

**Condensed Transcript of Q&A Session
for Sojitz IR Day 2025 (December 8, 2025)**

Growth Strategy of the Chemicals Division

Speaker

- **Kenji Maeda**, Executive Officer, COO, Chemicals Division

Questioner 1:

Q: You mentioned that you have increased profits to JPY 20.0 billion by recognizing the fragmentation of the supply chain as an opportunity. In this context, are your main customers Japanese companies? As you aim to increase profits to JPY 30.0 billion, is it possible to achieve this solely by providing services to Japanese customers, or do you plan to expand globally?

A: Among our approximately 5,000 business customers, the majority are domestic companies, so our primary focus is on the fragmentation of domestic supply chains. In addition, we are also developing our business globally and intend to take measures to avoid supply chain fragmentation in Asia, Europe, and the United States. Especially, industry restructuring is progressing in South Korea and Taiwan. While the restructuring is currently ahead in Japan, we expect to see more cases of supply chain fragmentation in Asia and Europe going forward. We plan to start from Japan and expand globally.

Q: So, the growth was mainly domestic up to JPY 20.0 billion, but for targeting JPY 30.0 billion, will you continue to base your business in Japan while also expanding globally?

A: While the highest potential remains in Japan, there are also opportunities in Asia to increase profits by enhancement of trading businesses.

Q: Are there any plans for additional investment in domestic infrastructure? Also, regarding the expansion of manufacturing companies in the United States, in what fields are you planning such expansions?

A: At NIPPON A&L INC., we are planning to further strengthen our strengths through additional facilities. Globally, we plan to make business investments in fields where we have expertise while we cannot disclose the specific areas we will be focusing on.

Questioner 2:

Q: What is your competitive advantage over other chemical trading companies and the chemicals divisions of other general trading companies?

A: Other general trading companies are also working on the enhancement of their trading businesses, but our advantage is that we position enhancement of the trading

businesses as our top priority, in addition to our ability to forecast market trends. We differentiate ourselves by allocating optimal personnel and placing a strong focus on this area.

Q: I have high expectations for SBR latexes business, which is a strength of NIPPON A&L INC. On the other hand, could you tell us about the direction of the existing ABS resins business?

A: Regarding ABS resins, we will focus particularly on the production of high value-added products to maintain a stable supply. Since we cannot compete with overseas companies in the commodity grades, we will focus on high-grade products that only NIPPON A&L INC. can produce and continue to provide them to the market.

Questioner 3:

Q: In the chemical industry, where Japanese companies are losing competitiveness due to overproduction in China, to what extent do you handle Chinese products? Also, is there a potential for global expansion of Chinese products in the future?

A: Our mission is to avoid supply chain fragmentation, not to pursue a decoupling from China. For rare earths, we have established a stable supply chain in Australia, but we will also maintain our business relationships with Chinese manufacturers that we have built up over the years. Going forward, we will continue to purchase products from Chinese manufacturers for all types of products as long as we can avoid supply chain fragmentation.

Chinese products have overwhelming price competitiveness in commodity grades and

serve as alternative suppliers when Japanese manufacturers suspend production.

However, we will diversify our supply sources by securing supply from Europe and India since Chinese supply sources are subject to geopolitical risks and thereby we will avoid supply chain fragmentation and rebuild our supply chains. Rather than focusing on whether or not to handle Chinese products, our priority is to ensure that necessary goods are not interrupted.