

Medium-term Management Plan 2026

—Set for Next Stage—

May 1, 2024

Sojitz Corporation

Caution regarding Forward-looking Statements and Original Language

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including the timing at which the changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The company will provide timely disclosure of any material changes, events, or other relevant issues. The Company has no responsibility for any possible damages arising from the use of information on this material, nor does the Company have any obligation to update these statements. This document is an English language translation of the materials originally written in Japanese. In case of discrepancies, the Japanese version is authoritative and universally valid.

Review of Medium-term Management Plan (MTP) 2023

- MTP2023 was dedicated to improve our corporate value, and we therefore set PBR>1.0x as one of the KPIs in MTP2023.
- Achieved PBR>1.0x*1 by improving ROE and reducing cost of capital as well as the dividends and the share repurchase.

*1 Closing share price on 21st March 2024



**Enhancement of earning power
(Core operating CF)**

- Achieved the financial targets of MTP2023
- Surplus cash flow has been allocated to the new investments

**Improvement in capital efficiency
(CROIC)**

- Set and monitored the value creation guideline (CROIC) for each Business Div.
- Sold non-core assets (cross-shareholdings, real estate and textile businesses, etc.)

**Enhancement of
financial disclosure**

- Improved transparency and predictability by enhanced disclosure

**Enhancement of
non-financial initiatives
and disclosure**

- Ratio of Outside Director >50%
- Selected as "DX Stocks 2023" *2
- Won "NIKKEI Integrated Report Awards"

**Stable and Continuous
Dividends**

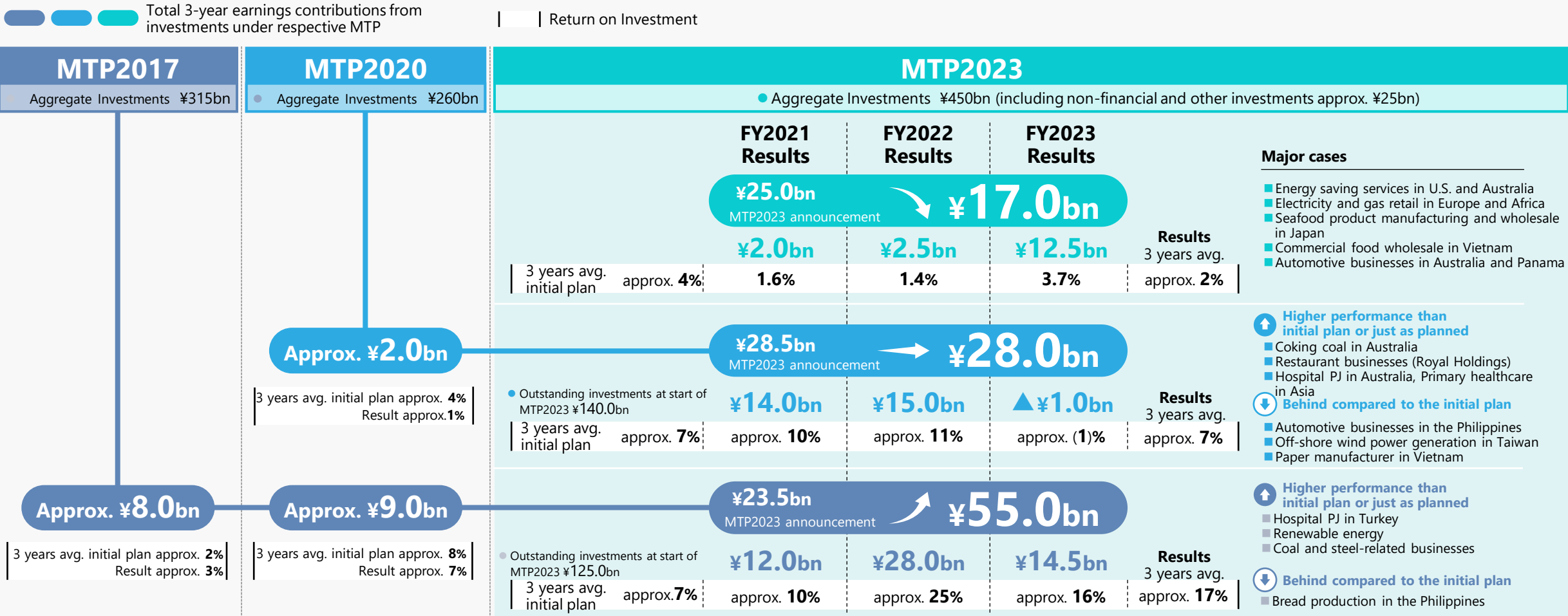
- Achieved stable and continuous dividends based on a consolidated payout ratio of approx. 30%
- Set minimum limit for dividends in FY2023
- Repurchased its share by utilizing the surplus cash flow

*2 DX Stock selection program are organized jointly by METI, the Tokyo Stock Exchange and IPA

- **Achieved all the quantitative targets of MTP2023** resulting from enhancing earning power and improving capital efficiency.

		Results	Initial Plan
Profit for the Year	Avg.	¥98.1bn	¥65.0bn
Core Operating CF	Avg.	¥127.7bn	¥80.0bn
Core CF	Total	¥83.3bn	Positive
Investments	Total	¥447.7bn	¥330.0bn
Consolidated Payout Ratio	Avg.	29.0%	approx. 30%
Share Repurchase	-	¥58.0bn	—
NET DER	Final Year	0.75	approx. 1.0
ROE	Avg.	12.6%	10% or above
ROA	Final Year	3.6%	3% or above
PBR	Final Year	Achieved (Closing share price on 21st March 2024)	1.0x or above

- **Achieved the financial targets** of the investments made in MTP2017/2020 due to favorable market conditions, sale of the assets, and the value-up initiatives of our invested projects.
- **The profitability** of the investments made in MTP2023 **has improved in FY2023**, while there were delays in investments and in generating expected profits due to the COVID-19 pandemic. Further improvements are anticipated in MTP2026.



MTP 2026

—Set for Next Stage—

Next Stage

Net Profit: ¥200.0 bn
ROE: 15%
Market Cap: ¥2 trillion

“Becoming a company that constantly cultivates business and human capital”

Create our corporate value by meeting market needs and providing solutions to social issues

Vision for 2030

Sojitz Group Statement

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

MTP 2026

Creating the “Sojitz Growth Story” - Set for Next Stage -

To reach Next Stage (Market cap “2.0x Growth”),

- Connect dots of our businesses to form “Katamari”* to accelerate growth
- Proactive investments in and development of human capital

Reinforcing
Base of
Growth

Enhancing
Human
Capital

MTP 2023

Continuing growth

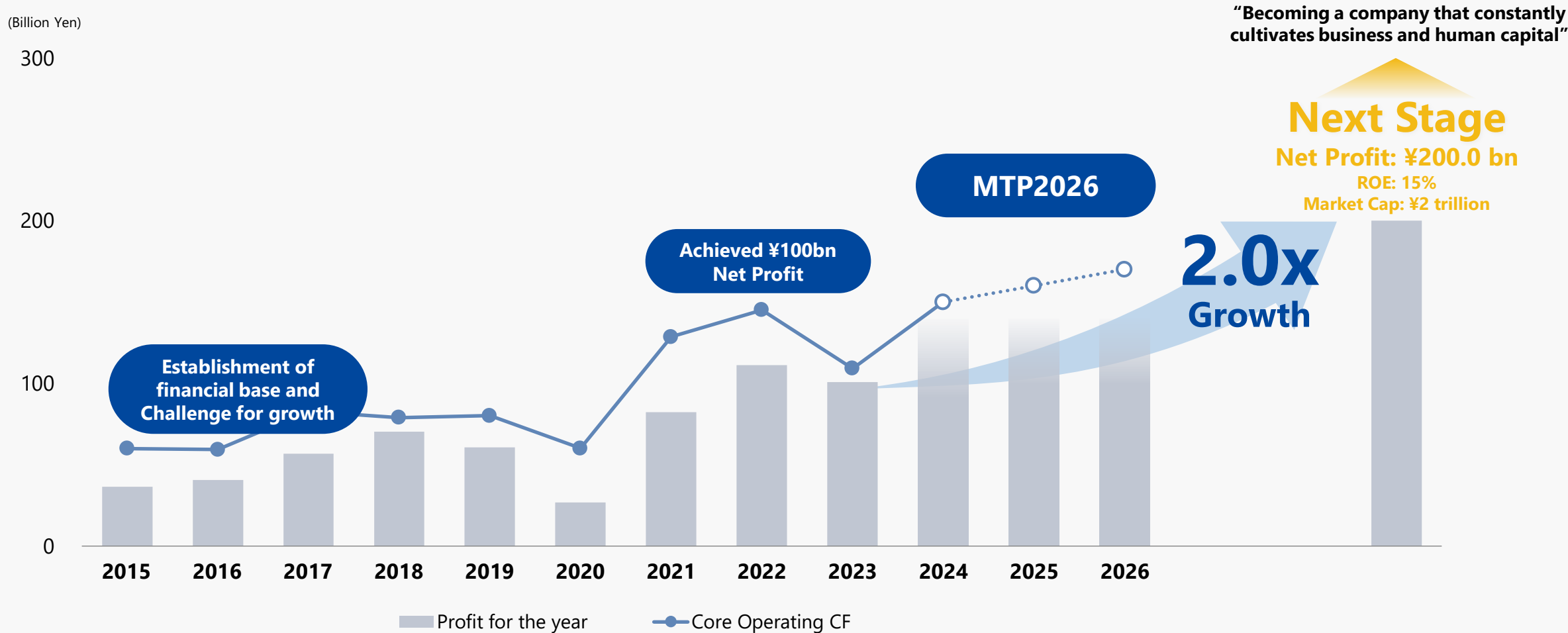
- Start of the Next Decade -

Transformation of business portfolio for sustainable value creation, and challenges for “New way and New Values”

* “**Katamari**” is the Japanese word for business cluster. In this context, it refers to a business (or business cluster) generating a significant profit. Sojitz aims to form many “Katamari”, each of which comprises a large portion of Sojitz Group portfolio.

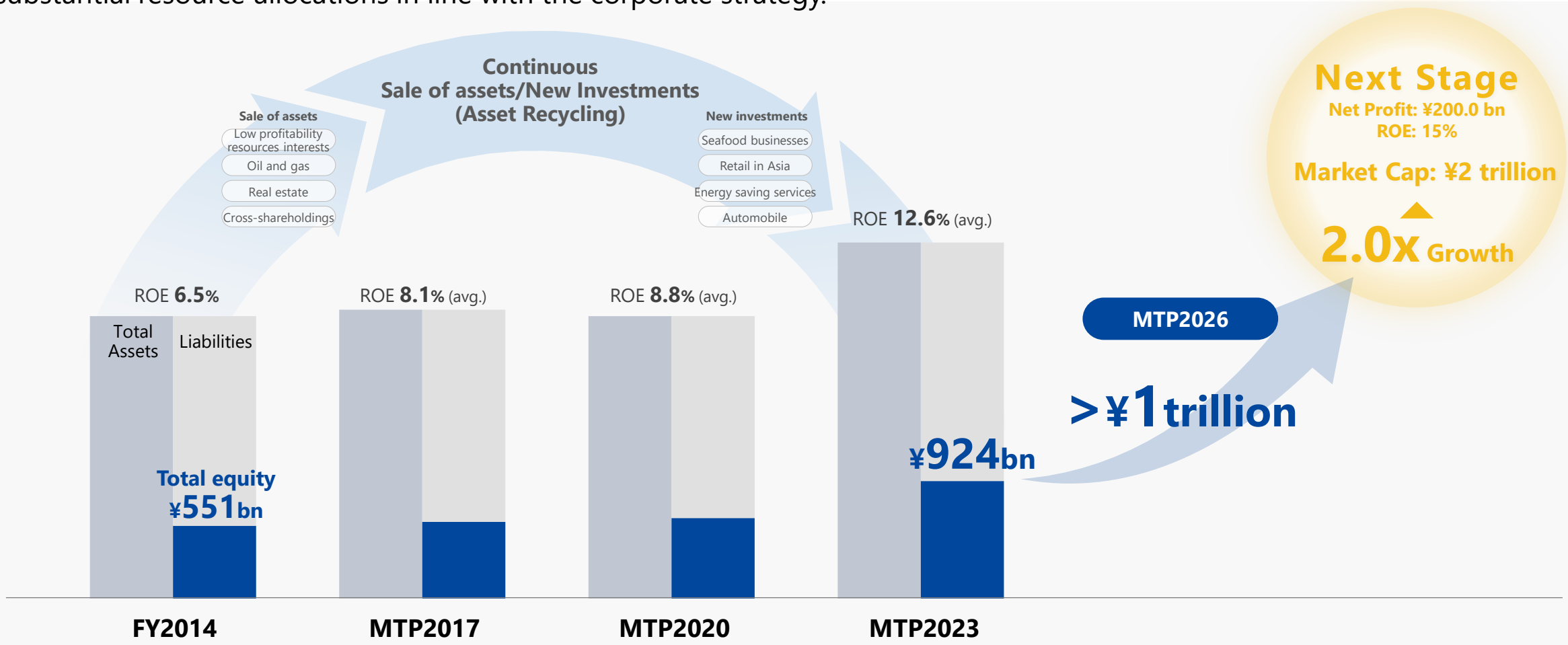
Positioning of MTP2026 (Set for Next Stage)

- Profitability has steadily improved, except during the COVID-19 pandemic period. We have enhanced our value creation and value-up capabilities and are making new investments to drive further growth.
- Aiming to form many “**Katamari**” in MTP2026 by enhancing the existing businesses and making new investments continuously.



Positioning of MTP2026 (Set for Next Stage)

- Achieve improvement in ROE and quality of equity capital by focusing on balance sheet optimization, without a significant expansion of total assets up to MTP2023.
- Aim to **double corporate value** by continuing efforts in asset recycling and profitability improvements, and by making substantial resource allocations in line with the corporate strategy.



Investment and
Financial Discipline

Investment plan
> ¥600.0bn

with maintaining
financial discipline

Financial Targets
(3 years avg.)

ROE > 12%
Net Profit
> ¥120.0bn

Shareholder Returns

approx. **30%** of
Core operating CF (3 years total)
is allocated to shareholder returns

- **Progressive dividend**
4.5% of **Shareholder equity**
- **Flexible Share repurchase**
in case of surplus cash flow

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

vs. MTP2023 **Annualized Rate: +10% Growth**

MTP2026

We will realize the **Sojitz Growth Story** by leveraging our unique strengths and competitive edge

Maximize earning power by refining existing businesses

Form “Katamari” to connect the dots of our business under our growth strategy

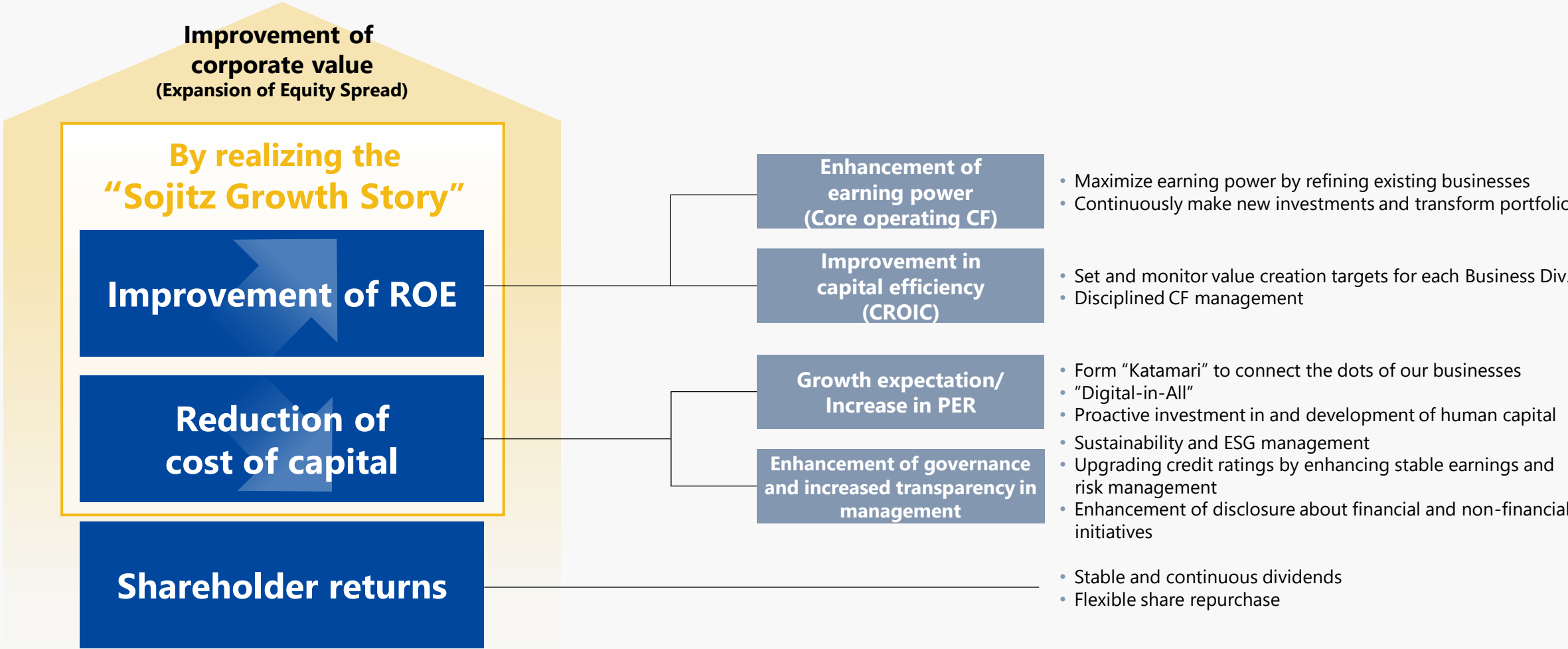
**Proactive investment in and development of human capital
(value creation and value-up capabilities)**

Value creation through the power of digital technologies (“Digital-in-All”)

Sustainability and ESG management

Continuing MTP2023

- Continuing MTP2026 to commit to improve our corporate value with aim to **increase PER** by realizing the “Sojitz Growth Story”. Consequently, PBR will be consistently be maintained above 1.0x and further improvement will be achieved.



Sojitz's business creation DNA has been passed down for generations

Future
Forecasting

Innovative
Transformation

Challenge-taking
Spirit

Delivering goods and services where there is a need

2004
Sojitz
Est.

Foundation / Industrial revolution period in Japan

Post-war reconstruction - Rapid economic growth period in Japan

Acceleration of globalization

- ▶ Led Japan's largest industry, the textile industry
- ▶ Founded various manufacturing businesses
- ▶ Recorded sales equivalent to 10% of Japan's GNP

- ▶ Pioneer in importing iron ore from Brazil
- ▶ Supported the growth of Nike Inc.
- ▶ Japan's largest LNG introduction project
- ▶ Founded Orient Lease (now ORIX)

- ▶ Japanese agent of Boeing's commercial aircraft
- ▶ First liaison office in Vietnam for Japanese company
- ▶ Founded NIFTY in the early days of IT
- ▶ Became No.1 publicly owned fertilizer group in Asia

- ▶ First Japanese hospital PPP PJ in Turkey
- ▶ Received orders of Western DFC PJ in India
- ▶ Expansion of domestic retail business (Royal HD/JALUX)
- ▶ Became coal mining operator

Our Competitiveness – Sojitz’s Unique Identity

- Redefine Sojitz’s unique capabilities, strengths, and competitive edge and continue MTP2023’s “Market-in Approach”, “Co-creation and Sharing”, “Leveraging Speed” and “Corporate and Employee Transformation”.
- Achieve sustainable growth by constantly evolving the unique capabilities and strengths derived from Sojitz’s DNA.

Sojitz’s DNA



Leveraging Speed

- ▶ Flat org-structure, well-connected teams and decision-making speed
- ▶ Power of future forecasting and innovative transformation

Co-creation & Sharing

- ▶ Alignment trough shared Group Statement, the philosophy and the culture of the "All-for-One Company"
- ▶ Ability to think beyond regions, industries, and organization

Market-in Approach “Glocal”

- ▶ Business expansion based on needs, "Think Globally, Act Locally"
- ▶ Global network of bases and access to a wide range of industries/sectors

Partnerships

- ▶ Ability of business development with the best partners
- ▶ Relationships with partners built up through many years of business activities

Human Capital

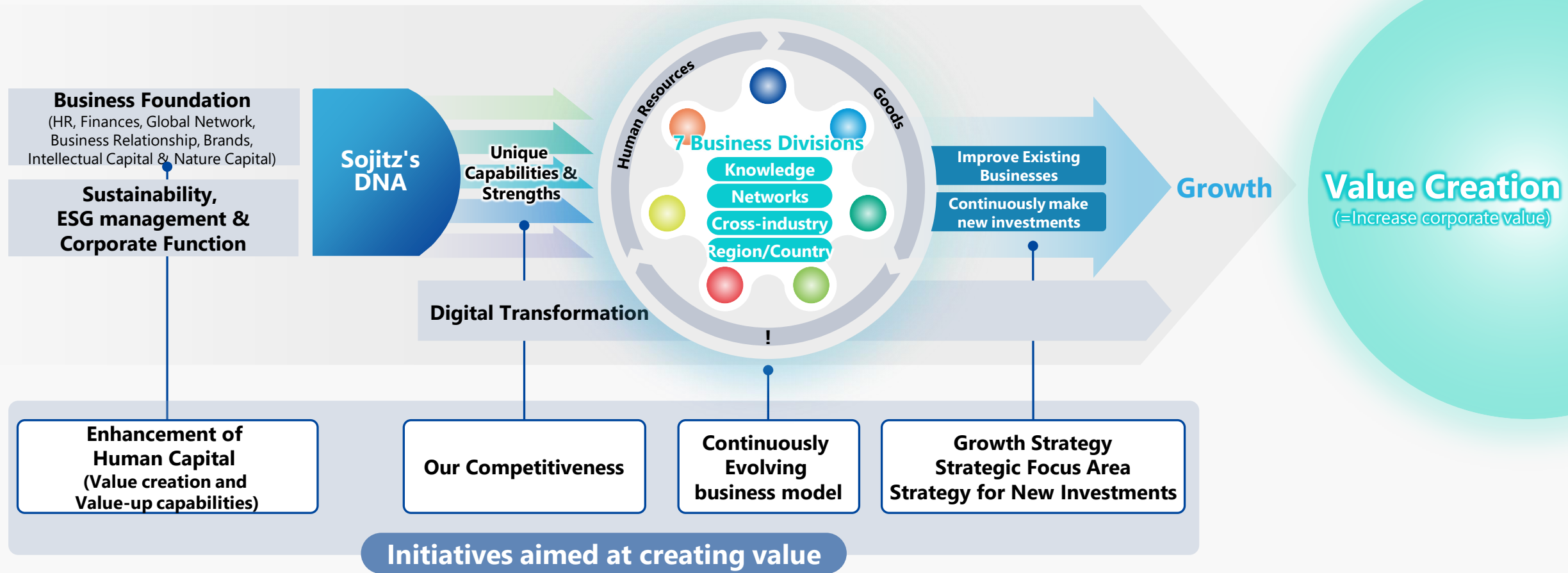
- ▶ Self-directed talent with diverse skills and experiences
- ▶ Organization and culture that maximize the potential of each individual
- ▶ Corporate and Employee Transformation

Sojitz’s Unique Identity

Value Creation Process

- Achieving our mission of “Delivering Goods and Services where there is a need,” by integrating human resources, goods, and ideas (“!”) across regions/countries, industries, and company organization based on our business foundation.
- Realizing value creation by responding to market needs and social issues.

Deliver goods and services where there is a need



"KATI" Model – Growth Strategy

- The **"KATI" model** is a concept/shared tool to execute advanced growth strategies while pursuing competitive advantages and unique capabilities.
- We strive to prioritize enhancing existing businesses in the following "K", "A" and "T" dimensions, focusing on building business **"Katamari"** under MTP2026.

"KATI" model

K

atamari

A

ddition

T

ransformation

I

nnovation

"Katamari"

Strengthening existing businesses/markets in which we have knowledge and a demonstrated track record to form "Katamari"

Addition

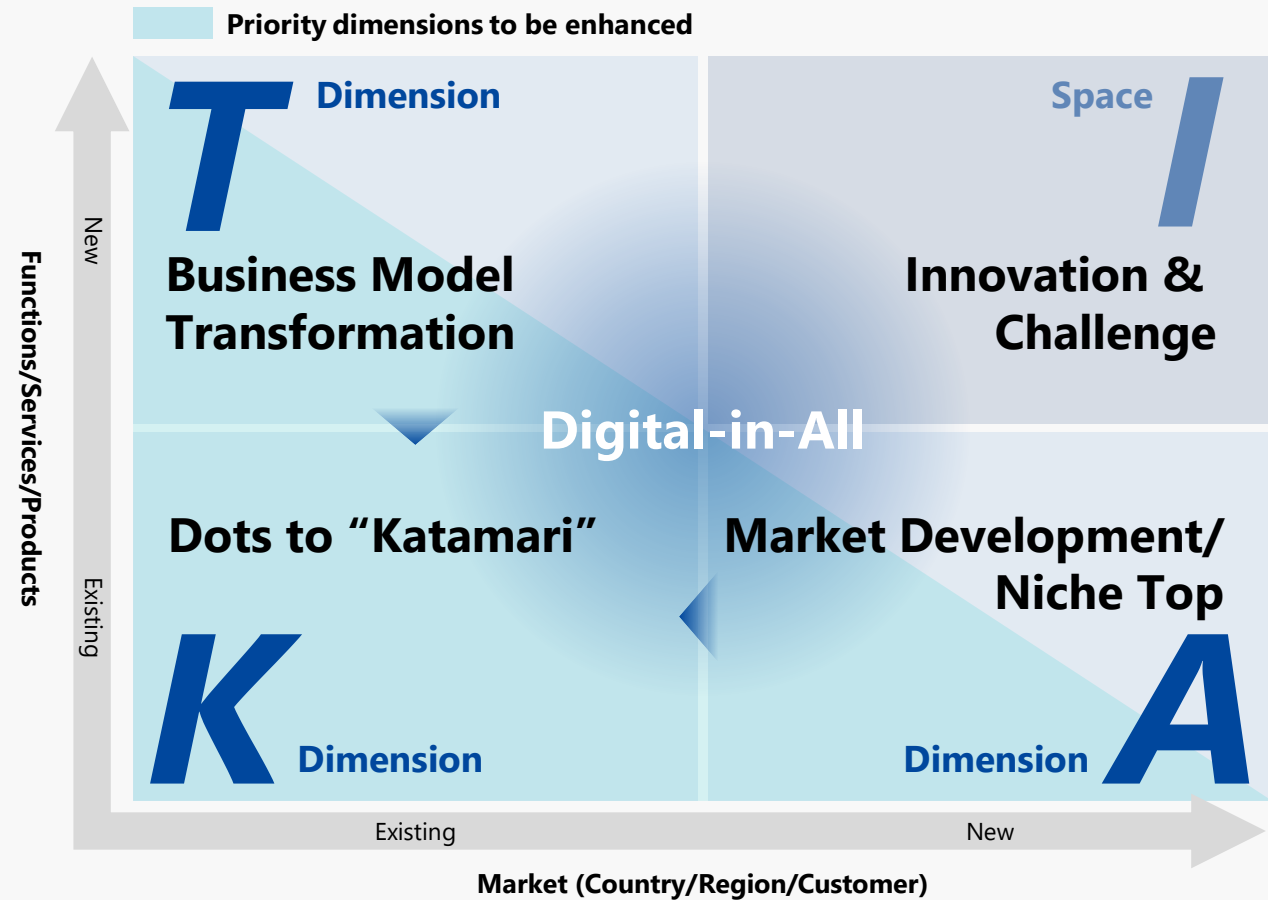
Expanding into new markets by leveraging knowledge from existing businesses

Transformation

Transforming business models and/or developing new services and functions

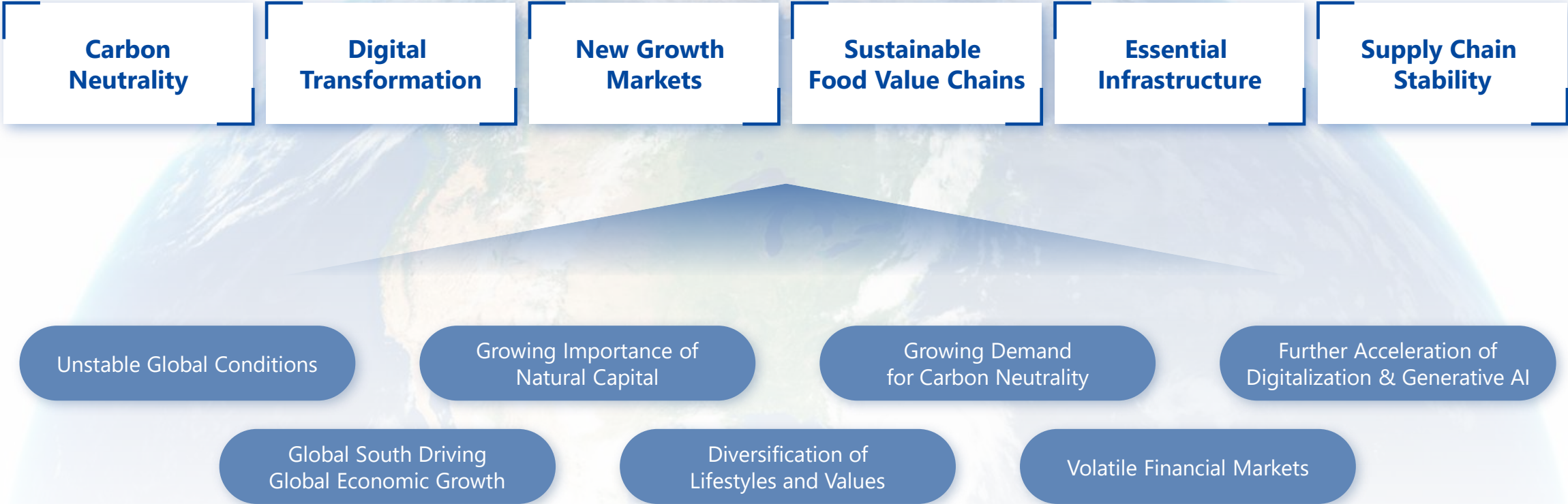
Innovation

Taking on challenges to create innovative businesses for long-term growth



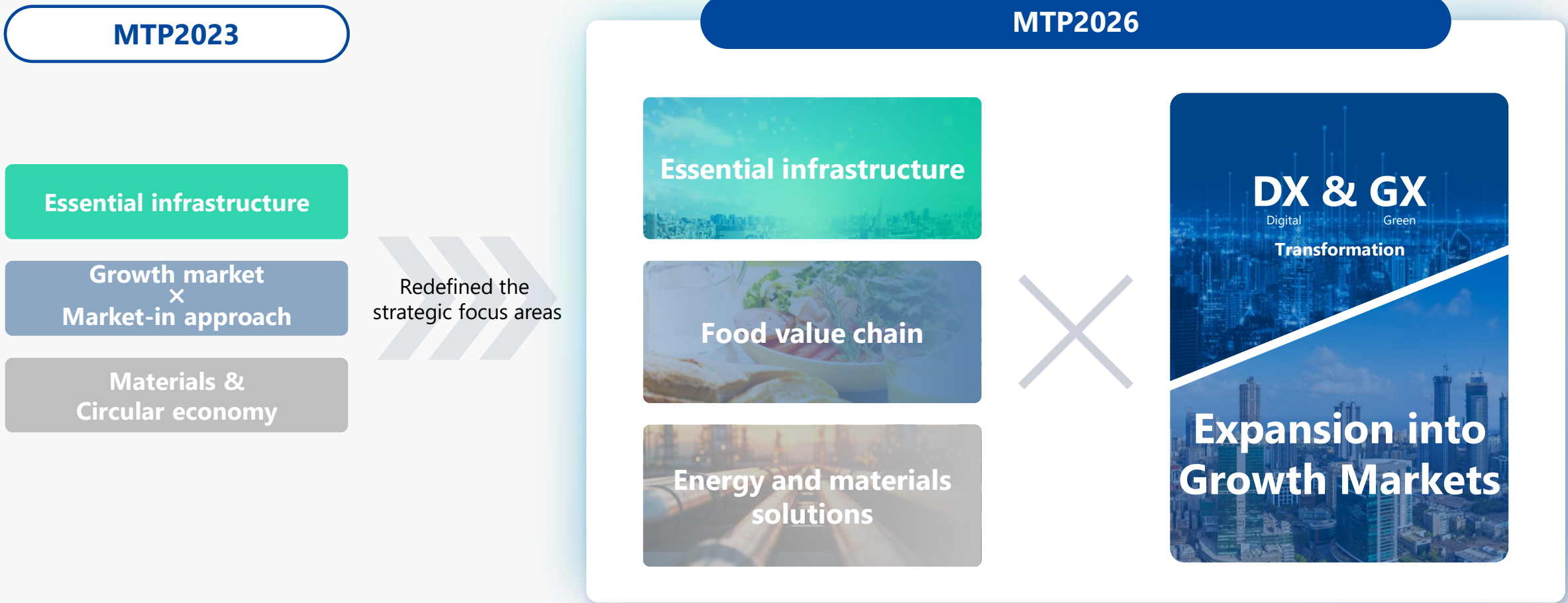
To Realize the Vision for 2030

Sojitz's Business Themes



Strategic Focus Areas

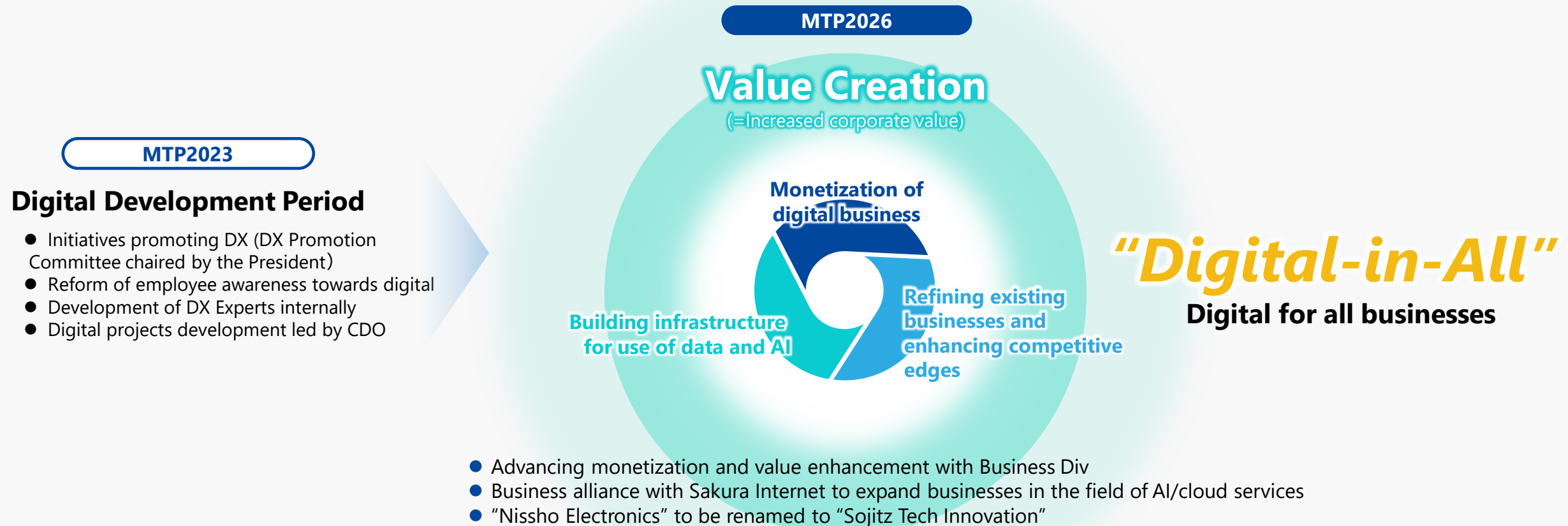
- Redefining strategic focus areas based on changes in the external environment, our corporate advantages, past performance and progress of strategic focus areas defined in MTP2023, with the addition of DX&GX.
- Concentrating on allocating resources to fields where we can further leverage our strengths and meet market needs.



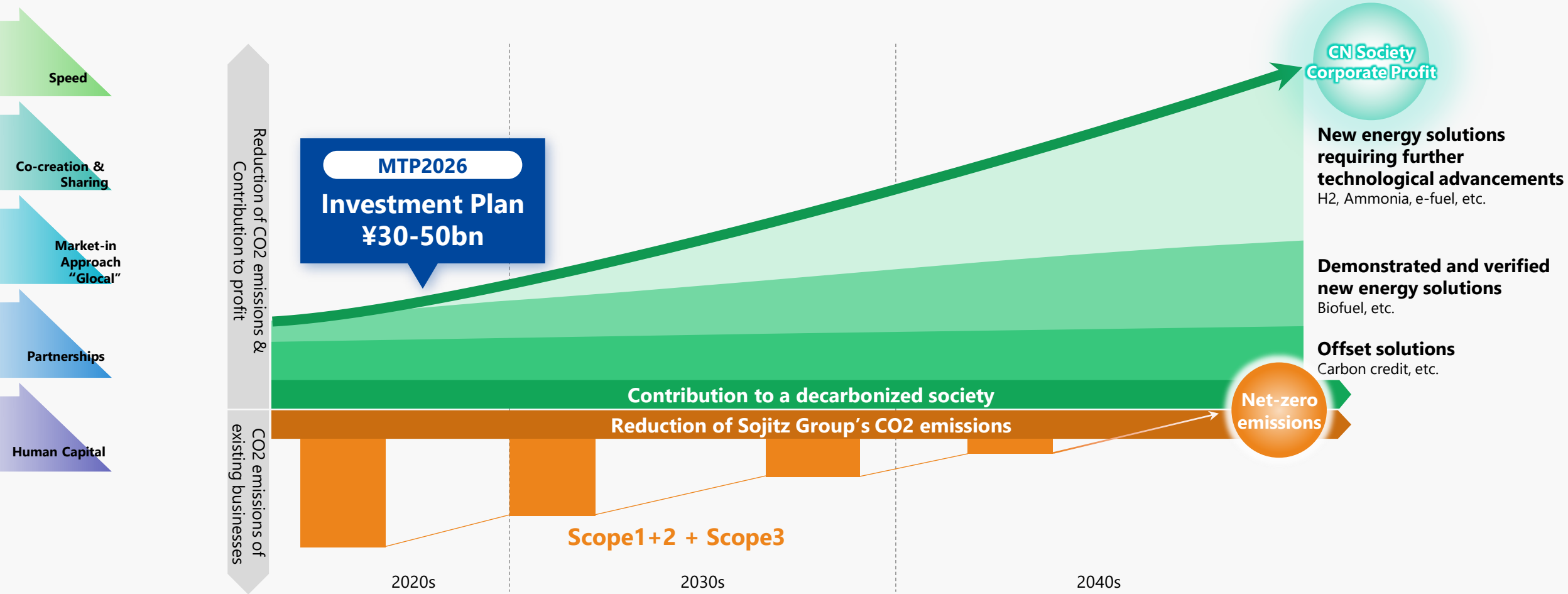
DX(Digital Transformation)

To create value through the power of digital technologies, we realize “**Digital-in-All**” (Digital for all businesses) in MTP2026 after the digital development period in MTP2023.

- Refining existing businesses and enhancing competitive edge through power of technologies and use of data.
- Monetization of digital businesses.

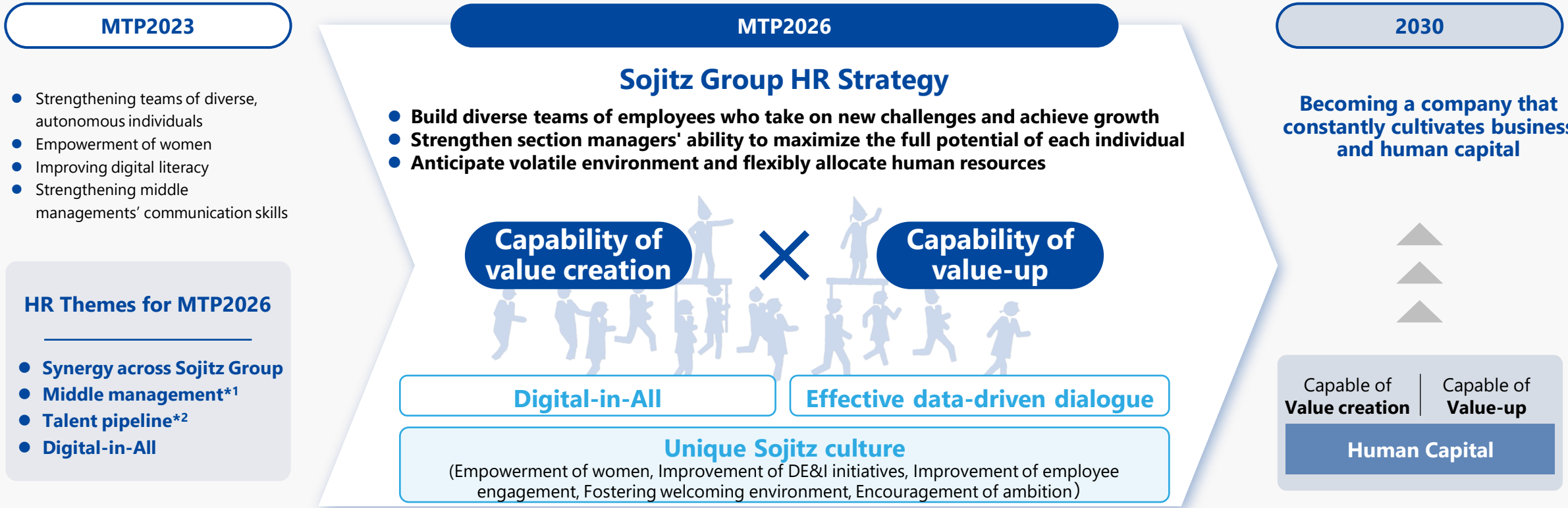


- Accelerating the initiatives towards our decarbonization goals within the “Sustainability Challenge,” our long-term vision for 2050.
- Closely monitoring technologies in the GX field and the pace of their adoption in society to achieve both **a carbon-neutral (CN) society** and **the corporate profit** by providing the best solutions to each stage of the GX process.



Human Resources Strategy - Leading Value Creation and Value-up

- Continuing to create synergy between business strategy and human resources (HR) strategy. We aim to continuously develop **talent capable of leading value creation and value-up** under MTP2026 to realize the “Sojitz Growth Story.”
- Planning to set up an incentive program in stock or cash for awarding employees upon achievement of MTP2026 to accelerate the improvement of corporate value in MTP2026.



Sojitz' Unique Identity

*1 "Middle management" is defined as section managers and candidates at HQ and employees in key positions at overseas bases and Group companies. Connect individual growth to company growth through dialogue.

*2 Employees developed through strategic allocation for increasing value of existing business and creating new business.

The Sojitz Growth Story: Capturing Growth Markets

- Capture the consumer goods value chain in Vietnam, where we have strengths, by expanding our business fields from the consumer goods distribution business to grow into the manufacturing and retails sectors.
- Beyond Vietnam, aiming to **capture other growing markets** by delivering goods and services where there is a need.



The Sojitz Growth Story: Ever-evolving Business Models

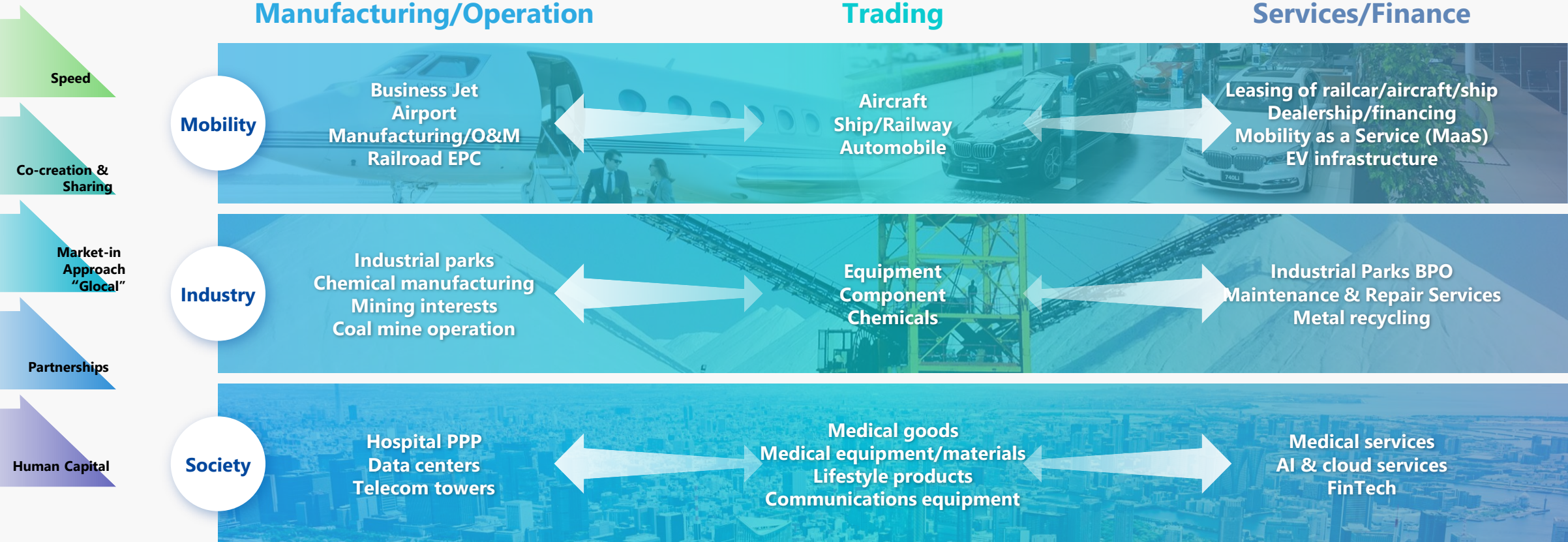
- Contributing to securing and providing a stable supply of materials, resources, energy, and food that meet social needs through a **market-in approach**.
- Evolving our businesses in response to the social needs of the times, we have **transformed** from the upstream/heavy industries businesses to a business model providing functions geared towards the market and customer needs in each region/country.



Continuing to evolve our portfolio and solutions through future forecasting of customer and market needs

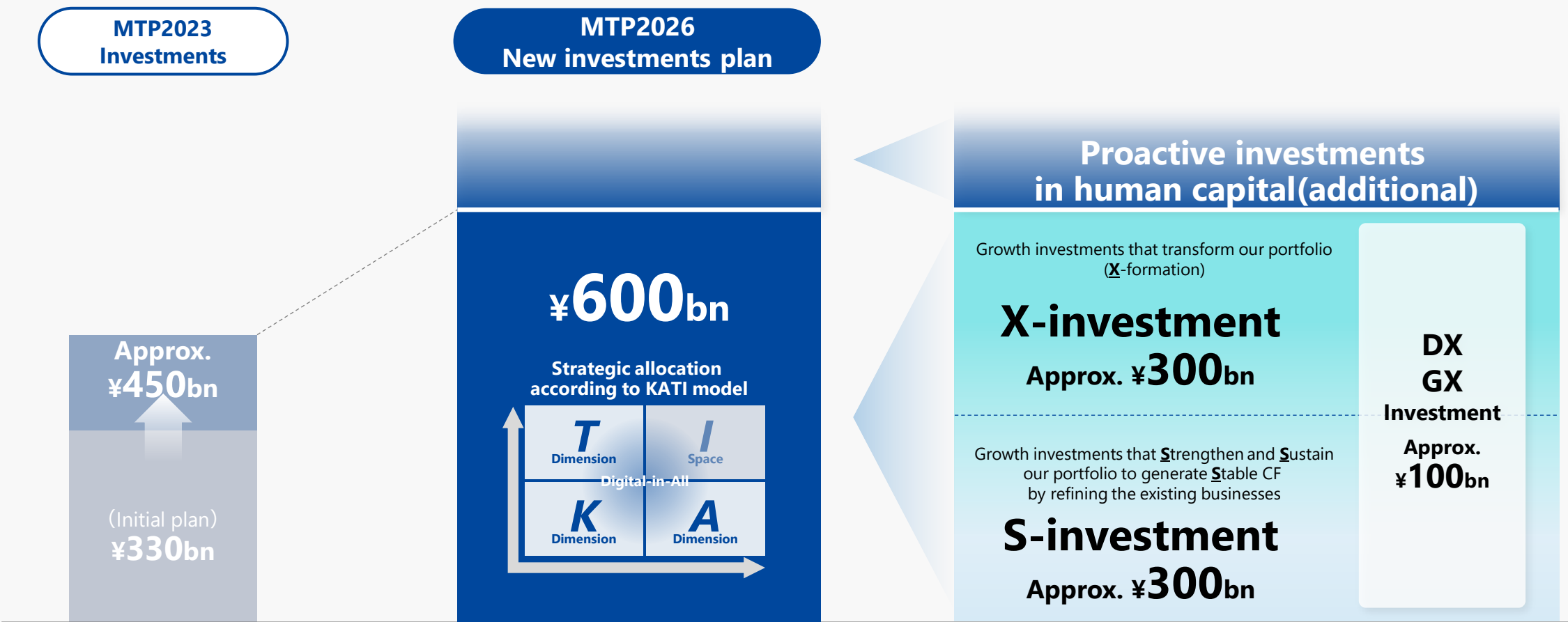
The Sojitz Growth Story: Optimizing the Value Chain Portfolio

- The smile curve has been growing steeper, indicating a shift in the source of added value within the value chain towards the upstream and downstream segments.
- **Expanding our presence in the upstream and downstream segments** by leveraging our unique strengths and competitive edge built through core businesses.



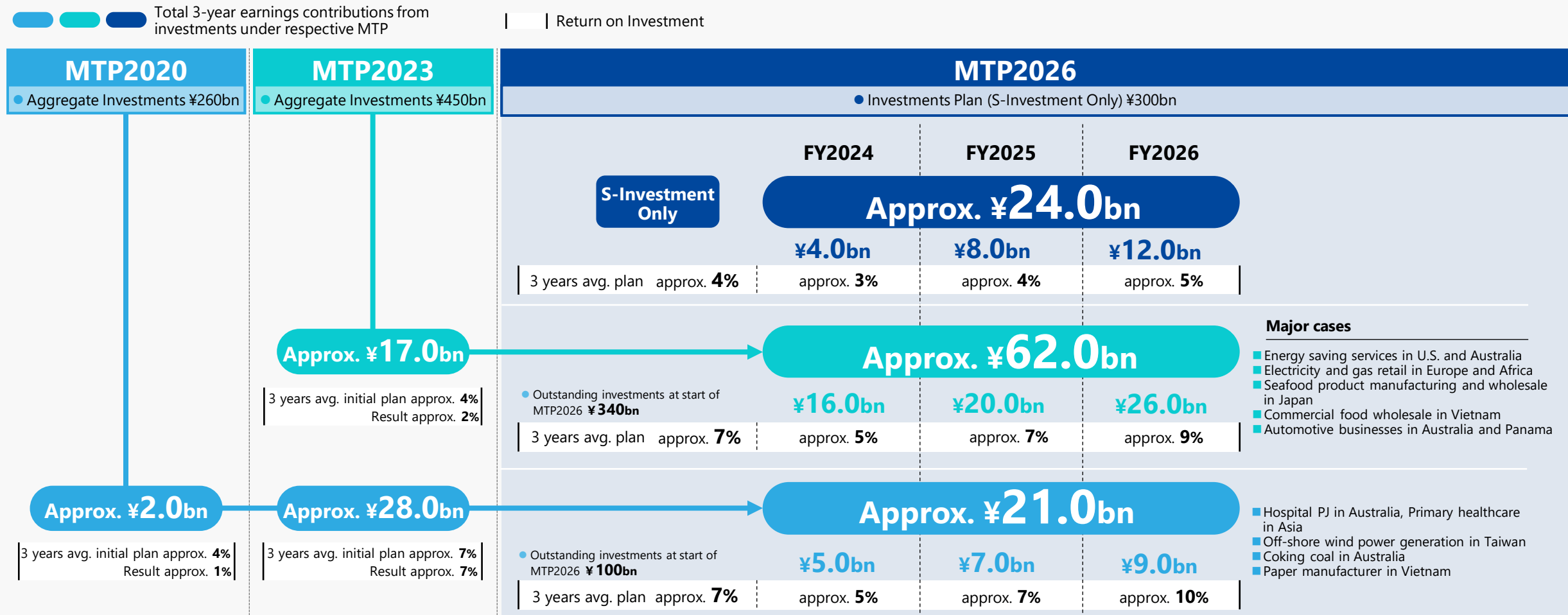
Maximize added value by expanding our businesses beyond existing frameworks

- Make **aggressive growth investments (¥600bn)** and **investments in human capital (additional)** to reach the Next Stage.
- Growth investments transforming our portfolio (X-investments) will be executed with a scale of **¥50bn** and sufficient profitability.



Investment Contributions

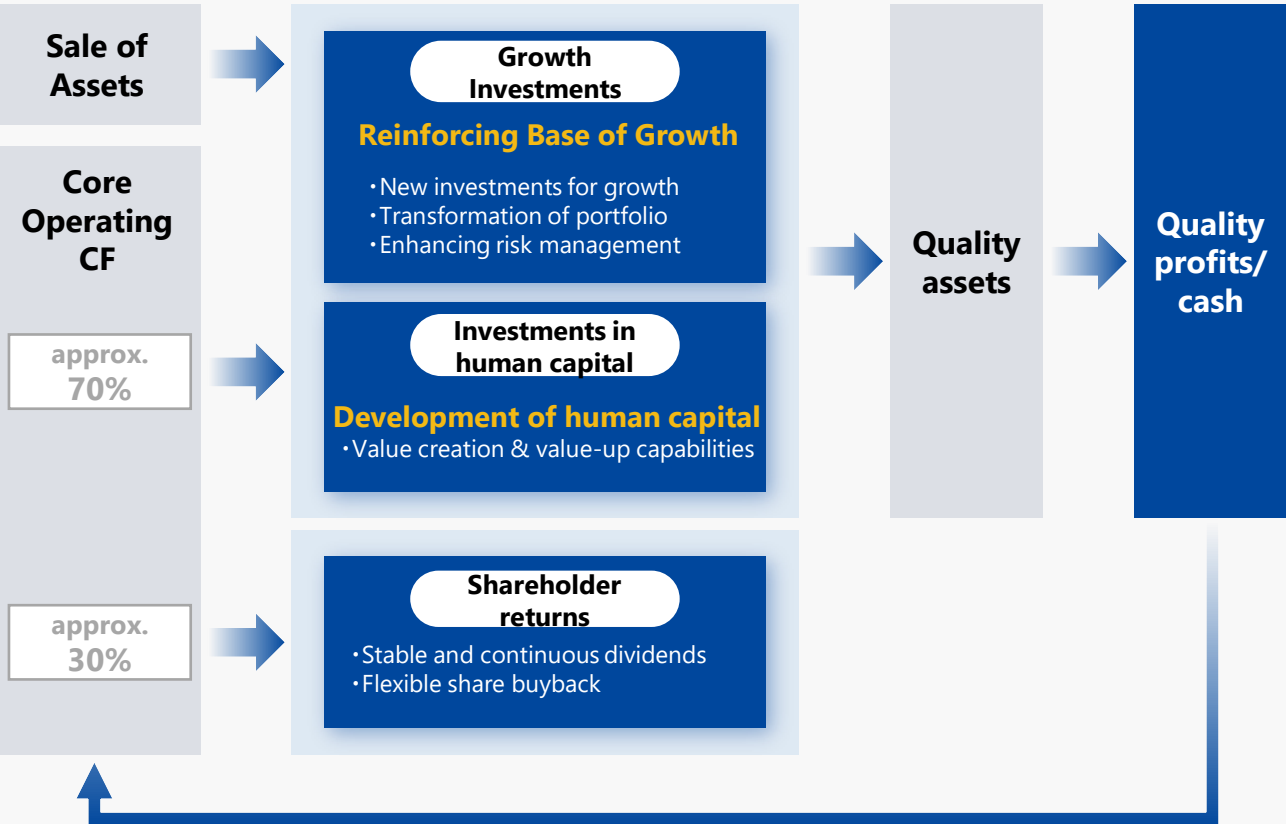
- New investments in MTP2026 will be made according to “**KATI**” model and are targeted to create earnings as follows.
- Further improvements on the profitability of the investments made in MTP2020/2023 by continuing to enhance value-up capabilities.



Cash Flow Management

- Cash flow management: Implementing growth/human capital investments and shareholder returns aimed at further growth by using the cash generated from our businesses and the proceeds from sale of assets as a source of funds.
- Cash allocation Policy: Allocating approx. **70%** of the core operating CF **to growth/human capital investments** and approx. **30% to shareholder returns**.

Cash flow management



	MTP2023 3-year total (FY2021 – FY2023)	MTP2026 3-year forecast total (FY2024 – FY2026)
Core Operating CF	¥385.0bn	¥450.0bn
Sales of assets (investment recovery)	¥280.0bn	¥180.0bn
New investments	¥(450.0)bn	¥(600.0)bn
Capex and others	-	¥(40.0)bn
Shareholder Returns	¥(130.0)bn	¥(130.0)bn
Core CF	¥85.0bn	¥(140.0)bn
Carry forward from the previous MTP	¥55.0bn	¥140.0bn
Cash balance	¥140.0bn	Positive

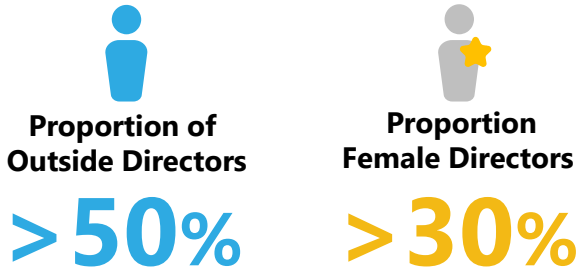
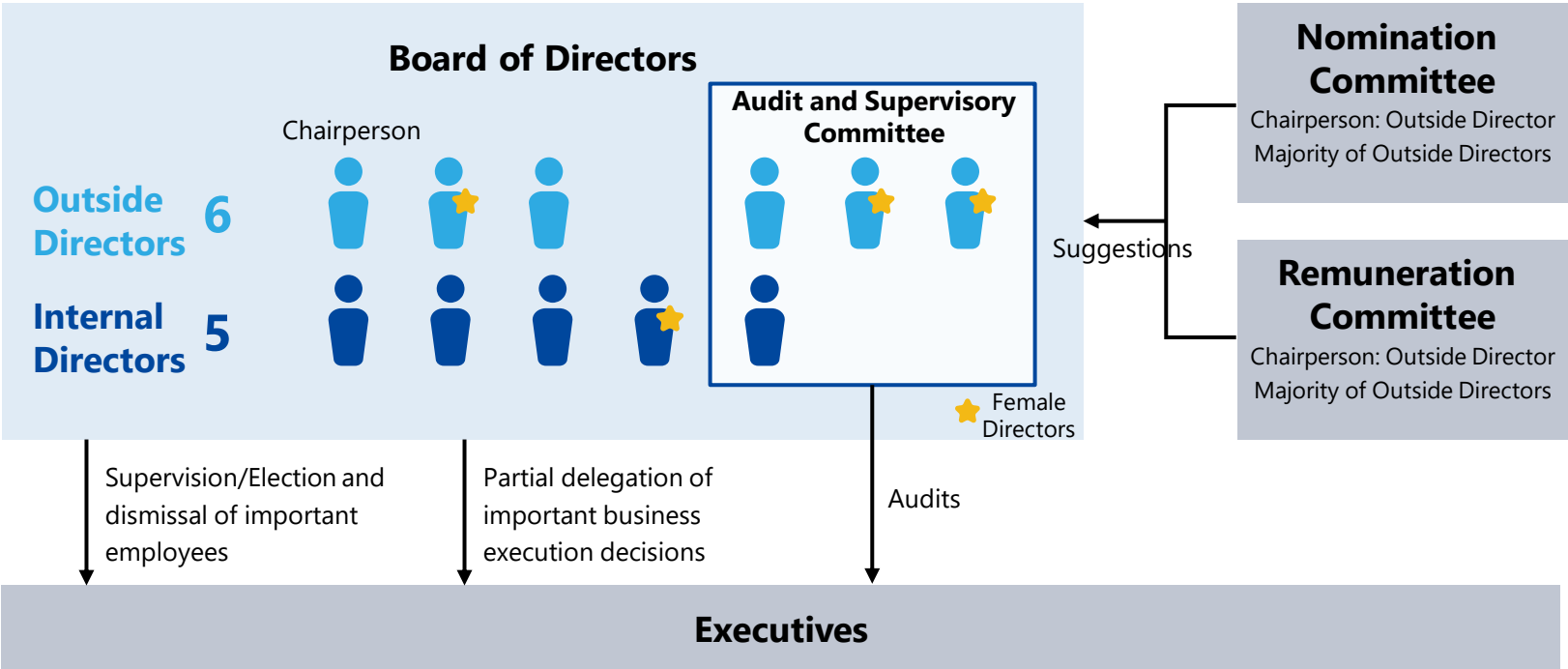
- Financial targets, including ROE, were achieved during MTP2023.
- For MTP 2026, **setting CROIC value creation targets** which each division shall aim to achieve to reach the Next Stage (ROE 15%).



CROIC for each Business Div.	MTP2026 Value creation target	MTP2023 Results 3-year avg. (Final Year)	Assumptions
Automotive	8.0%	8.0% (5.5%)	Maintaining the same level of CROIC as in MTP2023 by improving the capital efficiency of existing businesses and making new investments with high profitability.
Aerospace, Transportation & Infrastructure	6.0%	4.9% (5.4%)	Setting slightly lower CROIC due to the temporary capital needs required from the trading business of aviation while it serves as a cash generative business and has a low risk of capital recovery.
Energy Solution & Healthcare	4.0%	2.6% (2.8%)	Capital efficiency fluctuates significantly depending on the phase of asset recycling. MTP2026 assumes a target increase based on the continuity of new investments, improvement of capital efficiency of the existing businesses, and cash generation through asset recycling.
Metals, Mineral Resources & Recycling	15.0%	15.1% (14.3%)	Factoring in the stabilized market forecast, MTP2026 aims to build a market resilience and stable revenue base by improving the capital efficiency of each business, maintaining the same level of CROIC as in MTP2023.
Chemicals	10.0%	10.6% (10.3%)	CROIC remains stably high due to the capital-efficient businesses. While new investments are planned to be made in MTP2026, further improvements in existing businesses will maintain the similar CROIC with in MTP2023.
Consumer Industry & Agriculture Business	10.0%	8.9% (8.9%)	Raising the CROIC target based on the increase of profits in the overseas fertilizer business and the improvements of capital efficiency in other Southeast Asia operations.
Retail & Consumer Service	6.0%	3.1% (4.5%)	In MTP2023, the Division executed sales of assets and new investments in areas expected to grow. In MTP2026, the CROIC target is raised based on the assumption that the capital efficiency of investments will improve, including investments in the Southeast Asia retail businesses and in the domestic retail business executed in MTP2023.

Strengthening the supervisory function of the Board of Directors and **speeding up decision making** by promoting the delegation of authority

Achievement of our sustainable growth by enhancement of the quality and speed of management decision-making



The Chairperson of the Board of Directors is an Independent Outside Director

We maintain sound management practices and the continued enhancement of corporate value by strengthening our internal controls system and risk management practices, by ensuring the effectiveness of monitoring and auditing conducted by the Board of Directors and Audit & Supervisory Committee.

※ To be resolved at the Ordinary General Shareholders' Meeting scheduled for June 2024

Approx. **30%** of **Core operating CF(3-years total)** is allocated to **shareholder returns**

Dividends Policy

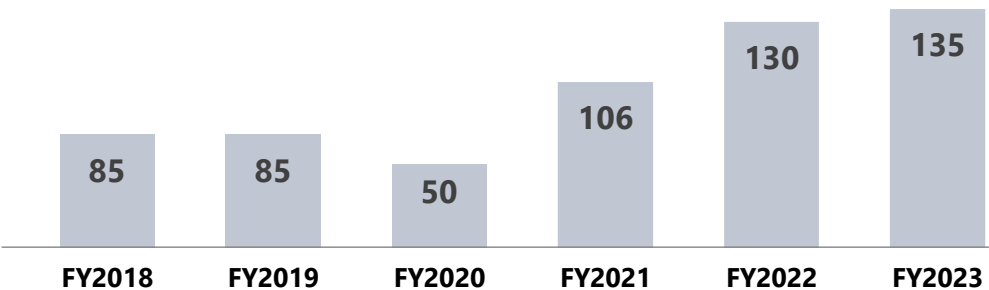
- Distributing **4.5% of Shareholder Equity** to achieve stable and continuous dividends, minimizing the impact of market volatility factors.
- The framework for progressive dividends increases as long as the accumulation of shareholder equity from net profit exceeds the reduction in shareholder equity due to shareholder returns.

Share repurchase

- **Share repurchase** will be executed **flexibly** according to the cash flow management policy.

Dividend amount per share

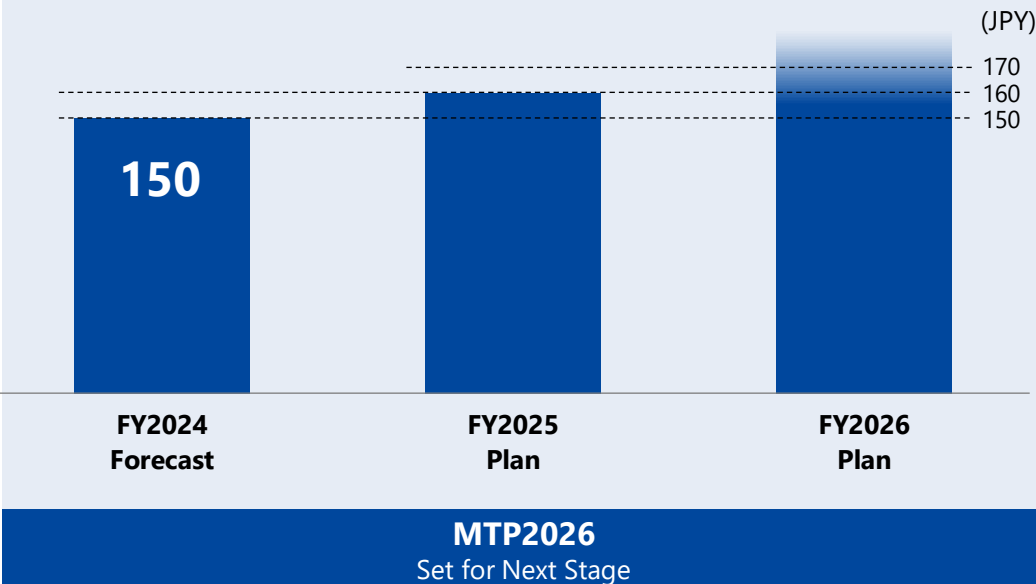
Consolidated payout ratio: approx. 30%



MTP2020
Commitment to Growth

MTP2023
Start of the Next Decade

4.5% of Shareholder equity (progressive dividends)



※ Shareholder equity: Equity capital, excluding other components of equity.
※ Shareholder equity DOE: Dividend payout ratio to Shareholder equity

Business Performance Forecast

Gross profit	¥360.0bn
Selling, general and Administrative expenses	¥(260.0)bn
Share of profit(loss) of investments accounted for using the equity method	¥50.0bn
Profit before tax	¥140.0bn
Profit for the Period Attributable to Owners of the Company	¥110.0bn
Total Assets	¥3,100.0bn
Total Equity	¥960.0bn
ROE	11.7%
NET DER	0.90

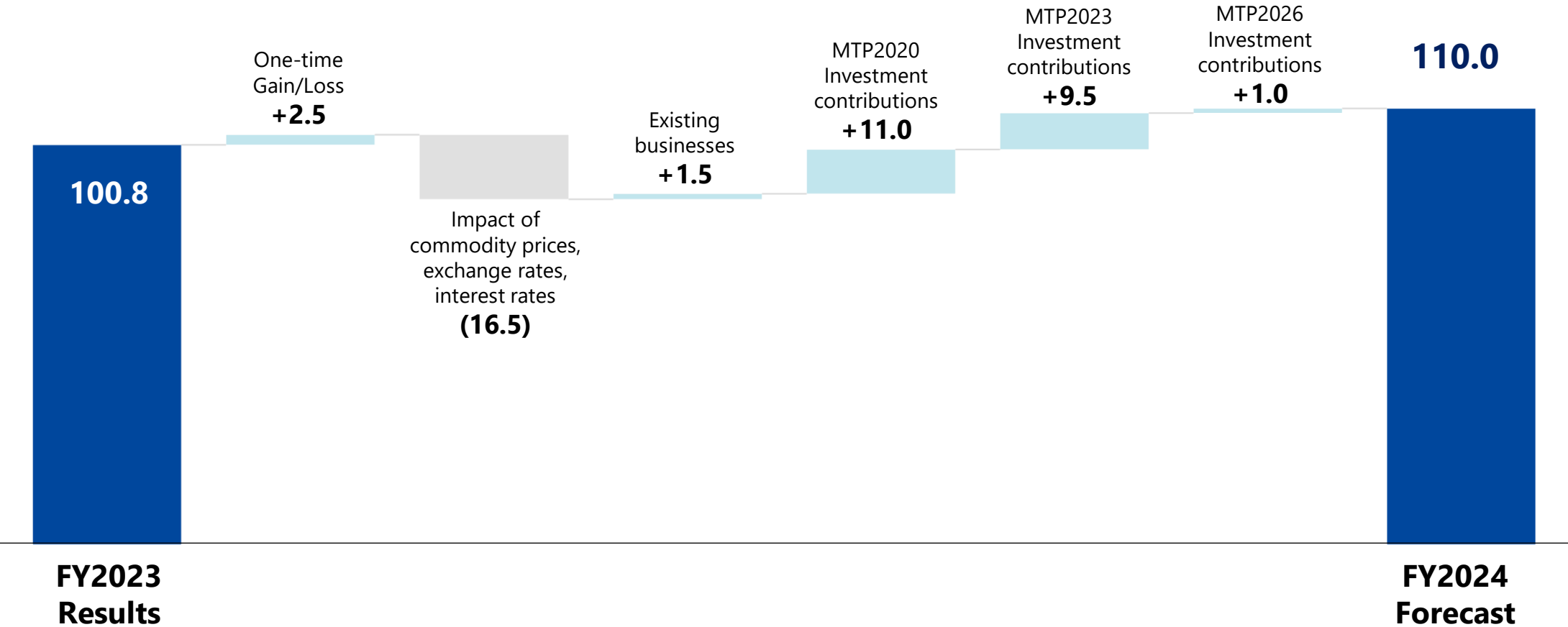
※ Including Energy Transformation Dept. and Digital Business Collaboration Dept.

Business Divisions – Net profit

Automotive	¥7.0bn
Aerospace, Transportation & Infrastructure	¥9.0bn
Energy Solution & Healthcare	¥17.0bn
Metals, Mineral Resources & Recycling	¥35.0bn
Chemicals	¥16.0bn
Consumer Industry & Agriculture Business	¥8.0bn
Retail & Consumer Service	¥11.0bn
Others *	¥7.0bn

Profit of the year attributable to owners of the Company

(Unit: Billions of yen)



Appendix

Automotive

The Division will continue to expand the businesses of distributor, dealership, and auto-finance and optimize business portfolio in mature and growing markets where the Division has unique strengths and competitive edge. Furthermore, the Division will form several “Katamari” by strengthening functions of sales, marketing, digital, and finance, and by creating synergies among Group companies.

	FY2023 Results	FY2024 Forecast	Next Stage
Net profit	¥2.3bn	¥7.0bn	¥30.0bn
	MTP2023 3-year avg.	MTP2026 Target	Next Stage
CROIC	8.0%	8.0%	8.0%

Aerospace, Transportation & Infrastructure

The Division will focus on competitive areas such as aerospace, defense, and business jet operations, anticipating high market growth to form several “Katamari.” The Division will enhance the North American Railway Businesses and the social infrastructure businesses, including airports. Furthermore, the Division will initiate to expand new markets such as sustainable aviation fuel (SAF) and advanced air mobility based on the business foundation.

	FY2023 Results	FY2024 Forecast	Next Stage
Net profit	¥6.1bn	¥9.0bn	¥25.0bn
	MTP2023 3-year avg.	MTP2026 Target	Next Stage
CROIC	4.9%	6.0%	8.0%

* CROIC Value creation targets: The CROIC targets which each Business Div. shall aim to achieve to reach the Next Stage.

Energy Solution & Healthcare

The Division will expand existing businesses and make new investments swiftly based on utilizing our sharpened capability of business development and local networks in the field of essential infrastructure, such as energy and healthcare. The Division can provide optimized solutions to meet customer and market needs in order to form “Katamari” and achieve higher profitability.

	FY2023 Results	FY2024 Forecast	Next Stage
Net profit	¥14.0bn	¥17.0bn ...	¥40.0bn
	MTP2023 3-year avg.	MTP2026 Target	Next Stage
CROIC	2.6%	4.0% ...	5.0%

Metals, Mineral Resources & Recycling

The Division will continue to enhance profitability and market resilience by pursuing cost competitiveness in the existing mineral resources businesses. For new mineral resources businesses, the Division will acquire competitive assets by focusing on unique opportunities. Additionally, by expanding businesses that reduce environmental impact and are less influenced by market conditions, such as the recycling field, we will construct a layered business portfolio.

	FY2023 Results	FY2024 Forecast	Next Stage
Net profit	¥43.5bn	¥35.0bn ...	¥50.0bn
	MTP2023 3-year avg.	MTP2026 Target	Next Stage
CROIC	15.1%	15.0% ...	15.0%

Chemicals

The Division will enhance the trading businesses by forecasting of dynamic future changes in the chemical industry so that the Division can create stable profits and enhance market resilience. The Division will deliver eco-friendly products which are required to shift from petroleum-derived products to respond to customer and market needs. Furthermore, the Division will focus on expanding businesses in the fields where it has a competitive edge.

	FY2023 Results	FY2024 Forecast	Next Stage
Net profit	¥14.8bn	¥16.0bn ...	¥25.0bn
	MTP2023 3-year avg.	MTP2026 Target	Next Stage
CROIC	10.6%	10.0% ...	12.0%

* CROIC Value creation targets: The CROIC targets which each Business Div. shall aim to achieve to reach the Next Stage.

Consumer Industry & Agriculture Business

The Division will strengthen the competitive advantages and unique capabilities of the fertilizer businesses which its subsidiaries have established as the largest-scale and private-owned companies in Asia, by improving synergy among the Group companies and through the power of digital technologies. In addition to the fertilizer business, the Division will form “Katamari” such as the food value chain to solve issues faced by local communities and society in the field of food.

	FY2023 Results	FY2024 Forecast	Next Stage
Net profit	¥7.5bn	¥8.0bn	¥20.0bn
	MTP2023 3-year avg.	MTP2026 Target	Next Stage
CROIC	8.9%	10.0%	12.0%

Retail & Consumer Service

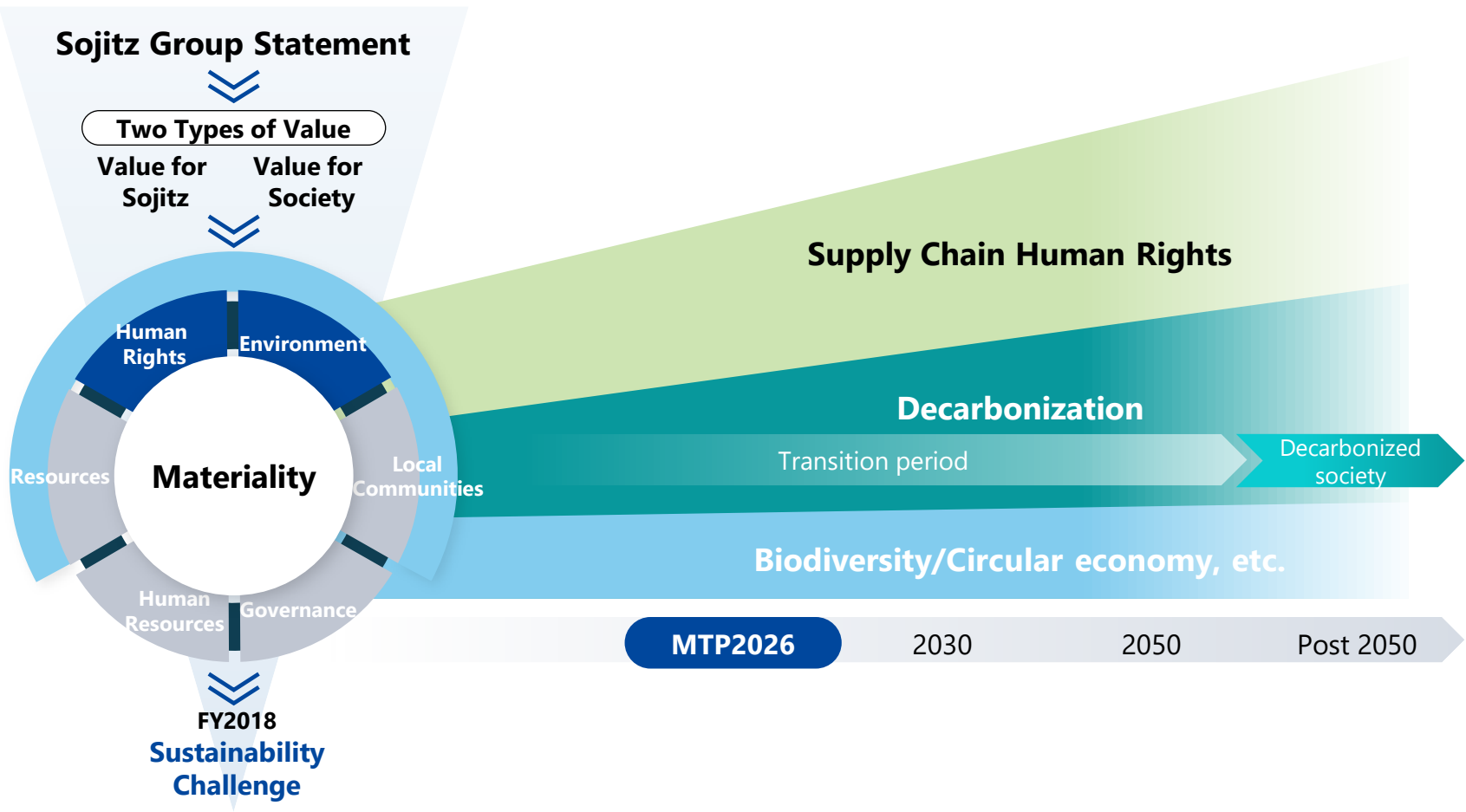
The Division will boost its “selling” and “delivery” capability through comprehensive implementation of a market-in approach and streamlining the supply chain. Having captured the consumer goods value chain in Vietnam, the Division will target other growing markets, such as India. Additionally, the Division will concentrate on the value-up of the existing businesses including the marine product and meat product businesses.

	FY2023 Results	FY2024 Forecast	Next Stage
Net profit	¥13.1bn	¥11.0bn	¥30.0bn
	MTP2023 3-year avg.	MTP2026 Target	Next Stage
CROIC	3.1%	6.0%	8.0%

* CROIC Value creation targets: The CROIC targets which each Business Div. shall aim to achieve to reach the Next Stage.

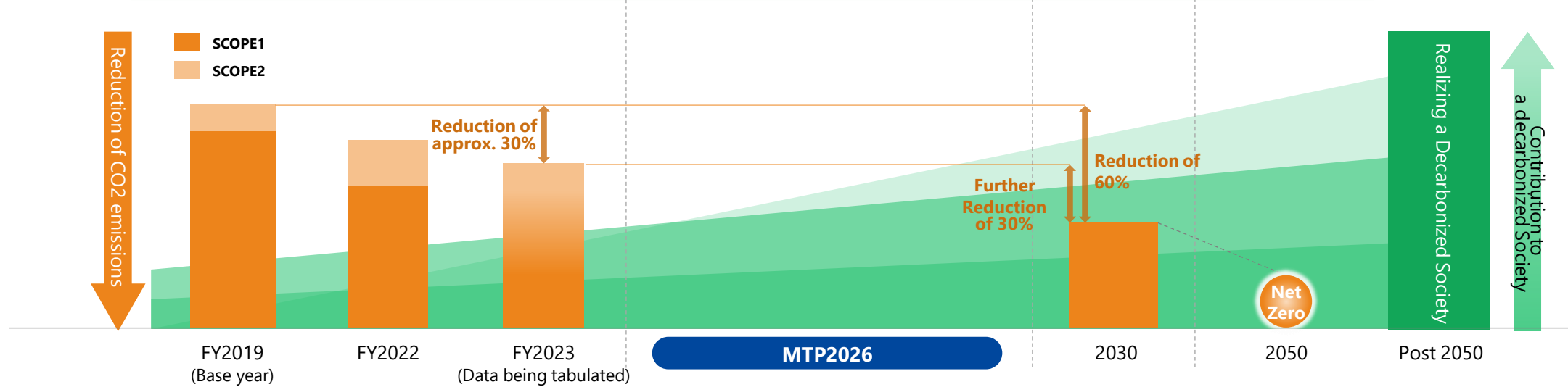
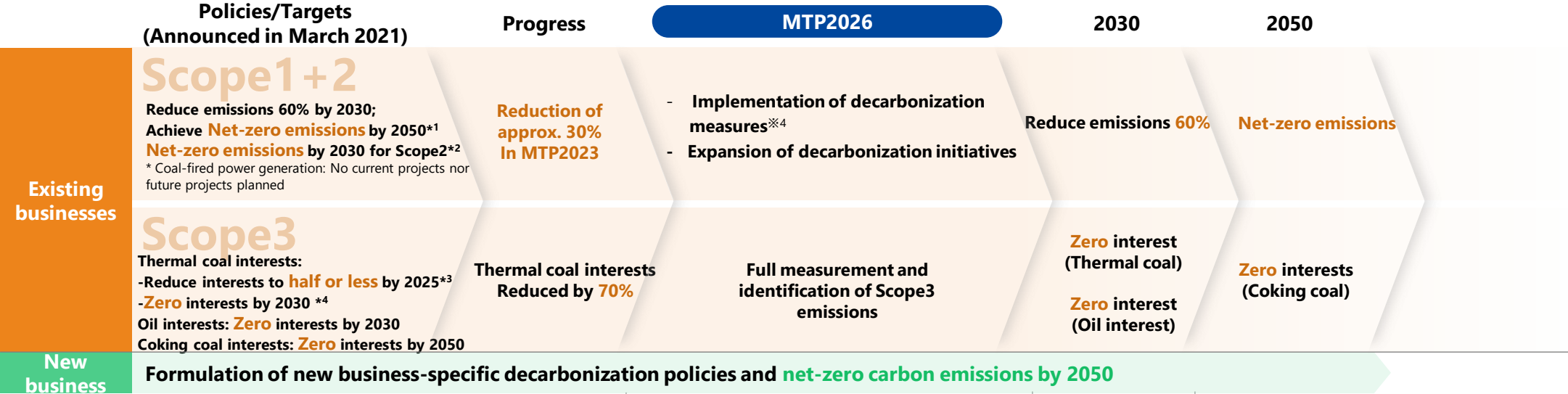
Sustainability Challenge

We aim to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and by responding to human rights issues, including those within our supply chains.



MTP2026 - Actions
Human Rights <ul style="list-style-type: none">● Respect of human rights in expanding business area● Risk Assessment of human rights(DD)
Decarbonization <ul style="list-style-type: none">● Continue to reduce CO2 in our business● Contribute to a decarbonized society
Biodiversity/Water Risk <p>Analysis of dependencies and impacts</p>
Global Sustainability Trends <p>Monitoring and response</p>

Sustainability Challenge: Policies and Initiatives for Realizing a Decarbonized Society



*1,2 FY2019 serves as the base year, with non-consolidated and consolidated subsidiaries included in the scope

*3 FY2018 serves as the base year, and targets are based on the book value of interest assets

*4 Promoting decarbonization initiatives, such as renewable energy, energy saving, batteries, and EV/PHV, in the Group companies