



# Medium-term Management Plan 2023 ~Start of the Next Decade ~

**Caution regarding Forward-looking Statements**

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. Actual results may differ materially based on various factors including the timing at which the COVID-19 pandemic ends; 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.

**April 30, 2021**  
**Sojitz Corporation**



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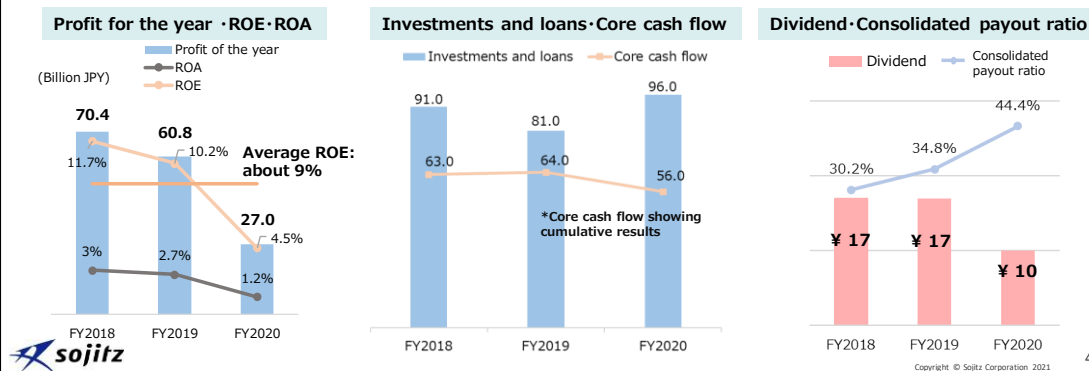
\*Referred to as MTP

# **1. Review of Medium-term Management Plan 2020**

# Review of MTP 2020 – Summary of financial targets

- **Three-year average ROE reached approx. 9%, but failed to accomplish FY2020 targets** such as profit for the year, ROA, and ROE due to impacts of COVID-19 pandemic
- Continued disciplined financial management and achieved Net DER and core cash flow targets
- **Maintained consistent and stable shareholder returns with a payout ratio of 30% or above**

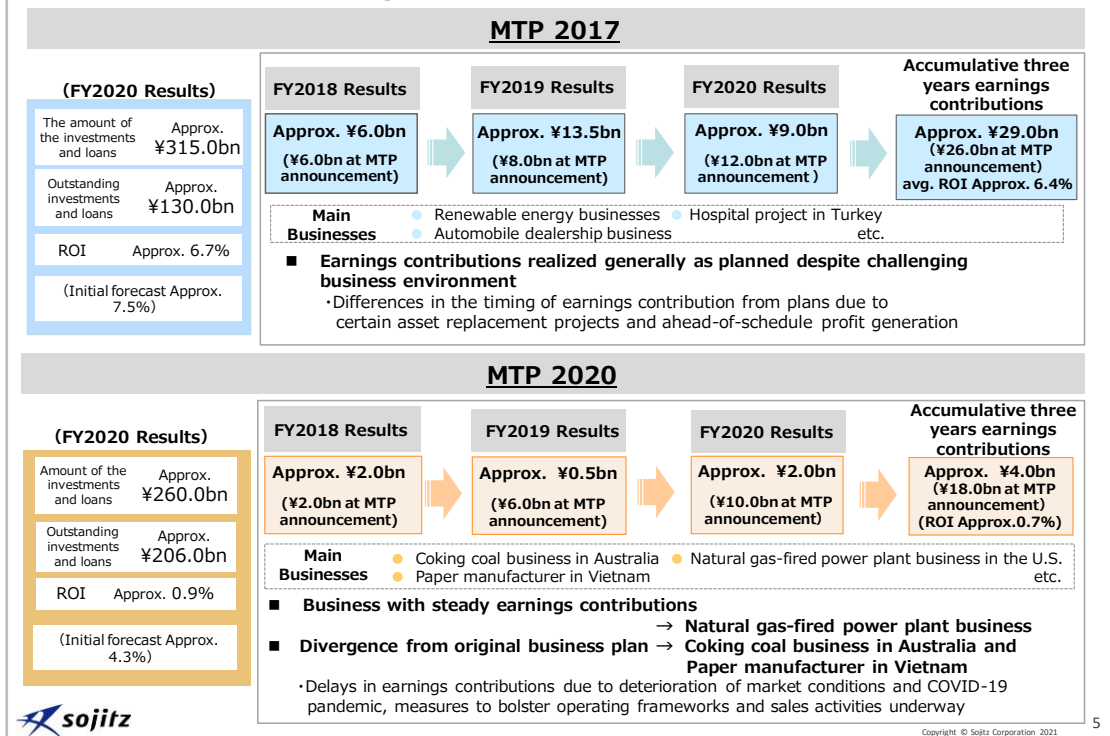
Final Year Target of MTP 2020	Profit of the year · ROE · ROA		Investment plan		NET DER	
	<b>¥75.0 bn or more</b>  <b>ROA 3% or above</b>  <b>ROE 10% or above</b>	Results <b>X</b>	Approx. <b>¥300.0 bn</b> in total	Results △	<b>1.5x or lower</b>	Results ○
			Core cash flow		Dividends · Consolidated payout ratio	
		Positive during MTP 2020 period	Results ○	<b>Approx. 30%</b>	Results ○	



- We will begin with slide 4, with which we will look at the financial targets of Medium-Term Management Plan 2020, which was launched in April 2018.
- This plan targeted profit for the year of ¥75.0 billion or more, return on assets (ROA) of 3% or above, and return on equity (ROE) of 10% or above in its final year.
- In regard to profit for the year, we got off to a strong start with a figure of ¥70.4 billion in the year ended March 31, 2019, the first year of the plan. However, our performance was heavily affected by the global COVID-19 pandemic in the year ended March 31, 2021, the final year of plan.
- At the same time, we recorded ahead-of-schedule structural reform expenses in association with payments related to certain thermal coal and oil field interests in light of the movement to transition to a carbon-free society. As a result of these factors, we failed to meet the targets for profit for the year, ROA, and ROE in the year ended March 31, 2021, with figures of ¥27.0 billion, 1.2%, and 4.5%, respectively.
- Although we were unable to achieve our target for ROE on a single-year basis in the plan's final year, we did succeed in raising the average for ROE throughout the period of the medium-term management plan to around 9%, a level exceeding the level of 8% for shareholders equity costs seen over the same period.
- Also, we were able to achieve our targets for core cash flow, the net debt equity ratio, and shareholder returns by continuing to practice disciplined financial management, even in the midst of the COVID-19 pandemic.

# Review of MTP 2020

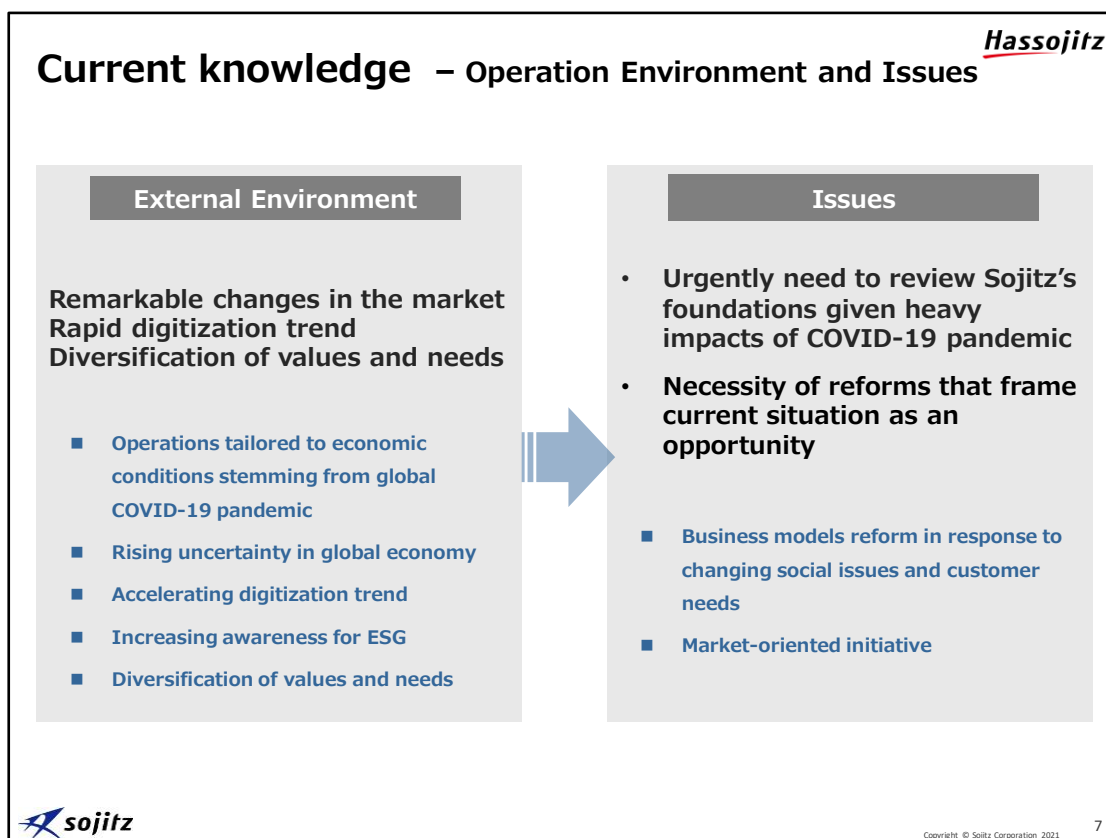
## - Investments earnings contributions



- Next, I would like to talk about new investments and loans and the earnings contributions from these investments and loans.
- During the three-year period of Medium-Term Management Plan 2020, we conducted new investments and loans totaling ¥260.0 billion, which was less than targeted as a result of delays in contract negotiations stemming from the impacts of the global COVID-19 pandemic in the year ended March 31, 2021.
- Meanwhile, earnings contributions from investments and loans conducted under Medium-Term Management Plan 2017 amounted to around ¥29.0 billion over the three-year period of Medium-Term Management Plan 2020. These contributions were more or less in line with our expectations and were attributable to earnings from renewable energy businesses, the Turkish hospital project, and automotive dealerships as well as inflows from asset replacement activities.
- As for investments and loans from the period of Medium-Term Management Plan 2020, some businesses, such as gas-fired thermal power generation businesses, began producing steady earnings while contributions from others, such as Australian coking coal businesses and the Vietnamese papermaking business, were delayed as a result of market deterioration and the COVID-19 pandemic. As a result, aggregate earnings contributions from these investments and loans over the three-year period of the plan only amounted to around ¥4.0 billion, substantially lower than anticipated. We are currently working to boost the profitability of these projects through measures to bolster operating frameworks and sales activities.

**2. Medium-term Management  
Plan 2023**  
~Start of the Next Decade ~

## Current knowledge – Operation Environment and Issues

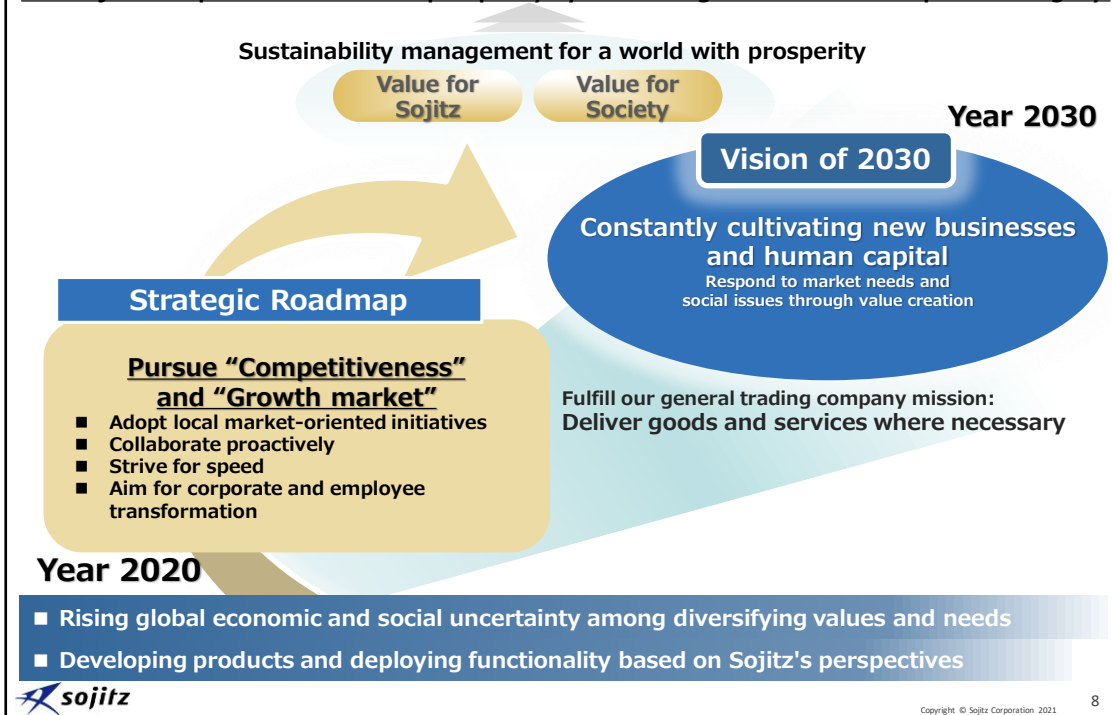


- We will now take a look at Medium-Term Management Plan 2023~ Start of the Next Decade ~, the new medium-term management plan kicked off in the year ending March 31, 2022.
- First, let us discuss Sojitz's operating environment and the current conditions therein.
- The economic conditions stemming from the COVID-19 pandemic are expected to persist while uncertainty in the global economy rises.
- At the same time, corporate activities will be more than ever affected by recent megatrends, such as the accelerating digitization trend, increases in awareness regarding environmental, social, and governance concerns, and the diversification of values and needs.
- As I have stated, Sojitz was heavily impacted by the COVID-19 pandemic. Also, we have been slow in transitioning from earnings foundations grounded on resource interests to those focused on non-resource interests and in addressing our decline in profitability. Accordingly, we are pressed with an urgent need to resolidify our earnings foundations and to implement reforms that frame the current situation as an opportunity.
- Specifically, we will need to implement business model reforms in response to changing social issues and customer needs and to accelerate market-oriented initiatives.

# Vision of Sojitz and Direction

## Corporate Statement :

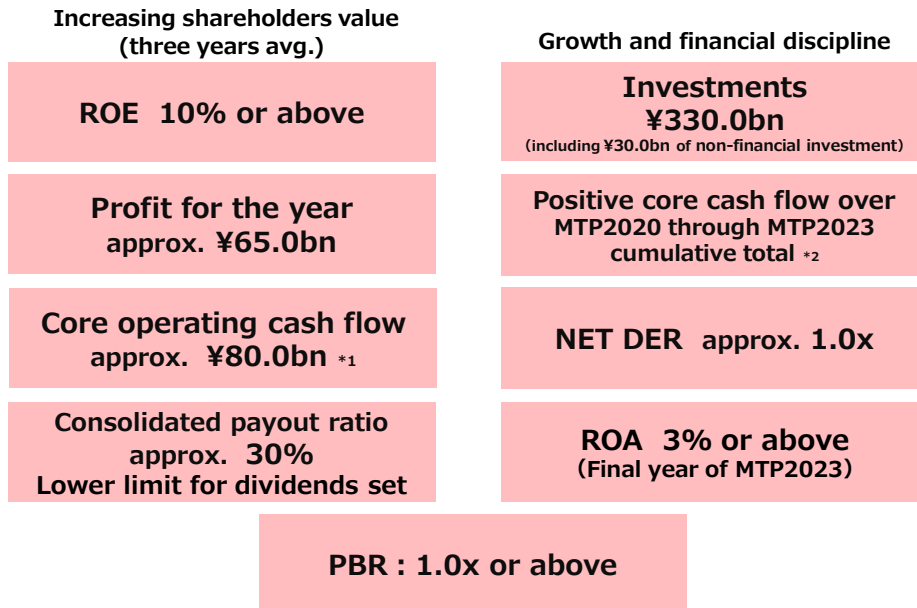
The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.



- In light of this time of great upheaval, we have defined our vision for Sojitz in 2030 as being a general trading company that constantly cultivates new businesses and human capital.
- To pursue this vision, we will continue to fulfill our mission as a general trading company: delivering goods and services where necessary. At the same time, we will seek to increase corporate value by creating business and human resource value that responds to market needs and social issues.
- We recognize that achieving this goal will require us to go beyond providing functions merely based on Sojitz's perspective, as is our current approach. Based on this recognition, we intend to pursue competitiveness and growth by adopting market-oriented initiatives, applying co-creation and sharing methodologies inside and outside of the Company, and striving for speed to propose solutions that respond to market needs and social issues. Organizations and human resources will be transformed to accommodate these undertakings.



# MTP2023 – Financial Targets

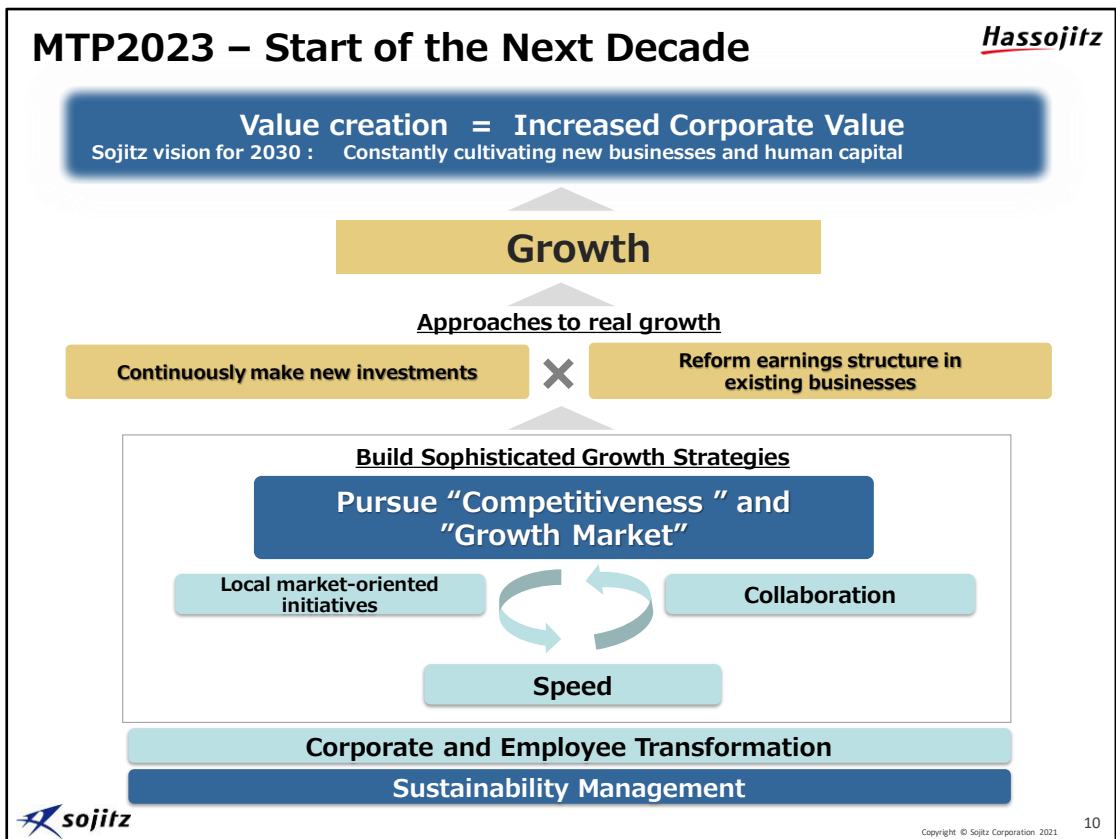


\*1 Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flows calculated for accounting purposes

\*2 Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement)  
- Dividends paid - Purchase of treasury stock



- Medium-Term Management Plan 2023 ~ Start of the Next Decade ~ will be our first step toward accomplishing this vision. The subtitle of Start of the Next Decade symbolizes how this plan will be positioned as a tool for implementing the reforms that will carry us toward 2030, a decade from now. Let us start by looking at the plan's financial targets. The principal indicators for which targets have been defined are as shown on this slide.
- Under Medium-Term Management Plan 2023, we will target an average core operating cash flow of ¥80.0 billion and profit for the year of ¥65.0 billion, which should result in ROE of 10% or above.
- Furthermore, ¥300.0 billion in growth investments will be conducted along with ¥30.0 billion worth of non-financial investments in human resources and digital transformations.
- Disciplined cash flow management will be continued targeting a positive aggregate core cash flow over the period encompassing Medium-Term Management Plan 2020 and Medium-Term Management Plan 2023. Through this disciplined cash flow management, we aim to achieve a net debt equity ratio of 1.0 times.
- In regard to shareholder returns, we will target a consolidated payout ratio of 30% based on the lower limit for dividends set for the plan of market price-based dividend on equity of 4%.
- Our first priority in accomplishing these financial targets will be to achieve a price book-value ratio of more than 1.0 times.

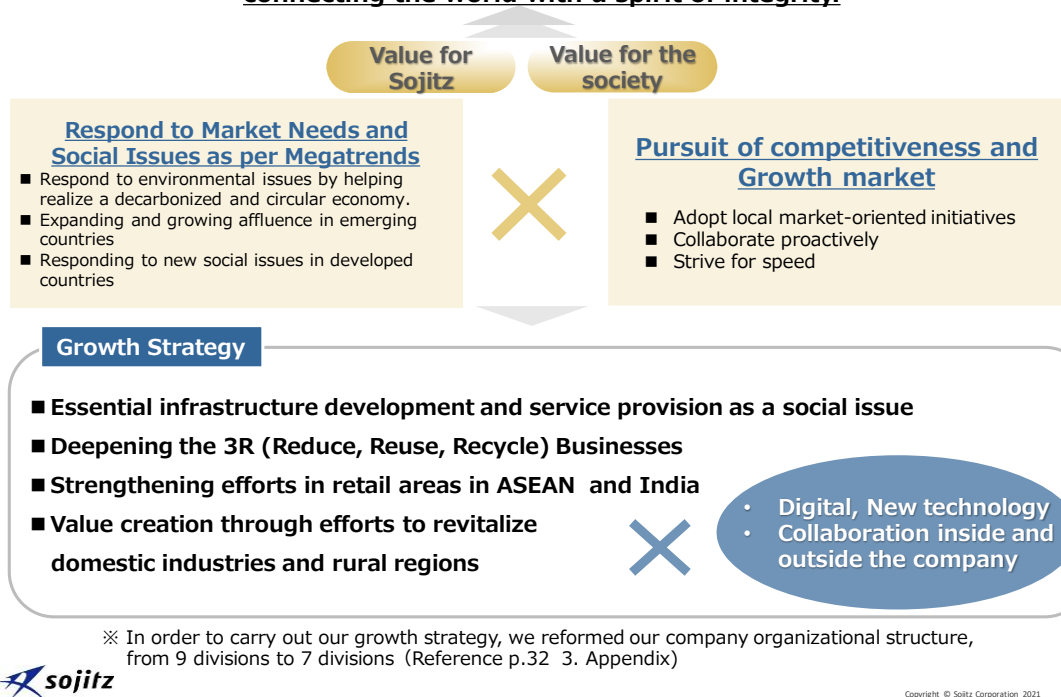


- The diagram on this slide illustrates the policies to be implemented under Medium-Term Management Plan 2023 to accomplish the plan’s financial targets.
- Sojitz looks to create value in order to accomplish its vision for 2030. To guide these efforts, Medium-Term Management Plan 2023 will emphasize growth while positioning sustainability management at its core.
- Specifically, we will continuously conduct new investments while implementing drastic earnings structure reforms in existing businesses as we work to achieve growth through a strategy pursuing competitiveness and growth markets via market-oriented initiatives, collaboration inside and outside of the Company, and speed. Bold transformations to organizations and human capital will be carried out to support these efforts.

# MTP2023 – Growth Strategy for Creating Value

Hassojitz

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



- The growth strategies of Medium-Term Management Plan 2023 call upon us to create two types of value—value for Sojitz and value for society—by addressing market needs and social issues in line with megatrends. Based on this central principle, we have defined the following four growth strategies:

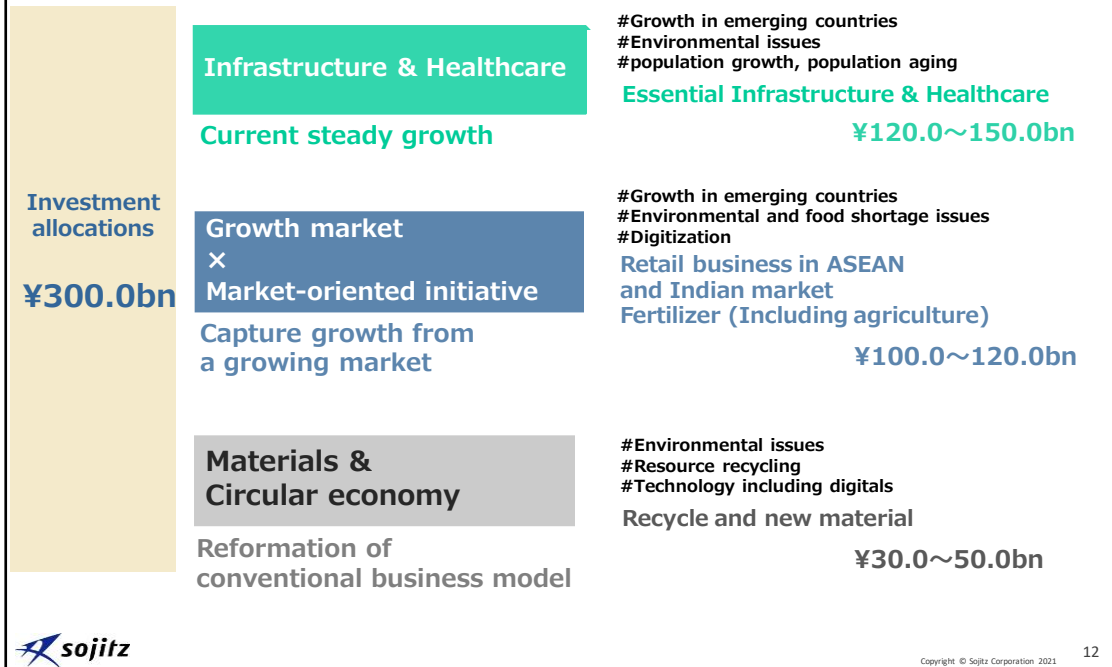
- Essential infrastructure development and service provision as a social issue
- Evolution of 3R (Reduce, Reuse, Recycle) businesses
- Strengthening of efforts in retail areas in ASEAN and India
- Value creation through efforts to revitalize domestic industries and rural regions

These strategies are to be advanced while using digital and new technologies and promoting collaboration inside and outside of the Company.

- As previously announced, our prior nine divisions will be restructured to form seven divisions in order to support the execution of these growth strategies.

# MTP2023 – Focus areas and Investment Allocation

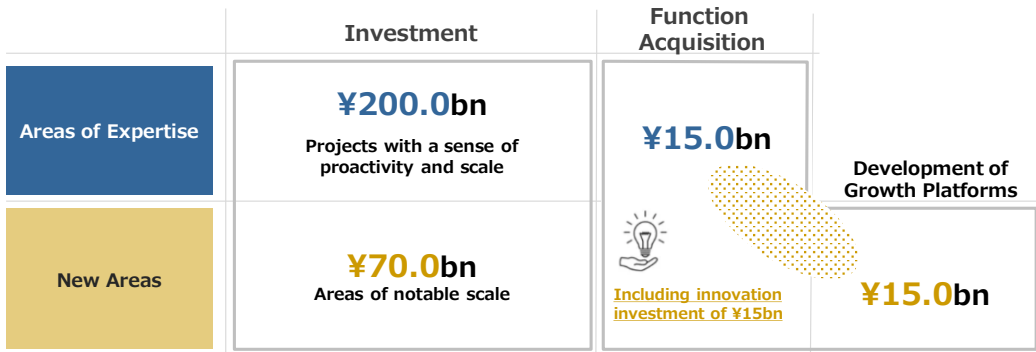
- Concentration of resources (personnel, funds) on three focus areas defined out of consideration for growth fields based on megatrends



- Based on these growth strategies, personnel and funds will be centered on three focus areas under Medium-Term Management Plan 2023. These areas are the infrastructure and healthcare field; growth markets like the ASEAN region and India, which will be approached through market-oriented initiatives; and the material and circular economy field.
- The ¥300.0 billion earmarked for new investments will be allocated as shown on this slide: between ¥120.0 billion and ¥150.0 billion to the infrastructure and healthcare field, between ¥100.0 billion and ¥120.0 billion to the growth markets to be approached via market-oriented initiatives, and between ¥30.0 billion and ¥50.0 billion to the material and circular economy field.

# MTP2023 - Investment policy

- Aim for steady monetization through pursuing projects with a sense of proactivity and scale by focusing on areas of expertise
- Aim for sustainable growth by allocating funds for investments in new areas with growth potential or function acquisition
- Build a sophisticated strategy to pursue competitiveness and growth potential and conduct periodic monitoring

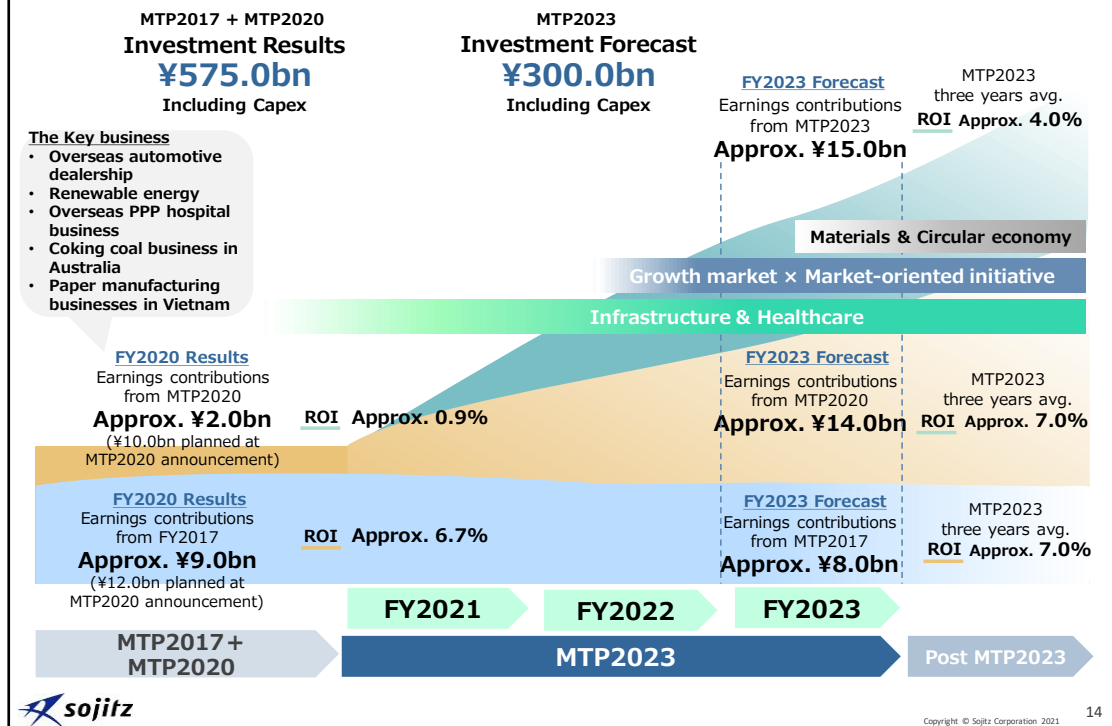


**In addition, non-financial Investment for human capital and organizational reform (Human resources, digital transformation measures etc.)**  
**¥30.0bn**



- Furthermore, ¥200.0 billion of the ¥300.0 billion in new investments will be allocated to areas of expertise for Sojitz, where we will look to generate earnings through investments in projects with a sense of proactivity and scale.
- At the same time, we will invest ¥70.0 billion in new areas boasting growth potential and in the acquisition of new functions while allocating ¥30.0 billion to developing future growth platforms through means such as innovation investment. These investments will be aimed at accelerating initiatives underpinning ongoing growth.
- We will complement these financial investments with ¥30.0 billion in non-financial investments in human capital development, digital transformation measures, and other human capital and organization reforms.

# MTP2023 – Earnings Contributions from Investments



- On the next slide, you will see our outlook for earnings contributions from investments.
- As was mentioned at the start of this presentation, we anticipate that earnings contributions from investments conducted under Medium-Term Management Plan 2017, such as the Turkish hospital project, solar power generation businesses, and automotive dealership businesses, will remain strong going forward. We are therefore projecting earnings contributions of roughly ¥8.0 billion in the year ending March 31, 2024, and average return on investment of around 7% from these investments during the period of Medium-Term Management Plan 2023.
- As for investments from the period of Medium-Term Management Plan 2020, we will look to get our Australian coking coal business, in which earnings contributions are behind schedule, back on track with regard to sales volumes and selling prices. Meanwhile, we anticipate that we will be able to record profits in the Vietnamese papermaking business by ramping up sales activities and reducing operating costs. Coupled with the contributions from growing automobile assembly and sales operations in Asia, these factors are expected to result in earnings contributions in the area of ¥12.0 billion in the year ending March 31, 2024, together with average return on investment of around 7% from these investments during the period of Medium-Term Management Plan 2023.
- We look to invest in power generation businesses in the infrastructure field as well as acquisitions in the growth markets of the automotive, retail, and healthcare fields during the period of Medium-Term Management Plan 2023. Through these investments, we aim to generate earnings contributions of approximately ¥15.0 billion in the year ending March 31, 2024, and average return on investments of about 4% over the period of the plan.
- Full-fledged earnings contributions from the material and circular economy field will not likely be seen until after the period of Medium-Term Management Plan 2023.

## MTP2023 – Cash Flow Management

- Estimated positive cumulative core cash flow over the 6-year period of MTP2020 and MTP2023

	MTP2020 three-year cumulative results (FY2018 - FY2020)	MTP2023 three-year cumulative forecast (FY2021 - FY2023)
Core operating cash flow *1	¥219.0bn	Approx. ¥240.0~250.0bn
Asset Replacement (Investment recovery)	¥170.0bn	Approx. ¥100.0bn
New investments and others	¥(262.0)bn	Approx. ¥(330.0)bn
Shareholder Returns *2	¥(71.0)bn	Approx. ¥(70.0)bn
<b>Core cash flow *3</b>	<b>¥56.0bn</b>	<b>Positive (MTP2020 and MTP2023 6-year period)</b>

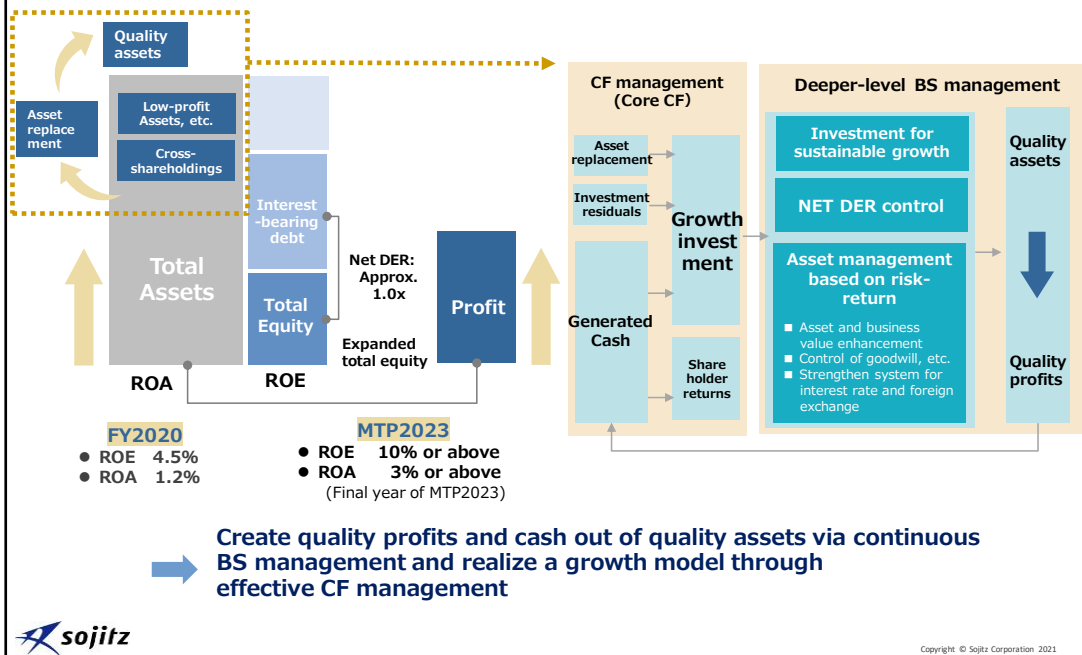
\*1 Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flows calculated for accounting purposes

\*2 Include acquisition of treasury stock

\*3 Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement) - Dividends paid - Purchase of treasury stock



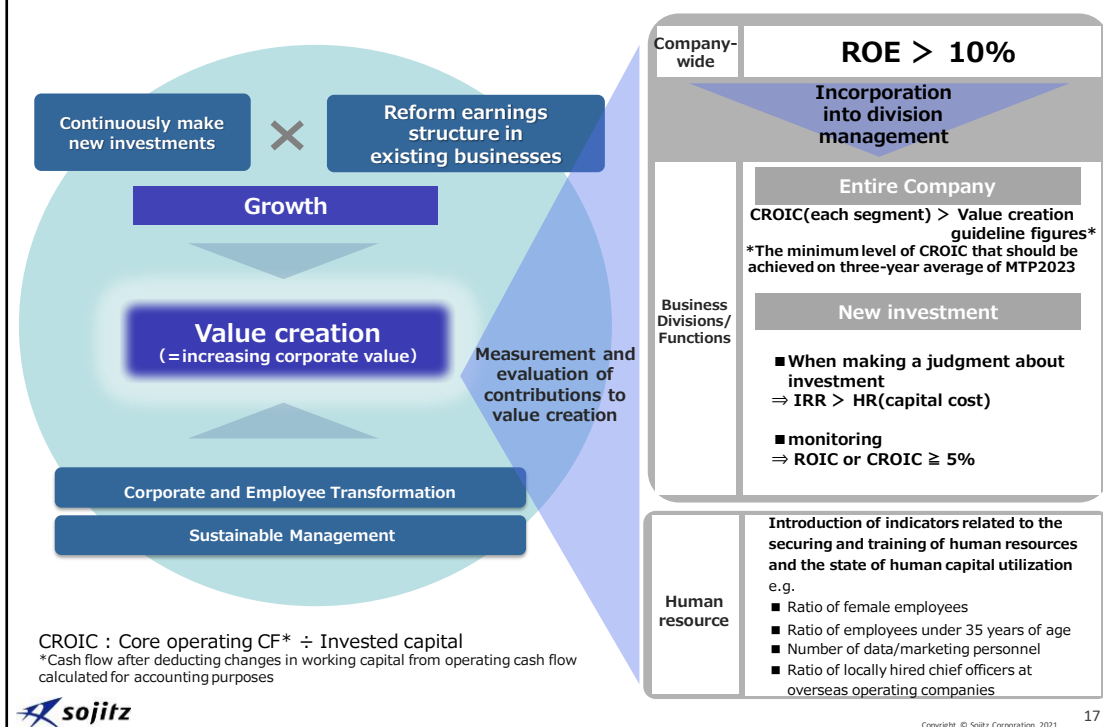
- This slide shows information on cash flows from the period of Medium-Term Management Plan 2020 as well as the forecast for cash flows over the period of Medium-Term Management Plan 2023.
- We aim to achieve a positive aggregate core cash flow over the six-year period encompassing Medium-Term Management Plan 2020 and Medium-Term Management Plan 2023 when incorporating the acquisition of treasury stock that was announced on April 30, 2021.



- This slide illustrates the policy for balance sheet and cash flow management we have put forth previously.
- As we move forward, Sojitz will continue to practice balance sheet management aimed at creating quality profits and cash flows out of quality assets to be used for conducting growth investments and shareholders returns through a disciplined cash flow management approach.



## MTP2023 - Value Creation Measurement and Evaluation



- As I mentioned earlier, we will target improved corporate value under Medium-Term Management Plan 2023 by pursuing growth through new investments and drastic reforms in existing businesses.
- We have set the target of ROE of more than 10% based on the level of 8% for shareholders equity costs to spur improvements in corporate value. In addition, division targets for cash return on investment (CROIC) have been included in Medium-Term Management Plan 2023 for the purpose of increasing our ability to achieve this ROE target.
- Specifically, a “value creation line” has been defined for each division indicating the minimum level for average CROIC they need to accomplish over the three-year period of the medium-term management plan. Each division will be responsible for clearing this line. By having divisions shape their activities based on CROIC, we will seek to ensure we accomplish our ROE target of 10% or more.
- New business investments will be monitored to guarantee that they produce levels of ROIC or CROIC that exceed 5% whereas prior business investments will be assessed to determine if their earnings surpass shareholders equity costs. This framework for confirming whether or not investments are contributing to value creation will be used to raise awareness for increasing corporate value throughout the Company.
- We have also put forth key performance indicators for non-financial investments.  
This slide displays the example of human resource investments. In this area, targets have been established for the ratio of female employees, the ratio of employees under 35 years old, the number of data and marketing personnel, and the ratio of locally hired chief officers at overseas operating companies to gauge success in recruiting, developing, and empowering human resources.

# MTP2023 – Reinforcement of Monitoring Systems

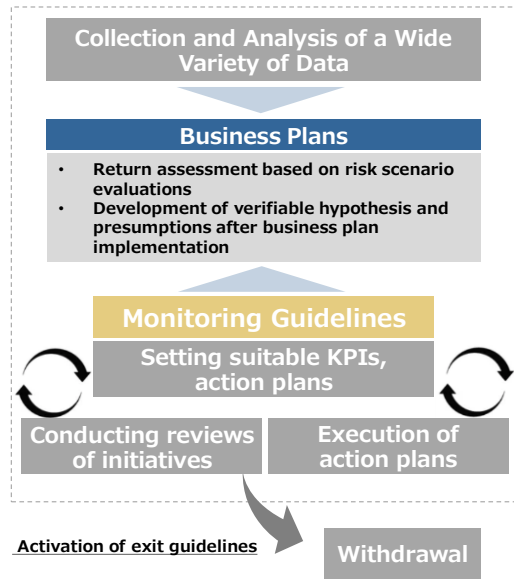
## Enhanced Verification Processes

- Clear definition of minimum level for value creation based on cost of capital and risks
- Effective planning and evaluation of business plans and quantitative and other assessments of appropriateness of risk-return balance



## Reinforced Monitoring

- Formulation of business plan progress monitoring guidelines
- Setting suitable KPIs, action plans, and frameworks for flexible response to risk scenarios



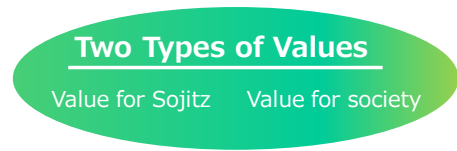
- On this slide, you will find information on our business investment monitoring framework.
- We will redouble our efforts to enhance pre-investment verification processes and to reinforce post-execution monitoring of the new and existing business investments imperative to growth in order to raise success rates and profitability.

# ESG "Sustainability Challenge"

## Sojitz Group Statement

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

## Sojitz Value Creation Model "Two Types of Values"



## Key Sustainability Issues "Materiality"



**Sustainability Challenge**  
We will strive 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.

## "Sustainability Challenge" Long-Term Vision for 2050



## Sojitz Group's Actions in Response to "MTP2023"

Full-scale operation of the Sustainability Challenge	
<b>Decarbonization</b> Start working towards the goal	<b>Supply Chains Human Rights</b> Ongoing PDCA implementation and education activities
Others	
<b>Water Risk Physical Risk</b> Calculation of and response to impacts	<b>External Standards</b> Monitoring of taxonomy and other trends

- Next, let us move on to look at some of Sojitz's non-financial initiatives.
- From the perspective of sustainability, we will preface our management on the Sojitz Group Statement, our two types of value, and our key sustainability issues.
- The Sustainability Challenge, which represents our long-term vision for 2050, calls on us to help achieve a decarbonized society and to respond to human rights issues. In regard to decarbonization, on the next slide, you will see information on our goal of reducing net carbon emissions to zero as well as our related targets. I hope to go into this topic in more detail on another occasion.
- In addition to our decarbonization initiatives, we also intend to develop plans for addressing human rights issues and water risks across the supply chain. Furthermore, division management will be discussing means of taking advantage of business opportunities while carefully monitoring taxonomy and other external trends.

## ESG Targeting Net-Zero Carbon Emissions

Existing businesses

### Scope 1 + 2

Reduce emissions 60% by 2030; achieve **net zero** emissions by 2050 \*1  
**Net-zero emissions** by 2030 for Scope 2 \*2

\*Coal-fired power generation : No current projects nor future projects planned

### Scope 3

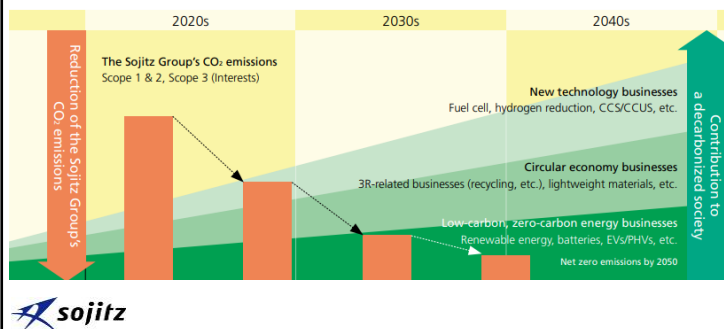
Thermal coal interests : Reduce interests to **half or less** by 2025 \*3  
**Zero interests** by 2030 \*4  
 Oil interests : **Zero interests** by 2030  
 Coking coal interests : **Zero interests** by 2050

New business

Formulation of new business-specific decarbonization policies and **net-zero carbon emissions by 2050**.

Contributions to a decarbonized society

- Expansion of relevant businesses and initiatives framing situation as an opportunity
- Measurement of contributions to reductions in society's CO<sub>2</sub> emissions (Scope 4) and advancement of related business activities



TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- \*1,2  
 • FY2018 serves as the base year, with non-consolidated and consolidated subsidiaries included in the scope. Includes carbon offsets from certificates.  
 • Introduction of internal carbon pricing under consideration, which supports the reduction of CO<sub>2</sub>.
- \*3  
 FY2018 serves as the base year, and targets are based on the book value of assets in coal interests.
- \*4  
 Target deadline moved to earlier date from the previously announced goal of reducing thermal coal interests to half or less by 2030.

sojitz

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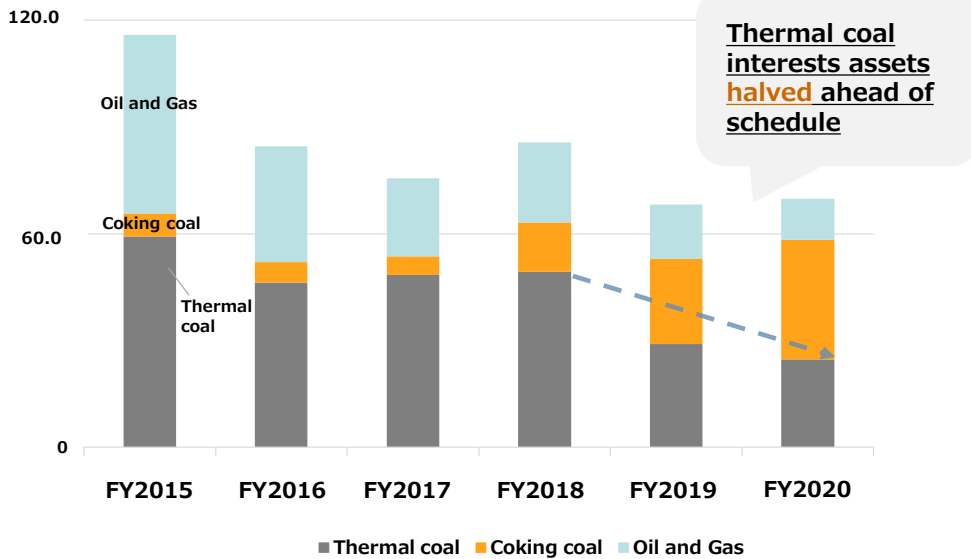
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- This slide details Sojitz's decarbonization policies.
- While not listed here, we plan to perform scenario analyses pertaining to our power generation businesses and coal interests based on the recommendations of the Task Force on Climate-related Financial Disclosures in order to detect and address any assets with the risk of becoming stranded assets.
- As we work toward the accomplishment of our emissions reduction targets, we will also develop businesses related to decarbonization that frame the push for a decarbonized society as an opportunity.
- Furthermore, frameworks will be installed to promote businesses based on positive evaluations issued in house. For example, we will embrace concepts such as internal carbon pricing and measure Scope 4 emissions, which represents CO<sub>2</sub> emissions from society that have been avoided.

Results in reductions of Coal, Oil, and Gas Assets

※ Based on book value

Billion Yen



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- This slide details our success in reducing coal, oil, and gas assets.
- As shown in the graph, we are making steady progress toward our goals of halving thermal coal interests by 2025 and ultimately eliminating such interests by 2030. In the year ended March 31, 2021, for example, we approved plans to decommission a thermal coal mine three years ahead of schedule.

## ESG Transformation of Diversity into Competitiveness

- Sojitz established Three strategic pillars of human capital to create the “two types of values” by assembling a team of diverse, autonomous individuals and produce human capital that can transform changes into opportunities and generate value

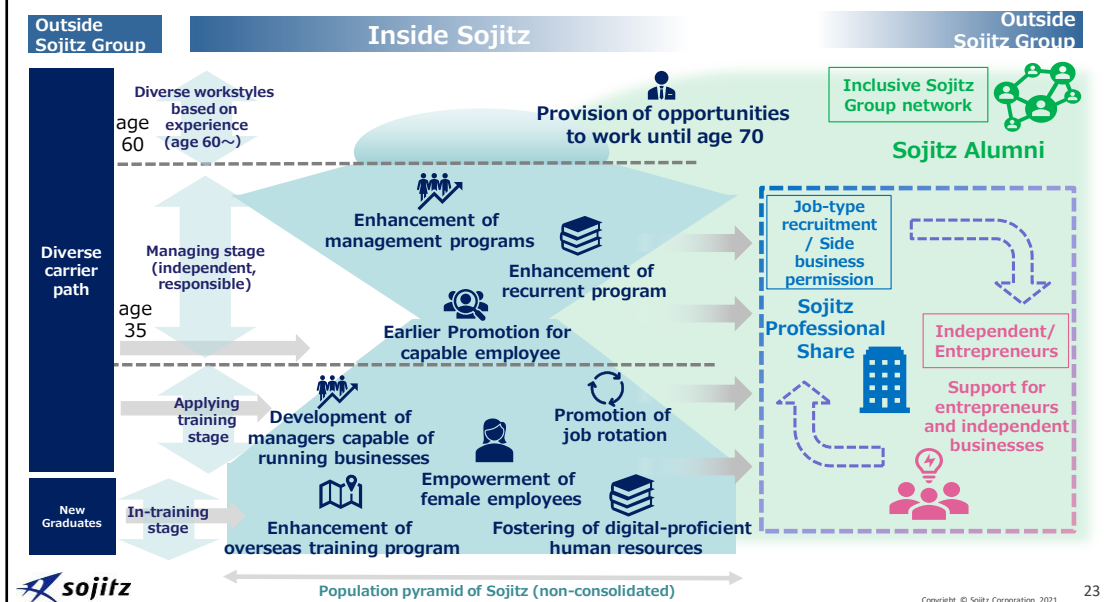
### Our vision : Team of diverse, autonomous individuals



- Next, let us look at Sojitz's human capital initiatives.
- We plan to advance human capital initiatives based on the theme of transforming diversity into competitiveness to further Sojitz in its quest to become a general trading company that constantly cultivates new businesses and human capital.
- During the three-year period of Medium-Term Management Plan 2023, we will move forward with human resource strategies focused on the three pillars of capacity to run businesses, capacity to create and actualize new ideas and businesses, and capacity to involve others and complete tasks. By endowing employees with these capacities, we aim to foster a team of diverse, autonomous individuals.

## ESG Transformation of Diversity into Competitiveness

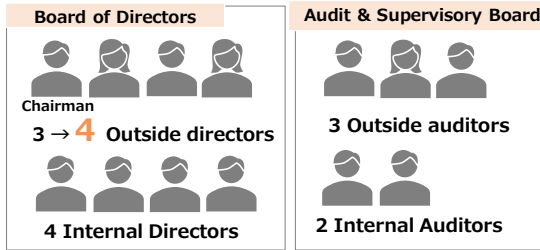
- As the first step to become a trading company that constantly cultivates new businesses and human capital until 2030, provide a system where each employee can take the lead and select their workstyles by providing options for diverse work styles and career paths
- Encourage ambition and create cycle that produces tangible growth to cultivate autonomous human resources



- Specifically, we will provide a diverse range of workstyles and career paths for a broad spectrum of age groups, ranging from new hires to those who backed by experience, in order to create frameworks that allow employees the freedom to choose from diverse workstyles.
- One such framework will be the establishment of a company that uses job-type recruitment and permits employees to take part in side jobs.
- This company will be open to employees age 35 or above and will provide employment schemes that, for example, allow employees to perform work for Sojitz three days a week and pursue their own goals on the other days.
- This free time can be used to prepare for entrepreneurial ventures, work for other companies, study, provide care to family members, or take part in other activities. In this manner, employees will be free to work as they please.
- We will also prepare a system that provides support in the form of investment or loans for employees that wish to break away from Sojitz to start their own business.
- Furthermore, we established the Sojitz Alumni platform in April 2021. This platform is an inclusive network that is open to former Sojitz employees, including those from Nichimen Corporation and Nissho Iwai Corporation, who are engage in management or other corporate activities.
- The Sojitz Alumni platform is anticipated to contribute to the formation of an inclusive Sojitz Group by functioning as forum through which younger Sojitz employees can network and receive and advice on starting and managing businesses.
- Through these initiatives, Sojitz will encourage ambition and create a cycle that produces tangible growth for the purpose of cultivating autonomous human resources.

**ESG Deeper-level of Governance**

**Ratio of Outside Directors to 50%**  
**Ratio of Women Executives to 23%**



\* To be resolved at at the General Shareholders' Meeting scheduled for June 2021

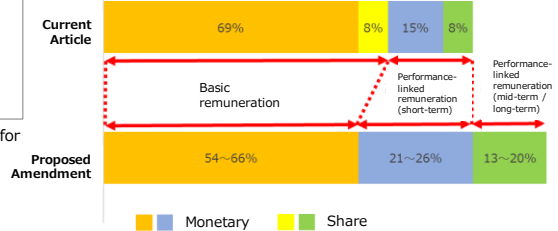
**Shareholding Policy Calling for Reduction of Cross-Shareholdings**

- ✓ Percentage of Sojitz's holding of listed shares as of March 31, 2021 approx. **14%**
- Aiming 50% reduction by March 31, 2024 to approx. **7%**
- ✓ Targeting further improvements in capital efficiency under MTP2023



**Revision of Officer Remuneration Systems**

- ✓ Increase in ratio of performance-linked (variable) remuneration
- ✓ Revision of remuneration to link to degree of accomplishment of medium-term management plan targets and level of corporate valuation



\* To be resolved at the General Shareholders' Meeting scheduled for June 2021

**Revision of Group Governance Systems**

- ✓ Increase discretion to expedite decision-making at overseas operating companies and localization of top management of overseas operating companies

- Planned corporate governance reforms include increasing the ratio of outside directors to 50% and revising officer remuneration systems to raise the portion of total remuneration represented by variable remuneration linked to medium- to long-term performance and corporate value. These reforms will be proposed at the General Shareholders' Meeting scheduled for June 2021.
- We will also look to reduce cross-shareholders and to revise the corporate governance systems of overseas operating companies to more proactively appoint locally hired staff to senior management positions.

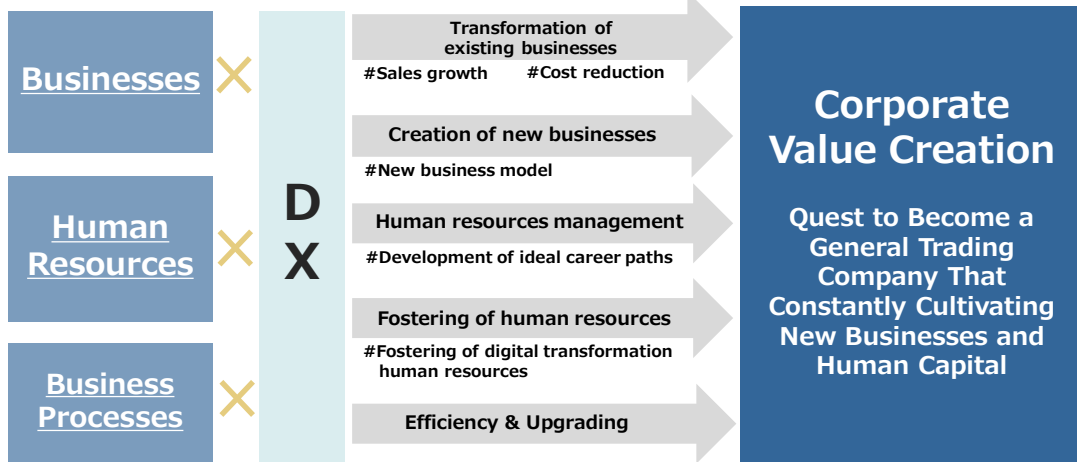


## DX Transformation and Creation

- Digital technologies essential to creating value in response to customer and social needs and thus to be recognized and used as a shared tool by all employees in creating value through reforms to business models, human resources, and business processes
- Establishment of committee (in April 2021) for verifying progress and benefits of Companywide digital transformation initiatives chaired by the President & CEO (highest authority for digital transformations)



Sojitz has been selected by Japan's Ministry of Economy, Trade and Industry (METI) as an enterprise with Digital Transformation Certification in April 2021



- Sojitz will advance Companywide digital transformation initiatives based on the recognition that digital technologies will be essential to creating value in response to customer and social needs.
- We have already launched various initiatives for transforming existing businesses and creating new businesses. In regard to human capital, we have implemented digital transformations in our human capital management practices and began offering data analysis training for all employees to ensure that every workplace is able to accommodate digital transformations.  
I chair Sojitz's Digital Transformation Committee. This committee will be tasked with steering digital transformation initiatives while verifying their progress and benefits.

## Enhanced Risk Management

### Risk Management

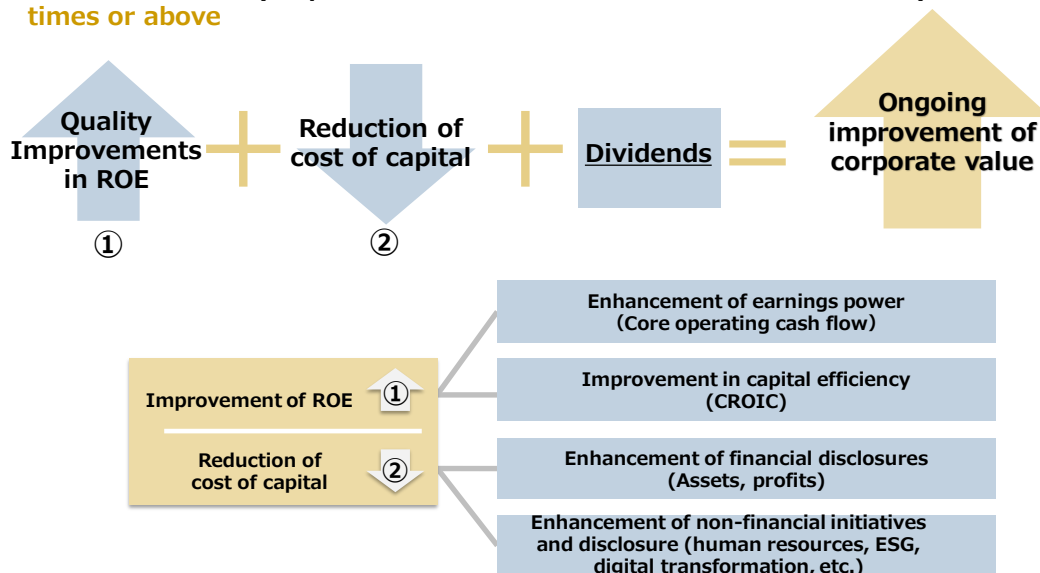
- **Exercising of restraint functions and enhancing risk management on the front lines**
  - **Enhanced management of risks associated with participation in new business fields**
- 
- **Enhanced management of risks at first of three lines of defense (business divisions)**
  - **Enhanced management of risks at second line of defense (corporate divisions) for improving the ability to analyze and evaluate business plan feasibility and risks and returns, and responding to operating environment and business domain changes**
  - **Enhancement of comprehensive risk monitoring (emerging country risks, etc.), ability to analyze impacts on business activities based on stress scenarios, and other risk management capabilities**
  - **Response to unfamiliar risks arising from business domain changes, such as those pertaining to quality control and information management in businesses involving direct connection with customers**

- Sojitz is committed to the ongoing enhancement and entrenchment of risk management in its operations.
- As opaqueness grows in the global economy, it goes without saying that we will need to reaffirm the importance of risk management on the front lines in order to ensure the smooth progress of Medium-Term Management Plan 2023.
- Sojitz intends to exercise a strongly market-oriented perspective going forward, and it can therefore be expected that our business domain will become more directly linked to customers. We therefore aim to bolster quality control and information management in order to ensure that customers can continue to feel peace of mind in their transactions with Sojitz.

# Sojitz's Value Creation

Improvement of communications and disclosures as an initiatives to support sustainable growth

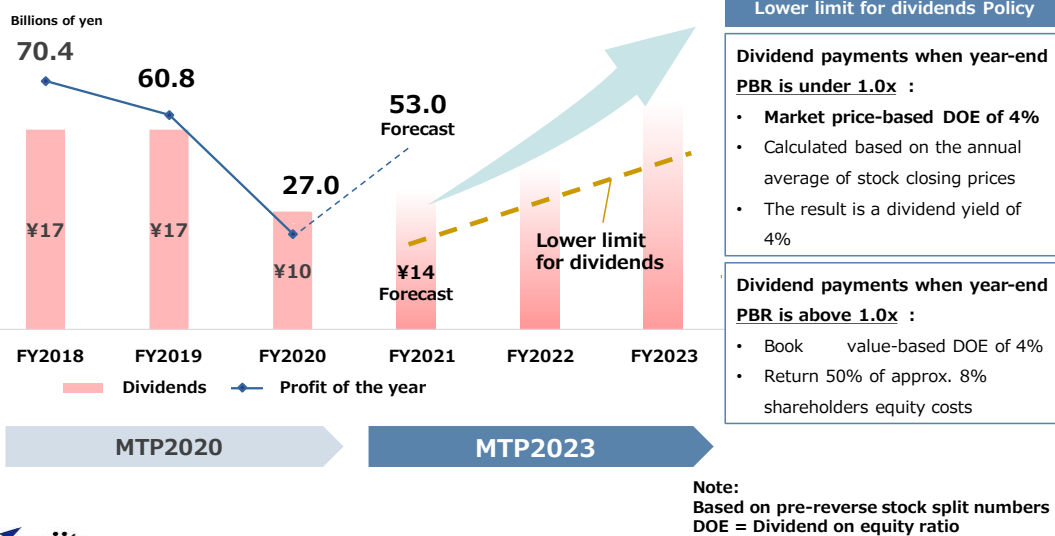
Expanding equity spread and enhancing non-financial initiatives and disclosure to achieve a PBR (corporate value evaluation index from the market) of 1.0 times or above



- As we advance the initiatives explained thus far, we will seek to achieve continuous improvement in our corporate value. This improvement is to be driven by quality improvements in ROE and reductions in cost of capital fueled by increasingly transparent non-financial initiatives. We will actively communicate with stakeholders with regard to these efforts going forward.
- This is the process that will be used to accomplish Medium-Term Management Plan 2023's target of a price book-value ratio of more than 1.0 times that was mentioned at the beginning of this presentation.

## MTP2023 - Dividend Policy

- Sojitz recognizes that paying stable, continuous dividends is a management priority, together with enhancing shareholder value and boosting competitiveness through the accumulation and effective use of retained earnings
- Our basic policy will be to target a consolidated payout ratio of about 30%
- Lower limit for dividends set as representing market price-based DOE of 4% until PBR reaches 1.0x and book value-based DOE of 4% after PBR reaches 1.0x



- I would now like to explain Sojitz's dividend policy.
- Under Medium-Term Management Plan 2023, we will continue to adhere to the previous plan's policy of targeting a consolidated payout ratio of about 30%.
- In addition, the lower limit for dividends will be set at market price-based dividend on equity of 4%, calculated based on the average stock price from the previous fiscal year, up until the point that the price book-value ratio reaches 1.0 times.  
This policy will result in a lower limit for dividend yield of 4% when calculated based on the average stock price.
- Based on this policy, the Company projects an annual dividend payment of ¥14 per share in the year ending March 31, 2022, to be comprised of an interim dividend and a year-end dividend of ¥7 per share.
- If the proposed share consolidation is approved at the General Shareholders' Meeting scheduled for June 18, 2021, the year-end dividend will be ¥35 per share and the annual dividend will be effectively equivalent to ¥70 per share.

# MTP2023 FY2021 Forecast

## Business Performance Forecast

	Billions of yen
Gross profit	220.0
Selling, general and administrative expenses	(178.0)
Share of profit (loss) of investments accounted for using the equity method	26.0
Profit before tax	70.0
Profit for the Period Attributable to Owners of the Company	53.0
Total Assets	2,450.0
Total Equity*1	640.0
ROE	8.4%
Net DER	1.2x

\*Assumptions : Exchange rate (Annual avg. ¥/US\$) 108

## Business Divisions

	FY2021 forecast Billions of yen
Automotive	5.0
Aerospace & Transportation Project	4.5
Infrastructure & Healthcare	7.5
Metals , Mineral Resources and Recycle	12.0
Chemicals	10.5
Consumer Industry & Agriculture Business	5.0
Retail & Consumer Service	5.0
Others*2	3.5

\*1 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net D/E ratio" and the numerator when calculating "Equity ratio."

\*2 Including Portfolio Transformation Office (Integrate Subsidiaries of its Machinery Segment etc.)

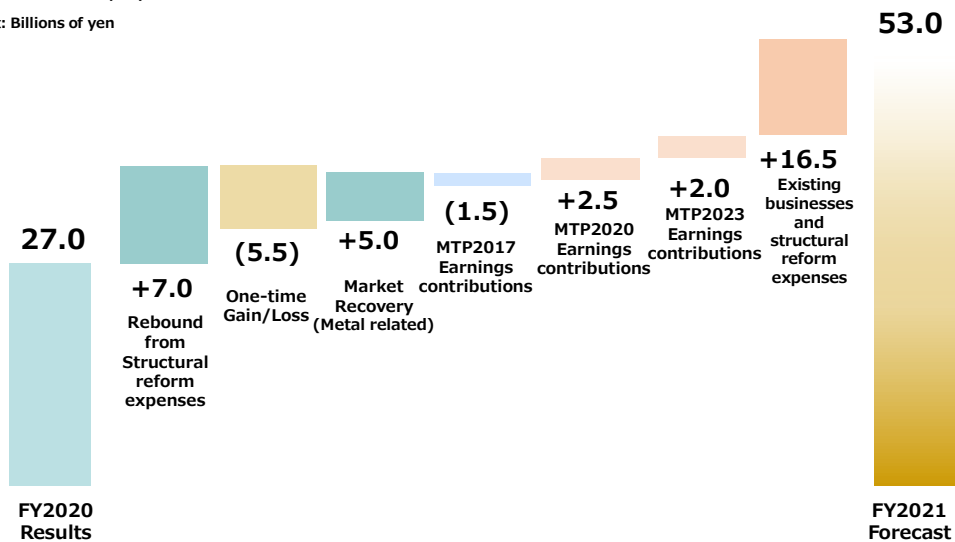


- Lastly, let us look at our forecasts for the year ending March 31, 2022.
- Profit for the year attributable to owners of the Company is projected to come to ¥53.0 billion, a year-on-year increase of ¥26.0 billion.
- We will also target ROE of 8.4%.
- The target for new investments is ¥150.0 billion. Frontline organizations have been instructed to conduct these investments as early as possible.

## Earnings Growth Leading Up to FY2021 year end

\*Profit of the year attributable to owners of the Company

Unit: Billions of yen



- This slide shows the factors behind the projected increase in profit for the year attributable to owners of the Company from ¥27.0 billion in the year ended March 31, 2021, to ¥53.0 billion in the year ending March 31, 2022.
- This increase is forecast to be achieved as a result of the rebound from previously recorded structural reform expenses and other one-time factors, improvements in conditions in the coal and metal markets, consistent earnings contributions from previously executed investments and loans, and increased earnings from existing businesses.
- Further details on these topics will be provided in CFO Seiichi Tanaka's presentation on our financial results, which is set to follow my presentation, and you are also welcome to ask questions during the Q&A session.
- In conjunction with today's announcement of Sojitz's financial results and of Medium-Term Management Plan 2023, we have also issued news releases on our plans to acquire treasury stock as well as on proposals to be submitted for approval at the General Shareholders' Meeting scheduled for June 2021 regarding a share consolidation and the revision of officer remuneration systems.
- With this, I conclude my portion of today's presentation. Thank you for your attention.



***New way, New value***

**Sojitz Group Statement**

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