Business Models Supporting Value Creation

Strengths

<table>
<thead>
<tr>
<th>Businesses in 18 countries, 35 Group companies</th>
<th>About 4,400 employees at Group companies</th>
<th>Investment execution capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerating work on dealership/quality assurance businesses in addition to assembly/wholesale businesses, at 35 Group companies in 18 countries across the world</td>
<td>Leveraging roughly 4,400 diverse employees with different cultures and backgrounds, as well as the global management know-how accumulated through that process</td>
<td>Building a business asset portfolio focused on both MTP 2020 and beyond, from existing business areas to initiatives in preparation for the future</td>
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External Environment

Opportunities

- Long-term increase in demand for automobiles due to economic development in emerging countries
- Increase in demand for new businesses, such as quality assurance businesses, due to development, as well as production and sales becoming more borderless
- Rising need for multi-modal transport as supply chains grow more complex

Risks

- Country risk due to political, economic, or social changes in emerging countries where demand is rising
- Changes in international strategies of automobile makers
- Changes in demand trends due to diversification of needs and rapid changes in social environment, including strengthening of environmental regulations and developments in autonomous driving technology

Businesses

Businesses that strengthen and refine existing core businesses

We are developing automobile assembly and wholesale businesses in Thailand, Puerto Rico, Russia, Pakistan, and the Philippines. We are also providing high-value-added services integrated with complex logistics services in Japan and overseas, as well as trading automobile and two-wheeled vehicle parts with the Asian market, which we expect to grow in the future.

- Distributor business
- Autrans business

Businesses that establish new revenue sources

We are developing our dealership business in the U.S., Brazil, Russia, and Japan, bringing in continuous revenue from the services provided by each dealership to build an earnings foundation that is not influenced by macroeconomic conditions. Sojitz is also further enhancing the business models which generate profit from the Automotive Division’s strong functions—the automobile parts trading, logistics, and assembly businesses, among others. We are planning to expand the scope of our Autrans business, and in 2017 we also joined a quality assurance business in North America.

- Dealership business
- Parts quality assurance business

Businesses in preparation for future growth

Utilizing the expertise we have cultivated through our vehicle sales business, we are developing an auto-financing business to help facilitate automobile purchases in emerging countries, as well as FinTech services that incorporate advanced technology such as AI and the IoT. Our division actively works to pioneer new business areas, with plans to expand earnings through synergy with our existing businesses.

- Auto-financing business
- FinTech services that incorporate IoT technology

Hiroto Murai
Executive Officer, COO, Automotive Division

The Automotive Division will strengthen our functions and accumulate assets to support further growth, such as by expanding our dealership and quality assurance businesses in promising growth markets.
Growth Strategy

We anticipate rising demand for automobiles in emerging nations within Asia and South America in particular, given the increasingly active movement of people and goods which has accompanied their economic development. Meanwhile, waves of great change are sweeping over developed countries, mainly in Europe and North America, with the introduction of ride-sharing services and technological innovations such as electric vehicles and autonomous cars.

These factors have led the Automotive Division to expect ¥30.0 billion in investment during MTP 2020. We have accumulated a wealth of dealership knowledge and experience, with us positioning the business as a stable earnings foundation for the company. We aim to further increase the value of the business by conducting new M&A of top dealerships located in the promising markets where we already do business, like the U.S. and Brazil, and expanding our maintenance services, sales of parts and pre-owned vehicles, in addition to sales of new vehicles.

We are also actively focusing on strengthening new functions. We are working not only on our auto financing business, but also our automotive parts quality assurance business, for which demand continues to increase as supply chains grow more diverse.

In addition, the division is making efforts to develop personnel capable of corporate management by having employees amass frontlines experience through management of operating companies that contribute to local communities. We are aiming to develop personnel who can create new businesses and functions in response to changes in the automobile industry, in pursuit of sustained growth.

Hyundai distributor business

Sojitz has many years of experience assembling and selling Hyundai automobiles, and our distributor management function has enjoyed high praise from Hyundai Motor Company. After our success in Puerto Rico and Thailand, we joined another distributor business in 2018. This distributor in the 200-million-strong Pakistan market includes CKD* production, setting it apart from our other distributor business.

* Complete Knock Down: A production method that involves importing and assembling all the parts that make up an automobile and sale in the local area.

Automotive parts quality assurance business

Together with Green Tec Corporation, the largest automotive quality assurance provider in Japan, Sojitz acquired full management rights to Stratosphere Quality LLC (Indianapolis), the largest quality assurance company in the U.S. We will maintain the company’s stable earnings structure, harnessing its customer base of roughly 3,000 companies in North America, while striving to expand the business in the U.S. and develop into Europe and Asia.

Autrans business

The Autrans business joins our automobile/two-wheeled vehicle supply chain management functions with a high value-added, multimodal logistics service that combines financing, just-in-time manufacturing, inspection services, VMI*, and easy assembly. We have established locations in Japan, Thailand, Indonesia, and even India, and we are expanding our services further into Asia.

* Vendor Managed Inventory: A method wherein the parts supplier owns the parts inventory on behalf of the client, replenishing the inventory based on forecasted client demand.