was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Financial assets measured at amortized cost.....	—	828	5,483
Financial assets measured at FVTPL .....	10,694	9,395	62,218
Financial assets measured at FVTOCI .....	119,087	120,681	799,211
Total .....	129,781	130,905	866,920
Non-current assets .....	129,781	130,905	866,920
Total .....	129,781	130,905	866,920

## 13 OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS (NON-FINANCIAL ASSETS)

The breakdown of other current assets and other non-current assets (non-financial assets) was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Advance payments .....	35,225	79,040	523,443
Others .....	31,416	35,700	236,423
Total .....	66,641	114,740	759,867
Current assets .....	59,991	104,736	693,615
Non-current assets .....	6,650	10,003	66,245
Total .....	66,641	114,740	759,867

## 14 TRADE AND OTHER PAYABLES

The breakdown of trade and other payables was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Trade notes and accounts payable .....	490,196	529,678	3,507,801
Deposits received .....	42,211	77,112	510,675
Others .....	56,078	66,016	437,192
Total .....	588,486	672,807	4,455,675
Current liabilities .....	579,252	663,135	4,391,622
Non-current liabilities .....	9,234	9,671	64,046
Total .....	588,486	672,807	4,455,675

## 15 BONDS AND BORROWINGS

### (1) Bonds and borrowings

The breakdown of bonds and borrowings was as follows.

	Millions of yen		Average interest rate (Note)	Maturity date	Thousands of U.S. dollars
	2023	2024			2024
Short-term loans .....	94,452	120,169	3.87%	—	795,821
Commercial paper.....	35,000	—	—	—	—
Current portion of bonds payable .....	9,992	9,998	—	—	66,211
Current portion of long-term loans .....	28,330	33,969	2.70%	—	224,960
Bonds payable (excluding current portion) ..	61,642	51,925	—	—	343,874
Long-term loans (excluding current portion)	654,287	690,641	1.90%	April 2025— August 2042	4,573,781
Total .....	883,704	906,704			6,004,662
Current liabilities .....	167,775	164,138			1,087,006
Non-current liabilities ...	715,929	742,566			4,917,655
Total .....	883,704	906,704			6,004,662

(Note) "Average interest rate" is presented as the weighted average interest rate against the balance of the borrowings or the like at the end of the year. Borrowings hedged by derivative transactions, such as interest rate swaps or the like, for the purpose of avoiding the interest rate fluctuation risk, are calculated at the interest rate under such derivative transactions. "Interest rate" of bonds is presented in "(2) Bonds."

As of March 31, 2024, the Company and some of its subsidiaries maintain the following agreements to provide additional financial flexibility and liquidity:

- Long-term commitment lines of ¥100 billion (currently unused) and U.S. \$2.575 billion (U.S.\$0.6 billion used)

The Company is subject to financial covenants with respect to a portion of its borrowings from financial institutions, such as to maintain a certain level of consolidated net assets and the like, and the Company has complied with such covenants for the years ended March 31, 2023 and March 31, 2024. In addition, the Company monitors each compliance status to maintain the level required by such financial covenants.

## (2) Bonds

Company name	Bond name	Date of issuance	Millions of yen					Thousands of U.S. dollars
			2023	2024	Interest rate	Collateral	Maturity date	2024
The Company	The 30th unsecured bond	June 16, 2014	9,992	<b>9,998</b> <b>(9,998)</b>	1.48%	None	June 14, 2024	<b>66,211</b> <b>(66,211)</b>
The Company	The 33rd unsecured bond	March 9, 2017	9,992 (9,992)	—	0.52%	None	March 8, 2024	—
The Company	The 34th unsecured bond	June 1, 2017	9,974	<b>9,980</b>	0.72%	None	June 1, 2027	<b>66,092</b>
The Company	The 35th unsecured bond	March 8, 2018	9,970	<b>9,976</b>	0.61%	None	March 8, 2028	<b>66,066</b>
The Company	The 36th unsecured bond	November 27, 2019	9,960	<b>9,966</b>	0.47%	None	November 27, 2029	<b>66,000</b>
The Company	The 37th unsecured bond	September 14, 2020	9,955	<b>9,961</b>	0.56%	None	September 13, 2030	<b>65,966</b>
The Company	The 38th unsecured bond	May 27, 2021	9,951	<b>9,957</b>	0.55%	None	May 27, 2031	<b>65,940</b>
Consolidated Subsidiaries	Others	July 1, 2022	1,838	<b>2,083</b>	4.95%	None	June 23, 2035	<b>13,794</b>
Total	—	—	71,634 (9,992)	<b>61,924</b> <b>(9,998)</b>	—	—	—	<b>410,092</b> <b>(66,211)</b>

(Note) The amounts in parentheses under the columns for 2023 and 2024 are current portions of bonds payable.

## 16 PROVISIONS

The breakdown of increases/decreases in provisions was as follows.

	Millions of yen		
	Asset retirement obligations	Others	Total
Balance as of April 1, 2023 .....	<b>45,893</b>	<b>5,506</b>	<b>51,400</b>
Increase for the year .....	<b>3,142</b>	<b>772</b>	<b>3,915</b>
Decrease for the year (incurred and charged against provisions) ...	<b>(803)</b>	<b>(685)</b>	<b>(1,489)</b>
Decrease for the year (unused amounts reversed) .....	—	<b>(1,955)</b>	<b>(1,955)</b>
Interest expenses for discounting .....	<b>1,403</b>	—	<b>1,403</b>
Change in discount rate .....	<b>(4,868)</b>	—	<b>(4,868)</b>
Exchange translation differences for foreign operations .....	<b>4,427</b>	<b>331</b>	<b>4,758</b>
Others (Note).....	<b>(3,119)</b>	<b>(1,490)</b>	<b>(4,609)</b>
Balance as of March 31, 2024 .....	<b>46,074</b>	<b>2,479</b>	<b>48,554</b>

	Thousands of U.S. dollars		
	Asset retirement obligations	Others	Total
Balance as of April 1, 2023 .....	<b>303,927</b>	<b>36,463</b>	<b>340,397</b>
Increase for the year .....	<b>20,807</b>	<b>5,112</b>	<b>25,927</b>
Decrease for the year (incurred and charged against provisions) ...	<b>(5,317)</b>	<b>(4,536)</b>	<b>(9,860)</b>
Decrease for the year (unused amounts reversed) .....	—	<b>(12,947)</b>	<b>(12,947)</b>
Interest expenses for discounting .....	<b>9,291</b>	—	<b>9,291</b>
Change in discount rate .....	<b>(32,238)</b>	—	<b>(32,238)</b>
Exchange translation differences for foreign operations .....	<b>29,317</b>	<b>2,192</b>	<b>31,509</b>
Others (Note).....	<b>(20,655)</b>	<b>(9,867)</b>	<b>(30,523)</b>
Balance as of March 31, 2024 .....	<b>305,125</b>	<b>16,417</b>	<b>321,549</b>

(Note) "Others" mainly includes the decrease of liabilities directly associated with assets held for sale.

The breakdown of provisions for each of current liabilities and non-current liabilities was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Current liabilities .....	2,437	<b>3,955</b>	<b>26,192</b>
Non-current liabilities .....	48,962	<b>44,599</b>	<b>295,357</b>
Total .....	51,400	<b>48,554</b>	<b>321,549</b>

Asset retirement obligations mainly consist of removal costs relating to mining facilities or the like for coal, oil and gas. Such costs mainly are expected to be paid after at least one year has passed, subject to effects from future business plans or the like.

## 17 OTHER CURRENT LIABILITIES AND OTHER NON-CURRENT LIABILITIES (NON-FINANCIAL LIABILITIES)

The breakdown of other current liabilities and other non-current liabilities (non-financial liabilities) was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Advances received .....	53,579	71,696	474,807
Others.....	41,518	45,231	299,543
Total .....	95,097	116,927	774,350
Current liabilities .....	79,676	104,482	691,933
Non-current liabilities .....	15,421	12,445	82,417
Total .....	95,097	116,927	774,350

## 18 ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY RELATED THERETO

The breakdown of assets held for sale was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Assets held for sale			
Trade and other receivables .....	731	—	—
Property, plant and equipment .....	8,036	0	—
Intangible assets .....	12,875	0	—
Investment property .....	3,081	—	—
Investments accounted for using the equity method .....	10,472	11,296	74,807
Others .....	3,545	4,951	32,788
Total .....	38,743	16,248	107,602
Liabilities directly relating to assets as held for sale			
Trade and other payables .....	370	34	225
Bonds and borrowings .....	14,277	—	—
Others .....	4,613	4,780	31,655
Total .....	19,260	4,815	31,887

Assets classified as held for sale and directly related liabilities as of March 31, 2023, primarily consist of a subsidiary that holds investments accounted for using the equity method related to an Indonesian thermal coal mine, which is included in the Metals, Mineral Resources & Recycling segment; a subsidiary related to the Peruvian solar power generation business, which is included in the Infrastructure & Healthcare segment; and investment property related to the domestic rental condominium business, which is included in the Retail Consumer Services segment. Of these, the sale of a subsidiary related to the Peruvian solar power generation business and investment property related to the domestic rental condominium business has been completed as of March 31, 2024.

Assets classified as held for sale and directly related liabilities as of March 31, 2024, primarily consist of the above subsidiary included in the Metals, Mineral Resources & Recycling segment and a subsidiary related to Molybdenum Mine in Canada included in the Metals, Mineral Resources & Recycling segment.

The Company decided to sell its assets as part of its asset replacement activities or changed holding policies. Thus, the assets and liabilities of the company were classified as assets held for sale and liabilities directly related thereto as of March 31, 2024.

In the year ended March 31, 2023, the sales plan in respect of investments accounted for equity method classified as held for sale at the beginning of the year ended March 31, 2023, which was related to the thermal coal interests in Indonesia in the Metals, Mineral Resources & Recycling segment, had been changed. The investment accounted for equity method ceased to be classified as held for sale, and the subsidiary which held it was reclassified as assets held for sale and liabilities directly. The impact of this accounting treatment is immaterial to the results of operations in the year ended March 31, 2023.

## 19 EQUITY

### (1) Capital management

In order to enhance its enterprise value, the Company has as its basic policies the maintenance of a healthy financial position and stability in its funding structure, accumulation of its own equity (Note 1) through the realization of sustained growth and expansion of its financial base. The Company uses net DER (Note 2) and risk assets ratio (Note 3) as main indices for managing the Company's equity.

Net DER for FY2023, the final year of the "Medium-term Management Plan 2023", was 0.75 times compared to the plan's target of 1.0 times. In the same period, the risk assets ratio is controlled within 1.0 times under certain stress conditions. These indicators are periodically reported and monitored by management.

In the "Medium-term Management Plan 2026", the company will invest for further growth while upholding financial discipline.

- Notes: 1. Own equity = Total equity amount less non-controlling interests
2. Net DER =  $(\text{Interest bearing liabilities} - \text{Cash and cash equivalents} - \text{Time deposits}) \div \text{Own equity}$   
However, interest-bearing debt does not include lease liabilities (current or non-current).
3. Risk assets ratio =  $\text{Risk asset (such asset amount calculated based on assessment of such risk in correspondence to the size of such risk)} \div \text{Own equity}$

Net DERs and Risk assets ratios as of March 31, 2023 and March 31, 2024, respectively, were as follows.

	2023	2024
Net DER .....	0.75 times	<b>0.75 times</b>
Risk assets ratio (Note 3).....	0.6 times	<b>0.6 times</b>

## (2) Number of authorized shares, issued shares and shares of treasury stocks

	Shares	
	2023	2024
Authorized: ordinary no-par value shares .....	<b>500,000,000</b>	<b>500,000,000</b>
Issued: ordinary no-par value shares		
Balance at beginning of year .....	250,299,900	<b>250,299,900</b>
Increase or decrease for the year .....	—	<b>(25,299,900)</b>
Balance at end of year .....	250,299,900	<b>225,000,000</b>
Treasury stock: ordinary no-par value shares		
Balance at beginning of year .....	19,470,556	<b>19,482,980</b>
Increase or decrease for the year .....	12,424	<b>(12,486,789)</b>
Balance at end of year .....	19,482,980	<b>6,996,191</b>

Note:1. Fuji Nihon Seito Corporation owned 40,000 shares of the Company as of March 31, 2023 and March 31, 2024, respectively, but as the Corporation is an equity-method associate the shares are not included in Treasury stock (ordinary no-par value shares).

2. The balance of treasury stock includes 953,699 shares and 886,140 shares of the Company stock held in the Director's Compensation BIP Trust account as of March 31, 2023 and March 31, 2024, respectively.
3. On April 7, 2023, we cancelled 15,299,900 treasury stock, based on the resolution of the Board of Directors made on March 31, 2023. On September 29, 2023, we cancelled 10,000,000 treasury stock, based on the resolution of the Board of Directors made on September 22, 2023.
4. During the period between April 10, 2023 and September 29, 2023, we acquired 9,789,300 treasury stock, based on the resolution of the Board of Directors made on March 31, 2023. During the period between February 26, 2024 and March 31, 2024, we acquired 3,226,800 treasury stock, based on the resolution of the Board of Directors made on February 22, 2024.

## (3) Surplus

### 1) Capital surplus

Capital surplus mainly consists of legal capital surplus.

### 2) Retained earnings

Retained earnings consist of legal retained earnings and unappropriated profits. Retained earnings include the cumulative exchange translation differences for foreign operations as of the Transition Date.

## (4) Dividends

### 1) Amount of dividend payments

Resolution	Type of shares	Source of dividends	Amount of dividends (Millions of yen)	Amount of dividends (Thousands of U.S. dollars)	Dividend per share (Yen)	Recorded date	Effective date
Annual general shareholders' meeting on June 17, 2022	Ordinary shares	Retained earnings	14,141	93,649	61.00	March 31, 2022	June 20, 2022
Board of directors meeting on November 1, 2022	Ordinary shares	Retained earnings	15,066	99,774	65.00	September 30, 2022	December 1, 2022
Annual general shareholders' meeting on June 20, 2023	Ordinary shares	Retained earnings	15,065	99,768	65.00	March 31, 2023	June 21, 2023
Board of directors meeting on October 31, 2023	Ordinary shares	Retained earnings	14,439	95,622	65.00	September 30, 2023	December 1, 2023

### 2) Dividends to be proposed to shareholders at the annual general shareholders' meeting on June 18, 2024

Resolution	Type of shares	Source of dividends	Amount of dividends (Millions of yen)	Amount of dividends (Thousands of U.S. dollars)	Dividend per share (Yen)	Record date	Effective date
Annual general shareholders' meeting on June 18, 2024	Ordinary shares	Retained earnings	15,322	101,470	70.00	March 31, 2024	June 19, 2024

### 3) Interim dividends for the fiscal year ending March 2025

It has decided to pay the Interim dividends for the fiscal year ending March 2025 to shareholders at a meeting of its Board of Directors held on May 1, 2024.

Resolution	Type of shares	Source of dividends	Expected total amount of dividends (Millions of yen)	Expected total amount of dividends (Thousands of U.S. dollars)	Dividend per share (Yen)	Record date	Effective date
Board of directors meeting on May 1, 2024	Ordinary shares	Retained earnings	16,358	108,331	75.00	September 30, 2024	December 1, 2024

Note: This expected total amount is calculated based on the number of issued shares, excluding treasury stock, as of April 30, 2024, and the final total amount of interim dividends will be the number of such shares as of the record date multiplied by 75 yen per share.

## 20 REVENUE

### (1) Disaggregated Revenue

The Group's structure consists of seven business divisions: Automotive Division, Aerospace & Transportation Project Division, Infrastructure & Healthcare Division, Metals, Mineral Resources & Recycling Division, Chemicals Division, Consumer Industry & Agriculture Business Division, and Retail & Consumer Service Division. The Board of Directors regularly reviews this structure in order to decide allocation of management resources and assess its performance. Other departments outside of these divisions—network services, domestic branches, logistics, insurance services and administration etc.—are included in "others," with the revenue from such recorded and presented as "Revenue."

Revenue for each business division for the years ended March 31, 2023 and March 31, 2024 can be found under "5 SEGMENT INFORMATION (2) Information regarding reportable segments." Product and service categorization is identical to business category.

### (2) Receivables from contracts with customers, contract asset, and contract liability

Receivables from contracts with customers refer to any notes receivable and accounts receivable included under trade and other receivables. There is no materiality to the revenue recognized in the reporting period from performance obligations satisfied in previous periods for the years ended March 31, 2023 and March 31, 2024, or contract asset and contract liability on March 31, 2023 and March 31, 2024. The contract asset is presented in "Trade and other receivables" and contract liability is in "Other current liabilities" and "Other non-current liabilities".

### (3) Transaction price allocated to the remaining performance obligations

The following shows the Group's assumed timing for revenue to be recognized in the reporting period from transaction price allocated to the remaining performance obligations as of March 31, 2023 and March 31, 2024. Note that these figures do not include contracts for which performance obligations were initially anticipated to remain for only one year or less.

	Millions of yen			
	Within one year	Between one and five years	Over five years to	Total
Balance as of March 31, 2023 ....	80,236	85,603	53,557	219,397
Balance as of March 31, 2024 ....	<b>130,948</b>	<b>185,092</b>	<b>265,939</b>	<b>581,979</b>

	Thousands of U.S. dollars			
	Within one year	Between one and five years	Over five years to	Total
Balance as of March 31, 2024 ....	<b>867,205</b>	<b>1,225,774</b>	<b>1,761,185</b>	<b>3,854,165</b>

### (4) Assets recognized from the cost to obtain or fulfill a contract with a customer

As of March 31, 2023 and March 31, 2024, there were no material assets recognized from the cost to obtain or fulfill a contract with a customer. If the amortization period of the asset that the entity otherwise would have recognized is one year or less, the Group recognizes the additional incremental costs of obtaining a contract as an expense at time of occurrence, as a practical expedient.

## 21 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of selling, general and administrative expenses was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Employee benefit expenses .....	(118,602)	(128,102)	(848,357)
Traveling expenses .....	(5,348)	(6,905)	(45,728)
Rent expenses .....	(4,712)	(5,277)	(34,947)
Outsourcing expenses .....	(18,321)	(18,302)	(121,205)
Depreciation and amortization expenses .....	(22,725)	(25,977)	(172,033)
Others .....	(53,061)	(56,900)	(376,821)
Total .....	(222,771)	(241,464)	(1,599,099)

## 22 GAIN (LOSS) ON DISPOSAL OF FIXED ASSETS

The breakdown of gain (loss) on disposal of fixed assets was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Gain on sale of property, plant and equipment .....	1,130	1,686	11,165
Gain on sale of intangible assets .....	252	141	933
Gain on sale of investment property .....	1,066	793	5,251
Total of gain on sale of fixed assets .....	2,450	2,620	17,350
Loss on sale of property, plant and equipment .....	(106)	(140)	(927)
Loss on sale of intangible assets .....	(9)	(4)	(26)
Total of loss on sale of fixed assets .....	(116)	(144)	(953)
Loss on retirement of property, plant and equipment ...	(104)	(362)	(2,397)
Loss on retirement of intangible assets .....	(31)	(37)	(245)
Total of loss on retirement of fixed assets .....	(135)	(399)	(2,642)
Total of gain (loss) on disposal of fixed assets, net .....	2,197	2,077	13,754

## 23 IMPAIRMENT LOSS

Impairment losses were included in "Impairment loss on fixed assets" and "Loss on reorganization of subsidiaries/associates" in the Consolidated Statement of Profit or Loss. The breakdown of impairment losses by asset type was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Property, plant and equipment .....	(2,627)	(4,304)	(28,503)
Right-of-use assets .....	(465)	(289)	(1,913)
Intangible assets .....	(11,245)	(364)	(2,410)
Investment property .....	—	(1)	(6)
Investments accounted for using the equity method .....	(1,570)	—	—
Others .....	—	(22)	(145)
Total .....	(15,908)	(4,983)	(33,000)
Impairment loss on fixed assets .....	(14,338)	(4,983)	(33,000)
Loss on reorganization of subsidiaries/associates ...	(1,570)	—	—
Total .....	(15,908)	(4,983)	(33,000)

Impairment losses were applicable to the following segments.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Automotive .....	(1,389)	(294)	(1,947)
Aerospace & Transportation Project ....	—	—	—
Infrastructure & Healthcare ....	(706)	(3,664)	(24,264)
Metals, Mineral Resources & Recycling ....	—	(878)	(5,814)
Chemicals .....	(13)	—	—
Consumer Industry & Agriculture Business ....	(7)	—	—
Retail & Consumer Service ....	(2,818)	(135)	(894)
Others .....	(10,973)	(10)	(66)
Total .....	(15,908)	(4,983)	(33,000)

Main impairment losses recognized in the year ended March 31, 2023, included a ¥10,944 million impairment loss on intangible assets (software in progress) related to system assets attributable to the Others Segment. The Company moved forward with a project to develop new core systems, but the development process was plagued by multiple issues, and this process thus needed to be discontinued. In conjunction with the discontinuation of said development project, the amount of expenses associated with the project was recognized as an impairment loss.

In addition, an impairment loss of ¥2,109 million was recognized in association with property, plant and equipment and intangible assets belonging to subsidiary engaged in the textile business included in the Retail & Consumer Service Segment. This impairment loss was recognized based on the judgment that the associated assets would no longer be able to produce the cash flows initially projected in business plans due to the decision to withdraw from certain businesses.

Main impairment losses recognized in the year ended March 31, 2024, included an impairment loss on property, plant and equipment for Sojitz Energy Development Ltd., which is a consolidated subsidiary owning oil and gas interests in the North Sea within the U.K. territory, and is comprised of the Infrastructure & Healthcare segment. The recoverable amount of these assets is measured by the fair value less costs of disposal. The fair value less costs of disposal is measured by valuation methods including discounted

future cash flow, and is categorized within fair value hierarchy Level 3. The fair value less disposal costs was estimated based on certain key assumptions, such as future oil and gas prices that were used as the basis to develop the business plan, the recoverable reserves that were used to calculate production volume, the feasibility of its development plan, and a discount rate. Impairment of property, plant and equipment amounting to ¥3,379 million (U.S.\$22,377 thousand) was recognized because the future cash flows were considered to be lower than the Group's original business plan due to declines within long-term market forecast. This amount represented the difference between the carrying amount and the recoverable amount of ¥7,451 million (U.S.\$49,344 thousand).

## **24 GAIN ON REORGANIZATION OF SUBSIDIARIES/ASSOCIATES**

The amounts of gain on reorganization of subsidiaries/associates recorded in the year ended March 31, 2023, and the year ended March 31, 2024, were ¥30,776 million and ¥8,073 million (U.S. \$53,463 thousand), respectively. Major components of gain on reorganization of subsidiaries/associates in the year ended March 31, 2023, included gain on sales of real estate investment trust operation subsidiary associated with the Retail & Consumer Service Segment and gain on sales of domestic solar power generation businesses in the Infrastructure & Healthcare Segment.

Gain arising from the loss of control over subsidiaries/associates amounted to ¥14,640 million in the year ended March 31, 2023. This amount included ¥3,038 million in gain on outstanding investments in former subsidiaries measured at fair value on the date of loss of control over said subsidiaries. The amounts of gain arising from the loss of control over subsidiaries/associates in the year ended March 31, 2024, lacked materiality.

## 25 LOSS ON REORGANIZATION OF SUBSIDIARIES/ASSOCIATES

The breakdown of loss on reorganization of subsidiaries/associates was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Loss on sale of subsidiaries/associates and the like ...	(6,975)	<b>(3,978)</b>	<b>(26,344)</b>
Impairment loss .....	(1,570)	—	—
Loss on allowance for doubtful accounts...	(57)	<b>(2)</b>	<b>(13)</b>
Total .....	(8,604)	<b>(3,980)</b>	<b>(26,357)</b>

Loss on sale of subsidiaries/associates and the like in the year ended March 31, 2023, included losses on copper mine interests associated with asset replacement activities conducted by the Metals, Mineral Resources & Recycling Segment.

Loss on sale of subsidiaries/associates and the like in the year ended March 31, 2024, included losses on the sale of the U.S. natural gas-fired power plant business in the Infrastructure and Healthcare Segment.

## 26 EXCHANGE DIFFERENCES

Exchange differences recognized as profit or loss for the years ended March 31, 2023 and March 31, 2024 were loss of ¥1,180 million and loss of ¥4,540 million (U.S.\$30,066 thousand), respectively, and are included in "Other operating expenses" in the Consolidated Statement of Profit or Loss. In addition, each amount includes the profit or loss arising from currency-related derivatives, which were arranged for the purpose of hedging the foreign currency risk.

## 27 FINANCIAL INCOME AND FINANCIAL COSTS

The breakdown of financial income and financial costs was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Financial income			
Interest earned			
Financial assets measured at amortized cost .....	12,762	11,224	74,331
Financial assets measured at FVTPL.....	—	655	4,337
Lease receivables .....	39	48	317
Total interest earned .....	12,802	11,928	78,993
Dividends received (Note)	6,732	5,545	36,721
Other financial income	—	684	4,529
Total financial income .....	19,534	18,158	120,251
Financial costs			
Interest expenses			
Financial liabilities measured at amortized cost .....	(18,275)	(22,078)	(146,211)
Lease liabilities .....	(1,584)	(1,867)	(12,364)
Derivatives.....	2,326	1,343	8,894
Interest expenses concerning provisions .....	(1,004)	(1,403)	(9,291)
Total interest expenses .....	(18,537)	(24,006)	(158,980)
Other financial costs	(808)	—	—
Total financial costs .....	(19,345)	(24,006)	(158,980)

(Note) Dividends from financial assets measured at FVTOCI are mostly included.

Other than the above, net gain or loss arising from change in the fair value of commodity-related derivatives is included in "Sales of goods" in the Consolidated Statement of Profit or Loss in the net profit of ¥971 million for the year ended March 31, 2023 and in the net profit of ¥1,429 million (U.S.\$9,463 thousand) for the year ended March 31, 2024.

In addition, net gain or loss arising from change in the fair value of currency-related derivatives is included in "Other operating expenses" in the Consolidated Statement of Profit or Loss in the net loss of ¥1,036 million for the year ended March 31, 2023 and in the net loss of ¥1,254 million (U.S.\$8,304 thousand) for the year ended March 31, 2024.

## 28 EARNINGS PER SHARE

### (1) Basic earnings per share and diluted earnings per share

	Yen		U.S. dollars
	2023	2024	2024
Basic earnings per share .....	481.94	<b>450.97</b>	<b>2.98</b>
Diluted earnings per share .....	—	<b>450.97</b>	<b>2.98</b>

### (2) Bases for calculation of basic earnings per share and diluted earnings per share

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Profit used to calculate basic and diluted earnings per share			
Profit for the year, attributable to owners of the parent .....	111,247	<b>100,765</b>	<b>667,317</b>
Amount not attributable to ordinary shareholders of the parent ..	—	—	—
Profit used to calculate basic earnings per share .....	111,247	<b>100,765</b>	<b>667,317</b>
Profit adjustment amount			
Adjustment amount concerning share options to be issued by associates .....	—	—	—
Profit used to calculate diluted earnings per share .....	—	<b>100,765</b>	<b>667,317</b>

	Thousands of shares	
	2023	2024
Weighted average number of ordinary shares to be used to calculate basic and diluted earnings per share		
Weighted average number of ordinary shares used to calculate basic earnings per share .....	230,830	<b>223,441</b>
Effects of dilutive potential ordinary shares .....	—	—
Weighted average number of ordinary shares used to calculate diluted earnings per share .....	—	<b>223,441</b>

Notes: Diluted earnings per share of March 31, 2023, is not provided herein, as there are no potential ordinary shares.

## 29 OTHER COMPREHENSIVE INCOME

The reclassification adjustment amounts and tax effect amounts for the breakdown of each item of other comprehensive income were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Financial assets measured at FVTOCI			
Amount arising during the year .....	(11,968)	<b>19,614</b>	<b>129,894</b>
Amount before income tax effect .....	(11,968)	<b>19,614</b>	<b>129,894</b>
Income tax effect .....	903	<b>(1,994)</b>	<b>(13,205)</b>
Financial assets measured at FVTOCI.....	(11,064)	<b>17,619</b>	<b>116,682</b>
Remeasurements of defined benefit pension plans			
Amount arising during the year .....	1,498	<b>145</b>	<b>960</b>
Amount before income tax effect .....	1,498	<b>145</b>	<b>960</b>
Income tax effect .....	(360)	<b>6</b>	<b>39</b>
Remeasurements of defined benefit pension plans ...	1,138	<b>152</b>	<b>1,006</b>
Share of other comprehensive income of investments accounted for using the equity method that will not be reclassified to profit or loss.....			
Amount arising during the year .....	2,811	<b>1,287</b>	<b>8,523</b>
Amount before income tax effect .....	2,811	<b>1,287</b>	<b>8,523</b>
Income tax effect .....	(1,482)	<b>(802)</b>	<b>(5,311)</b>
Share of other comprehensive income of investments accounted for using the equity method .....	1,328	<b>485</b>	<b>3,211</b>
Exchange translation differences for foreign operations			
Amount arising during the year .....	20,806	<b>43,169</b>	<b>285,887</b>
Reclassification adjustment amount .....	(1,890)	<b>(1,400)</b>	<b>(9,271)</b>
Amount before income tax effect .....	18,915	<b>41,769</b>	<b>276,615</b>
Income tax effect .....	(170)	<b>(2,536)</b>	<b>(16,794)</b>
Exchange translation differences for foreign operations ...	18,745	<b>39,232</b>	<b>259,814</b>
Cash flow hedges			
Amount arising during the year .....	(5,468)	<b>(1,279)</b>	<b>(8,470)</b>
Reclassification adjustment amount .....	161	<b>6</b>	<b>39</b>
Amount before income tax effect .....	(5,306)	<b>(1,272)</b>	<b>(8,423)</b>
Income tax effect .....	2,128	<b>645</b>	<b>4,271</b>
Cash flow hedges .....	(3,178)	<b>(627)</b>	<b>(4,152)</b>
Share of other comprehensive income of investments accounted for using the equity method that may be reclassified subsequently to profit or loss...			
Amount arising during the year .....	24,038	<b>14,283</b>	<b>94,589</b>
Reclassification adjustment amount .....	80	<b>(1,415)</b>	<b>(9,370)</b>
Amount before income tax effect .....	24,118	<b>12,867</b>	<b>85,211</b>
Income tax effect .....	(1,108)	<b>491</b>	<b>3,251</b>
Share of other comprehensive income of investments accounted for using the equity method .....	23,009	<b>13,359</b>	<b>88,470</b>
Total other comprehensive income for the year .....	29,978	<b>70,222</b>	<b>465,046</b>

## 30 CASH FLOW INFORMATION

### (1) Cash and cash equivalents

The breakdown of cash and cash equivalents and its relationship to the amounts presented in the Consolidated Statement of Financial Position were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash on hand and bank deposits except for time deposits with original term of more than three months .....	247,286	196,275	1,299,834
Cash and cash equivalents in the Consolidated Statement of Financial Position .....	247,286	196,275	1,299,834
Cash and cash equivalents in the Consolidated Statement of Cash Flows .....	247,286	196,275	1,299,834

### (2) Net proceeds from (payments for) acquisition of subsidiaries

The breakdown of main assets and liabilities of subsidiaries at the time control was obtained by the Group, and the relationship between payments for such acquisition and net payments for or net proceeds from such acquisition, were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Breakdown of assets, at the time the Group obtained control of the subsidiaries			
Current assets .....	5,462	103,773	687,238
Non-current assets .....	8,179	103,717	686,867
Breakdown of liabilities, at the time the Group obtained control of the subsidiaries			
Current liabilities .....	2,645	54,841	363,185
Non-current liabilities .....	4,096	57,304	379,496

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Payments for acquisition .....	(5,582)	(81,738)	(541,311)
Cash and cash equivalents of assets acquired, at the time the Group obtained control of the subsidiaries .....	3,591	44,106	292,092
Net proceeds from (payments for) acquisition of subsidiaries .....	(1,991)	(37,632)	(249,218)

### (3) Net proceeds from (payments for) sale of subsidiaries

The breakdown of main assets and liabilities of subsidiaries at the time control was lost by the Group, and the relationship between proceeds from such sale and net proceeds from or net payments for such sale, were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Breakdown of assets, at the time the Group lost control of the subsidiaries			
Current assets .....	3,719	12,623	83,596
Non-current assets .....	13,213	48,719	322,642
Breakdown of liabilities, at the time the Group lost control of the subsidiaries			
Current liabilities .....	1,308	3,105	20,562
Non-current liabilities .....	8,519	18,976	125,668

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Proceeds from sale .....	15,042	36,523	241,874
Cash and cash equivalents of assets excluded, at the time the Group lost control of the subsidiaries .....	(2,835)	(10,434)	(69,099)
Net proceeds from (payments for) sale of subsidiaries .....	12,207	26,088	172,768

### (4) Net cash provided (used) by/in operating activities

Others under cash flows from operating activities for the years ended March 31, 2023 includes ¥30,776 million in gain on reorganization of subsidiaries/associates, and ¥8,604 million in loss on reorganization of subsidiaries/associates recorded on the consolidated statement of profit or loss.

### (5) Net cash provided (used) by/in investing activities

Others under cash flows from investing activities for the year ended March 31, 2023, includes outflows and inflows associated with aircraft transactions. In addition, others under cash flows from investing activities for the year ended March 31, 2024, includes inflows associated with aircraft transactions

## (6) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities were as follows:

Millions of yen				
	Bonds	Borrowings	Commercial paper	Lease liabilities
Balance as of April 1, 2022 .....	79,752	972,972	—	75,264
Changes arising from Cash flows .....	(10,000)	(204,220)	35,000	(16,929)
Changes in the scope of consolidation .....	—	(7,372)	—	1,992
Exchange translation differences for foreign operations .....	(33)	31,720	—	1,897
New leases .....	—	—	—	10,459
Others .....	1,915	(16,031)	—	(1,275)
Non-cash changes .....	1,881	8,317	—	13,075
Balance as of March 31, 2023 .....	71,634	777,070	35,000	71,409

Millions of yen				
	Bonds	Borrowings	Commercial paper	Lease liabilities
Balance as of April 1, 2023 .....	71,634	777,070	35,000	71,409
Changes arising from Cash flows .....	(10,000)	(27,142)	(35,000)	(17,769)
Changes in the scope of consolidation .....	—	66,854	—	6,175
Exchange translation differences for foreign operations .....	246	27,758	—	4,339
New leases .....	—	—	—	44,396
Others .....	43	240	—	(3,461)
Non-cash changes .....	289	94,853	—	51,449
Balance as of March 31, 2024 .....	61,924	844,780	—	105,090

Thousands of U.S. dollars				
	Bonds	Borrowings	Commercial paper	Lease liabilities
Balance as of April 1, 2023 .....	474,397	5,146,158	231,788	472,907
Changes arising from Cash flows .....	(66,225)	(179,748)	(231,788)	(117,675)
Changes in the scope of consolidation .....	—	442,741	—	40,894
Exchange translation differences for foreign operations .....	1,629	183,827	—	28,735
New leases .....	—	—	—	294,013
Others .....	284	1,589	—	(22,920)
Non-cash changes .....	1,913	628,165	—	340,721
Balance as of March 31, 2024 .....	410,092	5,594,569	—	695,960

## 31 EMPLOYEE BENEFITS

### (1) Post-employment benefit

#### 1) General outline of retirement benefit plans

The Company has a defined contribution pension plan, a lump-sum payment plan and a prepaid retirement allowance plan as its retirement benefit plans.

Certain domestic subsidiaries have corporate pension funds and/or lump-sum payment plans that are primarily defined benefit plans. Certain foreign subsidiaries also have defined benefit plans.

Payments by these plans are calculated using criteria including employee rank and salary level.

In some cases, employees receive severance pay upon retirement.

#### 2) Defined benefit plan

##### (a) Net defined benefit liability (asset)

Changes in the net defined benefit liability (asset) for the years ended March 31, 2023 and March 31, 2024 were as follows.

	Millions of yen		
	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Balance as of April 1, 2022 .....	32,509	(8,903)	23,606
Current service cost .....	2,059	—	2,059
Interest expense (income) .....	453	(159)	294
Remeasurements of the net defined benefit liability (asset) .....	(2,004)	506	(1,498)
Past service cost and (gain) loss from settlements .....	136	—	136
Exchange translation differences for foreign operations .....	871	(334)	537
Employer contributions to the plan .....	—	(528)	(528)
Benefits paid .....	(2,711)	831	(1,880)
Business combinations and disposals .....	(230)	6	(224)
Others .....	75	—	75
Balance as of March 31, 2023 .....	31,160	(8,581)	22,578
Current service cost .....	2,176	—	2,176
Interest expense (income) .....	629	(202)	426
Remeasurements of the net defined benefit liability (asset) .....	14	(160)	(145)
Past service cost and (gain) loss from settlements .....	32	—	32
Exchange translation differences for foreign operations .....	1,434	(446)	988
Employer contributions to the plan .....	—	(291)	(291)
Benefits paid .....	(3,023)	692	(2,330)
Business combinations and disposals .....	(253)	697	443
Others .....	60	(27)	33
Balance as of March 31, 2024 .....	32,232	(8,320)	23,911

	Thousands of U.S. dollars		
	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Balance as of March 31, 2023 .....	206,357	(56,827)	149,523
Current service cost .....	14,410	—	14,410
Interest expense (income) .....	4,165	(1,337)	2,821
Remeasurements of the net defined benefit liability (asset) .....	92	(1,059)	(960)
Past service cost and (gain) loss from settlements .....	211	—	211
Exchange translation differences for foreign operations .....	9,496	(2,953)	6,543
Employer contributions to the plan .....	—	(1,927)	(1,927)
Benefits paid .....	(20,019)	4,582	(15,430)
Business combinations and disposals .....	(1,675)	4,615	2,933
Others .....	397	(178)	218
Balance as of March 31, 2024 .....	213,456	(55,099)	158,350

*(b) Fair value of plan assets*

The fair value of plan assets at March 31, 2023 was as follows.

	Millions of yen	
	Plan assets with a quoted market price in an active market	Plan assets without a quoted market price in an active market
Equity instruments .....	0	379
Debt instruments .....	3	6,375
Cash and cash equivalents .....	673	—
General accounts of life insurance companies .....	—	784
Others .....	—	364
Total .....	676	7,904

The fair value of plan assets at March 31, 2024 was as follows.

	Millions of yen	
	Plan assets with a quoted market price in an active market	Plan assets without a quoted market price in an active market
Equity instruments .....	0	484
Debt instruments .....	8	6,348
Cash and cash equivalents .....	435	—
General accounts of life insurance companies .....	—	710
Others .....	—	333
Total .....	444	7,876

	Thousands of U.S. dollars	
	Plan assets with a quoted market price in an active market	Plan assets without a quoted market price in an active market
Equity instruments .....	0	3,205
Debt instruments .....	52	42,039
Cash and cash equivalents .....	2,880	—
General accounts of life insurance companies .....	—	4,701
Others .....	—	2,205
Total .....	2,940	52,158

*(c) Significant actuarial assumption*

	2023	2024
Discount rate .....	1.9%	2.4%
The expected rate of salary increase.....	2.9%	2.9%

*(d) Sensitivity analysis*

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Increase in the defined benefit obligation with a 50-basis-point decrease in the discount rate .....	1,574	1,773	11,741
Decrease in the defined benefit obligation with a 50-basis-point increase in the discount rate .....	(1,133)	(1,197)	(7,927)

*(e) Maturity profile for the defined benefit obligation*

The weighted average duration of the defined benefit obligation for the years ended March 31, 2023 and March 31, 2024 was 10.1 years and 9.7 years, respectively.

*(f) Expected contribution to the plan for the year ending March 31, 2025*

The Group expects to contribute ¥291 million (U.S.\$ 1,927 thousand) to plan assets for the year ending March 31, 2025.

**3) Defined contribution plan**

Expenses recognized for the defined contribution plan for the years ended March 31, 2023 and March 31, 2024 were ¥2,249 million and ¥2,408 million (U.S.\$ 15,947 thousand), respectively.

**4) Multi-employer plans**

Expenses recognized for multi-employer defined contribution plans for the years ended March 31, 2023 and March 31, 2024 were ¥16 million and ¥17 million (U.S.\$ 112 thousand), respectively.

**(2) Employee benefit expenses**

Employee benefit expenses recognized for the years ended March 31, 2023 and March 31, 2024 were ¥140,942 million and ¥154,963 million (U.S.\$ 1,026,245 thousand), respectively.

Employee benefit expenses are included in "Cost of sales" and "Selling, general and administration expenses" in the Consolidated Statement of Profit or Loss.

## 32 DEFERRED TAXES AND INCOME TAX EXPENSES

### (1) Deferred taxes

#### 1) Breakdown of deferred tax assets and deferred tax liabilities

The breakdown of main deferred tax assets and deferred tax liabilities by cause was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Deferred tax assets			
Allowance for doubtful receivables .....	6,056	3,210	21,258
Tax losses carried forward .....	12,688	17,551	116,231
Other investments .....	6,627	11,504	76,185
Retirement benefits liabilities .....	4,881	5,024	33,271
Depreciation .....	903	775	5,132
Lease liabilities .....	22,487	26,773	177,304
Others .....	31,943	32,211	213,317
Total deferred tax assets .....	85,588	97,052	642,728
Offset with deferred tax liabilities .....	(78,979)	(85,574)	(566,715)
Total deferred tax assets, net .....	6,609	11,478	76,013
Deferred tax liabilities			
Depreciation .....	(24,843)	(33,172)	(219,682)
Other investments .....	(20,389)	(22,176)	(146,860)
Right-of-use assets .....	(21,269)	(25,442)	(168,490)
Others .....	(38,518)	(42,875)	(283,940)
Total deferred tax liabilities .....	(105,021)	(123,667)	(818,986)
Offset with deferred tax assets .....	78,979	85,574	566,715
Total deferred tax liabilities, net .....	(26,042)	(38,093)	(252,271)
Net deferred tax assets .....	(19,432)	(26,614)	(176,251)

The Company has applied IAS 12 Income Taxes (amended in May 2021) from the fiscal year ended March 31, 2024. In conjunction, the Company has changed its accounting method of transactions involving leases and asset retirement obligations, etc. that give rise to equal taxable and deductible temporary differences at the time of the transaction, so that the deferred tax liabilities and deferred tax assets are each recognized in the consolidated statement of financial position.

As this amendment has been applied retrospectively, the breakdown of major reasons for deferred tax assets and deferred tax liabilities for the fiscal year ended March 31, 2023, has been prepared based on the amounts after the retrospective application.

Additionally, the impact of this retrospective application on the consolidated financial statements for the fiscal year ended March 31, 2023 is immaterial.

#### 2) Contents of changes in deferred tax assets and deferred tax liabilities

Contents of changes in deferred tax assets and deferred tax liabilities were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net deferred tax assets' balance at beginning of year .....	(23,126)	(19,432)	(128,688)
Deferred tax expenses .....	(500)	4,432	29,350
Income tax concerning other comprehensive income .....	2,501	(5,512)	(36,503)
Change in consolidation scope .....	(267)	(6,229)	(41,251)
Others .....	1,960	127	841
Net deferred tax assets' balance at end of year .....	(19,432)	(26,614)	(176,251)

**3) Deductible temporary differences, unused tax losses carried forward and tax credits carried forward, all for which deferred tax assets were not recognized**

The breakdown of deductible temporary differences, unused tax losses carried forward (by expiry date) and unused tax credits carried forward (by expiry date), all for which deferred tax assets were not recognized in the Consolidated Statement of Financial Position were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Deductible temporary differences .....	266,418	<b>218,540</b>	<b>1,447,284</b>
Unused tax losses carried forward			
Within one year to the expiry date .....	416	<b>3,949</b>	<b>26,152</b>
Between one and five years to the expiry date .....	11,406	<b>11,690</b>	<b>77,417</b>
Over five years to the expiry date .....	58,232	<b>32,282</b>	<b>213,788</b>
Total tax losses carried forward .....	70,055	<b>47,922</b>	<b>317,364</b>
Unused tax credits carried forward			
Between one and five years to the expiry date .....	1,686	<b>998</b>	<b>6,609</b>
Total tax credits carried forward.....	1,686	<b>998</b>	<b>6,609</b>

**4) Temporary differences associated with investments in subsidiaries and the like for which deferred tax liabilities were not recognized**

The total amounts of temporary differences associated with investments in subsidiaries and the like for which deferred tax liabilities were not recognized as of March 31, 2023 and March 31, 2024 were ¥275,147 million and ¥155,970 million (U.S.\$ 1,032,913 thousand), respectively. Because the Group is able to control the timing of the reversal of such temporary differences, and it is probable that such temporary differences will not be reversed within the foreseeable future, the Group did not recognize deferred tax liabilities with respect to such temporary differences.

## (2) Income tax expenses

### 1) Breakdown of income tax expenses

The breakdown of income tax expenses was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Current tax expenses .....	(38,711)	(26,869)	(177,940)
Deferred tax expenses			
Origination and reversal of temporary differences .....	(150)	(6,093)	(40,350)
Assessment of recoverability of deferred tax assets ...	(340)	10,524	69,695
Change in tax rate .....	(9)	1	6
Total deferred tax expenses .....	(500)	4,432	29,350
Total income tax expenses .....	(39,211)	(22,437)	(148,589)

The amounts of the benefits arising from previously unrecognized tax losses or temporary differences of a prior period that were used to reduce current tax expenses for the years ended March 31, 2023 and March 31, 2024 were ¥14,874 million and ¥12,335 million (U.S.\$ 81,688 thousand), respectively, and these benefits were included in the current tax expenses.

### 2) Reconciliation of applicable tax rate in Japan

Reconciliations between the applicable tax rate in Japan and the Group's average effective tax rate were as follows.

	2023	2024
Applicable tax rate in Japan .....	30.6%	30.6%
(Reconciliation)		
Effects based on assessment of recoverability of deferred tax assets ...	0.2%	(8.4)%
Effects associated with consolidated elimination of dividend income ....	(1.2)%	1.4%
Effects from share of profit (loss) of investments accounted for using the equity method .....	(5.8)%	(8.7)%
Difference in applicable tax rate of foreign subsidiaries .....	(1.5)%	(4.2)%
Combined income of specified foreign subsidiaries or the like .....	0.3%	0.1%
Withholding tax in foreign countries .....	0.8%	1.3%
Correction of tax rate reduction .....	0.0%	0.0%
Others .....	1.9%	5.8%
Group's average effective tax rate .....	25.3%	17.9%

The applicable tax rate in Japan for the year ended March 31, 2024 was approximately 30.6% based on Japan's corporate tax, inhabitant tax and business tax.

The Company assesses the potential exposure to income tax if the tax laws enacted to implement the Global Anti-Base Erosion Model Rules (Pillar Two) published by the Organisation for Economic Co-operation and Development (OECD) are applied. Although the application of this tax law may result in additional income tax in the regions where certain subsidiaries are located, the Company judges that the impact on the consolidated financial statements at the end of the consolidated fiscal year is immaterial.

## 33 FINANCIAL INSTRUMENTS

### (1) Classes of financial instruments

The breakdown of financial instruments per class was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
<b>Financial assets</b>			
Financial assets measured at amortized cost			
Cash and cash equivalents/time deposits .....	254,278	<b>209,414</b>	<b>1,386,847</b>
Trade and other receivables .....	692,023	<b>690,434</b>	<b>4,572,410</b>
Other investments .....	—	<b>828</b>	<b>5,483</b>
Total financial assets measured at amortized cost ..	946,301	<b>900,676</b>	<b>5,964,741</b>
Financial assets measured at FVTPL			
Other investments .....	10,694	<b>9,395</b>	<b>62,218</b>
Derivative financial assets .....	5,971	<b>6,667</b>	<b>44,152</b>
Total financial assets measured at FVTPL	16,665	<b>16,063</b>	<b>106,377</b>
Financial assets measured at FVTOCI			
Other investments .....	119,087	<b>120,681</b>	<b>799,211</b>
Total financial assets measured at FVTOCI .....	119,087	<b>120,681</b>	<b>799,211</b>
Total financial assets .....	1,082,054	<b>1,037,421</b>	<b>6,870,337</b>
<b>Financial liabilities</b>			
Financial liabilities measured at amortized cost			
Trade and other payables .....	588,486	<b>672,807</b>	<b>4,455,675</b>
Bonds and borrowings .....	869,989	<b>888,110</b>	<b>5,881,523</b>
Total financial liabilities measured at amortized cost .....	1,458,476	<b>1,560,917</b>	<b>10,337,198</b>
Financial liabilities measured at FVTPL			
Derivative financial liabilities .....	5,518	<b>5,238</b>	<b>34,688</b>
Total financial liabilities measured at FVTPL .....	5,518	<b>5,238</b>	<b>34,688</b>
Total financial liabilities .....	1,463,995	<b>1,566,156</b>	<b>10,371,894</b>

### (2) Basic policies for risk management of financial instruments

The Group is an integrated trading company engaged in a wide range of business activities on a global basis. Its headquarters includes business sections that handle merchandising, trading, product manufacturing, services, project planning and management, investments and financing activities, both domestically and internationally. Such businesses are inherently exposed to various risks. The Group defines and classifies risks per risk item and manages each of them in accordance with its nature.

### **(3) Credit risk management**

The Group assumes credit risk by extending credit to many domestic and foreign customers through a variety of commercial transactions. The Group mitigates such credit risk by objectively assigning credit ratings to the customers to which it extends credit based on the Company's credit rating system. The Group also controls credit risk by setting rating-based credit limits on a customer-by-customer basis and enforcing the credit limits thus set. The Group employs other safeguards (e.g., collaterals and guarantees) as warranted by the customer's creditworthiness. Additionally, the Group has a system for assessing receivables, in which customers are extracted based on certain criteria, then assessed for their creditworthiness. With respect to such selected customers, the Group also checks for existence of any receivables, protection measures or the like. Through the above, the Group endeavors to more rigorously ascertain credit risk and calculate the allowance for doubtful accounts for each account receivable. Please note that the Group does not carry any excessive credit risk with respect to any specified customer.

In regards to derivative transactions, the Group only deals with financial institutions with high credit ratings, as assigned by internationally-acknowledged rating agencies, so as to minimize the credit risks. The Group also periodically reviews the credit ratings of counterparties to such derivative transactions and re-evaluates credit limits so as to minimize credit risks based on non-performance by such counterparties.

### 1) Maximum exposure to credit risk

Other than guaranteed obligations, the Group's maximum exposure with respect to credit risks without taking into account any collaterals held or other credit enhancements is the carrying amount of financial instruments less impairment losses under the Consolidated Statement of Financial Position. On the other hand, the Group's maximum exposures to credit risks concerning guaranteed obligations as of March 31, 2023 and March 31, 2024 were ¥29,664 million and ¥43,963 million (U.S.\$ 291,145 thousand), respectively.

### 2) Increases/decreases in allowance for doubtful accounts and the carrying amount of financial assets

The following shows the carrying amount of trade and other receivables (applying the simplified approach).

2023

	Millions of yen		
	Financial assets other than credit impaired financial assets	Credit impaired financial assets	Total
Trade and other receivables (Note)	537,990	55,729	593,719

(Note) Trade and other receivables applied the simplified approach primarily consist of notes receivable and accounts receivable.

2024

	Millions of yen		
	Financial assets other than credit impaired financial assets	Credit impaired financial assets	Total
Trade and other receivables (Note)	<b>586,064</b>	<b>59,862</b>	<b>645,927</b>

2024

	Thousands of U.S. dollars		
	Financial assets other than credit impaired financial assets	Credit impaired financial assets	Total
Trade and other receivables (Note)	<b>3,881,218</b>	<b>396,437</b>	<b>4,277,662</b>

(Note) Trade and other receivables applied the simplified approach primarily consist of notes receivable and accounts receivable.

The carrying amount of financial assets other than credit impaired financial assets mostly includes receivables from customers/clients whose internal credit rating is "normal," whereas the carrying amount of credit impaired financial assets mostly includes customers/clients whose internal credit rating is "doubtful" or "in bankruptcy or rehabilitation."

There are no remarkable changes in carrying amount which could impact allowance for doubtful accounts for the year ended March 31, 2023, and March 31, 2024.

The following shows increases/decreases in allowance for doubtful accounts against trade and other receivables applied the simplified approach.

2023

	Millions of yen		
	Allowance for doubtful accounts against financial assets other than credit impaired financial assets	Allowance for doubtful accounts against credit impaired financial assets	Total
Balance as of April 1, 2022 based on IFRS 9	584	46,861	47,445
Reclassified as allowance for doubtful accounts against credit impaired financial assets	(0)	0	—
Increase	69	2,694	2,764
Decrease (incurred and charged against allowance)	(9)	(436)	(445)
Decrease (unused amounts reversed)	(183)	(160)	(343)
Others (Note)	10	3,275	3,286
Balance as of March 31, 2023 based on IFRS 9	472	52,235	52,707

(Note) "Others" mostly includes impact from foreign currency translation.

2024

	Millions of yen		
	Allowance for doubtful accounts against financial assets other than credit impaired financial assets	Allowance for doubtful accounts against credit impaired financial assets	Total
Balance as of April 1, 2023 based on IFRS 9	472	52,235	52,707
Reclassified as allowance for doubtful accounts against credit impaired financial assets	(0)	0	—
Increase	140	296	437
Decrease (incurred and charged against allowance)	(0)	(1,215)	(1,216)
Decrease (unused amounts reversed)	(78)	(8)	(87)
Others (Note)	208	5,346	5,555
Balance as of March 31, 2024 based on IFRS 9	741	56,654	57,396

2024

	Thousands of U.S. dollars		
	Allowance for doubtful accounts against financial assets other than credit impaired financial assets	Allowance for doubtful accounts against credit impaired financial assets	Total
Balance as of April 1, 2023 based on IFRS 9	3,125	345,927	349,052
Reclassified as allowance for doubtful accounts against credit impaired financial assets	(0)	0	—
Increase	927	1,960	2,894
Decrease (incurred and charged against allowance)	(0)	(8,046)	(8,052)
Decrease (unused amounts reversed)	(516)	(52)	(576)
Others (Note)	1,377	35,403	36,788
Balance as of March 31, 2024 based on IFRS 9	4,907	375,192	380,105

(Note) "Others" mostly includes impact from foreign currency translation.

The following shows the carrying amount for trade and other receivables applied the general approach.

2023

2023	Millions of yen			
	Financial assets for which allowance for doubtful accounts is measured based on 12 months expected credit loss	Financial assets for which allowance for doubtful accounts has been measured based on lifetime expected credit loss		Total
		Financial assets other than credit impaired financial assets	Credit impaired financial assets	
Trade and other receivables (Note)	164,547	163	5,918	170,630

(Note) Trade and other receivables applied the general approach primarily consist of loan receivable.

2024

2024	Millions of yen			
	Financial assets for which allowance for doubtful accounts is measured based on 12 months expected credit loss	Financial assets for which allowance for doubtful accounts has been measured based on lifetime expected credit loss		Total
		Financial assets other than credit impaired financial assets	Credit impaired financial assets	
Trade and other receivables (Note)	112,825	81	7,580	120,486

2024

2024	Thousands of U.S. dollars			
	Financial assets for which allowance for doubtful accounts is measured based on 12 months expected credit loss	Financial assets for which allowance for doubtful accounts has been measured based on lifetime expected credit loss		Total
		Financial assets other than credit impaired financial assets	Credit impaired financial assets	
Trade and other receivables (Note)	747,185	536	50,198	797,920

(Note) Trade and other receivables applied the general approach primarily consist of loan receivable.

The carrying amount of financial assets for which allowance for doubtful accounts is measured based on 12 months expected credit loss includes receivables from customers/clients whose internal credit rating is "normal."

Among financial assets for which allowance for doubtful accounts has been measured based on lifetime expected credit loss, the carrying amount of financial assets other than credit impaired financial assets includes receivables from customers/clients whose internal credit rating is "cautious," and the carrying amount of credit impaired financial assets includes receivables from customers/clients whose internal credit rating is "doubtful" or "in bankruptcy or rehabilitation."

There are no remarkable changes in carrying amount which could impact allowance for doubtful accounts for the year ended March 31, 2023, and March 31, 2024, respectively.

The following shows increases/decreases in allowances for doubtful accounts against trade and other receivables applied the general approach.

2023

	Millions of yen			
	Allowance for doubtful accounts, measured based on 12 months expected credit loss	Allowance for doubtful accounts, measured based on lifetime expected credit loss		Total
		Allowance for doubtful accounts against financial assets other than credit impaired financial assets	Allowance for doubtful accounts against credit impaired financial assets	
Balance as of April 1, 2022 based on IFRS 9	24	—	3,428	3,453
Reclassified as allowance for doubtful accounts against financial assets other than credit impaired financial assets	(0)	0	—	—
Reclassified as allowance for doubtful accounts against credit impaired financial assets	—	—	—	—
Increase	21	—	653	675
Decrease (incurred and charged against provisions)	—	—	(125)	(125)
Decrease (unused amounts reversed)	(2)	—	(28)	(30)
Others (Note)	1	—	313	315
Balance as of March 31, 2023 based on IFRS 9	45	0	4,242	4,287

(Note) "Others" mostly includes impact from foreign currency translations.

2024

	Millions of yen			
	Allowance for doubtful accounts, measured based on 12 months expected credit loss	Allowance for doubtful accounts, measured based on lifetime expected credit loss		Total
		Allowance for doubtful accounts against financial assets other than credit impaired financial assets	Allowance for doubtful accounts against credit impaired financial assets	
Balance as of April 1, 2023 based on IFRS 9	45	0	4,242	4,287
Reclassified as allowance for doubtful accounts against financial assets other than credit impaired financial assets	(0)	0	—	—
Reclassified as allowance for doubtful accounts against credit impaired financial assets	—	—	—	—
Increase	5	—	450	456
Decrease (incurred and charged against provisions)	(0)	—	(193)	(193)
Decrease (unused amounts reversed)	(0)	—	(457)	(458)
Others (Note)	3	(0)	1,079	1,082
Balance as of March 31, 2024 based on IFRS 9	52	0	5,121	5,174

2024

2024	Thousands of U.S. dollars			
	Allowance for doubtful accounts, measured based on 12 months expected credit loss	Allowance for doubtful accounts, measured based on lifetime expected credit loss		Total
		Allowance for doubtful accounts against financial assets other than credit impaired financial assets	Allowance for doubtful accounts against credit impaired financial assets	
Balance as of April 1, 2023 based on IFRS 9	298	0	28,092	28,390
Reclassified as allowance for doubtful accounts against financial assets other than credit impaired financial assets	(0)	0	—	—
Reclassified as allowance for doubtful accounts against credit impaired financial assets	—	—	—	—
Increase	33	—	2,980	3,019
Decrease (incurred and charged against provisions)	(0)	—	(1,278)	(1,278)
Decrease (unused amounts reversed)	(0)	—	(3,026)	(3,033)
Others (Note)	19	(0)	7,145	7,165
Balance as of March 31, 2024 based on IFRS 9	344	0	33,913	34,264

(Note) "Others" mostly includes impact from foreign currency translations.

#### (4) Liquidity risk management

The Group raises funds through borrowings from financial institutions or issuance of bonds. Accordingly, in the event of a disruption to financial markets or a significant downgrade to the Group's credit rating by one or more rating agencies, the Group's ability to raise funds may become more restricted, and consequently the Group may not be able to make payments on debt by the due date. To provide additional financial flexibility and liquidity, the Group maintains long-term Commitment Lines of ¥100 billion (not used) and U.S.\$2.575 billion (U.S.\$0.6 billion used). The Group maintains good relationships with financial institutions, including the counterparties to these commitment line agreements.

##### 1) Non-derivative financial liabilities

The breakdown of non-derivative financial liabilities by due date was as follows. Lease liabilities are presented in "35 LEASES."

2023

	Millions of yen			Total
	Within one year	Between one and five years	Over five years	
Trade and other payables .....	579,208	9,278	—	588,486
Bonds and borrowings .....	175,839	432,977	311,213	920,031
Total .....	755,048	442,255	311,213	1,508,518

2024

	Millions of yen			Total
	Within one year	Between one and five years	Over five years	
Trade and other payables .....	663,073	4,524	5,209	672,807
Bonds and borrowings .....	200,537	413,720	323,762	938,019
Total .....	863,611	418,244	328,971	1,610,827

2024

	Thousands of U.S. dollars			Total
	Within one year	Between one and five years	Over five years	
Trade and other payables .....	4,391,211	29,960	34,496	4,455,675
Bonds and borrowings .....	1,328,059	2,739,867	2,144,119	6,212,046
Total .....	5,719,278	2,769,827	2,178,615	10,667,728

Other than the above, the guarantees for obligations as March 31, 2023 and March 31, 2024 were ¥29,664 million and ¥43,963 million (U.S.\$291,145 thousand), respectively.

## 2) Derivatives

The breakdown of derivatives by due date was as follows.

2023

	Millions of yen			
	Within one year	Between one and five years	Over five years	Total
Currency-related derivatives				
Cash inflows .....	278,007	6,413	—	284,421
Cash outflows .....	(280,436)	(6,350)	—	(286,786)
Subtotal .....	(2,428)	62	—	(2,365)
Interest rate-related derivatives ....	1,221	765	84	2,071
Commodity-related derivatives ....	961	—	—	961
Others .....	52	—	—	52
Total .....	(193)	828	84	719

2024

	Millions of yen			
	Within one year	Between one and five years	Over five years	Total
Currency-related derivatives				
Cash inflows .....	394,318	52,422	—	446,740
Cash outflows .....	(395,263)	(52,690)	—	(447,953)
Subtotal .....	(944)	(267)	—	(1,212)
Interest rate-related derivatives .....	796	635	(146)	1,286
Commodity-related derivatives .....	1,424	—	—	1,424
Total .....	1,276	367	(146)	1,498

2024

	Thousands of U.S. dollars			
	Within one year	Between one and five years	Over five years	Total
Currency-related derivatives				
Cash inflows .....	2,611,377	347,165	—	2,958,543
Cash outflows .....	(2,617,635)	(348,940)	—	(2,966,576)
Subtotal .....	(6,251)	(1,768)	—	(8,026)
Interest rate-related derivatives ....	5,271	4,205	(966)	8,516
Commodity-related derivatives ....	9,430	—	—	9,430
Total .....	8,450	2,430	(966)	9,920

## (5) Market risk management

The Group is exposed to market risks, such as exchange rate fluctuation risk associated with transactions denominated in foreign currencies in connection with international trade or business investments, interest rate fluctuation risk associated with financing, investments or the like, commodity price fluctuation risk associated with purchase and sale agreements/commodity inventories arising from operating activities and price fluctuation risk associated with the ownership of listed securities (i.e., stock price fluctuation risk). The Group's basic policy is to minimize such market risks by matching assets and liabilities (e.g., long and short commodity exposures) and through hedge transactions, such as forward exchange transactions, commodity futures/forward transactions and interest rate swaps.

### 1) Exchange rate fluctuation risk

#### *(a) Content of, and policy for managing, exchange rate fluctuation risk*

The Group engages in import and export transactions and offshore transactions, both denominated in foreign currencies, as its principal business activity. Whereas the revenues and expenditures associated with such transactions are mainly received/paid out in foreign currencies, the Group's consolidated reporting currency is Japanese yen. The Group is, therefore, exposed to the risk of fluctuations in the yen's value against foreign currencies. To prevent or limit losses stemming from such risk, the Group hedges its foreign currency exposure through forward exchange transactions or the like.

#### *(b) Sensitivity analysis of exchange rate fluctuation risk*

In regards to financial instruments held by the Group as of the end of the consolidated year, the following chart shows the amounts affecting profit before tax and other comprehensive income (before tax effect adjustments), as reported in the Consolidated Financial Statements, that would result from 1% appreciation of yen against each of the U.S. dollar and Australian dollar. Such analysis is based on the assumption that other factors remain constant.

In addition, such analysis does not include the affected amounts based on translations (into Japanese yen) of financial instruments denominated in functional currency, income and expenses denominated in foreign currency and assets and liabilities of foreign operations.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Profit before tax			
U.S. dollar .....	397	642	4,251
Australian dollar .....	(40)	288	1,907
Other comprehensive income			
U.S. dollar .....	270	593	3,927
Australian dollar .....	28	(38)	(251)

## 2) Interest rate fluctuation risk

### *(a) Content of and policy for managing interest rate fluctuation risk*

The Group raises funds by borrowing from financial institutions and issuing bonds to acquire fixed assets, invest in securities, and extend credit (e.g., through trade receivables). Asset and liability items are categorized based on whether or not they are sensitive to interest rate changes, with the difference between the value of sensitive assets and sensitive liabilities used to determine an interest rate mismatch value. Based on this amount, the ratios of funds procured from fixed-rate sources and variable-rate sources are adjusted to better manage interest rate fluctuation risks.

### *(b) Sensitivity analysis of interest rate fluctuation risk*

In regards to financial instruments held by the Group as of the end of the consolidated year, the following chart shows the amount affecting profit before tax, as reported in the Consolidated Financial Statements, in the case that the interest rate increases by 1%. Such analysis is based on the assumption that other factors remain constant.

Under such analysis, the amount affecting profit before tax is calculated by multiplying the net balance of the financial instruments affected by the interest rate fluctuation at the fiscal year-end by 1%. Please note that other than financial instruments with floating rates (excluding those that are considered to be financial instruments with fixed rates in substance due to interest rate swaps), the Group deals with, among others, the following financial instruments that are also affected by interest rate fluctuations: cash and cash equivalents; trade notes and accounts receivable; and, trade notes and accounts payable.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Profit before tax .....	(305)	(665)	(4,403)

### *(c) Interest rate benchmark reform and related risk management*

On March 31, 2023, the Group held financial instruments that reference the London Inter-Bank Offered Rate ( “LIBOR” ). These instruments mainly comprised borrowings in the form of non-derivative financial liabilities and derivatives on interest rate swap agreements. The Group monitored trends pertaining to the interest rate benchmark reform and assessed the potential impacts while transitioning to alternative benchmark rates for LIBOR. As of March 31, 2024, the Group has completed the transition to alternative benchmark rates for LIBOR for all transactions.

### 3) Commodity price fluctuation risk

#### *(a) Content of, and policies for managing, commodity price fluctuation risk*

As a general trading company, the Group deals in a wide range of commodities through its various businesses. As such, the Group is exposed to commodity price risk due to price fluctuations or the like. For market-traded commodities, the Group manages exposures and controls losses by setting (long and short) position limits and maximum loss amounts (MLA) for each of its organizational units. The Group also prescribes and enforces stop-loss rules (i.e., an internal organizational unit must promptly liquidate losing positions within the range of MLA if unit losses, including valuation losses, exceed 90% of MLA). The positions of each product are monitored, and measures are implemented to control levels as appropriate based on division-specific analyses of movements.

#### *(b) Sensitivity analysis of commodity price fluctuation risk*

In regards to derivatives related to commodity held by the Group as of the end of the consolidated year, the following chart shows the amounts affecting profit before tax and other comprehensive income (before tax effect adjustments), as reported in the Consolidated Financial Statements, in the case that the commodity price decreases by 1%. Such analysis is based on the assumption that other factors remain constant.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Profit before tax			
Metals & Coal .....	(250)	(309)	(2,046)
Foods .....	11	4	26
Other comprehensive income			
Oils .....	3	3	19

### 4) Stock price fluctuation risk

#### *(a) Content of, and policies for managing, stock price fluctuation risk*

The Group has held marketable securities and is exposed to the risk of market price fluctuations. The Group has steadily proceeded with the sale of cross-shareholdings under Medium-Term Management Plan 2023, with the goal of achieving a 50% reduction in cross-shareholdings from the level of December 31, 2020, and has sold such shares in excess of the planned values. In Medium-Term Management Plan 2026, as in the previous medium-term management plan, the Group intends to continue to confirm the holding purpose for all holdings for listed shares.

#### *(b) Sensitivity analysis of stock price fluctuation risk*

In regards to listed stocks held by the Group as of the end of the consolidated year, the following chart shows the amounts affecting other comprehensive income (before tax effect adjustments), as reported in the Consolidated Financial Statements, in the case that prices of such listed stocks decrease by 1%. Such analysis is based on the assumption that other factors remain constant.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Other comprehensive income .....	(686)	(716)	(4,741)

## (6) Fair values of financial instruments

The fair values of financial instruments were as follows.

As set forth under "2 BASIS OF PRESENTATION (4) Use of estimates and judgments," fair values are categorized into three levels in a fair value hierarchy based on the inputs used in the valuation techniques.

### 1) Financial assets and liabilities measured at amortized cost

	Millions of yen				Thousands of U.S. dollars	
	2023		2024		2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Trade and other receivables						
Trade notes and accounts receivable ..	502,607	502,498	544,413	544,317	3,605,384	3,604,748
Total .....	502,607	502,498	544,413	544,317	3,605,384	3,604,748
Financial liabilities						
Trade and other payables						
Trade notes and accounts payable ....	490,196	490,196	529,678	529,678	3,507,801	3,507,801
Bonds and borrowings						
Bonds payable (including current portion) ..	71,634	70,841	61,924	60,655	410,092	401,688
Long-term loans (including current portion) ..	682,617	672,571	724,610	707,957	4,798,741	4,688,456
Total .....	1,244,448	1,233,609	1,316,213	1,298,291	8,716,642	8,597,953

The fair values stated above are calculated as follows.

#### (a) Trade notes and accounts receivable

Each receivable is categorized by period, and its fair value is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

#### (b) Trade notes and accounts payable

Each payable is categorized by period, and its fair value is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

#### (c) Bonds and borrowings

The fair value of bonds payable is the market price when available.

The fair value of long-term loans is the present value of total principal and interest discounted using an assumed interest rate on equivalent new borrowings.

Financial assets and liabilities measured at amortized cost are categorized within fair value hierarchy Level 2.

Purchase commitments for non-controlling interests' shares are not included in the table above. The total amounts of such liabilities included in "Other current liabilities" and "Other non-current liabilities" in the years ended March 31, 2023, and the years ended March 31, 2024, were ¥4,225 million and ¥3,245 million (U.S.\$21,490 thousand), respectively, and the fair value and carrying amount of these liabilities were approximately the same.

## 2) Financial assets and liabilities measured at fair value

### 1. Analysis of fair value by hierarchy level

The following tables provide analysis by level reflecting the significance of inputs used when measuring fair value for financial assets and financial liabilities in the Consolidated Statement of Financial Position that are measured at fair value. Financial assets and liabilities measured at fair value on a non-recurring basis are not included.

2023

Millions of yen				
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
<b>Financial Assets</b>				
Other investments				
Financial assets measured at FVTPL ...	—	387	10,306	10,694
Financial assets measured at FVTOCI..	68,652	—	50,434	119,087
Derivative financial assets .....	607	5,312	52	5,971
<b>Total .....</b>	<b>69,259</b>	<b>5,699</b>	<b>60,793</b>	<b>135,752</b>
<b>Financial Liabilities</b>				
Derivative financial liabilities .....	(597)	(4,920)	—	(5,518)
<b>Total .....</b>	<b>(597)</b>	<b>(4,920)</b>	<b>—</b>	<b>(5,518)</b>

2024

Millions of yen				
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
<b>Financial Assets</b>				
Other investments				
Financial assets measured at FVTPL..	—	388	9,007	9,395
Financial assets measured at FVTOCI..	71,667	—	49,014	120,681
Derivative financial assets .....	320	6,347	—	6,667
<b>Total .....</b>	<b>71,987</b>	<b>6,735</b>	<b>58,021</b>	<b>136,745</b>
<b>Financial Liabilities</b>				
Derivative financial liabilities .....	(238)	(4,999)	—	(5,238)
<b>Total .....</b>	<b>(238)</b>	<b>(4,999)</b>	<b>—</b>	<b>(5,238)</b>

2024

Thousands of U.S. dollars				
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
<b>Financial Assets</b>				
Other investments				
Financial assets measured at FVTPL..	—	2,569	59,649	62,218
Financial assets measured at FVTOCI ..	474,615	—	324,596	799,211
Derivative financial assets .....	2,119	42,033	—	44,152
<b>Total .....</b>	<b>476,735</b>	<b>44,602</b>	<b>384,245</b>	<b>905,596</b>
<b>Financial Liabilities</b>				
Derivative financial liabilities .....	(1,576)	(33,105)	—	(34,688)
<b>Total .....</b>	<b>(1,576)</b>	<b>(33,105)</b>	<b>—</b>	<b>(34,688)</b>

The fair values stated above are calculated as follows.

*(a) Other investments*

The fair value of listed shares is the quoted price on an exchange, and is categorized within fair value hierarchy Level 1. The fair value of unlisted shares is calculated using valuation methods including discounted future cash flow, market prices of comparable companies, net asset value, and other valuation methods, and is categorized within fair value hierarchy Level 3. Measuring the fair value of unlisted shares involves the use of unobservable inputs such as discount rate and valuation multiples, as well as any necessary adjustments including discounts for a lack of liquidity or a non-controlling interest. The Group's corporate departments determine the policies and procedures for measuring the fair value of unlisted shares, and validate their approach to measuring fair value, including the valuation model, by periodically confirming issues such as the operating circumstances associated with particular equities, the availability of relevant business plans, and data from comparable public companies.

*(b) Derivative financial assets and liabilities*

The main fair values by type are calculated as follows.

Currency-related derivatives

The fair values of foreign exchange transactions, spot/forward transactions, currency option transactions and currency swap transactions are calculated based on the forward exchange rate as of the closing date.

Interest rate-related derivatives

The fair value of interest-rate swaps is the present value of future cash flow discounted by an interest rate that reflects time to settlement and credit risk.

Commodity-related derivatives

The fair value of commodity futures transactions is calculated mainly using final prices on commodities exchanges as of the fiscal year-end. The fair values of commodity forward transactions, commodity option transactions and commodity swap transactions are calculated based on the index prices publicly announced at the fiscal year-end.

Commodity futures transactions are categorized within fair value hierarchy Level 1. Share forward transactions are categorized within fair value hierarchy Level 3. All other derivative financial assets and liabilities are categorized within fair value hierarchy Level 2.

## 2. Recurring fair value measurements categorized within fair value hierarchy Level 3

The increases/decreases in financial assets and liabilities that are measured at fair value on a recurring basis and are categorized within fair value hierarchy Level 3 were as follows.

	Millions of yen						Thousands of U.S. dollars		
	2023			2024			2024		
	Other investments			Other investments			Other investments		
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Total	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Total	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Total
Balance at beginning of year .....	8,657	54,846	63,504	10,306	50,434	60,741	68,251	334,000	402,258
Total gains or losses									
Profit or loss .....	401	—	401	33	—	33	218	—	218
Other comprehensive income .....	—	(5,736)	(5,736)	—	845	845	—	5,596	5,596
Purchases .....	1,094	4,474	5,568	2,251	1,748	3,999	14,907	11,576	26,483
Disposals and settlements .....	(3)	(350)	(354)	(3,774)	(4,554)	(8,328)	(24,993)	(30,158)	(55,152)
Others .....	156	(2,798)	(2,642)	190	539	729	1,258	3,569	4,827
Balance at end of year ..	10,306	50,434	60,741	9,007	49,014	58,021	59,649	324,596	384,245

Gains or losses recognized as profit or loss are included in "Other financial income" and "Other financial costs" in the Consolidated Statement of Profit or Loss. Total gains recognized as profit or loss included profits of ¥402 million and profits of ¥346 million (U.S.\$2,291 thousand) on financial instruments held as of the years ended March 31, 2023 and March 31, 2024, respectively.

Gains or losses recognized in other comprehensive income are included in "Financial assets measured at FVTOCI" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## (7) Financial assets measured at FVTOCI

With respect to investments made in equity instruments held for the purpose of maintaining and strengthening relationships with business partners, the Group has designated such investments as financial assets measured at FVTOCI in consideration of such purpose.

### 1) Fair values per name (of investment)

Of the investments in equity instruments designated to be measured at FVTOCI, the fair value at these investments with active market are as follows.

2023

Name of investment	Millions of yen
	Amount
NHK SPRING CO., LTD.	12,499
Japan Airport Terminal Co., Ltd.	5,577
ANA HOLDINGS INC.	4,065
Yamazaki Baking Co., Ltd.	3,848
NIKE, Inc.	3,275
Nisshin Seifun Group Inc.	2,750
Tokuyama Corporation	2,729
FUJIFILM Holdings Corporation	2,721
NICHIRIN CO.,LTD.	2,707
Archean Chemical Industries Limited	2,666

2024

Name of investment	Millions of yen	Thousands of U.S. dollars
	Amount	Amount
NHK SPRING CO., LTD.	19,759	130,854
Japan Airport Terminal Co., Ltd.	5,010	33,178
Yamazaki Baking Co., Ltd.	4,703	31,145
ANA HOLDINGS INC.	4,537	30,046
NICHIRIN CO.,LTD.	4,381	29,013
Braskem S.A.	2,868	18,993
NIKE, Inc.	2,845	18,841
Mitsui DM Sugar Holdings Co., Ltd.	1,974	13,072
Nisshin Seifun Group Inc.	1,861	12,324
ADEKA CORPORATION	1,809	11,980

## 2) Dividends received

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Investments derecognized during the reporting period .....	345	112	741
Investments held at the end of the reporting period .....	6,386	5,433	35,980
Total .....	6,732	5,545	36,721

## 3) Financial assets measured at FVTOCI that were derecognized during the reporting period

The Group disposes of financial assets measured at FVTOCI for the purpose of periodic portfolio reviews and management of risk assets. The fair values of such financial assets at the dates of the disposal and the cumulative gains (before taxes) on disposal were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Fair value at the date of disposal .....	38,128	9,645	63,874
Cumulative gains on disposal .....	30,355	2,210	14,635

## 4) Reclassification to retained earnings

The Group reclassifies to retained earnings cumulative gains or losses arising from changes in the fair values of financial assets measured at FVTOCI in either of the following cases: when an investment is disposed of; and, when there is a significant decline in the fair value. Such cumulative other comprehensive income totals (net of taxes) that were reclassified to retained earnings for the years ended March 31, 2023 and March 31, 2024 were gains of ¥24,354 million and gains of ¥9,361 million (U.S.\$61,993 thousand), respectively.

## **(8) Hedge accounting**

The Group endeavors to minimize market risk using hedging transactions, including forward exchange contract transactions, commodity futures and commodity forwards, and interest rate swaps. Risk management policies for each risk exposure can be found under (5) - Market risk management.

When initiating a hedge, the Group designates and documents the risk management purposes and strategies regarding the hedge relationship and initiation of such hedge. Such documentation includes the designation of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and methods of assessing the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. In order to determine whether these hedges were actually effective at the start of hedging and throughout the reporting period for which such hedging was designated, the Group confirms the economic relationship between the hedged item and the hedging instrument through a qualitative analysis whether the critical terms of the hedged item and hedging instrument match up or closely correspond, and quantitative analysis whether the value of the hedged item and hedging instrument mutually offsets any fluctuations in price caused by the same risk the hedged item and hedging instrument seek to hedge.

The Group sets an appropriate hedging ratio when initiating a hedge, in accordance with the number of items to be hedged and available hedging instruments. As a general rule, the company matches one hedging instrument to each item to be hedged. If the hedging relationship is deemed ineffective but the purpose of risk management is not changed, this ratio of hedging instruments to hedged items will be readjusted to make the hedging relationship effective. There is no materiality to the impact of the hedging portion deemed ineffective on hedging relationships, including impact from credit risk.

When the Group targets a specific risk element for hedging, determined using the risk management strategy for each risk category, the Group selects those risk elements which comprise a structural element of the total hedging and which can be examined separately from the whole and used to reliably measure fluctuations in cash flow and fair value in response to changes in those risk elements.

### **1) Types of hedge accounting**

#### ***(a) Fair value hedges***

The Group designates commodity futures and forwards contracts as hedging instruments to hedge the changes in fair values of firm commitments or inventories and designates interest rate swaps as hedging instruments to hedge the change in fair value of fixed-rate borrowings.

The changes in fair value of a derivative used as a hedging instrument are recognized as profit or loss. The carrying amount of hedged items is measured at fair value and the gains or losses on such hedged items arising from changes in the fair values attributable to the hedged risks are recognized as profit or loss.

The Group uses fluctuations in the value of hedged items as the basis for recognizing the amount for which hedging was ineffective. For the years ended March 31, 2023, and March 31, 2024, these fluctuations were largely in line with changes in the fair value of hedging instruments, and there was no materiality in the ineffective hedging portion recognized as profit or loss.

*(b) Cash flow hedges*

The Group designates interest rate swaps as hedging instruments to hedge the variability of cash flows relating to floating-rate borrowings and designates forward exchange transactions as hedging instruments to hedge the variability of cash flows concerning firm commitments or forecast transactions in foreign currency.

With respect to a cash flow hedge, the portions of the gains or losses on the hedging instruments that are determined to be effective hedges are recognized as other comprehensive income.

The Group uses fluctuations in the value of hedged items as the basis for recognizing the amount for which hedging was ineffective. For the years ended March 31, 2023, and March 31, 2024, these fluctuations were largely in line with changes to the fair value of hedging instruments, and there was no materiality in the ineffective hedging portion recognized as profit or loss. Furthermore, there was no materiality in the amount transferred from other components of equity to profit or loss, since forecast transactions were not anticipated.

*(c) Hedges of net investments in foreign operations*

The Group designates forward exchange transactions and foreign currency borrowings as hedging instruments to hedge the risk of change in exchange rate concerning net investments in foreign operations.

With respect to a hedge of net investments in foreign operations, the portions of the gains or losses on the hedging instruments that are determined to be effective hedges are recognized as other comprehensive income.

The Group uses fluctuations in the value of hedged items as the basis for recognizing the amount for which hedging was ineffective. For the years ended March 31, 2023, and March 31, 2024, these fluctuations were largely in line with changes to the fair value of hedging instruments, and there was no materiality in the ineffective hedging portion recognized as profit or loss.

## 2) Carrying amount of hedges on the Consolidated Statement of Financial Position

The following shows the carrying amount of hedging instruments by the type of hedge accounting applied.

Hedging instruments	Millions of yen				Thousands of U.S. dollars	
	2023		2024		2024	
	Assets	Liabilities (-)	Assets	Liabilities (-)	Assets	Liabilities (-)
Fair value hedges						
Currency-related derivatives	—	(6)	—	—	—	—
Interest rate-related derivatives	—	—	—	(60)	—	(397)
Commodity-related derivatives	541	(471)	219	(153)	1,450	(1,013)
Total fair value hedges	541	(477)	219	(213)	1,450	(1,410)
Cash flow hedges						
Currency-related derivatives	436	(1,295)	1,549	(1,477)	10,258	(9,781)
Interest rate-related derivatives	1,794	(71)	1,253	(53)	8,298	(350)
Commodity-related derivatives	—	(9)	—	(5)	—	(33)
Total cash flow hedges	2,230	(1,376)	2,802	(1,535)	18,556	(10,165)
Total hedges of net investments in foreign operations	191	(654)	—	(39)	—	(258)
Total	2,963	(2,507)	3,022	(1,788)	20,013	(11,841)

The derivative contracts above were recorded on the Consolidated Statement of Financial Position as either "derivative financial assets" or "derivative financial liabilities." In addition, the Group recorded loan payables in foreign currency, designated for hedging using cash flow hedges and hedges of net investment, as ¥36,047 million and ¥34,733 million (U.S.\$230,019 thousand) in the years ended March 31, 2023 and March 31, 2024, respectively. These were recorded as "corporate bonds and loans payable" on the Consolidated Statement of Financial Position.

The following shows the notional amount and average price of the main hedging instruments.

### 2023

Hedging instruments	Description	Type	Notional amount and average price	
Cash flow hedges	Forward exchanges in USD	Export	Notional amount (millions USD)	62
			Average price (USD/JPY)	130.71
		Import	Notional amount (millions USD)	219
			Average price (USD/JPY)	133.95
	Floating rate received/fixed rate paid for interest rate swaps	—	Notional amount (millions JPY)	83,812

Forward exchanges in USD contracts mainly come to maturity within one year from the end of the current consolidated fiscal year. The impact of net notional amount relevant to forward exchanges in USD contracts mature over one year on the future cashflow is immaterial. And the amount of the notional amount of interest rate swap contracts maturing is, within one year from the end of the current fiscal year, in less than five years from one year and five years of the period, each ¥57,097 million, ¥17,715 million and ¥8,999 million.

## 2024

Hedging instruments	Description	Type	Notional amount and average price	
Cash flow hedges	Forward exchanges in USD	Export	Notional amount (millions USD)	<b>70</b>
			Average price (USD/JPY)	<b>151.44</b>
		Import	Notional amount (millions USD)	<b>183</b>
			Average price (USD/JPY)	<b>151.38</b>
	Floating rate received/fixed rate paid for interest rate swaps	—	Notional amount (millions JPY)	<b>26,501</b>
Fair value hedges	Fixed rate received/floating rate paid for interest rate swaps	—	Notional amount (millions JPY)	<b>12,000</b>

Forward exchanges in USD contracts mainly come to maturity within one year from the end of the current consolidated fiscal year. The impact of net notional amount relevant to forward exchanges in USD contracts mature over one year on the future cashflow is immaterial. And the amount of the notional amount of interest rate swap contracts maturing is, within one year from the end of the current fiscal year, in less than five years from one year and five years of the period, each ¥4,330 million (U.S.\$28,675 thousand), ¥14,232 million (U.S.\$94,251 thousand) and ¥19,938 million (U.S.\$132,039 thousand).

The following shows the cumulative hedging adjustment to carrying value and fair value of hedged items categorized under “fair value hedges”

## 2023

2023	Millions of yen				Main items on the Consolidated Statement of Financial Position
	Carrying amounts		Cumulative adjustment to fair value hedges		
	Assets	Liabilities (-)	Assets	Liabilities (-)	
Currency-related	985	—	94	—	(Note1)
Commodity-related	4,887	(157)	86	(157)	(Note2)

(Note1) "Other investments"

(Note2) "Inventories", "Other current assets" and "Other current liabilities"

## 2024

2024	Millions of yen				Main items on the Consolidated Statement of Financial Position
	Carrying amounts		Cumulative adjustment to fair value hedges		
	Assets	Liabilities (-)	Assets	Liabilities (-)	
Currency-related	984	—	156	—	(Note1)
Interest rate-related	—	(11,940)	—	59	(Note2)
Commodity-related	2,517	(147)	81	(147)	(Note3)

## 2024

2024	Thousands of U.S. dollars				
	Carrying amounts		Cumulative adjustment to fair value hedges		Main items on the Consolidated Statement of Financial Position
	Assets	Liabilities (-)	Assets	Liabilities (-)	
Currency-related	6,516	—	1,033	—	(Note1)
Interest rate-related	—	(79,072)	—	390	(Note2)
Commodity-related	16,668	(973)	536	(973)	(Note3)

(Note1) "Other investments"

(Note2) "Bonds and borrowings (Non-current)"

(Note3) "Inventories", "Other current assets" and "Other current liabilities"

The following shows the amount recorded for other equity components related to cash flow hedges and hedges of net investments in foreign operations.

2023	Millions of yen	
	Amount recorded for the portion of other equity components for which hedge accounting is ongoing	Amount recorded for the portion of other equity components for which hedge accounting is not ongoing
Cash flow hedges		
Currency-related	(576)	—
Interest rate-related	12,749	—
Commodity-related	1,055	—
Total cash flow hedges	13,228	—
Total hedges of net investments in foreign operations	(1,252)	(14,394)

2024	Millions of yen	
	Amount recorded for the portion of other equity components for which hedge accounting is ongoing	Amount recorded for the portion of other equity components for which hedge accounting is not ongoing
Cash flow hedges		
Currency-related	4,170	—
Interest rate-related	9,083	—
Commodity-related	(1,284)	—
Total cash flow hedges	11,968	—
Total hedges of net investments in foreign operations	(4,522)	(15,789)

2024	Thousands of U.S. dollars	
	Amount recorded for the portion of other equity components for which hedge accounting is ongoing	Amount recorded for the portion of other equity components for which hedge accounting is not ongoing
Cash flow hedges		
Currency-related	27,615	—
Interest rate-related	60,152	—
Commodity-related	(8,503)	—
Total cash flow hedges	79,258	—
Total hedges of net investments in foreign operations	(29,947)	(104,562)

The following shows the breakdown of increases/decreases in the amount recorded for other equity components related to cash flow hedges and hedges of net investments in foreign operations. The amount by excluding the time value of an option contract, the forward element of a forward contract and the foreign currency basis spread from the hedging instrument is immaterial.

2023

	Millions of yen			
	Cash flow hedges			Hedges of net investments in foreign operations
	Currency-related	Interest rate-related	Commodity-related	
Balance at beginning of year	2,718	(2,587)	609	(11,713)
Amount occurring this reporting period	(8,714)	19,131	707	(3,903)
Reclassification adjustment	1,990	(2,266)	135	(36)
Tax effect	3,428	(1,528)	(396)	6
Balance at end of year	(576)	12,749	1,055	(15,647)

2024

	Millions of yen			
	Cash flow hedges			Hedges of net investments in foreign operations
	Currency-related	Interest rate-related	Commodity-related	
Balance at beginning of year	(576)	12,749	1,055	(15,647)
Amount occurring this reporting period	1,184	(210)	(2,448)	(5,236)
Reclassification adjustment	1,772	(3,283)	32	685
Tax effect	1,790	(172)	74	(114)
Balance at end of year	4,170	9,083	(1,284)	(20,312)

2024

	Thousands of U.S. dollars			
	Cash flow hedges			Hedges of net investments in foreign operations
	Currency-related	Interest rate-related	Commodity-related	
Balance at beginning of year	(3,814)	84,430	6,986	(103,622)
Amount occurring this reporting period	7,841	(1,390)	(16,211)	(34,675)
Reclassification adjustment	11,735	(21,741)	211	4,536
Tax effect	11,854	(1,139)	490	(754)
Balance at end of year	27,615	60,152	(8,503)	(134,516)

3) Impact of hedges on the Consolidated Statement of Profit or Loss and Other Comprehensive Income  
The following shows the amount of cash flow hedges and hedges of net investments in foreign operations recorded as other comprehensive income (before tax effect) on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2023

Millions of yen

	Other comprehensive income occurring during this reporting period	Portion reclassified as profit for the period	Main items on the Consolidated Statement of Profit or Loss and Other Comprehensive Income that include the reclassification adjustment
Cash flow hedges			
Currency-related	(8,714)	1,990	(Note1)
Interest rate-related	19,131	(2,266)	(Note2)
Commodity-related	707	135	(Note3)
Total cash flow hedges	11,125	(140)	
Hedges of net investments in foreign operations	(3,903)	(36)	
(Note1) "Revenue", "Cost of sales" and "Other operating income"			
(Note2) "Interest expenses"			
(Note3) "Revenue"			

2024

Millions of yen

	Other comprehensive income occurring during this reporting period	Portion reclassified as profit for the period	Main items on the Consolidated Statement of Profit or Loss and Other Comprehensive Income that include the reclassification adjustment
Cash flow hedges			
Currency-related	1,184	1,772	(Note1)
Interest rate-related	(210)	(3,283)	(Note2)
Commodity-related	(2,448)	32	(Note3)
Total cash flow hedges	(1,473)	(1,478)	
Hedges of net investments in foreign operations	(5,236)	685	

2024

Thousands of U.S. dollars

	Other comprehensive income occurring during this reporting period	Portion reclassified as profit for the period	Main items on the Consolidated Statement of Profit or Loss and Other Comprehensive Income that include the reclassification adjustment
Cash flow hedges			
Currency-related	7,841	11,735	(Note1)
Interest rate-related	(1,390)	(21,741)	(Note2)
Commodity-related	(16,211)	211	(Note3)
Total cash flow hedges	(9,754)	(9,788)	
Hedges of net investments in foreign operations	(34,675)	4,536	
(Note1) "Revenue", "Cost of sales" and "Other operating income"			
(Note2) "Interest expenses"			
(Note3) "Revenue"			

## (9) Derivatives

The breakdown of derivatives by type was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Currency-related derivatives .....	(2,365)	(1,210)	(8,013)
Interest rate-related derivatives .....	1,804	1,216	8,052
Commodity-related derivatives .....	961	1,423	9,423
Others .....	52	—	—
Total .....	453	1,429	9,463
Derivative financial assets (Current assets) .....	4,642	5,444	36,052
Derivative financial assets (Non-current assets) .....	1,328	1,223	8,099
Derivative financial liabilities (Current liabilities) .....	(5,480)	(4,682)	(31,006)
Derivative financial liabilities (Non-current liabilities) ...	(38)	(555)	(3,675)
Total .....	453	1,429	9,463

### 1) Currency-related

Type	Millions of yen				Thousands of U.S. dollars	
	2023		2024		2024	
	Amount of contracts	Fair value	Amount of contracts	Fair value	Amount of contracts	Fair value
Forward exchange transactions						
Selling in U.S. dollars/buying in Japanese yen .....	66,726	(703)	97,421	(1,694)	645,172	(11,218)
Selling in Japanese yen/buying in U.S. dollars .....	61,460	(87)	131,679	1,692	872,046	11,205
Others .....	156,581	(1,574)	215,428	(1,208)	1,426,675	(8,000)
Total forward exchange transactions .....	284,768	(2,365)	444,530	(1,210)	2,943,907	(8,013)
Total currency-related derivatives .....	—	(2,365)	—	(1,210)	—	(8,013)
Currency-related derivatives not designated as hedges ..	—	(1,038)	—	(1,243)	—	(8,231)
Currency-related derivatives designated as hedges ..	—	(1,327)	—	33	—	218
Total .....	—	(2,365)	—	(1,210)	—	(8,013)

## 2) Interest rate-related

Type	Millions of yen				Thousands of U.S. dollars	
	2023		2024		2024	
	Amount of contracts	Fair value	Amount of contracts	Fair value	Amount of contracts	Fair value
Interest rate swap transactions						
Floating rate received/fixed rate paid .....	84,474	1,804	27,223	1,276	180,284	8,450
Fixed rate received/floating rate paid .....	—	—	12,000	(60)	79,470	(397)
Total interest rate-related derivatives .....	—	1,804	—	1,216	—	8,052
Interest rate-related derivatives not designated as hedges ...	—	82	—	76	—	503
Interest rate-related derivatives designated as hedges ...	—	1,722	—	1,139	—	7,543
Total .....	—	1,804	—	1,216	—	8,052

## 3) Commodity-related

Type	Millions of yen				Thousands of U.S. dollars	
	2023		2024		2024	
	Amount of contracts	Fair value	Amount of contracts	Fair value	Amount of contracts	Fair value
Commodity futures transactions						
Metals & Coal						
Selling .....	7,562	454	5,373	(93)	35,582	(615)
Buying .....	6,038	(361)	8,331	158	55,172	1,046
Oils						
Selling .....	342	(9)	324	(5)	2,145	(33)
Foods						
Selling .....	1,076	(84)	647	20	4,284	132
Buying .....	56	0	130	(3)	860	(19)
Total selling ...	8,980	361	6,344	(78)	42,013	(516)
Total buying ...	6,095	(360)	8,462	154	56,039	1,019
Commodity forwards transactions						
Metals & Coal						
Selling .....	14,890	(357)	15,616	(398)	103,417	(2,635)
Buying .....	40,457	1,318	42,179	1,745	279,331	11,556
Total commodity-related derivatives ...	—	961	—	1,423	—	9,423
Commodity-related derivatives not designated as hedges ...	—	900	—	1,362	—	9,019
Commodity-related derivatives designated as hedges ...	—	61	—	60	—	397
Total .....	—	961	—	1,423	—	9,423

#### (10) Transfer of financial assets

The Group liquidates certain trade receivables by discounting notes or the like. However, with respect to some liquidated receivables, the Group may be obligated to make payments as recourse for non-payment by the debtor. The Group continues to recognize such liquidated receivables as they do not meet the criteria for derecognition of financial assets.

The Group recognized such liquidated assets as "Trade and other receivables" in the amounts of ¥13,714 million and ¥18,594 million (U.S.\$123,139 thousand) as of March 31, 2023 and March 31, 2024, respectively. In addition, liabilities relating to the deposit amounts which arose upon the transfer of such assets were accounted for as "Bonds and borrowings" in the amounts of ¥13,714 million and ¥18,594 million (U.S.\$123,139 thousand) as of March 31, 2023 and March 31, 2024, respectively. Such liabilities are settled when payments for such liquidated assets are made, and the Group may not use such liquidated assets until such settlement occurs.

#### (11) Offsetting financial assets and financial liabilities

As of March 31, 2023 and March 31, 2024, financial assets and financial liabilities recognized for the same counterparties included financial instruments that were not offset even though they were covered by an enforceable master netting arrangement or similar agreement because they did not meet some or all of the offsetting criteria, were as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net amounts of financial assets presented in the Consolidated Statement of Financial Position .....	5,971	<b>6,667</b>	<b>44,152</b>
Amounts that were not offset even though they were covered by an enforceable master netting arrangement or similar agreement because they did not meet some or all of the offsetting criteria ...	(1,795)	<b>(3,032)</b>	<b>(20,079)</b>
Net amounts of financial assets after deducting .....	4,176	<b>3,635</b>	<b>24,072</b>

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net amounts of financial liabilities presented in the Consolidated Statement of Financial Position .....	5,518	<b>5,238</b>	<b>34,688</b>
Amounts that were not offset even though they were covered by an enforceable master netting arrangement or similar agreement because they did not meet some or all of the offsetting criteria ...	(1,795)	<b>(3,032)</b>	<b>(20,079)</b>
Net amounts of financial liabilities after deducting .....	3,723	<b>2,205</b>	<b>14,602</b>

When financial assets and financial liabilities are not offset because they do not meet some or all of the criteria required for offsetting, the right of offset for financial instruments only becomes enforceable in specific cases, such as the inability of a customer to fulfill its obligations due to insolvency, etc.

## 34 SHARE-BASED PAYMENT

The Company has introduced an equity-settled share-based remuneration system as a remuneration system closely linked to corporate performance and having high transparency and objectivity, with the objective of heightening directors' and executive officers' awareness toward making contributions to improving Sojitz's performance and to increasing its corporate value over the medium-to-long term.

The system uses a BIP trust (Board Incentive Plan trust).

This trust delivers and provides Sojitz shares and cash equivalent to the conversion amount of Sojitz shares ("Sojitz Shares," collectively) as well as dividends on the Sojitz shares to directors, commensurate with factors such as executive rank and achievement level of performance targets.

Shares held by the BIP trust are recorded as treasury stock, with the system recorded as equity-settled share-based remuneration.

The Company recognizes share remuneration expenses for the year ended March 31, 2024 based on the share delivery points which the Company anticipates will be granted to directors for the service for the year ended March 31, 2024. The number of shares held in trust as of March 31, 2024 was 886,140.

The Company recorded ¥214 million and ¥735 million (U.S.\$ 4,867 thousand) in expenses related to this system for the years ended March 31, 2023, and March 31, 2024, respectively.

## 35 LEASES

### (1) As lessee

The Group leases real estate such as office buildings, machinery and other equipment as lessee.

#### 1) Carrying amount of right-of-use assets

The breakdown of the carrying amount of right-of-use assets was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Underlying assets of buildings and structures .....	47,762	79,067	523,622
Underlying assets of machinery and vehicles .....	9,346	7,963	52,735
Underlying assets of tools, furniture & fixtures .....	675	562	3,721
Underlying assets of land.....	7,815	9,953	65,913
Others .....	2	0	0
Total .....	65,603	97,547	646,006

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Increase in right-of-use assets	8,293	43,207	286,139

#### 2) Expenses, income, and cash flow relating to leases as lessee

The breakdown of the expenses, income, and cash flow relating to leases as lessee was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Depreciation of right-of-use assets .....			
Underlying assets of buildings and structures .....	(11,646)	(13,697)	(90,708)
Underlying assets of machinery and vehicles .....	(2,664)	(2,391)	(15,834)
Underlying assets of tools, furniture & fixtures .....	(320)	(242)	(1,602)
Underlying assets of land .....	(847)	(877)	(5,807)
Others .....	(8)	(2)	(13)
Total .....	(15,487)	(17,212)	(113,986)
Interest expenses for lease liabilities .....	(1,584)	(1,867)	(12,364)
Expenses for short-term leases .....	(3,908)	(4,861)	(32,192)
Expenses for leases of low-value .....	(1,545)	(1,339)	(8,867)
Expenses for variable lease payments not included in the measurement of lease liabilities .....	(9)	(11)	(72)
Income from subleasing right-of-use assets .....	120	125	827
Total expenses relating to leases (net) .....	(22,414)	(25,166)	(166,662)
Total cash outflow relating to leases .....	(23,976)	(25,849)	(171,185)

There was no materiality in the gains or losses from sale and leaseback transactions.

### 3) Lease liabilities

The maturity analysis of undiscounted lease liabilities was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Within one year to due date .....	17,764	19,749	130,788
Between one and two years to due date .....	12,398	14,684	97,245
Between two and three years to due date .....	10,074	11,823	78,298
Between three and four years to due date .....	6,483	9,771	64,708
Between four and five years to due date .....	4,227	8,668	57,403
Over five years to due date .....	27,518	47,540	314,834
Total undiscounted lease payments.....	78,467	112,237	743,291
Interest expenses.....	(7,057)	(7,147)	(47,331)
Total discounted lease payments.....	71,409	105,090	695,960
Current liabilities .....	17,305	19,340	128,079
Non-current liabilities.....	54,104	85,749	567,874
Total .....	71,409	105,090	695,960

### (2) As lessor

The Group leases out railcars, real estate, ships and other assets.

#### 1) Income from leases

The breakdown of the income relating to leases was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Profit and loss from sales recognized at the commencement date of a lease .....	—	—	—
Financial income on net investment in the lease .....	39	48	317
Total income relating to finance leases (net) .....	39	48	317
Income relating to operating leases .....	5,712	12,753	84,456

Among income relating to finance leases and operating leases, there was no materiality to any income relating to variable lease payments that do not depend on an index or rate.

## 2) Maturity analysis of lease payments to be received

### (a) Finance leases

The maturity analysis of undiscounted lease payments receivable relating to finance leases was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Within one year to due date .....	434	914	6,052
Between one and two years to due date .....	257	328	2,172
Between two and three years to due date .....	177	159	1,052
Between three and four years to due date .....	92	97	642
Between four and five years to due date .....	91	83	549
Over five years to due date .....	1,516	1,405	9,304
Total undiscounted lease payments to be received .....	2,569	2,988	19,788
Unearned financial income .....	(1,008)	(1,084)	(7,178)
Net investment in the lease .....	1,560	1,904	12,609

### (b) Operating leases

The maturity analysis of lease payments to be received relating to operating leases was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Within one year to due date .....	2,532	4,801	31,794
Between one and two years to due date .....	1,241	3,488	23,099
Between two and three years to due date .....	904	2,597	17,198
Between three and four years to due date .....	683	1,856	12,291
Between four and five years to due date .....	576	1,158	7,668
Over five years to due date .....	5,607	6,124	40,556
Total .....	11,545	20,028	132,635

## 36 PLEDGED ASSETS

### (1) Assets pledged as security

The breakdown of assets pledged to secure debts and corresponding liabilities was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Assets pledged as security			
Inventories .....	9,819	22,201	147,026
Property, plant and equipment .....	34,966	31,042	205,576
Intangible assets .....	11,923	—	0
Investments accounted for using the equity method ...	17,730	—	0
Other investments .....	3,756	—	0
Others .....	17,980	18,757	124,218
Total .....	96,177	72,000	476,821
Corresponding liabilities			
Trade and other payables .....	6,314	6,380	42,251
Bonds and borrowings .....	38,262	30,045	198,973
Total .....	44,576	36,425	241,225

(Note) With respect to assets pledged as security other than those listed above, there are subsidiaries' stocks which were eliminated in the Consolidated Financial Statements.

Trust receipts issued under customary import financing arrangements give banks a security interest in the goods imported or sales proceeds resulting from the sales of such goods. Due to the large volume of transactions, it is impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts and those transactions were not included in the above amounts.

### (2) Assets pledged in lieu of guarantee money

The breakdown of assets pledged in lieu of guarantee money or the like was as follows.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Investments accounted for using the equity method ...	64,111	65,213	431,874
Other investments .....	10	10	66
Total .....	64,121	65,223	431,940

(Note) With respect to assets pledged in lieu of guarantee money other than those listed above, there are subsidiaries' stocks, which were eliminated in the Consolidated Financial Statements.

## 37 CONTINGENT LIABILITIES

The Group is contingently liable for guarantees of the following loans from banks borrowed by companies other than its subsidiaries.

The Group may become responsible for the amounts that are unpayable by the borrower and for losses attached to such unpayable amounts.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Liabilities guarantees, etc .....	29,664	43,963	291,145

(Note)The amount of liabilities guarantees mainly consists of guarantees for the borrowings from financial institutions by obligations of Entities subject to Equity Method.

## 38 SIGNIFICANT SUBSIDIARIES

The Company's significant subsidiaries are as set forth under "1. Overview of Sojitz and Its Subsidiaries 4 Affiliated Companies (1) Major Subsidiaries "

## 39 BUSINESS COMBINATIONS

### (1) Acquisition of DaiTanViet Joint Stock Company

#### 1) Overview of business combinations

The Group acquired full ownership of DaiTanViet Joint Stock Company and gained control of the company for the years ended March 31, 2024.

The details of the transaction are as follows.

Name of acquiree	DaiTanViet Joint Stock Company
Business activities	Wholesale import and distribution of commercial foods, foodservice ingredients, dairy ingredients, etc.
Primary reason for business combination	As Sojitz advances its efforts to build value chains for manufacturing, logistics, and retail industries in Vietnam, the acquisition of the company is aimed at, through collaboration with Group companies, forming a broadline wholesale food distribution business that covers everything from independent retailers and mass merchandisers to mid- to high-end luxury hotels and restaurants, as well as further strengthening the value chain through synergy effects.
Acquisition date	November 17, 2023
Voting equity interests acquired	100%

#### 2) Assets acquired, Liabilities assumed, and Goodwill recognized

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Fair value of consideration .....	22,732	150,543
Assets acquired and liabilities assumed.....		
Trade and other receivables .....	3,554	23,536
Inventories .....	11,261	74,576
Other assets .....	6,622	43,854
Trade and other payables .....	△ 6,970	△ 46,158
Other liabilities .....	△ 8,053	△ 53,331
Net amount of assets acquired and liabilities assumed..	6,414	42,476
Non-controlling interests .....	—	—
Goodwill recognized .....	16,318	108,066

Goodwill recognized reflects the excess earning power expected to be generated by the future business activities of the acquiree including the synergy with the group.

#### 3) The acquisition-date fair value of each major class of consideration transferred

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Cash and cash equivalents	16,023	106,112
Trade and other payables	6,708	44,423
Fair value of consideration	22,732	150,543

The payments about considerations above are included in "Net proceeds from (payments for) acquisition of subsidiaries" on Consolidated Statement of Cash Flows.

#### 4) Acquisition - related costs

Selling, general and administrative expenses recognized as the acquisition-related amounts ¥286 million (U.S.\$1,894 thousand), in which ¥52 million (U.S.\$344 thousand) amounts for the years ended March 31, 2024.

#### 5) Profit and loss information and pro forma profit and loss information after the acquisition date

Profit and loss information and pro forma profit and loss information (unaudited information) for this business combination after the acquisition date have not been disclosed, as the impact on the consolidated financial statements as a whole is immaterial.

#### (2) Acquisition of SILABA MOTORS, S.A. - related business

##### 1) Overview of business combinations

The Group acquired full ownership of SILABA MOTORS, S.A.-related business (SILABA MOTORS, S.A. and PREMIUM PROPERTIES INTERNATIONAL, S.A. ,which possess investment properties used for stores by SILABA MOTORS, S.A.) and gained control of the company for the years ended March 31, 2024.

The details of the transaction are as follows.

Name of acquiree	SILABA MOTORS, S.A. - related business
Business activities	Automotive sales, after-sales services, and auto parts sales
Primary reason for business combination	The group views Panama as a strategically important market in Central and South America and will pursue synergy with other automotive-related businesses in Latin America through know-how sharing and active personnel interaction. Simultaneously, the group will strengthen and expand the automotive value chain further.
Acquisition date	February 20, 2024
Voting equity interests acquired	100%

#### 2) Assets acquired, Liabilities assumed, and Goodwill recognized

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Fair value of consideration .....	33,034	218,768
Assets acquired and liabilities assumed.....		
Trade and other receivables .....	2,556	16,927
Inventories .....	5,579	36,947
Property, plant and equipment.....	14,725	97,516
Other assets .....	13,079	86,615
Trade and other payables .....	△281	△ 1,860
Other liabilities .....	△11,950	△ 79,139
Net amount of assets acquired and liabilities assumed..	23,708	157,006
Non-controlling interests .....	△74	△ 490
Goodwill recognized .....	9,400	62,251

Goodwill recognized reflects the excess earning power expected to be generated by the future business activities of the acquiree including the synergy with the group.

### 3) The acquisition-date fair value of each major class of consideration transferred

	Millions of yen	Thousands of U.S. dollars
	2024	2024
Cash and cash equivalents	29,453	195,052
Trade and other payables	3,580	23,708
Fair value of consideration	33,034	218,768

The payments about considerations above are included in "Net proceeds from (payments for) acquisition of subsidiaries" on Consolidated Statement of Cash Flows.

### 4) Acquisition - related costs

Selling, general and administrative expenses recognized as the acquisition-related amounts ¥245 million (U.S.\$1,622 thousand), in which ¥98 million (U.S.\$649 thousand) amounts for the years ended March 31, 2024.

### 5) Profit and loss information and pro forma profit and loss information after the acquisition date

Profit and loss information and pro forma profit and loss information (unaudited information) for this business combination after the acquisition date have not been disclosed, as the impact on the consolidated financial statements as a whole is immaterial.

## 40 RELATED PARTIES

### (1) Related party transactions

Related party transactions are priced at an arm's length basis and there exists no such transactions of significance.

### (2) Remuneration for management executives

The remuneration for the Company's management executives for the years ended March 31, 2023 and March 31, 2024 was ¥529 million and ¥720 million (U.S.\$4,768 thousand), respectively.

The detailed information of the remuneration is as set forth under "4. Corporate Information 4. Corporate Governance (4) Remuneration of Directors and Audit and Supervisory Board Members (a) Total amount of remuneration by officer classification, total amount of remuneration by type of remuneration and number of company officers subject to payment."

## 41 MATERIAL SUBSEQUENT EVENTS

Not applicable.

## 42 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were authorized for issue by Kosuke Uemura, President & COO, and Makoto Shibuya, SMEO, CFO, on June 18, 2024.



# Independent auditor's report

**To the Board of Directors of Sojitz Corporation:**

## **Report on the Audit of the Consolidated Financial Statements**

### **Opinion**

We have audited the accompanying consolidated financial statements of Sojitz Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

With respect to "Valuation of investments in the company operating the Taiwan offshore wind power generation business owned by the entity accounted for using the equity method," which was identified as one of the key audit matters in our audit of the consolidated financial statements for the previous fiscal year, we determined that "Valuation of investments and measurement of financial assets relating to the Taiwan offshore wind power generation business" was a key audit matter in our audit of the consolidated financial statements for the current period due to measurement of the expected credit losses for the occurred financial assets relating to the business.

## Valuation of property, plant and equipment relating to oil and gas interests in the North Sea within the U.K. territory

The key audit matter	How the matter was addressed in our audit
<p>As described in Note 23 IMPAIRMENT LOSS to the consolidated financial statements, an impairment loss on property, plant and equipment of ¥3,379 million for Sojitz Energy Development Ltd. was recognized in the consolidated statement of profit or loss and other comprehensive income of “the Group” for the current fiscal year. Sojitz Energy Development Ltd. is a consolidated subsidiary owning oil and gas interests in the North Sea within the U.K. territory, which is comprised of the Infrastructure &amp; Healthcare segment. As a result of the recognition of impairment loss described above, property, plant and equipment of ¥7,451 million relating to the oil and gas interests was recognized in the consolidated statement of financial position for the current fiscal year.</p> <p>As described in Note 3 MATERIAL ACCOUNTING POLICIES (9) Impairment of non-financial assets to the consolidated financial statements, the Group estimates the recoverable amount of the Group’s property, plant and equipment if the Group recognizes any indicators of impairment. In case that the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the reduced amount is recognized as an impairment loss. In order to estimate the recoverable amount, the Group identifies the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets as a cash generating unit, and determines the recoverable amount of the cash-generating unit.</p> <p>The Group applied the fair value less costs of disposal as the recoverable amount of property, plant and equipment relating to the oil and gas interests, and estimated the fair value less costs of disposal based on key assumptions adopted by the management, including future oil and gas prices that were applied to the basis to develop the business plan, the recoverable reserves that were applied to determine production volume, the</p>	<p>In order to assess the reasonableness of the Group’s estimated fair value less costs of disposal relating to the measurement of an impairment loss on property, plant and equipment relating to the oil and gas interests in the North Sea within the U.K. territory, we mainly performed the following audit procedures. In addition, the following procedures contained the audit procedures conducted by the component auditor of Sojitz Energy Development Ltd., a consolidated subsidiary. We instructed the component auditor to perform specific audit procedures and we assessed the report of the component auditor to conclude whether sufficient and appropriate audit evidence was obtained.</p> <p>(1) Internal control testing</p> <p>Test of the design and operating effectiveness of certain internal controls relevant to the estimated fair value less costs of disposal, which was applied to the measurement of the impairment loss on property, plant and equipment.</p> <p>(2) Assessment of the reasonableness of the estimated fair value less costs of disposal</p> <ul style="list-style-type: none"> <li>● The procedures set out below were performed to assess the appropriateness of key assumptions applied to the business plan: <ul style="list-style-type: none"> <li>• comparison of management’s estimate of future oil and gas prices applied to sales prices with long-term price forecasts issued by third-party institution;</li> <li>• comparison of the recoverable reserves that were applied to production volume with management’s assumptions in the previous fiscal year, inquiries of management about the rationales for its estimation, and then comparison of the assumptions with a report issued by a third-party institution; and</li> <li>• assessment of the reasonableness and feasibility of the development plan on the oil and gas interests that were applied to production volume through inquiries of management and observation of relevant</li> </ul> </li> </ul>

feasibility of the development plan, and a discount rate. Accordingly, the estimate of the fair value less costs of disposal accompanied with a high degree of uncertainty by the world economic environment including relevant countries' energy supply and demand and public policies had a significant effect on those assumptions.

We, therefore, determined that the assessment of the reasonableness of the estimated fair value less costs of disposal relating to the measurement of an impairment loss on property, plant and equipment relating to the oil and gas interests in the North Sea within the U.K. territory was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

documents.

- Assessment of the reasonableness of the discount rate adopted by the management to compare with a discount rate independently determined by the component auditor.

## Valuation of investments and measurement of financial assets relating to the Taiwan offshore wind power generation business

### The key audit matter

The Group holds the investments in the intermediate holding companies accounted for applying to the equity method, that invests in the company operating the Taiwan offshore wind power generation business (hereinafter, the "operating company"), through a subsidiary. As described in Note 11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD to the consolidated financial statements, investments to the intermediate holding companies accounted for applying to the equity method of ¥13,373 million were recognized in the consolidated statement of financial position of the Group for the current fiscal year.

In addition, the Group has provided loans to the operating company through a subsidiary and the intermediate holding companies, and classified the loans to the intermediate holding companies as financial assets measured at amortized cost. As described in Note 6 TRADE AND OTHER RECEIVABLES to the consolidated financial statements, "Trade and other receivables" in the consolidated statement of financial position of the Group for the current fiscal year contained financial assets to the intermediate holding companies of ¥10,518 million.

As described in Note 3 MATERIAL ACCOUNTING POLICIES (9) Impairment of

### How the matter was addressed in our audit

In order to assess the reasonableness of the estimated fair value less costs of disposal and the estimates of expected credit losses on the financial assets relating to the valuation of the investments in the intermediate holding companies, we mainly performed the following audit procedures:

#### (1) Internal control testing

- Test of the design and operating effectiveness of certain internal controls relevant to measuring the fair value less costs of disposal.
- Test of the design and operating effectiveness of certain internal controls relevant to the estimates of the expected credit losses.

#### (2) Assessment of the reasonableness of the estimated fair value less costs of disposal and the estimates of expected credit losses.

- The procedures set out below were performed to assess the appropriateness of key assumptions applied to the business plan that were used in the external valuation report:
  - comparison of the estimates of additional construction costs and period for completion of the work with the supporting documents prepared by the operating company; and

non-financial assets to the consolidated financial statements, the Group estimates the recoverable amount of the investments accounted for applying to the equity method if the Group recognizes any indicators of impairment. In case that the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the reduced amount is recognized as an impairment loss. The Group applied the fair value less costs of disposal as the recoverable amount of the investments in the intermediate holding companies.

In addition, as described in Note 3 MATERIAL ACCOUNTING POLICIES (10) Financial instruments, in order to recognize impairment of financial assets measured at amortized cost, the Group recognizes a loss allowance for expected credit losses on the financial assets. In case that the credit risk for financial instruments has not significantly increased since initial recognition on the reporting date, the Group measures a loss allowance based on the expected credit loss that result from default events that would be possible within 12-months after the reporting date. In case that the credit risk on financial instruments significantly increases since initial recognition, however, the Group measures a loss allowance based on the expected credit loss from all possible default events over the expected life on the financial instruments.

The Group performed an impairment test for the investments in the intermediate holding companies since the impairment indicators were identified. As a result of the test, the Group did not recognize an impairment loss because the recoverable amount exceeded the carrying amount of the investments.

In addition, the Group has determined that there have been no significant increases in the credit risk on the financial instruments related to the investments in the intermediate holding companies since initial recognition. As a result of measuring expected credit losses that result from default events that would be possible within 12-months after the reporting date, the Group determined that it was not necessary to measure a loss allowance.

The estimated fair value less costs of disposal of the investments in the intermediate holding companies and the estimates of expected credit losses on the financial assets relating to the investments in the intermediate holding companies are affected by the business plan of the operating

- assessment of the reasonableness and feasibility about the estimates of additional construction costs and period for completion of the work through inquiries of management and inspection of relevant documents.
- Assessment through the valuation specialists of the auditor's network firms whether the model for determining the discount rate and input data used in the external valuation report have been appropriately selected.

company and cash flows arising from the business. In this respect, these estimates accompanied with a high degree of uncertainty due to key assumptions adopted by the management, including the estimates of additional construction costs and period for completion of the work that were applied as the basis of the business plan of the operating company. In addition, selecting appropriate models and input data for estimating the discount rate requires a high degree of expertise in valuation.

We, therefore, determined that the estimated fair value less costs of disposal and the estimates of expected credit losses on financial assets relating to the valuation of the investments in the intermediate holding companies was one of the most significant matters in our audit of the consolidated statements for the current fiscal year, and accordingly, a key audit matter.

## Other Information

The other information comprises the information included in the Annual Financial Report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Management and Audit and Supervisory Board Members and the Audit and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative

but to do so.

Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit and Supervisory Board Members and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit and Supervisory Board Members and the Audit and Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit and Supervisory Board Members and the Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in (3) Corporate Audits, Accounting Audits and Internal Audits in 4. Corporate Governance included in "Corporate Information" of the Annual Financial Report.

### Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2(3) to the consolidated financial statements.

### Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroaki Sugiura  
Designated Engagement Partner  
Certified Public Accountant

Ryohei Tomita  
Designated Engagement Partner  
Certified Public Accountant

Tsugunobu Hikishikibayashi  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
June 18, 2024

**Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.