

**Other Matters subject to Electronic Provision (Omitted from Paper Copies)
in the Notice of the 21st Ordinary General Shareholders' Meeting**

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In accordance with laws and regulations and Article 14 of the Articles of Incorporation,
this information is posted on Sojitz's website at:
(<https://www.sojitz.com/en/ir/meetings/general/>)

Sojitz Corporation

The following is an English translation of the Other Matters subject to Electronic Provision (Omitted from Paper Copies) in the Notice of the 21st Ordinary General Shareholders' Meeting of Sojitz Corporation ("Sojitz") to be held on June 18, 2024. Sojitz provides this translation for your reference and convenience only. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Sojitz hereby disclaims all representations and warranties with respect to this translation, whether express or implied, including, but not limited to, any representations and warranties with respect to accuracy, reliability or completeness of this translation. Under no circumstances shall Sojitz be liable for any damages of any kind of nature, including, but not limited to, direct, indirect, special, punitive, consequential or incidental damages arising from or in connection with this translation. Also, this document was created for the purpose of providing information to our shareholders that will help them make informed decisions. It was not created to solicit investors to buy or sell Sojitz's shares. The final decision and responsibility for investments rests solely with the reader of this document.

Major creditors and borrowed amounts (As of March 31, 2024)

(Billions of yen)

Creditor	Amount outstanding
MUFG Bank, Ltd.	197.5
Mizuho Bank, Ltd. (Note 3)	46.9
Development Bank of Japan Inc. (Note 3)	42.0
Sumitomo Mitsui Trust Bank, Limited (Note 3)	40.5
The Norinchukin Bank	38.5
Shinkin Central Bank	35.5
Nippon Life Insurance Company	27.7
Resona Bank, Limited (Note 3)	21.0
Japan Bank for International Cooperation	11.7
JA HYOGO SHINREN	11.5

- (Notes) 1. Amounts are rounded down to the first decimal place.
2. The above amounts are on a non-consolidated basis.
3. Sojitz accepts that these loans may be assigned in part or in whole upon request by the lender.

Business locations of Sojitz Group and the number of employees (As of March 31, 2024)

(a) Business locations of Sojitz Group

<Domestic>

HQ	Chiyoda-ku, Tokyo
Branches, etc.	Kansai Office (Osaka), Hokkaido Branch (Sapporo), Tohoku Branch (Sendai) and Nagoya Branch (Nagoya)

<Overseas>

Total 72 locations: Sojitz Corporation of America, Sojitz Asia Pte. Ltd. (Singapore), Sojitz Corporation of Europe B.V. (Netherlands), Sojitz (China) Co., Ltd., MEA Office (Dubai), and other subsidiaries, branches, liaison offices and sub-branches

(b) Number of employees

Segment	Number of employees
Automotive	5,841
Aerospace & Transportation Project	939
Infrastructure & Healthcare	1,694
Metals, Mineral Resources & Recycling	863
Chemicals	1,635
Consumer Industry & Agriculture Business	3,824
Retail & Consumer Service	5,171
Others	2,852
Total	22,819

(c) Employees of Sojitz

Number of employees	Change from the previous year	Average age	Average years of service
2,513	10 (decrease)	41.4 years old	15.0 years

- (Notes) 1. The above figures do not include 67 locally hired employees in overseas offices.
2. The average years of service is calculated including the length of service at the former Nichimen Corporation and Nissho Iwai Corporation.

Main activities of Outside Officers

Name Position (underlined)	Number of attendance at the Board of Directors/ Audit & Supervisory Board meetings	Main activities
<p>Norio Otsuka</p> <p><u>Director/Independent</u></p> <p><u>Chairperson of the Board of Directors</u></p>	<p>Board of Directors</p> <p>100% (16/16)</p> <p>Audit & Supervisory Board</p> <p>—</p>	<p>From an objective perspective based on his abundant experience and deep insight regarding management acquired through his service as Director, President and Chief Executive Officer, and Chairperson of NSK Ltd., and through promoting worldwide growth strategies and strengthening corporate governance, Norio Otsuka has provided practical advice and recommendations. As the Chairperson of the Board of Directors of Sojitz, he has made efforts to improve the effectiveness of the Board of Directors by actively participating in its operation of the Board of Directors.</p> <p>In addition to the above, as a member of the Nomination Committee and the Remuneration Committee, he attended all 18 meetings of these two committees held during FY2023. As a member of the Nomination Committee, he was responsible for the selection of candidates for President and inside and outside director candidates, as well as executive personnel matters. He also verified and confirmed the Succession Plan.</p> <p>Furthermore, as a member of the Compensation Committee, he has endeavored to enhance our corporate value by providing recommendations based on his expertise and knowledge from an independent and objective standpoint regarding the next medium-term management plan, executive compensation associated with the transition to a Company with Audit and Supervisory Committee, and partial revision of the performance-linked stock compensation system.</p>
<p>Naoko Saiki</p> <p><u>Director/Independent</u></p> <p><u>Chairperson of the Nomination Committee</u></p>	<p>Board of Directors</p> <p>100% (16/16)</p> <p>Audit & Supervisory Board</p> <p>—</p>	<p>Based on her abundant experience and a high level of insight into international affairs, international laws, economics, and culture and experience gained through her 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, and working at the forefront of diplomatic negotiations, Naoko Saiki has played an active role, by providing valuable advice on a wide range of fields such as world affairs, environment and society, and personnel development. In addition to the above, as a member of the Nomination Committee and the Remuneration Committee, she attended all 18 meetings of these two committees held during FY2023. As chairperson of the Nomination Committee, she oversees the selection of candidates for president, inside and outside directors, executive personnel matters, and the verification and confirmation of succession plans.</p> <p>Furthermore, as a member of the Compensation Committee, she has endeavored to enhance our corporate value by providing recommendations based on her expertise and knowledge from an independent and objective standpoint regarding the next medium-term management plan, executive compensation associated with the transition to a Company with Audit and Supervisory Committee, and partial revisions to the performance-linked stock compensation system, among other matters.</p>

<p>Ungyong Shu</p> <p><u>Director/Independent</u></p> <p><u>Chairperson of the Remuneration Committee</u></p>	<p>Board of Directors</p> <p>100% (16/16)</p>	<p>Ungyong Shu held important positions at J.P. Morgan Securities and Merrill Lynch Japan Securities Limited, 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 provided accurate recommendations to the Board of Directors and contributed to vitalization of discussions of the Board of Directors. In addition to the above, as a member of the Nomination Committee and the Remuneration Committee, he attended all 18 meetings of these two committees held during FY2023. As Chairperson of the Compensation Committee, he spearheaded deliberations on the next medium-term management plan, executive compensation in connection with the transition to a Company with Audit and Supervisory Committee, and partial revision of the performance-linked stock compensation system.</p> <p>Furthermore, as a member of the Nomination Committee, he has endeavored to enhance our corporate value by providing recommendations based on his expertise and knowledge, offering an independent and objective perspective on matters such as the selection of candidates for President, inside and outside director candidates, executive personnel matters, and the verification and confirmation of the succession plan.</p>
	<p>Audit & Supervisory Board</p> <p>—</p>	
<p>Haruko Kokue</p> <p><u>Director/Independent</u></p>	<p>Board of Directors</p> <p>100% (16/16)</p>	<p>Haruko Kokue has extensive experience in supply chain management, public relations, investor relations, and international business management at Mitsui Chemicals, Inc. Taking advantage of her abundant business experience and high level of insight into supply chains and dialogue with various stakeholders, she provided appropriate advice and recommendations in view of diversified risks from an independent standpoint and objective perspective. In addition to the above, as a member of the Nomination Committee and the Remuneration Committee, she attended all 18 meetings of these two committees held during FY2023. As a member of the Nomination Committee, she is responsible for the selection of candidates for the President, inside and outside director candidates, and executive personnel matters. She also verifies and confirms succession plans.</p> <p>Furthermore, as a member of the Compensation Committee, she has endeavored to enhance our corporate value by providing recommendations based on her expertise and knowledge, offering an independent and objective perspective on matters such as next medium-term management plan, executive compensation associated with the transition to a Company with Audit and Supervisory Committee, and a partial revision of the performance-linked stock compensation system.</p>
	<p>Audit & Supervisory Board</p> <p>—</p>	
<p>Tsuyoshi Kameoka</p> <p><u>Director/Independent</u></p>	<p>Board of Directors</p> <p>100% (12/12)</p>	<p>Tsuyoshi Kameoka has served as President & 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. He contributes to strengthening our corporate governance and enhancing our corporate value by exercising management supervision from an independent and objective standpoint. In addition to the above, as a member of the Nomination Committee and the Remuneration Committee, he attended all 16 meetings of these two committees held during FY2023 after his appointment. As a member of the Nomination Committee, he was responsible for the selection of candidates for President and inside and outside director candidates, as well as executive personnel matters. He also verified and confirmed the Succession Plan.</p> <p>Furthermore, as a member of the Compensation Committee, he has endeavored to enhance our corporate value by providing recommendations based on his expertise and knowledge from an independent and objective standpoint regarding the next medium-term management plan, executive compensation associated with the transition to a Company with Audit and Supervisory Committee, and partial revision of the performance-linked stock compensation system.</p>
	<p>Audit & Supervisory Board</p> <p>—</p>	

<p>Michiko Nagasawa</p> <p><u>Audit & Supervisory Board Member/Independent</u></p>	<p>Board of Directors</p> <p>100% (16/16)</p>	<p>As an attorney, Michiko Nagasawa has advanced and professional knowledge in the field of corporate legal affairs, held key positions in the field of justice, and has experience as an outside director at other companies. Based on her expertise and deep insight, she has provided valuable advice from an independent standpoint and an objective perspective. In addition to the above, she regularly meets Directors, Chief Operation Officers (COOs), COOs of corporate departments, etc. and conducts on-site audits of consolidated subsidiaries in Japan and overseas to grasp the situation in the field.</p>
	<p>Audit & Supervisory Board</p> <p>100% (19/19)</p>	
<p>Kazuhiro Yamamoto</p> <p><u>Audit & Supervisory Board Member/Independent</u></p>	<p>Board of Directors</p> <p>100% (16/16)</p>	<p>Kazuhiro Yamamoto held a number of key positions at Teijin Limited, including General Manager of the Pharmaceutical and Medical Care Business Management Department, as well as President & Representative Director, CEO and CFO of Infocom Corporation, a listed subsidiary of Teijin Limited. Based on his high level of insight in the fields of management, information and telecommunications, and home healthcare, etc., and his knowledge of finance and accounting, which he has cultivated through his experience, he has provided valuable advice from an independent standpoint and an objective perspective. In addition to the above, he regularly meets Directors, Chief Operation Officers (COOs), COOs of corporate departments, etc. and conducts on-site audits of consolidated subsidiaries in Japan and overseas to grasp the situation in the field.</p>
	<p>Audit & Supervisory Board</p> <p>100% (19/19)</p>	
<p>Junko Kamei</p> <p><u>Audit & Supervisory Board Member/Independent</u></p>	<p>Board of Directors</p> <p>100% (16/16)</p>	<p>As a certified accountant, Junko Kamei brings years of audit experience and expertise from her time at what is now Ernst & Young ShinNihon LLC. Additionally, she has worked for a securities company and possesses financial and accounting knowledge from this background. Based on her cultivated expertise and knowledge, she has provided valuable advice from an independent standpoint and an objective perspective. In addition to the above, she regularly meets Directors, Chief Operation Officers (COOs), COOs of corporate departments, etc. and conducts on-site audits of consolidated subsidiaries in Japan and overseas to grasp the situation in the field.</p>
	<p>Audit & Supervisory Board</p> <p>100% (19/19)</p>	

(Note) The number of attendance at the Board of Directors meetings for Tsuyoshi Kameoka is based on his attendance record after he assumed the office of Director on June 20, 2023.

Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of remuneration, etc. for Accounting Auditor in FY2023

(Millions of yen)	
	Amount paid
Remuneration, etc. payable by Sojitz in FY2023	
Remuneration, etc. for services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	425
Remuneration, etc. for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	13
Total	438
Total amount of money and other financial benefits payable by Sojitz and its subsidiaries to the Accounting Auditor	774

- (Notes)
1. Figures are rounded down to the nearest million yen.
 2. The audit agreement between Sojitz and the Accounting Auditor does not and cannot practically distinguish between remunerations for audits in accordance with the Companies Act and those in accordance with the Financial Instruments and Exchange Act. For this reason, the above figures include the remuneration for audits under the Financial Instruments and Exchange Act.
 3. Of major subsidiaries of Sojitz, Sojitz Corporation of America, Sojitz Asia Pte, and The Marine Foods Corporation are audited (limited to audits stipulated in the Companies Act or the Financial Instruments and Exchange Act (including equivalent laws and regulations of the relevant overseas country)) by CPAs or audit firms (including those who hold equivalent qualifications of the relevant overseas country) other than KPMG AZSA LLC.
 4. The Audit & Supervisory Board conducted necessary verification on whether the contents of the audit plan, the status of execution of accounting audit duties and the basis for calculating the estimated amount of remunerations, etc. of the Accounting Auditor are appropriate. As a result, the Audit & Supervisory Board has given the consent with regard to remuneration, etc. for the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

(3) Non-audit services

Sojitz entrusts our Accounting Auditor to provide advisory services pertaining to IFRS that are services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

(4) Policy and reason for selection of Accounting Auditor

Sojitz selects its Accounting Auditor under comprehensive consideration of quality control, independence, auditing execution systems, estimated amounts of remuneration and other considerations according to the evaluation standards for Accounting Auditor set out by the Audit & Supervisory Board.

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

In the event that the Audit & Supervisory Board deems that any Accounting Auditor falls under any of the Items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the Accounting Auditor based on the consent of all the Audit & Supervisory Board members.

In addition, the Audit & Supervisory Board shall make comprehensive judgments on the Accounting Auditors' execution of their duties, etc., and in case the Accounting Auditor is deemed incapable of

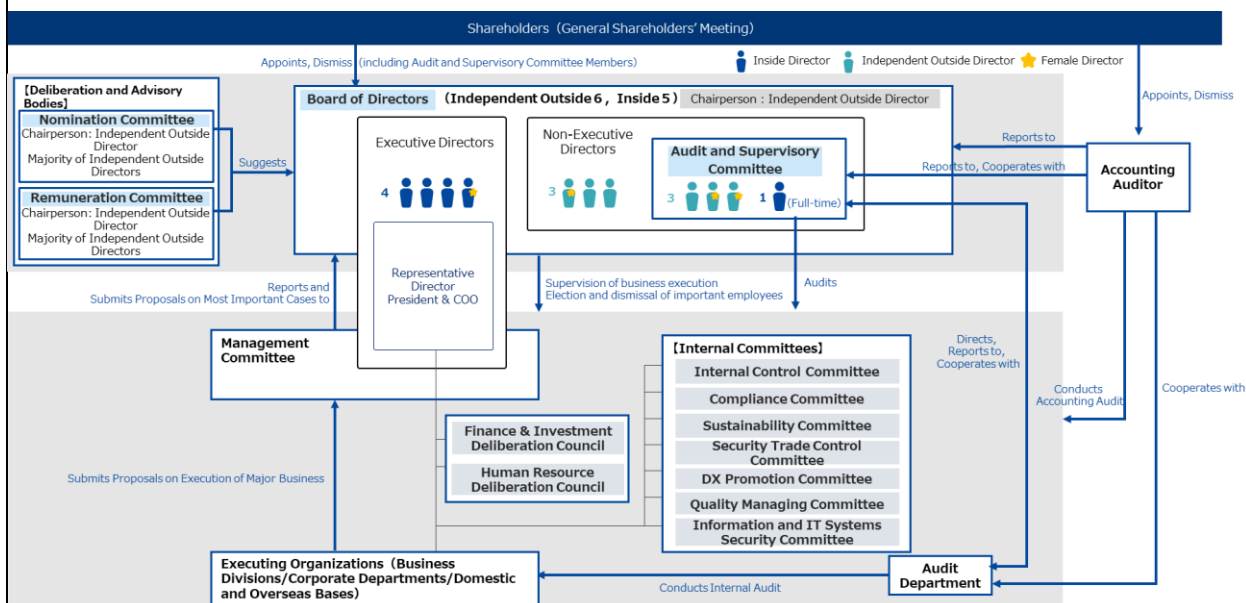
executing proper audits, the Audit & Supervisory Board shall decide on the contents of proposal on dismissal or non-reappointment of the Accounting Auditor, to be submitted to the General Shareholders' Meeting, by the resolution of the Audit & Supervisory Board.

(6) Evaluation of Accounting Auditor by the Audit & Supervisory Board and its Members

The Audit & Supervisory Board and its Members evaluate the Accounting Auditor according to the evaluation standards for Accounting Auditor set out by the Audit & 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 & Supervisory Board Members and group auditing.

(Reference)

< Corporate Governance Framework after transition to a Company with Audit and Supervisory Committee (After June 18, 2024)>



<Board of Directors>

- Independent Outside Directors: 6 out of 11 (over 50%)
- Chairperson of the Board: Independent Outside Director (same as before)
- Female Directors: 4 out of 11 (over 30%)

<Audit and Supervisory Committee>

- Independent Outside Directors: 3 out of 4 (75%)
- To ensure the effectiveness of audits by the Audit and Supervisory Committee, we plan to appoint one inside director who is familiar with the Sojitz Group's business as a full-time Audit and Supervisory Committee Member and Chairperson of the Audit and Supervisory Committee (*).
- Additionally, a person with a strong grasp of the Sojitz Group's business and operations, along with a background in finance, accounting, and risk management, will be assigned to assist the Audit and Supervisory Committee in its duties.

<Nomination and Compensation Committee>

- The Nomination and Compensation Committee will continue to have a majority of independent outside directors and be chaired by an independent outside director.

(*) The chairperson of the Board of Directors, the full-time Audit and Supervisory Committee member, and the chairperson of the Audit and Supervisory Committee, as well as the members and chairpersons of the Nomination Committee and Compensation Committee, will be appointed at the Board of Directors meeting or Audit and Supervisory Committee meeting following the 21st Ordinary General Meeting of Shareholders, which is scheduled for June 2024.

1) Management and Operation Execution System

Sojitz has implemented an executive officer system to streamline authority and responsibility. This separation of “management supervision and decision-making” from “business execution” is designed to enhance operational efficiency and facilitate business 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 Sojitz 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 of the Management Committee, chaired by the president. 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 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 outside directors, and the chairperson of the Board of Directors is an independent outside director.

Furthermore, the majority of the members of the Nomination Committee and the Compensation Committee, which provide advisory services to the Board of Directors, are independent outside directors, and the chairpersons of these committees are independent outside directors, ensuring the appropriateness and transparency of the selection and compensation of directors.

We are a company with Audit and Supervisory Board, which independently monitors and audits the operations of the Sojitz Group.

2. 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 Sojitz Group's management, and also supervises business execution through proposals of important matters and regular reports from the executing body. The Outside 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 order to ensure appropriate decision-making and management supervision in a general trading company that conducts a broad and diverse range of businesses, Sojitz considers diversity in terms of gender, age, and internationality when appointing directors. Sojitz also appoints several individuals with a wealth of experience, deep insight, and advanced expertise from both inside and outside the company. Sojitz's Articles of Incorporation stipulate that the number of directors shall be 10 or less. As of March 31, 2024, the Board of Directors consisted of nine directors (seven male and two female; the ratio of female directors was 22.2%): four executive directors with extensive business experience and five independent outside directors with objective and professional perspectives and diverse knowledge. The Board of Directors is chaired by Norio Otsuka, an independent outside director.

- 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 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	Executive Director	16	—
Yoshiki Manabe(*)	Executive Director	12	—
Masaaki Bito	Executive Director	16	—
Norio Otsuka	Independent Outside Director Chairperson of the Board of Directors	16	Nomination Committee and Remuneration Committee
Naoko Saiki	Independent Outside Director	16	Nomination Committee (Chairperson) and Remuneration Committee
Ungyong Shu	Independent Outside Director	16	Nomination Committee and Remuneration Committee (Chairperson)
Haruko Kokue	Independent Outside Director	16	Nomination Committee and Remuneration Committee
Kameoka Tsuyoshi(*)	Independent Outside Director	12	Nomination Committee and Remuneration Committee

(*) Mr. Yoshiki Manabe and Mr. Tsuyoshi Manabe attended all 12 meetings of the Board of Directors held after they assumed the office of Director in June 2023.

- Matters Deliberated by the Board of Directors

In addition to the laws, regulations, and Articles of Incorporation, Sojitz has established the Regulations of the Board of Directors. The Board of Directors is responsible for deliberating and resolving on matters related to the Sojitz Group's management, including management policies, management plans, and personnel matters. It also handles important matters related to business execution, including investments and loans of high quantitative importance. Matters not resolved by the Board of Directors are deliberated and resolved by the President, and the Management Committee, the Finance & Investment Deliberation Council, the Human Resource Deliberation Council, and other executive bodies under his control, depending on the content, scale, importance, risk, and other factors 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 FY 2024, Sojitz has initiated a comprehensive review of its governance structure, including the implementation of an audit and supervisory committee system, starting in FY 2023.

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 an 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 next medium-term management plan 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>

	Main deliberations
Management Strategies, Sustainability, and Governance (52%)	Transitions 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, and limited liability agreements with Outside Directors, Assessment of effectiveness of the Board of Directors, Cross-shareholdings, Shareholders' equity costs, The Board of Directors' annual plan, Matters related to the 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, Financial closing, Budgets, Financial planning, financing and Financial Progress Report, 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 four full-time staff (as of March 31, 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 Outside Directors, who are also given opportunities to participate in Finance & Investment Deliberation Council meetings as observers.
 - Information sharing meetings between Executive Directors and Outside Directors (Conducted monthly in principle), off-site meetings between all directors, Outside Directors meetings, meetings and opinion exchanges between Outside Directors, Audit and Supervisory Board Members (twice a year each), and visits to business offices by Outside Directors are held to promote communication and mutual understanding among Executive Directors, Outside Directors and Audit and Supervisory Board Members to facilitate constructive discussions at the Board of Directors meetings.

- Analysis/assessment of effectiveness of the Board of Directors

Sojitz conducts an annual evaluation of the effectiveness of the Board of Directors in order to improve its functions. The evaluation method and results for fiscal year 2023 are as follows:

1. Evaluation Method

At the December 2023 Board of Directors meeting, the Board 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 questionnaires (anonymously) 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, including the composition of the board, the operation of the board, the decision-making process of the board, the supervision by the board, the support system for board members, advisory committees, matters related to outside directors, dialogue with shareholders, human resources strategy, sustainability, DX, management issues to be discussed, the transition to a company with an audit and supervisory committee, the evaluation of the secretariat, and other relevant topics.

2. Summary of the Results of the Effectiveness Assessment

The Board of Directors reviewed the results of the questionnaire and individual interviews and confirmed that the effectiveness of the Sojitz'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 report from the COO of the Business Division was evaluated to be better.

(Outside Director)

The Chairperson's management and leadership of the agenda fostered an atmosphere of active exchange of opinions, and the outside 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, etc.)

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)

Regarding the succession plan for the Chairperson and rotation of Outside Directors, the guidelines based on the discussions at the Nomination Committee were reported to the Board of Directors. While the nature of the discussions at the Nomination Committee 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 board 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 an 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 outside 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*	Five Independent Outside Directors and one Executive Director	Five Independent Outside Directors and one Executive Director
	Naoko Saiki (Chairperson/ Independent Outside Director) Norio Otsuka (Independent Outside Director) Ungyong Shu (Independent Outside Director) Haruko Kokue (Independent Outside Director) Tsuyoshi Kameoka (Independent Outside Director) Masayoshi Fujimoto (Representative Director, President & CEO)	Ungyong Shu (Chairperson/ Independent Outside Director) Norio Otsuka (Independent Outside Director) Naoko Saiki (Independent Outside Director) Haruko Kokue (Independent Outside Director) Tsuyoshi Kameoka (Independent Outside Director) Masayoshi Fujimoto (Representative Director, President & CEO)

* As of March 31, 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 Saiki	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	Concerning the Selection of the President, Succession Plan
	Composition of the Board of Directors, Audit Committee, and Nomination and Compensation Committee after 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 Executive Officers in FY2023
	Evaluation method and progress evaluation of ESG-related indicators of performance-linked remuneration (medium-to long-term) for Executive Officers in FY2022.
	Executive Compensation Structure of Medium-Term Management Plan 2026
	Remuneration Committee report of activities for FY2023 and plan of activities for FY2024

<Concerning the 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 executive camps and liaison meetings from the each 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 Board

Audit and Supervisory Board Members are independent from the Board of Directors, and audit the Directors' execution of their duties based on laws and regulations, the Articles of Incorporation, internal regulations, and the Corporate Audit Standards established by the Audit and Supervisory Board. Audit and Supervisory Board Members attend important meetings related to the execution of business in addition to the meetings of the Board of Directors. Audit and Supervisory Board Members also monitor and audit operations of business by interviewing Directors, reviewing documents related to important decisions, and other methods.

- **Composition of the Audit and Supervisory Board**

The Audit and Supervisory Board consists of five members (three males, two females), including two full-time Audit and Supervisory Board Members with abundant practical and management experience within Sojitz and its invested companies and three Outside Audit and Supervisory Board Members with objective perspectives and diverse expertise based on specialist knowledge. (As of March 31, 2024)

- **Support System for Audit and Supervisory Board Members**

The Audit and Supervisory Board Members' Office exists as a dedicated body to support the Audit and Supervisory Board Members, comprised of four full-time staff as of March 31, 2024. It provides information to, reports to, and communicates with Audit and Supervisory Board Members in a timely and appropriate manner.

4) Training policy for Directors and Audit and Supervisory Board Members

We take the following initiatives to enable Directors and Audit and Supervisory Board Members 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 Board Members.
- In order for Directors and Audit and Supervisory Board Members to deepen their understanding of our extensive business activities, each of the Division COO hold business and initiative briefing sessions, and in order for them 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 and Audit and Supervisory Board Members opportunities to attend seminars, etc. held by external organizations.

5) Policies on appointment and standards for independence of Outside Officers

Sojitz places importance on the independence of Outside Officers. Sojitz has formulated our own Independence Standards for Outside Officers, 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 Outside Officers meet these standards.

(Reference)

Standards Concerning the Appointment and Independence of Candidates for Outside Directors are as follows (After April 1, 2024).

Standards concerning appointment of candidates for Outside Directors

Sojitz appoints Outside Directors from those with excellent personal qualities and mental and good physical well-being as well as a wide range of knowledge and deep insight 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 in gender, age, internationality, etc. from the perspective of reflecting the viewpoints of a variety of stakeholders in the audit of business activities.

Independence standards for Outside Directors

Sojitz judges Outside 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 Directors (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 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 Sojitz's business personnel (limited to the person holding the position of officer or other important positions) or any of its consolidated subsidiaries
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 Outside Director

3. Business Executing Bodies

We have established the following executing bodies that directly report to the President.

1) Management Committee

The Committee consists of Executive Directors and Chief Operation Officers (COOs) of 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 (ten males and two females). In FY2023, the Committee primarily 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 business and corporate matters.

In FY2024, the Committee consists of a total of 13 members (ten males and three 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 Group-wide viewpoints. 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, and discusses and resolves important issues pertaining to human resources from Group-wide viewpoints. 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 March 31, 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 activities 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, we discussed and reviewed CO ₂ emissions reduction and contribution to reduction, measurement of CO ₂ 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. We also considered 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 Sojitz Group and establishes appropriate trade control systems.	In addition to the annual meeting, convened as needed (2 meetings)
Quality Management Committee	The Quality Control 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)
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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.

4. Corporate Audits, Accounting Audits and Internal Audits

Audit and Supervisory Board Members, the Accounting Auditor and the Internal Audit Department boost the effectiveness of their respective audits by exchanging information to ensure their efforts are complementary and efficient.

1) Audits by 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.

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

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

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

(3) Internal Control System

The development and operation of the internal control system shall be monitored and its effectiveness verified in cooperation with the accounting auditor, internal audits, and departments in charge of internal control, as well as the Audit and Supervisory Board Members of group companies. Furthermore, the status of the system for ensuring the reliability of financial reporting as stipulated in the Financial Instruments and Exchange Law shall be monitored and verified 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, the process of asset evaluation and business follow-up, including investments and loans, shall be verified to monitor and audit whether appropriate decisions are made in a timely manner.

(5) Cooperation with the Audit Department and the Internal Control Management Department

To enhance communication with the Audit Department and the Internal Control Management Department to enhance the quality of audits.

Main Activities of Audit and Supervisory Board Members	Frequency of Events	Task Assignments	
		Full-time	Outside
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 Outside Directors	Twice a year	○	○
Meetings with executive management officers, COOs, COOs of function divisions, Presidents and CEOs of overseas operations	Twice a year	○	△
On-site audit of domestic and overseas group companies (including remote audits)	47 companies a year	○	△
Meetings with full-time Audit and Supervisory Board Members of group companies	Twice a year	○	—
Attendance at audit plans, audit report meetings, etc. of accounting auditors, Interview	19 times a year	○	○
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) Outside Audit and Supervisory Board Members attended the Finance & Investment Deliberation Council meetings as observers.

(*2) At least one Outside Audit and Supervisory Board Member attended.

2) Internal Audits

The Internal Audit Subcommittee, established as a subordinate organization of the Board of Directors, oversees the audit plan approved by the Board of Directors. The 28 members of the Audit Department (as of March 31, 2024) primarily target the business department, corporate department, and consolidated subsidiaries. They conduct internal audits 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 Audit Department is as follows:

- The Audit 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 Audit Department verifies whether the organization's governance, risk management, and internal controls are functioning properly and makes effective proposals for improvement to prevent losses and resolve problems.
- Following the audit, the Audit Department convenes a review meeting for the audited organization to present the audit results, exchange opinions on problem areas, and discuss improvement measures. Attendees include representatives from the company, corporate department managers, and full-time Audit and Supervisory Board Members. After the review meeting, an internal audit report is prepared and submitted to the Internal Audit Subcommittee and Audit and Supervisory Board Members. In addition, the Internal Audit Subcommittee holds monthly audit debriefing sessions.
- The Internal Audit Department receives reports from the audited organization on the status of improvement of issues pointed out in the audit three months and six months later. These reports are then used to confirm the status of improvement through follow-up audits.
- 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 Board Members on a regular basis.

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

- The Audit Department submits the internal audit plan to the President and Representative Director for approval, and the Board of Directors adopts a resolution on the plan, which is also reported to the Audit and Supervisory Board.
- The Audit Department reports the results of internal audits not only to the President and Representative Director, but also to the Board of Directors and the Audit and Supervisory Board members at a frequency of once a quarter.
- The Audit Department, full-time Audit and Supervisory Board members, and accounting auditors convene quarterly to share audit results and exchange opinions.
- 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, are conducted by the Internal Audit Subcommittee, ensuring the independence of the Internal Audit Department.

3) Accounting Audits

Sojitz has appointed the independent auditing firm KPMG AZSA LLC to conduct accounting audits in accordance with the Companies Act, as well as audits of financial statements, quarterly reviews and internal control audits in accordance with the Financial Instruments and Exchange Act. Their executive officers involved in audits for Sojitz in FY2023, are as follows.

(Designated Limited Liability Partners, Engagement Partners)

Hiroaki Sugiura, Ryohei Tomita, Tsugunobu Hikishikibayashi

5. Basic Concept and Status of Implementation and Operation of Internal Control System

1) Basic Concept

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 Ordinance for the Enforcement of the Companies Act of Japan.

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

i) 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 is responsible for overseeing the maintenance and operation of the overall internal control system. Through periodic monitoring, the committee identifies company-wide issues related to internal systems and structures, examines measures to address them, instructs the departments in charge, and makes improvements. The committee also supervises the progress of internal control evaluations related to financial reporting based on the Financial Instruments and Exchange Law and works to ensure the reliability of financial reporting.

The Internal Control Committee convened four times during the period under review and presented its findings to the Board of Directors.

Specific measures in each area are implemented by each committee (Compliance Committee, Sustainability Committee, Security Trade Control Committee, DX Promotion Committee, Quality Control Committee, Information and IT System Security Committee) and various study subcommittees (Disclosure Working Group, Business Continuity Management Working Group) under the President.

ii) Compliance

The "Sojitz Group Compliance Program" outlines the procedures for thorough compliance, and the "Sojitz Group Compliance Code of Conduct" has been established to provide a common global standard of judgment upon which all Sojitz Group officers and employees can rely.

Furthermore, the Compliance Committee, chaired by the Chief Compliance Officer (CCO), has been instrumental in establishing compliance officers and compliance committees at each Group company and overseas office.

This has resulted in the establishment of a system to promote compliance with laws, regulations, and corporate ethics across the entire Group, in collaboration with one another.

To prevent and detect compliance violations at an early stage, the Group's officers and employees are informed of the hotline (internal reporting system) to the CCO and outside attorneys, the consultation service connected to the committee secretariat, and the "Sojitz Ethics Hotline," a multilingual hotline available 24 hours a day, 365 days a year. Furthermore, a compliance inquiry counter has been established on the Company's website to receive reports from external sources.

Additionally, the Sojitz Group Anti-Corruption Regulations and the Sojitz Group Anti-Corruption Procedure have been implemented to prevent corrupt acts, and Group companies have also introduced regulations in accordance with these regulations.

With regard to the risk of sanctions and export control violations in Japan and overseas, the Sojitz Group has established the "Sojitz Group Basic Policy on Response to Sanctions and Export Controls" and has built a system to deal with such risks.

In addition, as we expand our business globally, we have established the "Sojitz Group Tax Policy" to ensure tax compliance, optimize tax costs, and maintain positive relationships with tax authorities. Our goal is to fulfill our tax obligations in a timely and appropriate manner.

Furthermore, we have established and are implementing additional programs, including e-learning, to ensure compliance with laws and regulations and to maintain and sustain a favorable working environment that is free from all forms of harassment.

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 FY2023 included the following:

- Held the Compliance Committee (four times)
- 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
- Trainings, 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 drinking 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 trainings, etc.)

- Distribution of e-learning/videos on the Sojitz Group Compliance Code of Conduct, Anti-Corruption, and Anti-Harassment to Group employees worldwide.

Especially, with regard to security trade control, 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 the Group companies.

Specific activities carried out in the FY2023, included the following:

- Held the Security Trade Control Committee (twice)
- 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, Situation between Russia and Ukraine, etc.)

iii) Risk management

To address the various risks to which Sojitz is exposed in our business operations, Sojitz has established "Risk Management Basic Regulations" to classify and define risks.

For each classified risk item, Sojitz identifies a person responsible for management, formulates a "Risk Management Operation Policy and Plan," and continuously enhances its risk management system through a PDCA cycle of implementation, monitoring, and review.

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

Overview of operational status

Sojitz Group conducts a materiality assessment after exhaustively identifying and reviewing company-wide risks based on the internal and external business environment. Currently, 12 major risks (such as Market risk, credit risk, business investment risk, country risk, financing risk, environmental and social (human rights) risk, compliance risk, legal risk, system and information security risk, disaster and other risks, risk related to the dissemination of corporate information via the website and SNS, and quality-related risk.) have been identified.

In the formulation of the "Risk Management Operation 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 approved by the Board of Directors, and the status of its implementation is monitored by the Internal Control Committee and reported to the Executive 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 management and addressed as appropriate.

In the "Medium-Term Management Plan 2023," the Sojitz Group Quality Control Policy was established as the basic policy for quality control in the Group, and we are steadily strengthening our efforts to address quality-related risks.

In addition to traditional risk management in the trading business, the Sojitz Group is also quantifying and monitoring risks by assuming scenarios related to major risks, such as disasters and environmental risks, in order to capture risks throughout 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 "internal control newsletters" that summarize key information such as precautions, and conducting self-inspections to check risk points for each organization. We are also promoting awareness of the importance of risk management among the Group's employees.

In addition, the Company conducts constant education and enlightenment activities through various risk management training programs to improve the risk sensitivity of the Group's officers and employees.

iv) Management of Group companies

Each Group company maintains its own system under the supervision of the chief manager in accordance with the Sojitz Group's management control system, as outlined in the "Group Management Basic Regulations" and the "Group Management Operation Regulations." In addition, the status of system maintenance at each company is monitored on a regular 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 Sojitz Group companies.

Overview of operational status

Sojitz receives regular reports from Sojitz Group companies, including annual business reports and monthly business activity reports. We also oversee the development and operation of appropriate management infrastructure and governance through directors and auditors dispatched by Sojitz. In addition, Sojitz requests prior consultation on important matters concerning the management of individual companies and oversees the execution of important business operations of group companies.

Furthermore, the Company aims to enhance group management by disseminating the Group's management philosophy and policies through the establishment of individual company regulations based on the Group's management policies and through training programs for executives and employees of Sojitz Group companies. Based on an audit plan adopted by the Board of Directors and under the supervision of the Internal Audit Subcommittee, the Internal Audit Department of Sojitz 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, trainings for newly appointed Directors and Audit and Supervisory Board Members at Sojitz Group companies are provided on a yearly basis.

v) 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 System 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, we are implementing enhanced security governance across the entire Group. This includes the deployment of security measures to detect and mitigate increasingly sophisticated cyber attacks, the introduction of software to reduce their impact, and the implementation of security risk assessments and guidance for improvement.

The Information and IT Systems Security Committee convened four times during FY2023.

vi) 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 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

Reports to Audit and Supervisory Board Members are submitted in a timely manner. Meetings between Audit and Supervisory Board Members and directors and between accounting auditors are held regularly to exchange opinions.

Furthermore, Sojitz has initiated three-way audit meetings (with Audit and Supervisory Board Members, accounting auditors, and the Audit Department) on a regular basis, commencing with the current fiscal year. This will further enhance cooperation with the accounting auditors and the 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.

Consolidated Statement of Changes in Equity

(Millions of yen)

	Attributable to owners of the Company					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2023	160,339	147,601	(31,058)	54,559	70,939	13,139
Profit for the year						
Other comprehensive income				50,394	17,995	(1,262)
Total comprehensive income for the year	–	–	–	50,394	17,995	(1,262)
Purchase of treasury stock		(14)	(42,725)			
Disposal of treasury stock		(478)	473			
Cancellation of treasury stock		(51,396)	51,396			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control				2,786		
Purchase commitments for non-controlling interests						
Reclassification from other components of equity to retained earnings					(9,361)	
Share remuneration transaction		735				
Other changes						
Total contributions by and distributions to owners of the Company	–	(51,152)	9,143	2,786	(9,361)	–
Balance as of March 31, 2024	160,339	96,448	(21,915)	107,740	79,573	11,876

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of the Company		
	Remeasurements of defined benefit pension plans	Total other components of equity				
Balance as of April 1, 2023	–	138,638	422,193	837,713	38,863	876,576
Profit for the year			100,765	100,765	2,294	103,060
Other comprehensive income	424	67,551		67,551	2,671	70,222
Total comprehensive income for the year	424	67,551	100,765	168,317	4,965	173,283
Purchase of treasury stock				(42,739)		(42,739)
Disposal of treasury stock				(5)		(5)
Cancellation of treasury stock				–		–
Dividends			(29,504)	(29,504)	(3,017)	(32,521)
Change in ownership interests in subsidiaries without loss/acquisition of control		2,786	(14,683)	(11,896)	(9,843)	(21,739)
Purchase commitments for non-controlling interests			1,472	1,472		1,472
Reclassification from other components of equity to retained earnings	(424)	(9,786)	9,786	–		–
Share remuneration transaction				735		735
Other changes			(15)	(15)	581	566
Total contributions by and distributions to owners of the Company	(424)	(6,999)	(32,945)	(81,953)	(12,278)	(94,232)
Balance as of March 31, 2024	–	199,190	490,013	924,076	31,550	955,627

(Reference)

(Millions of yen)

	Attributable to owners of the Company					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2022	160,339	147,027	(31,015)	31,314	104,732	699
Profit for the year						
Other comprehensive income				23,244	(9,438)	12,439
Total comprehensive income for the year	–	–	–	23,244	(9,438)	12,439
Purchase of treasury stock		(2)	(139)			
Disposal of treasury stock		(96)	96			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control						
Purchase commitments for non-controlling interests						
Reclassification from other components of equity to retained earnings					(24,354)	
Share remuneration transaction		672				
Other changes						
Total contributions by and distributions to owners of the Company	–	573	(43)	–	(24,354)	–
Balance as of March 31, 2023	160,339	147,601	(31,058)	54,559	70,939	13,139

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of the Company		
	Remeasurements of defined benefit pension plans	Total other components of equity				
Balance as of April 1, 2022	–	136,747	314,913	728,012	35,866	763,878
Profit for the year			111,247	111,247	4,577	115,824
Other comprehensive income	941	27,186		27,186	2,791	29,978
Total comprehensive income for the year	941	27,186	111,247	138,434	7,369	145,803
Purchase of treasury stock				(142)		(142)
Disposal of treasury stock				–		–
Dividends			(29,208)	(29,208)	(4,415)	(33,624)
Change in ownership interests in subsidiaries without loss/acquisition of control				–	(722)	(722)
Purchase commitments for non-controlling interests			(28)	(28)		(28)
Reclassification from other components of equity to retained earnings	(941)	(25,296)	25,296	–		–
Share remuneration transaction				672		672
Other changes			(26)	(26)	765	739
Total contributions by and distributions to owners of the Company	(941)	(25,296)	(3,967)	(28,733)	(4,372)	(33,105)
Balance as of March 31, 2023	–	138,638	422,193	837,713	38,863	876,576

Notes to the Consolidated Financial Statements

Significant Basis of Presenting Consolidated Financial Statements

1. Basis for Presenting Consolidated Financial Statements

Sojitz prepares its consolidated financial statements based on the International Financial Reporting Standards (hereinafter referred to as “IFRS”), in accordance with Article 120, Paragraph 1 of the Rules of Corporate Accounting.

In accordance with the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, certain disclosures and notes as required by the IFRS are omitted.

2. Scope of Consolidation

Number of consolidated subsidiaries: 307

The major consolidated subsidiaries of Sojitz Group are as follows:

Sojitz Corporation of America, Sojitz Corporation of Europe B.V., Sojitz Asia Pte. Ltd., Sojitz (China) Co., Ltd., Sojitz Aerospace Corporation, Sojitz Machinery Corporation, Sojitz Pla-Net Corporation, Pla Matels Corporation, Sojitz Building Materials Corporation, Sojitz Foods Corporation, The Marine Foods Corporation, TRY Inc., Sojitz Fashion Co., Ltd., Sojitz Kyushu Corporation, and Nissho Electronics Corporation

3. Application of Equity Method

Number of entities subject to the equity method: 126

The major entities subject to the equity method are as follows:

LNG Japan Corporation, Metal One Corporation, ROYAL HOLDINGS Co., Ltd. and JALUX, Inc.

4. Accounting Policies

(1) Basis and methods of valuation of significant assets

1) Financial assets

Sojitz Group has applied the IFRS 9 Financial Instruments (2014 version).

At initial recognition, financial assets are classified as financial assets measured at amortized costs, debt financial assets measured at fair value through other comprehensive income, equity financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Sojitz Group initially recognizes financial assets measured at amortized costs and debt financial assets measured at fair value through other comprehensive income on the date of occurrence. Sojitz Group initially recognizes other financial assets on the transaction date.

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 of the risks and rewards associated with the ownership of such asset are removed, Sojitz Group derecognizes such financial asset.

(a) Financial assets measured at amortized costs

A financial asset that meets the following conditions is classified as financial asset measured at amortized costs.

- When the financial asset is held for a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- When the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

At initial recognition, financial assets measured at amortized costs 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 calculated using the effective interest method.

(b) Debt financial assets measured at fair value through other comprehensive income

A financial asset that meets the following conditions is classified as a debt financial asset measured at fair value through other comprehensive income.

- The asset is held in a business model for which the objective is to collect cash flow under a contract and to sell the financial asset; 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 financial assets measured at fair value through other comprehensive income 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 subsequent changes in the fair value are recognized as other comprehensive income. Of the subsequent changes in fair value, however, financial revenue based on the effective interest method, foreign exchange translation differences and impairment losses are recognized as profit or loss. The accumulated amount of other comprehensive income is reclassified as profit or loss when derecognized.

(c) Equity financial assets measured at fair value through other comprehensive income

Regarding equity financial assets invested in for purposes other than that of purchase and sale, an irrevocable election may be made at initial recognition to present subsequent changes to the fair value of such instruments as other comprehensive income. Sojitz Group makes such election per each such financial instrument.

At initial recognition, equity financial assets invested in for purposes other than that of purchase and sale for which an irrevocable election was made to present subsequent changes to the fair value as other comprehensive income 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 subsequent changes in the fair value are recognized as other comprehensive income. When the equity investment is derecognized, or the decrease in fair value is substantial, the accumulated amount of other comprehensive income is reclassified as retained earnings and not as profit or loss. Dividends are recognized as profit or loss.

(d) Financial assets measured at fair value through profit or loss

Financial assets other than the above are classified as financial assets measured at fair value through profit or loss. At initial recognition, such assets are measured at fair value, and transaction costs directly attributable to the acquisition of such assets are recognized as profit or

loss at the time they are incurred. After initial recognition, they are measured at fair value and the subsequent changes in fair value are recognized as profit or loss.

Trade receivables without significant financing components are measured at transaction prices at initial recognition.

2) Inventories

Inventories are measured at the lower of a historical cost basis 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 is mainly determined based on the average method. Non-fungible inventories are calculated based on the specific identification method.

Inventories that have been acquired for trading purposes are measured at fair value less costs to sell, and changes in the fair values of such inventories are recognized as profit or loss.

3) Property, plant and equipment

After initial recognition, Sojitz Group applies the cost model, under which property, plant and equipment are measured at cost less any accumulated depreciations 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.

4) Right-of-use assets

Please refer to “4. Accounting Policies (8) Leases.”

5) Goodwill and intangible assets

(a) Goodwill

Goodwill is measured at cost less any accumulated impairment losses.

(b) Intangible assets

After initial recognition, Sojitz Group applies the cost model and intangible assets are measured at cost less any accumulated depreciations 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 was first met is treated as cost.

6) 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 purposes.

After initial recognition, Sojitz Group applies the cost model and investment property is measured

at cost less any accumulated depreciations and accumulated impairment losses.

(2) Depreciation method for significant depreciable assets

1) 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.

2) Right-of-use assets

Please refer to “4. Accounting Policies (8) Leases.”

3) Intangible assets

Intangible assets, of which their useful lives may be determined (excluding mining rights), are depreciated under the straight-line method for the period of such estimated use. With respect to mining rights, they are depreciated using the production output method based on estimated mine reserves.

Intangible assets for which their useful lives may not be determined are not depreciated.

4) Investment property

Depreciation of an investment property is mainly computed under the straight-line method based on the applicable estimated useful life.

(3) Accounting standards for significant provisions

A provision is recognized only when Sojitz Group has a currently existing obligation (legal or presumptive) as a result of a past event, there is a probability that an outflow of resources with economic benefits will be required to settle such obligation and a reliable estimate can be made regarding the amount of such obligation.

In the case where there is significance in the effect of the time value of money, provision is posted for the amount from which the current discount rate before tax after reflecting the risks specific to the relevant liabilities have been deducted.

(4) Revenue recognition standards

The Company has adopted an approach of recognizing the amount of profit to which the Company is expected to be entitled due to the transfer of goods or services to customers based on the following five-step model.

Step 1. Identify the contract(s) with a customer

Step 2. Identify the performance obligations in the contract

Step 3. Determine the transaction price

Step 4. Allocate the transaction price to the performance obligations in the contract

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation

Sojitz Group identifies each good or service in the contract with a customer and identifies a performance obligation for each as a unit of transaction. Because, in ordinary business transactions,

Sojitz Group might act as a broker or an agent, we determine whether we are a principal or an agent in identifying a performance obligation. It is judged as principal if the nature of our promise is a performance obligation for us ourselves to provide a specified good or service, while it is judged as agent if the nature of our promise is a performance obligation to arrange so that such good or service is provided by another party. The principal versus agent determination is made comprehensively by considering the following factors.

- The Group assumes lead responsibility for performing the promise of providing a specified good or service.
- Before the specified good or service is transferred to the customer, or after the control is transferred to the customer, the Group holds an inventory risk.
- The Group has discretion with regard to determining the price of the specified good or service.

For a transaction in which the Group is judged as principal, we recognize revenue at the total amount of consideration in which the right is expected to be acquired in exchange for providing the specified good or service, when or as a performance obligation is satisfied. Meanwhile, for a transaction in which the Group is judged as agent, revenue is recognized at a total amount of the remuneration or commission in which the right is expected to be acquired in exchange for arranging that the specified good or service is provided by another party or the net amount of the consideration.

The Group recognizes revenue at the amount of consideration in which the right is expected to be acquired in exchange for a transfer of goods or services to a customer, exclusive of consumption tax, value-added tax or other taxes that are collected on behalf of tax authorities. If variable components are included in the consideration in the contract with a customer, the variable consideration amount estimated in the transaction price is included to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when uncertainties relating to the variable consideration are later eliminated. Regarding the transaction prices, the amount of revenue that includes variable consideration, etc., carries no significance.

In the case that, at the commencement of the contract, the period between the timing of transfer to the customer of the good or service promised by the Group and the timing of payment for said good or service is expected to be not more than one year, the Group does not make any adjustments on the effects of significant financial components regarding the amount of the promised consideration.

The timing of recognizing revenue for major transactions by the Group is as follows.

1) Revenue concerning the sale of goods

Revenue concerning the sale of goods includes revenue regarding the sale of products mainly through the wholesale, retail, manufacturing and/or processing thereof, and the sale of real estate. The Group judges that a customer acquires control over the goods and the Group's performance obligations are satisfied at the time of delivery or receiving inspections or when contractual terms of delivery are satisfied. Therefore, revenue is recognized at such timing.

The consideration relating to the sale of goods does not include significant financial components because they are received primarily within one year from the satisfaction of performance obligations.

2) Revenue concerning the sale of services and others

Revenue concerning the sale of services and others includes revenue arising from the provision of services, such as system-related services, quality inspection of automobile parts and building management. If revenue falls under any of the following, the Group judges that control over the service is transferred for a certain period and therefore the Group's performance obligations are satisfied for that certain period. Accordingly, the revenue is recognized according to the progress of performance obligations being satisfied. The degree of progress is measured in consideration of the nature of the goods or services transferred to the customer.

- A customer receives and consumes the benefits provided from the Group's performance of obligations at the same time as the Group's performance of obligations.
- The Group's performance of obligations creates or enhances the value of an asset (e.g., work in progress), and a customer acquires control as said asset is created or its value is enhanced.
- The Group's performance of obligations does not create an asset that can be used for other purposes, and the Group has the enforceable right to receive payment for the obligations that have been completed to date.

In the case that the aforementioned conditions are not met, the Group recognizes revenue when it acquires the right to receive consideration from a customer due to such reasons as completion of the provision of services because we judge that the Group's performance obligations are satisfied at such time.

The consideration relating to the sale of services and others does not include significant financial components because they are received primarily within one year from the satisfaction of performance obligations.

(5) Retirement benefits liabilities

Defined benefit plans refer to retirement benefits plans other than a defined contribution plan. Defined benefits 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 benefits 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 Sojitz Group's obligations and use the same currencies as those used for future benefits payments.

Past service costs are immediately recognized as profit or loss.

Sojitz Group immediately recognizes all of the net amount of remeasured defined benefits obligations (assets) arising from the defined benefit plans as other comprehensive income and promptly reclassifies them as retained earnings.

(6) Foreign currency translation

1) Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of each company at exchange rates on the dates of such transactions.

Monetary items in foreign currency on the reporting date are retranslated to the functional currency at the exchange rate on 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 on 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 calculation 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 into presentation currency using the exchange rate on the reporting date. In addition, the income and expenses of foreign operations are translated into 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 Sojitz 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, Sojitz Group reclassified the cumulative translation differences as of the Transition Date to retained earnings.

(7) Derivatives and hedge accounting

In order to hedge the foreign currency risk, interest rate fluctuation risk and commodity price fluctuation risk, Sojitz Group conducts derivative transactions, such as forward exchange transactions, interest rate swap transactions and commodity futures and forward 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:

1) Fair value hedges

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.

2) Cash flow hedges

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 the cumulative amount is included in other components of equity.

The amount accumulated in other components of equity is reclassified 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 accumulated in other components of equity is directly included in the initial carrying amount of such non-financial asset or liability. Portions determined to be not effective are 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 accumulated in other components of equity is immediately reclassified to profit or loss.

3) Hedge of a net investment

Of the changes in fair value of derivatives and other hedge instruments, such as loans payable, under the same accounting applied to a cash flow hedge, portions determined to be effective are recognized as other comprehensive income and the cumulative amount is included in other components of equity. The effective portions recognized as other comprehensive income are reclassified from other components of equity to profit or loss at the time of disposition of a foreign operation.

4) Derivatives not designated as hedging instrument

The changes in the fair value of such derivatives are recognized as profit or loss.

(8) Leases

The Group determines, at the commencement of an agreement, whether such agreement constitutes or includes a lease. An agreement is deemed to constitute or include a lease, if such agreement involves transfer of the right to control the use of a specified asset for a specific period in return for consideration.

1) Leases as lessee

In regard to leases as the lessee, the Company recognizes right-of-use assets and lease liabilities on the commencement day of the lease period.

Lease liabilities are recognized by first measuring the total outstanding amount of the lease at discounted present value using the calculated interest rate for the lease. After recognition, the book value of the lease liabilities is adjusted to reflect interest associated with the lease and lease payments made. If the calculated interest rate for the lease cannot be easily determined, the Group's incremental borrowing rate is used as a substitute, which the Group normally uses for the purpose of discount rate. In measuring lease liabilities, the Group has opted for a method whereby lease components and associated non-lease components are not separated, and recognized as a single lease component.

Right-of-use assets are first recognized by measuring the acquisition cost by adjusting the initially measured value for the initial direct costs. After recognition, the value is measured by deducting accumulated depreciation and accumulated impairment losses. Depreciation of right-of-use assets is performed using the straight-line method over the shorter of the lease period and the usable life of the lease assets. The lease period is determined as a period including the non-cancellable period of the lease, the period covered under the lease extension option likely to be executed with reasonable certainty, and the period covered under the lease termination option unlikely to be executed with reasonable certainty.

Lease payments for short-term leases and small-sum asset leases are recognized as expenses using the straight-line method over the lease period.

2) Leases as lessor

The Group classifies a lease, as of the date of its agreement, as either finance lease or operating lease. A lease involving transfer of nearly all of the risks and economic value associated with the ownership of the underlying asset is classified as a finance lease, whereas a lease not involving transfer of nearly all of the risks and economic value associated with the ownership of the underlying asset is classified as an operating lease.

If the Group is acting as an intermediate lessor, the sublease is classified based on the right-of-use asset arising from the head lease, rather than the underlying asset. If the head lease is a short-term lease, its sublease is classified as an operating lease.

(a) Finance leases

At the lease commencement date, recognition of the assets held based on a finance lease is terminated, whereupon lease liability is recognized as a receivable at an amount equal to the net unrecovered investment in the lease. Subsequent to such initial recognition, recovery of receivables from the lessee is recognized as the lease payment is received, and financial revenue is recognized over the lease period so that the profit ratio against the net unrecovered in the lease over a period of time is constant.

(b) Operating leases

The underlying assets subject to operating leases are continuously recognized in the consolidated statement of financial position. Lease payments under operating leases are recognized as revenue either by using the straight-line method or another regular basis. In addition, the underlying assets subject to operating leases are subjected to depreciation and amortization by using the method consistent with that applicable to other similar assets held by the Group. Initial direct costs associated with acquiring the operating lease agreement are added to the book value of the underlying assets subject to the operating lease, and recognized as expenses over the lease period on the same basis as applicable to the lease revenue.

5. Accounting Estimates

Impairment of non-financial assets

(1) Amounts recorded in the consolidated financial statements for the current fiscal year

	(Millions of yen)
Property, plant and equipment	234,340
Right-of-use assets	97,547
Goodwill	132,597
Intangible assets	92,170
Investments accounted for using the equity method	616,145

(2) Information relating to significant accounting estimates on identified items

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, of which their useful lives cannot be determined, 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 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.

The Sojitz Group makes accounting estimates for impairment accounting on fixed assets, etc. based on information available at the preparation of the consolidated financial statements.

6. 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 standard, which has been early applied at the end of the current fiscal year.

Standard	Standard title	Outline of establishment or revision
IAS 1	<i>Presentation of Financial Statements</i> (revised in July 2020)	Clarification of classification of liabilities as current or non-current

Since the Group has the intention and ability to refinance its borrowings from financial institutions, part of the current portion of outstanding borrowings was previously classified as non-current liabilities based on the unused balance under commitment line agreements. Upon the application of the above revision, however, the balance up to the commitment line has been fully classified as non-current liabilities.

Consequently, “Bonds and borrowings” (current) decreased by 26,500 million yen and “Bonds and borrowings” (non-current) increased by the same amount in the consolidated statement of financial position.

In addition, upon the early application of the above revision, the Group has also early applied IAS 1 *Presentation of Financial Statements* (revised in October 2022). The impact of the application of the revision on the consolidated financial statements is not material.

Consolidated Statement of Financial Position

1. Pledged Assets and Corresponding Liabilities

(1) Assets pledged as security

(Millions of yen)

	As of March 31, 2024
Assets pledged as security	
Inventories	22,201
Property, plant and equipment	31,042
Others	18,757
Total	72,000
Corresponding liabilities	
Trade and other payables	6,380
Bonds and borrowings	30,045
Total	36,425

(Note) With respect to assets pledged as security other than listed above, there are subsidiaries' stocks which were eliminated in the consolidated statements.

(2) Assets pledged in lieu of guarantee money

(Millions of yen)

	As of March 31, 2024
Investments accounted for using the equity method	65,213
Other investments	10
Total	65,223

(Note) With respect to assets pledged in lieu of guarantee money other than listed above, there are subsidiaries' stocks which were eliminated in the consolidated statements.

2. Allowance for Doubtful Accounts Which Has Been Subtracted from Trade and Other Receivables

62,582 million yen

3. Accumulated Depreciations and Accumulated Impairment Losses of Property, Plant and Equipment

256,644 million yen

4. Guarantee Obligations

43,963 million yen

(Note) The above guarantee obligations mainly consist of the Group's guarantees for the borrowings made by entities subject to the equity method from financial institutions.

Consolidated Statement of Changes in Equity

1. Class and Number of Shares Outstanding as of March 31, 2023

Common stock 225,000,000 shares

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Source of dividend funds	Total amount of dividends (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary General Shareholders' Meeting held on June 20, 2023	Common stock	Retained earnings	15,065	65.00 yen	March 31, 2023	June 21, 2023
Meeting of the Board of Directors held on October 31, 2023	Common stock	Retained earnings	14,439	65.00 yen	September 30, 2023	December 1, 2023

(2) Dividends for which the record date falls in the current consolidated fiscal year while the effective date comes next consolidated fiscal year

Sojitz plans to present the following proposal on the year-end dividends for common stock as the agenda for the 21st Ordinary General Shareholders' Meeting scheduled on June 18, 2024.

Dividends of common stock

- (a) Total amount of dividends 15,322 million yen
- (b) Source of dividend funds Retained earnings
- (c) Dividend per share 70.00 yen
- (d) Record date March 31, 2024
- (e) Effective date June 19, 2024

Financial Instruments

1. Status of Financial Instruments

As a general trading company, Sojitz Group is engaged in a wide range of businesses globally, including buying, selling, importing, and exporting of goods, manufacturing and selling products, providing services, and planning and coordinating various projects, investments to various business fields and conducting of financial activities, in Japan and overseas.

In order to carry out these businesses, Sojitz Group has set up a target of long-term debt ratio and raises funds, not only through indirect financing from financial institutions, but also through direct financing by issuance of bonds. In this manner, Sojitz Group aims at maintaining and improving the stability of its funding structure.

Sojitz Group is exposed to market risks, including foreign exchange risk associated with transactions denominated in foreign currencies in connection with international trade or business investments; interest rate risk associated with debt financing and investment; commodity price risk associated with purchase and sales agreements and commodity inventories incidental to sales activities; and market price risk associated with ownership of listed securities and other such assets. Sojitz Group strives to minimize these market risks through such means as matching assets and liabilities (e.g., long and short commodity exposures) and hedging with forward exchange contracts, commodity futures, forward commodity contracts, and interest rate swaps, etc.

2. Fair Values of Financial Instruments and Their Categorization by Fair Value Hierarchy

(1) Financial assets and liabilities measured at amortized cost

(Millions of yen)

	As of March 31, 2024	
	Carrying amount	Fair value
Financial assets		
Trade and other receivables		
Trade notes and accounts receivables	544,413	544,317
Total	544,413	544,317
Financial liabilities		
Trade and other payables		
Trade notes and accounts payables	529,678	529,678
Bonds and borrowings		
Bonds payable (including current portion)	61,924	60,655
Long-term loans payable (including current portion)	724,610	707,957
Total	1,316,213	1,298,291

The fair values above were calculated as follows.

(a) Trade notes and accounts receivables

Per each receivable classified per certain period, the fair value was calculated based on the present value of future cash flow discounted by the interest rate, which took into account the period to maturity and the credit risk.

(b) Trade notes and accounts payables

Per each payable classified per certain period, the fair value was calculated based on the present value of future cash flow discounted by the interest rate, which took into account the period to maturity and the credit risk.

(c) Bonds and borrowings

The fair value of bonds payable is measured mainly based on market price.

The fair value of long-term loans payable is the present value of total principal and interest discounted using an assumed interest rate on equivalent new borrowings.

These financial assets and liabilities measured at amortized cost fall under Level 2 of the fair value hierarchy.

The table above does not include put options granted to non-controlling interests. As of the end of the current fiscal year, such liabilities are recognized as other current liabilities and other non-current liabilities in the total amount of 3,245 million yen. The fair value of the put options approximates its carrying amount.

(2) Financial assets and liabilities measured at fair value**1) Analysis of financial assets and liabilities by fair value hierarchy level**

The table below provides the analysis of major financial assets and liabilities measured at fair value by fair value hierarchy level, highlighting the significance of inputs used for measuring their fair values in the consolidated statement of financial position. No financial assets and liabilities that are measured at fair value on a non-recurring basis are included.

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access on the measurement date.

Level 2: Fair value is measured using inputs that are observable either directly or indirectly, other than quoted prices included in Level 1.

Level 3: Fair value is measured using unobservable inputs.

As of March 31, 2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Recurring fair value measurement				
Financial assets				
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
Total	71,987	6,735	58,021	136,745
Financial liabilities				
Derivative financial liabilities	(238)	(4,999)	–	(5,238)
Total	(238)	(4,999)	–	(5,238)

The calculation methods for the above items are as follows:

(a) Other investments

The fair values of listed stocks were based on the prices at the applicable exchange and are categorized into fair value hierarchy Level 1. The fair values of unlisted stocks were calculated using the discounted future cash flow method, price comparison method based on the prices of similar companies, net asset value method and other valuation methods, and are categorized into fair value hierarchy Level 3. Measuring the fair value of unlisted stocks involves the use of unobservable inputs such as discount rates 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 stocks, and validate their approach to measuring fair value, including the valuation model, by periodically looking into matters such as the operating circumstances associated with particular equities, the availability of relevant business plans, and the situations of comparable public companies.

(b) Derivative financial assets and liabilities

The methods for calculating the fair values of major derivative categories are as follows:

Currency-related derivatives

The fair values with respect to foreign exchange transactions, spot/forward transactions, currency option transactions and currency swap transactions were calculated based on the forward exchange rate as of the fiscal year-end.

Interest rate-related derivatives

The fair values of interest rate swaps were calculated based on present values of future cash flows discounted by the interest rate, which took into account the period to maturity and the credit risk.

Commodity-related derivatives

The fair values of commodity futures transactions were calculated mainly based on the final prices announced at the commodities exchanges as of the fiscal year-end. The fair values of commodity forward transactions, commodity option transactions and commodity swaps were calculated based on the index prices publicly announced at the fiscal year-end.

Note that except for commodity future transactions which are categorized into fair value hierarchy Level 1, derivative financial assets and derivative financial liabilities are categorized into fair value hierarchy Level 2.

2) Recurring fair value measurements categorized into fair value hierarchy Level 3

The increases/decreases in major financial assets and liabilities that are measured at fair value on a recurring basis and are categorized into fair value hierarchy Level 3 were as follows.

(Millions of yen)

	Current fiscal year (from April 1, 2023 to March 31, 2024)		
	Other investments		
	Financial assets measured at FVTPL	Financial assets measured at FVTOCI	Total
Balance at beginning of year	10,306	50,434	60,741
Total gains or losses			
Profit or loss	33	–	33
Other comprehensive income	–	845	845
Purchases	2,251	1,748	3,999
Disposals and settlements	(3,774)	(4,554)	(8,328)
Others	190	539	729
Balance at end of year	9,007	49,014	58,021

Gains or losses recognized as profit or loss are included in “Other financial income” in the consolidated statement of profit or loss. Of total gains recognized as profit or loss, the amount associated with financial instruments held at the fiscal year end was 346 million yen as of the end of the current fiscal year.

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.

Investment Property

1. Status of investment property

Sojitz and certain subsidiaries own commercial facilities and other properties for rent mainly in Japan.

2. Fair values of investment property

Carrying amounts and fair values of investment property as of March 31, 2024 were as follows.

(Millions of yen)

	As of March 31, 2024
Carrying amount	9,982
Fair value	10,133

- (Notes) 1. The above carrying amount is calculated by subtracting accumulated depreciation and accumulated impairment losses from acquisition costs.
2. The fair values are of amounts that Sojitz Group calculated using as reference the amounts 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 calculated based on either the public offering price, a sales comparison approach or discount cash flow approach. Upon 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.

Revenue Recognition

1. Disaggregated revenue

The Group's organizational structure basically 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 periodically reviews this structure in order to make decisions as to the allocation of management resources and evaluate the Company's operating performance. Revenue from these divisions plus revenue from other departments including IT systems and network services, domestic regional companies, logistics and insurance services, and administration (shared services) recognized under "Other" are presented as "Revenue."

Revenue by business segment for the current fiscal year is as shown in "Other Notes – 2. Segment Information." The classification by product/service is consistent with that by business segment.

2. Useful information in understanding revenue

Useful information in understanding revenue is as presented in "4. Accounting Policies (4) Revenue recognition standards."

3. Useful information in understanding amounts of revenues for the current and subsequent fiscal years

(1) Receivables from contracts with customers, contract assets, and contract liabilities

Receivables from contracts with customers refer to any notes receivable and accounts receivable included in Trade and other receivables. There is no materiality to the amounts of contract assets and contract liabilities as of the end of the current fiscal year, and to the amount of the revenue recognized during the current fiscal year from the performance obligations satisfied in prior periods. The contract assets are included in Trade and other receivables, while contract liabilities are included in Other current liabilities and Other non-current liabilities.

(2) Transaction price allocated to remaining performance obligations

The following shows the Group's assumed timing for revenue recognition from the transaction price allocated to remaining performance obligations as of the end of the current fiscal year. Note that these figures do not include the contracts for which the remaining period of performance obligations was initially anticipated to be one year or less.

As of March 31, 2024

(Millions of yen)

Within one year	Over one year to within five years	Over five years	Total
130,948	185,092	265,939	581,979

Per-share Information

Total equity per share attributable to owners of the Company	4,238.81 yen
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Basic earnings per share (attributable to owners of the Company)	450.97 yen
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(Note) Sojitz shares held by the Board Incentive Plan (BIP) Trust account are treated as treasury stock on the consolidated statement of financial position, and they are included as treasury shares in calculating the per-share amounts above.

Subsequent Events

Not applicable.

Other Notes

1. Interim dividends for the fiscal year ending March 31, 2025

The payment of interim dividends for the fiscal year ending March 31, 2025 was resolved at the Board of Directors meeting held on May 1, 2024 as follows:

Matters concerning dividends of common stock

(i) Estimated total amount of interim dividends (*)	16,358 million yen
(ii) Source of dividend funds	Retained earnings
(iii) Dividend per share	75.00 yen
(iv) Record date	September 30, 2024
(v) Effective date	December 1, 2024

* This is the estimated amount calculated based on the number of shares issued excluding shares of treasury stock as of April 30, 2024, and the final total amount of interim dividends will be 75 yen per share multiplied by the number of such shares as of the dividend record date.

2. Segment information

(1) Summary of reportable segments

The main businesses of reportable segments are as follows:

Automotive

Distributorships, dealerships, auto-financing, services

Aerospace & Transportation Project

Business jet-related services, defense, airport-related services, North American railways, aircraft asset management, commercial aircraft, traffic EPC

Infrastructure & Healthcare

Renewable energy, gas-fired thermal power generation, gas-related business, telecommunications infrastructure, urban infrastructure and industrial park businesses, healthcare, energy conservation

Metals, Mineral Resources & Recycling

Metal resources, metal products, circular economy

Chemicals

Chemical products, methanol, rare earths, plastic resins, environment and life science, recycling

Consumer Industry & Agriculture

Fertilizer/agribusiness, foodstuffs/animal feeds/livestock, forest products and biomass, domestic agriculture and regional development, building materials, papermaking

Retail & Consumer Service

Foods and consumer goods distribution (retail, distribution, wholesale, production), marine foods products (sale, processing and wholesale, procurement of raw material, aquaculture), brand and consumer products, shopping center management, domestic real estate

(2) Information regarding reportable segments

The accounting method for the reportable business segments are basically consistent with that used for the Consolidated Financial Statements, except for the calculation of income tax expenses.

Prices for intersegment transactions are determined in the same way as general transactions and with reference to market prices.

FY2023 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments					
	Automotive	Aerospace & Transportation Project	Infrastructure & Healthcare	Metals, Mineral Resources & Recycling	Chemicals	Consumer Industry & Agriculture
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 attributable to owners of the Company	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
Others:						
Investment 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

	Reportable segments		Others	Reconciliations	Consolidated
	Retail & Consumer Service	Total			
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 attributable to owners of the Company	13,108	101,286	(553)	33	100,765
Segment assets	533,567	2,692,790	299,484	(105,400)	2,886,873
Others:					
Investment 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

Reconciliation of profit attributable to owners of the Company of 33 million yen includes the difference between the Company'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 yen, and unallocated dividends received related to corporate assets and others of 843 million yen.

The reconciliation amount of segment assets of (105,400) million yen includes elimination of inter-segment transactions or the like amounting to (210,136) million yen, and corporate assets that were not allocated to each segment, amounting to 104,735 million yen, which mainly consist of the Company's surplus funds including cash and deposits, and marketable securities.

Capital expenditure includes the amount related to right-of-use assets.

(Reference)

FY2022 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments					
	Automotive	Aerospace & Transportation Project	Infrastructure & Healthcare	Metals, Mineral Resources & Recycling	Chemicals	Consumer Industry & Agriculture
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 attributable to owners of the Company	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
Others:						
Investment 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

	Reportable segments		Others	Reconciliations	Consolidated
	Retail & Consumer Service	Total			
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 attributable to owners of the Company	6,831	115,063	1,526	(5,342)	111,247
Segment assets	419,917	2,413,388	282,260	(34,805)	2,660,843
Others:					
Investment 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 attributable to owners of the Company of (5,342) million yen includes the difference between the Company'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 yen, and unallocated finance cost related to corporate assets and others of (1,663) million yen.

The reconciliation amount of segment assets of (34,805) million yen includes elimination of inter-segment transactions or the like amounting to (183,073) million yen, and corporate assets that were not allocated to each segment, amounting to 148,268 million yen, which mainly consist of the Company's surplus funds including cash and deposits, and marketable securities.

Capital expenditure includes the amount related to right-of-use assets.

(Changes in Reportable Segments)

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. Segment information for the year ended March 31, 2023 has been restated to reflect the change in reportable segments.

(Note) In the consolidated financial statements, amounts presented in millions of yen have been rounded down to the nearest million.

**(Reference) Consolidated Statement of Profit or Loss and
Other Comprehensive Income**

(Millions of yen)

Items	FY2023 (From April 1, 2023 to March 31, 2024)	FY2022 (From April 1, 2022 to March 31, 2023)
Profit for the year	103,060	115,824
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	17,619	(11,064)
Remeasurements of defined benefit pension plans	152	1,138
Share of other comprehensive income of investments accounted for using the equity method	485	1,328
Total items that will not be reclassified to profit or loss	18,257	(8,597)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	39,232	18,745
Cash flow hedges	(627)	(3,178)
Share of other comprehensive income of investments accounted for using the equity method	13,359	23,009
Total items that may be reclassified subsequently to profit or loss	51,964	38,575
Other comprehensive income for the year, net of tax	70,222	29,978
Total comprehensive income for the year	173,283	145,803
Total comprehensive income attributable to:		
Owners of the Company	168,317	138,434
Non-controlling interests	4,965	7,369
Total	173,283	145,803

Non-consolidated Statement of Changes in Net Assets

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings (Retained earnings brought forward)	Total retained earnings		
Balance as of April 1, 2023	160,339	152,160	3,343	155,503	184,375	184,375	(31,291)	468,927
Changes of items during the period								
Dividends from surplus					(29,504)	(29,504)		(29,504)
Net income					80,888	80,888		80,888
Purchase of treasury stock							(42,725)	(42,725)
Disposal of treasury stock			110	110			473	583
Cancellation of treasury stock			(3,453)	(3,453)	(47,942)	(47,942)	51,396	–
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	(3,343)	(3,343)	3,441	3,441	9,143	9,242
Balance as of March 31, 2024	160,339	152,160	–	152,160	187,817	187,817	(22,147)	478,169

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2023	23,632	(10,976)	12,656	481,583
Changes of items during the period				
Dividends from surplus				(29,504)
Net income				80,888
Purchase of treasury stock				(42,725)
Disposal of treasury stock				583
Cancellation of treasury stock				–
Net changes of items other than shareholders' equity	7,176	(4,268)	2,908	2,908
Total changes of items during the period	7,176	(4,268)	2,908	12,150
Balance as of March 31, 2024	30,809	(15,244)	15,564	493,734

(Reference)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings (Retained earnings brought forward)	Total retained earnings		
Balance as of April 1, 2022	160,339	152,160	3,343	155,503	131,656	131,656	(31,247)	416,252
Changes of items during the period								
Dividends from surplus					(29,208)	(29,208)		(29,208)
Net income					81,927	81,927		81,927
Purchase of treasury stock							(139)	(139)
Disposal of treasury stock							96	96
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	–	–	52,718	52,718	(43)	52,675
Balance as of March 31, 2023	160,339	152,160	3,343	155,503	184,375	184,375	(31,291)	468,927

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2022	52,726	(8,341)	44,384	460,636
Changes of items during the period				
Dividends from surplus				(29,208)
Net income				81,927
Purchase of treasury stock				(139)
Disposal of treasury stock				96
Net changes of items other than shareholders' equity	(29,093)	(2,634)	(31,727)	(31,727)
Total changes of items during the period	(29,093)	(2,634)	(31,727)	20,947
Balance as of March 31, 2023	23,632	(10,976)	12,656	481,583

Notes to the Non-consolidated Financial Statements

Significant Accounting Policies

1. Basis and Methods of Valuation of Assets

(1) Securities

- Trading Securities

Stated at fair value as of the closing date based on market prices, with the cost of securities sold calculated using the moving average method.

- Held-to-maturity debt securities

Stated at amortized cost (straight-line method).

- Stocks of subsidiaries and associates

Stated at cost using the moving average method.

- Available-for-sale securities

- Securities other than shares, etc. that do not have a market price

Stated at fair value based on market prices as of the closing date. Valuation gains or losses are taken directly into a component of net assets. The cost of securities sold is calculated using the moving average method.

- Shares, etc. that do not have a market value

Stated at cost using the moving average method.

Investments in a limited investment partnership or a similar partnership (that can be considered as marketable securities in accordance with the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at their net equity value on the most recent financial statements that are available on the reporting date as specified in the partnership agreement.

(2) Derivatives

Stated at fair value.

(3) Fund trusts for investment purpose

Stated at fair value.

(4) Inventories

- Inventories held for sale in the ordinary course of business

Stated at cost based on the specific identification method or moving average method (balance sheet values are adjusted by writing down the book values where the profitability declines).

- Inventories held for trading purpose

Stated at fair value.

2. Depreciation Method for Non-current Assets

(1) Property, plant and equipment (excluding lease assets)

Property, plant and equipment are depreciated using the declining balance method. However, the

buildings (excluding fixtures) acquired on or after April 1, 1998 and the facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

(2) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method.

3. Accounting Standards for Provisions

(1) Allowance for doubtful accounts

In order to provide reserves for possible losses on receivables or loans, Sojitz records allowance for doubtful accounts based on the historical default rates for ordinary receivables and on an estimate of collectability of specific doubtful receivables from customers in financial difficulties.

(2) Allowance for investment loss

In order to provide reserves for possible losses on investments in subsidiaries and associates, etc., Sojitz records the allowance for investment loss for each investment based upon the financial condition and business value of each investee in accordance with the internal standard.

(3) Provision for bonuses

Provision for bonuses is recorded to accrue the bonus to employees of Sojitz for the amount to be paid.

(4) Provision for retirement benefits

Provision for retirement benefits is recorded to provide the retirement benefits to the employees of Sojitz for the amount to be accrued based on projected retirement benefit obligation at the end of the fiscal year.

1) Method of attributing projected retirement benefits

In calculating retirement benefit obligations, benefit formula is used for attributing projected retirement benefits to each period until the end of the current fiscal year.

2) Method of amortization of actuarial differences

Actuarial differences are amortized in the fiscal year following the fiscal year of incurrence.

(5) Provision for delivery of shares

Provision for delivery of shares is recorded to deliver Sojitz shares to Directors and Executive Officers in accordance with the Share Delivery Rule for the amount to be accrued based on the stock delivery obligation at the end of the fiscal year.

(6) Provision for loss on guarantees, etc.

Provision for loss on guarantees, etc. is recorded to prepare for contingent loss on guarantees extended to subsidiaries and associates and other entities for an amount deemed necessary upon considering the financial condition of the guaranteed party and other factors.

4. Revenue Recognition Standards

The Company recognizes revenue at the time the control of promised goods or services is transferred to a customer in the amount expected to be received upon exchange of said goods or services.

The Company identifies distinct goods or services included in a contract with a customer and performance obligations as the basic transaction unit. Since the Company may fulfill an intermediary or agent function in normal business transactions, the Company considers whether it functions as a principal or an agent in identifying performance obligations. In cases where the performance obligations essentially promise that the Company itself will provide specific goods or services, the Company is deemed to be a principal; in cases where the performance obligations is to arrange the provision of goods or services by another party, the Company is deemed to be an agent.

In cases where the Company is the principal party to the transaction, the Company recognizes revenue at the total amount to which it expects to be entitled to receive in exchange for specified goods or services. In cases where the Company is acting as agent, it recognizes revenue in the amount of any fees or commission, or net revenue the Company is entitled to receive in exchange for arranging the provision of specified goods or services by another party. In transactions where the Company acts as an agent, the inventories relating to which legal title is temporarily transferred to the Company are presented in “Other” under “Current assets.”

Revenue includes primarily the revenues from products sold both in Japan and abroad. The Company 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 Company deems goods to be under the control of the customer and performance obligations to have been satisfied.

In most cases, the Company receives revenue from the sale of products within one year from the satisfaction of performance obligations. This amount does not include significant financial components.

5. Basis for Translating of Foreign Currency Denominated Assets and Liabilities into Japanese Yen

Monetary receivables and payables denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the closing date. Translation differences are recognized as profit or loss in the corresponding fiscal year.

6. Hedge Accounting

(1) Hedge accounting method

In general, the deferral hedge accounting is applied.

Forward exchange contracts, currency swaps, and currency options that fulfill the appropriation requirements are subjected to the appropriation treatment, while interest rate swaps that fulfill the requirement for preferential treatment are subjected to the preferential treatment.

(2) Hedging instruments and hedged items

Forward exchange contracts, currency swap and currency option contracts are used as hedging instruments against exchange rate fluctuation risks involved in transactions in foreign currencies. Interest rate swap, interest rate cap, and interest rate option contracts are used as hedging instruments against interest rate fluctuation risks involved in debts, loans, and interest-bearing bonds.

Commodity future and forward are used as hedging instruments against price fluctuation risks of precious metals, grain, petroleum, and others.

(3) Hedge policy

Sojitz enters into derivative contracts for hedging purpose in accordance with Sojitz's policies and procedures, in order to avoid fluctuation risks in foreign exchange, interest rates, and market value of securities and commodities, which are associated with Sojitz's operation.

(4) Assessment of hedge effectiveness

Sojitz assesses the hedge effectiveness by comparing the cumulative change in cash-flows or the changes in fair value of hedged items with the corresponding changes of hedging instruments on a quarterly basis.

However, the assessment of hedge effectiveness is omitted for interest rate swaps under the preferential treatment.

7. Other Significant Basis of Presenting the Non-consolidated Financial Statements

(1) Accounting for deferred assets

Bond issuance cost is amortized on a straight-line basis over the period until the bond maturity.

(2) Application of group tax sharing system

The Company applies the group tax sharing system.

Accounting Estimates

Stocks of subsidiaries and associates

(1) Amounts recorded in the non-consolidated financial statements for the current fiscal year

799,407 million yen

(2) Information relating to significant accounting estimates on identified items

For the stocks of subsidiaries and associates recorded in the non-consolidated balance sheet for the current fiscal year, acquisition costs are treated as balance sheet values. However, for stocks that do not have a market price, if the real value of the stocks drops significantly and the recoverability is not supported by sufficient evidence, a reasonable reduction is made and loss on valuation is recognized.

In considering whether or not it is necessary to post an impairment on investments in subsidiaries and associates, the Company examines whether or not the real value is significantly reduced by calculating the real value based on the net assets per share of each stock issuing company. Significant reduction of the real value refers to the case when the real value is reduced by about more than 50% compared to the acquisition cost. If it is not expected to recover within 5 years based on feasible and rational business plans, etc., the impairment loss is recorded under the assumption that there is no recoverability. In addition, the recoverability is reviewed annually, and the necessity of recording impairment losses is reviewed at the fiscal year-end if it is ascertained that the recovery of business performance based on the business plan, etc. will not proceed as planned, such as a case that subsequent actual results are below the business plan.

Sojitz makes accounting estimates for impairment on investments in subsidiaries and associates, etc. based on information available at the preparation of the non-consolidated financial statements.

Non-consolidated Balance Sheet

1. Pledged Assets and Corresponding Liabilities

Assets pledged in lieu of a guarantee deposit, etc.

(Millions of yen)

	As of March 31, 2024
Investment securities (including stocks of subsidiaries and associates)	37,150
Short-term loans receivable	27
Long-term loans receivable	253
Total	37,432

2. Accumulated Depreciation of Property, Plant and Equipment 8,565 million yen

3. Guarantee Obligations 172,300 million yen

(Note) The above guarantee obligations mainly consist of Sojitz's guarantees for the borrowings made by subsidiaries and associates from financial institutions, and include items similar to guarantees in the amount of 2,937 million yen.

4. Notes Receivable-trade—discounted 25,320 million yen

(Note) Outstanding inter-bank transactions, which represent the balance of export letters of credit yet to be purchased by banks, are included in the discounts on notes receivable-trade because they can be treated as trade note discounts. The amount is 2,437 million yen.

5. Monetary Receivables from and Payables to Subsidiaries and Associates

Short-term monetary receivables: 129,829 million yen

Long-term monetary receivables: 108,037 million yen

Short-term monetary payables: 72,568 million yen

Non-consolidated Statement of Income

Transactions with subsidiaries and associates

Revenue from subsidiaries and associates:	18,529 million yen
Cost of revenue from subsidiaries and associates:	9,639 million yen
Non-operating transactions with subsidiaries and associates:	100,938 million yen

Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as of the end of the current fiscal year

Common stock 6,110,051 shares

(Note) The 886,140 shares held by the BIP trust account are not included in the number of treasury shares because they are not self-owned shares.

Tax Effect Accounting

Breakdown of major causes of deferred tax assets and deferred tax liabilities:

Deferred tax assets	(Millions of yen)
Excess amount over the limit of taxable allowance for doubtful accounts	20,546
Loss on valuation of investment securities	43,664
Excess amount over the limit of taxable allowance for retirement benefits	2,978
Loss carried forward	12,982
Other	20,553
Subtotal	<u>100,724</u>
Valuation allowance for tax loss carryforwards	(7,279)
Valuation allowance for the sum of deductible temporary difference and others	(65,468)
Total valuation allowance	<u>(72,747)</u>
Total deferred tax assets	27,976
Offset against deferred tax liabilities	(13,583)
Amounts recorded as deferred tax assets	<u>14,393</u>
Deferred tax liabilities	
Gain from merger	(1,186)
Valuation difference on available-for-sale securities	(11,904)
Other	(493)
Total deferred tax liabilities	<u>(13,583)</u>
Offset against deferred tax assets	13,583
Amounts recorded as deferred tax liabilities	<u>-</u>
Net deferred tax assets	14,393

Transactions with Related Parties

(Millions of yen)

Classification	Company name	Ownership including voting right	Relationship		Transactions	Amount of transactions	Account	Balance as of March 31, 2024
			Interlocking executive positions	Business relationship				
Subsidiary	Sojitz Global Finance Plc	Directly and wholly owned	—	Guarantee of debt	Guarantee on debt (Note 1)	22,811	—	—
Subsidiary	Atlantis Aviation Corporation	Directly and wholly owned	—	Borrower of funds	Lending of funds (Note 2)	34,711	Short-term loans receivable	—
					Collection of funds (Note 2)	60,778		
					Interest received (Note 2)	144	—	—
Subsidiary	Sojitz Foods Corporation	Directly and wholly owned	—	Borrower of funds	Lending of funds (Note 2)	1,554	Short-term loans receivable	19,097
					Collection of funds (Note 2)	75		
					Interest received (Note 2)	117	—	—
Subsidiary	Sojitz Aerospace Corporation	Directly and wholly owned	—	Borrower of funds	Lending of funds (Note 2)	5,037	Short-term loans receivable	17,327
					Interest received (Note 2)	81	—	—
Subsidiary	Nissho Electronics Corporation	Directly and wholly owned	—	Depositee of funds	Funds received for deposit (Note 2)	5,721	Deposits received	20,422
					Payment of interest (Note 2)	13	—	—

Conditions of transactions and policies for determining the conditions

(Notes) 1. Sojitz guarantees the bank borrowings of the above companies.

2. Interest rate is reasonably determined with reference to market interest rates. No collateral is accepted or provided.

Per-share Information

- Net assets per share: 2,264.80 yen
- Net income per share: 362.01 yen

(Note) Sojitz shares held by the Board Incentive Plan (BIP) Trust account are treated as treasury stock on the non-consolidated balance sheet, and they are included as treasury stock in calculating the per-share amounts above.

Subsequent Events

Not applicable.

Other Notes

Other notes are omitted here because they are stated in Notes to the Consolidated Financial Statements (Other Notes).

(Note) In the non-consolidated financial statements, amounts presented in millions of yen have been rounded down to the nearest million.