Condensed Transcript of Q&A Session
Financial Results Briefing for the First Quarter Ended June 30, 2026
(Held on July 31, 2026)

＜Presenter＞

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【Questioner 1】

Q:

The Chemical business appears to have benefited from the situation in the Middle East, while Dutton, the used car sales business in Australia, seems to have been negatively affected. Could you explain both the positive and negative impacts of the Middle East situation across the portfolio?
In addition, was the fertilizer business affected only by lower rainfall, or did higher fertilizer prices also dampen demand? Finally, could you comment on your outlook going forward?

A:

The business most significantly affected by the situation in the Middle East was the Chemicals Division. In particular, high methanol prices persistently provided a meaningful uplift to earnings. In addition, disruptions in global supply chains created new trading opportunities, as we secured alternative sources of supply to meet customer needs, which also contributed positively to earnings.
In other segments, there were some impacts, such as higher LNG prices, but these included both positive and negative factors and did not have a material impact on overall performance.
On the other hand, higher gasoline prices weakened consumer demand in certain businesses. For example, at Dutton, our used car sales business in Australia, total market demand declined by more than 10% year on year, creating a headwind for improving business performance.
With respect to the fertilizer business, procurement costs increased; however, we had secured an appropriate level of inventory in advance and were also able to pass through a portion of the higher costs to customers. As a result, the impact of the situation in the Middle East has remained limited and is being managed appropriately.
Looking ahead, while uncertainty remains, methanol prices are currently trading somewhat above our original assumptions. Accordingly, we expect a positive contribution to continue in Q2, although not to the same extent as in Q1. By contrast, the temporary boost to trading earnings arising from supply chain disruptions has begun to normalize, and we do not expect it to be a significant upside factor going forward. Should the situation in the Middle East become prolonged, we will continue to closely monitor its potential impact.

Q:

The coking coal business in Australia appeared to have had a weak start in Q1 and seems to be behind plan. If the planned asset sale is delayed beyond the first half of the fiscal year, what is the downside risk to earnings?

A:

The coking coal business in Australia had a weak start to the year, as production efficiency did not improve as expected and sales volumes fell short of our initial assumptions.
As we have previously explained, our strategy for this business is not to retain it over the long term but to pursue an exit. We are currently engaged in negotiations with specific counterparties regarding a potential sale. Our policy remains unchanged: we aim to achieve a certain level of

progress toward the transaction during the first half of the fiscal year.
While there is a risk of temporary earnings impact should the sale be delayed, we are managing that risk in parallel with the sale process. At this stage, we believe any potential delay can be managed without affecting our full-year earnings forecast.

【Questioner 2】

Q:

The results for Q1 appear to have been stronger than expected. Could you elaborate on the key drivers behind this performance?
To what extent was the strong performance attributable to one-off factors, such as the favorable market environment for chemicals stemming from the situation in the Middle East? Alternatively, do you believe the Company's underlying earnings power has improved on a sustainable basis?

A:

Gross profit increased year on year across the Company, with every segment posting earnings growth except Aerospace & Transportation Infrastructure and Consumer Industry & Agriculture Business.
While Chemicals benefited from favorable market conditions driven by the situation in the Middle East, and Retail & Consumer Service recorded a temporary earnings boost from tobacco tax reforms, we believe that, even excluding these one-off factors, our overall earnings capacity has continued to strengthen steadily, demonstrating our ability to generate sustainable profit growth.

Q:

Operating cash flow was negative in Q1. My understanding is that this was primarily due to working capital movements associated with tobacco-related transactions. Should we be comfortable that there are no concerns regarding operating cash flow going forward?

A:

We have no particular concerns regarding operating cash flow. The primary reason for the negative operating cash flow in Q1was an increase in working capital. This reflects the characteristics of our business portfolio, particularly tobacco-related and aircraft-related transactions, both of which tend to have a significant impact on working capital.
In the tobacco business, inventories were built up ahead of the tobacco tax reforms in anticipation of higher demand before the tax increase. As a result, working capital temporarily increased. However, this is expected to unwind in the following fiscal year, and we expect operating cash flow to improve this fiscal year as working capital normalizes.
In our aircraft-related transactions, working capital has also increased in line with business expansion. Nevertheless, this reflects the growth of the business rather than any deterioration in transaction quality or creditworthiness. Accordingly, we do not view this as a matter of concern.

【Questioner 3】

Q:

Regarding used car business in Australia, you mentioned earlier that demand in the Australian used car market remains weak. At the same time, the external business environment does not appear particularly favorable going into the Q2 and beyond.
I understand that the current objective is to achieve monthly profitability during the first half of the fiscal year. At this point, how does the Company view the possibility of exiting the

business?
In addition, should the business ultimately require an exit, there is approximately JPY 3.6 billion of goodwill remaining on the balance sheet. Although the amount is not particularly large, should we view this as a potential impairment risk?
Could you also share your current thinking on the overall exit strategy for the Dutton business?

A:

We have continued to implement various initiatives to improve the profitability of Dutton despite the challenging environment in the Australian used car market.
At present, we closely monitor profitability improvements by state and by individual dealership. While we have seen some improvement in margins, it is still too early to conclude whether the business itself has fundamentally recovered or whether it can consistently generate satisfactory earnings.
Accordingly, in addition to improving margins, we are focusing on increasing sales volumes while maintaining appropriate inventory levels. Our immediate objective is to achieve monthly profitability during the first half of the fiscal year.
After implementing these improvement measures, if we determine that a meaningful turnaround remains difficult, we will then consider all available options, including a potential exit from the business. However, at this stage, we do not yet have sufficient information to determine the appropriate course of action. Our priority is to execute the operational improvements currently underway before making any strategic decision.
We expect to assess the business based on its performance during the first half of the fiscal year and will determine our direction in the second half accordingly. We will share our conclusions with stakeholders once our assessment has been completed.
As for the JPY 3.6 billion of goodwill, its treatment will depend on the eventual exit scenario, should one become necessary. In summary, our exit strategy remains under review, and we expect to gain greater clarity over the coming months.

Q:

Please explain the initiatives for the Next Stage. In the recently published Integrated Report, CEO Uemura stated that the Company aims to announce two to three new investment projects similar to Capella during this fiscal year.
In today's presentation, you also mentioned that the Energy Solutions & Public Infrastructure Division is actively pursuing new investments and that new business opportunities are increasing in the Chemicals Division.
These areas appear to be potential candidates for future growth initiatives. As they are expected to become important drivers of earnings growth from next fiscal year onward, could you provide an update on the current progress and outlook for these initiatives?

A:

As you pointed out, both the Energy Solutions & Public Infrastructure Division and the Chemicals Division are seeing an increasing number of new business opportunities.
While it remains uncertain whether these opportunities will materialize within the current fiscal year, we believe these areas have strong potential to become new growth drivers, and work on these initiatives is already well underway.
Within the Energy Solutions & Public Infrastructure Division, business opportunities are expanding not only in our existing growth businesses but also in adjacent areas.
In addition, from a different perspective, we are identifying new opportunities in areas such as economic security and energy security, which we believe could also become promising growth fields going forward.
Another example is our collaboration with Japan Investment Adviser Co., Ltd., which we introduced as part of the Sojitz Growth Story. At present, simply increasing the number of aircraft

under management would not, by itself, constitute the next major growth driver. However, if we can broaden the scope of the business and establish it as a highly asset-efficient platform, we believe it has the potential to evolve into a new growth pillar, similar to our energy solutions business and Capella.
We are currently exploring various options and discussing how to further develop this business.
In Uzbekistan, our gas-fired power generation project is scheduled to commence commercial operations during this fiscal year, and we have also announced our participation in the Tashkent Airport Development and Operation Business. In addition, we have several follow-on opportunities in our project pipeline.
We intend to cultivate these businesses into long-term growth platforms that will support Sojitz's future growth.
Although it is still too early to identify any one business as the next definitive growth driver, we are making steady progress in building multiple growth opportunities for the future.

【Questioner 4】

Q:

Methanol market conditions were exceptionally strong in Q1. However, supply has begun to normalize since the latter half of June. How do you view the outlook for Q2 and beyond? Could you also share your view on the methanol market going forward? In addition, you mentioned that supply chain disruptions have created new trading opportunities. Do you expect these opportunities to translate into a sustainable increase in underlying earnings from next fiscal year onward?

A:

Methanol, which was the commodity most significantly affected by market conditions, performed exceptionally well in Q1. Market prices were close to double the level assumed in our original plan, allowing us to capture substantially higher earnings than initially expected. Even today, methanol prices remain approximately US$100 per ton above our planning assumptions. As a result, although earnings are unlikely to reach the exceptionally strong level recorded in Q1, we expect profits to remain above our original plan during Q2 and beyond.
With regard to our trading business, however, supply chain disruptions have gradually eased as supply conditions normalize. Therefore, we do not expect the extraordinary trading opportunities seen in Q1 to continue throughout the remainder of the fiscal year. Our current expectation is that earnings from trading activities will revert to the level assumed at the beginning of the fiscal year. Given the continued uncertainty surrounding the geopolitical situation in the Middle East, we have no intention of revising our full-year earnings forecast at this stage.
That said, strengthening our trading capabilities—particularly in the Chemical product business—has been a strategic priority well before the recent disruptions in the Middle East. We have continued to identify changing customer needs and evolving supply chain dynamics ahead of the market, allowing us to develop new business opportunities proactively.
While we are unable to disclose specific projects at this time, we believe that these ongoing initiatives will enable us to steadily build a stronger earnings base, particularly within our Chemical product business.

Q:

Could you provide more details on your investment in the gallium project in Australia, including the investment amount, expected earnings contribution, business model, and any synergies with your other existing businesses?

A:

We are unable to disclose the investment amount or expected earnings contribution due to our contractual obligations with our partner.
The business model involves participating in gallium production and generating earnings by supplying products primarily to customers in Japan. In this respect, the business is similar to our existing rare earth business in terms of its earnings structure.
Rather than creating synergies with any single existing business, we view this investment as an opportunity to further expand our business platform in the resources and advanced materials sector. We expect it to serve as a platform for developing new business opportunities in the future and expanding our overall business portfolio in these strategic fields.

【Questioner 5】

Q:

I have a question regarding the energy solutions business. You mentioned that demand for energy efficiency solutions and data centers is growing in the U.S. Is it reasonable to expect the business to continue delivering strong performance going forward? Also, could you provide more color on the direction of the new investments you are considering?

A:

The energy solutions business has delivered significant earnings growth since last fiscal year, supported by expanding demand from data centers. In addition to the strong data center market, our traditional businesses serving schools, hospitals, and other public facilities continue to perform well, resulting in steady earnings growth.
This business is highly dependent on securing specialized talent. Therefore, even in a favorable market environment, it is not a business that can be expanded rapidly simply because demand is strong. Rather, we expect the business to grow steadily over time by continuously recruiting highly skilled professionals and accumulating quality projects.
With respect to new investments, we have continued to strengthen our business platform in North America through McClure and Freestate. During Q1, we also completed a bolt-on acquisition of a company with specialized capabilities in a related field. Going forward, we intend to further expand our business platform by acquiring complementary capabilities and talent through similar investments, thereby supporting sustainable long-term growth.

Q:

Could you elaborate on your collaboration with Japan Investment Adviser Co., Ltd. and how you expect this business to contribute to future growth?

A:

As part of our preparations for the Next Stage, our initial objective is to build the business into a business generating approximately JPY5.0 billion in earnings by expanding both its capabilities and the scope of assets it handles.
Beyond that, we intend to accelerate asset rotation by developing, structuring, and ultimately exiting investments in areas such as real estate, renewable energy, and infrastructure assets. Through this business model, we aim to achieve a high level of profitability while maintaining strong capital efficiency.
As for the specific earnings contribution expected during the Next Stage, we are still in the process of building the business platform. Therefore, our comments at this stage should be understood as an indication of the business's long-term growth potential rather than formal earnings guidance.

Q:

You mentioned real estate, renewable energy, and infrastructure as areas where Japan Investment Advisor's business scope could expand. Will these opportunities primarily be overseas?

A:

Japan Investment Advisor is already active in these areas within Japan. Likewise, Sojitz has established businesses in overseas renewable energy and infrastructure projects, as well as domestic real estate, including commercial properties. As long as attractive investment opportunities exist that meet investors' needs, we believe there is considerable potential to expand the business both domestically and internationally.
At the same time, this business cannot succeed simply by offering assets that Sojitz wishes to sell. The key is to leverage Japan Investment Advisor's expertise in financial product structuring and its extensive investor network to accelerate the development of investment opportunities that match investor demand. Through this approach, we aim to further expand the business and create long-term value.

【Questioner 6】

Q:

Regarding asset replacement, you mentioned that you now expect to exceed your original target for this fiscal year. Could you elaborate on the background behind this view?
Is this mainly because more asset replacement opportunities have emerged, or has there been a change in the asset replacement strategy?

A:

Asset replacement depends on negotiations with counterparties, and the timing of transactions is ultimately determined by the progress of those discussions.
Based on the progress made during the Q1, we believe there is a reasonable possibility of exceeding our initial target of more than JPY 100 billion in asset replacements for this fiscal year.
That said, this does not represent a change in our asset replacement strategy or a shift toward a more aggressive disposal policy. Rather, it reflects the progress of the projects currently under discussion and our assessment that the outcome may exceed our original expectations.

Q:

Regarding overseas fertilizer business, you mentioned that planting by farmers has been delayed due to below-average rainfall associated with El Niño. If rainfall remains insufficient going forward, is there a risk of falling short of the earnings target of this fiscal year? Alternatively, are there any measures to offset the impact?

A:

Although rainfall has continued, it has not yet been sufficient for farmers to begin fertilizer application. As a result, many farmers are still waiting for more substantial rainfall before proceeding with planting and fertilization.
If sufficient rainfall received, fertilizer application is expected to accelerate, allowing demand to recover. However, if rainfall remains insufficient and farmers miss the optimal timing for planting and fertilization, it will be difficult to recover the lost demand during this crop cycle.
Even if rainfall remains extremely limited, some demand could be partially offset by other crops. However, it would be difficult to fully recover the lost demand from rice farmers, who represent the largest share of fertilizer demand.