

May 16, 2023  
Correction

A double underlined item is corrected  
(Page 10,11,and 17)



**Financial Results  
for the Year Ended March 31, 2023**

**Progress of Medium-Term Management Plan 2023  
– Start of the Next Decade –**

**May 2, 2023  
Sojitz Corporation**

Speaker: Masayoshi Fujimoto, President & CEO, Sojitz Corporation.

The financial results for the Year ended March 31, 2023, and the progress of the medium-term management plan (MTP) 2023.

**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.

**Notes**

- **"Profit for the period / year attributable to owners of the Company"** is described as **"Profit for the period / year."**
- **"Total equity attributable to owners of the Company"** is recognized as **"Total equity"** and is also used in the denominator of the **"Net DER"** and the numerator of the **"Equity ratio"**.
- **"Selling, general and administrative expenses"** is referred to as **"SG&A expenses."**
- **"Medium-Term Management Plan 2023,"** is referred to as **"MTP2023"**. The same applies to "MTP2020" and "MTP2017".
- **"Core operating cash flow"** = Cash flow after deducting changes in working capital from operating cash flows calculated for accounting purposes
- **"Core cash flow"** = Core operating cash flow + Post-adjustment, net cash provided by (used in) investing activities – Dividends paid – Purchase of treasury stock  
(Post-adjustment, net cash provided by (used in) investing activities are net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)
- **"Shareholder returns"** = include acquisitions of treasury stock.

MTP2023-Start of the Next Decade- sojitz New way, New value

## FY2022 Summary

**FY2022 Results**

- Record-breaking earnings for two consecutive years (FY2022: ¥111.2 bn)
- Accomplishment of all financial targets of MTP 2023 (except PBR 1 times or above)
- Implementation of allowances through review of certain assets and projects

**FY2023 Forecast/Target**

- Profit for the year of ¥95.0 bn
- Annual dividend forecast of ¥130 per share, share buybacks of ¥30.0 bn or upper limit of 10.0 million shares and treasury stock cancellations (Approx. 15.3 million shares canceled to date)
- Building of foundations for use in final year of medium-term management plan and thereafter

(BN JPY)	FY21	FY22	FY22 Forecast (Feb. 2, 2023)	FY23 Forecast
Profit for the year	82.3	111.2	110.0	95.0
Core operating CF	128.7	145.2	150.0	115.0
NET DER (Times)	1.06	0.75	0.7	0.75
ROE	12.2%	14.2%	14.1%	11.1%
ROA	3.3%	4.2%	4.1%	3.5%
Dividends	¥106	¥130	¥130	¥130 (Annual dividends forecast)

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Profit for FY2022 was ¥111.2 billion, a record high and the first time it reached the ¥100.0 billion level. Core operating cash flow increased by ¥16.5 billion YoY to ¥145.2 billion.

The Company steadily generated profit with cash, resulting in an ROE of 14.2%. All KPIs set forth in MTP2023 were achieved ahead of schedule, with the exception of achieving a PBR of 1 times or above.

Profit for FY2023, the final year of MTP2023, is set at ¥95.0 billion. I will explain more about this later.

As announced last November, the annual dividend for FY2022 is ¥130 per share, for a consolidated payout ratio of 27%. The annual dividend for FY2023 is set at ¥130 per share.

Given the strong and robust cash flow levels, we will execute the recently announced share repurchase program of up to 10 million shares or ¥30.0 billion. All of the approximately 15.30 million treasury shares were canceled on April 7.

In 2018, I said that I wanted to achieve more than ¥100.0 billion in the current MTP2023. To this end, we have emphasized speed and created a mass of earnings that possesses Sojitz's strengths and Sojitz's character.

I am deeply moved that we have made it this far in five years. I would like to express my gratitude to our shareholders and business partners for their warm support, and to the Sojitz Group executives and employees for their daily efforts and contributions.

## FY2023 Financial Targets

### Business Performance

Gross Profit	¥320.0bn
SG&A Expenses	¥(230.0)bn
Share of profit (loss) of investments accounted for using the equity method	¥45.0bn
Profit before tax	¥125.0bn
Profit for the year	¥95.0bn
Consolidated Total Assets	¥2,750.0bn
Total Equity *1	¥870.0bn
ROE	11.1%
Net Debt/Equity Ratio	0.75x

### Business Divisions

(BN JPY)

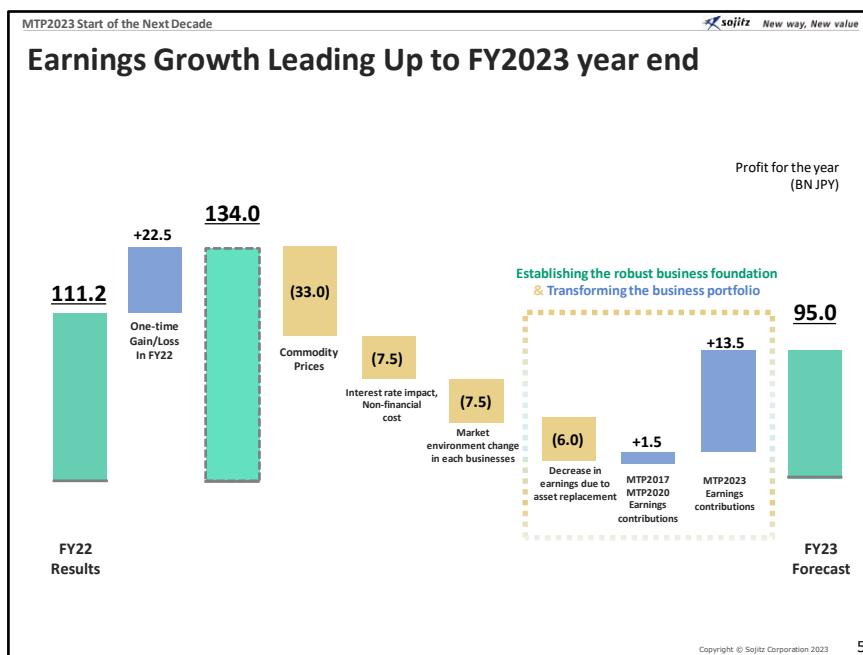
Automotive	7.0
Aerospace & Transportation Project	4.0
Infrastructure & Healthcare	16.0
Metals, Mineral Resources & Recycling	33.0
Chemicals	16.0
Consumer Industry & Agriculture Business	8.0
Retail & Consumer Service	11.0
<b>Profit for the year</b>	<b>¥95.0bn</b>

#### Commodity Prices and Exchange Rates FY23 Assumption (Annual Avg.)

Coking coal	US\$ 230.0 / t
Thermal coal *2	US\$ 160.0 / t
Crude oil	US\$ 80.0 / bbl
Exchange rate*3	¥125.0 / US\$

\*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 Coal prices are based on standard market prices and therefore differ from the Company's selling prices.  
 \*3 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.75 bn annually, profit for the year (attributable to owners of the Company) by approx. ¥0.3 bn annually, and total equity by approx. ¥2.0 bn annually.

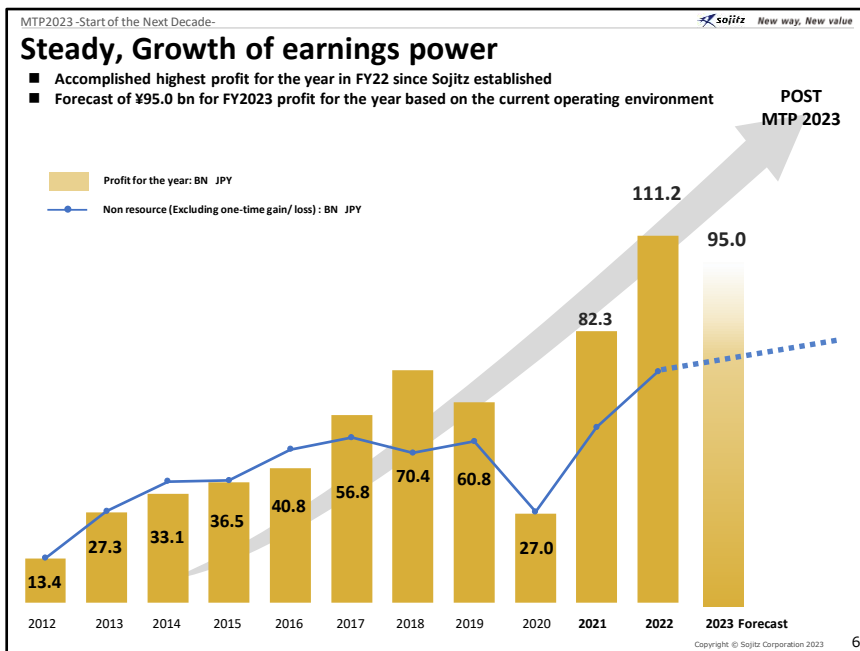
Next, here are the financial targets for FY2023 by segment.



The slide shows the path from actual net profit for the year of ¥111.2 billion in FY2022 to the FY2023 forecast of ¥95.0 billion.

Adding back the impact of one-time gains and losses incurred in the previous year from the actual results of ¥111.2 billion, it becomes ¥134.0 billion. Even if market conditions are subtracted, securing a level of ¥100.0 billion has become a feasible profit structure.

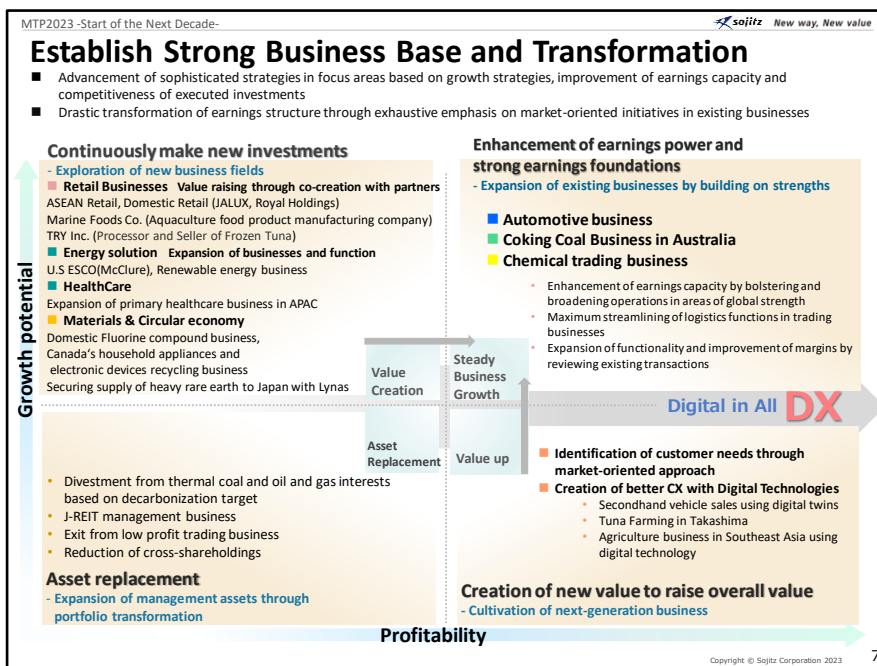
In the current fiscal year, we will continue to establish a solid business foundation and implement flexible portfolio transformation. Although some profits will be stripped off due to the replacement of investments, including thermal coal interests and REITs, we will firmly capture earnings from projects implemented for future growth and further build assets that will lead to the next MTP.



This is to show you the profit for the year that we have accumulated in the past, and the revenue from non-resource businesses.

Although the external environment is highly uncertain, with the emergence of geopolitical risks, rising inflation, volatile commodity prices, and economic recession, we are confident that our earnings power is steadily improving, partly due to the establishment of an earnings base through stable non-resource businesses.

Once again, this fiscal year is the final year of the current MTP, and we intend to bring it to a firm conclusion, while at the same time making the ¥100.0 billion revenue level the launching pad for the next MTP as the starting point for a shift in gears toward further growth.



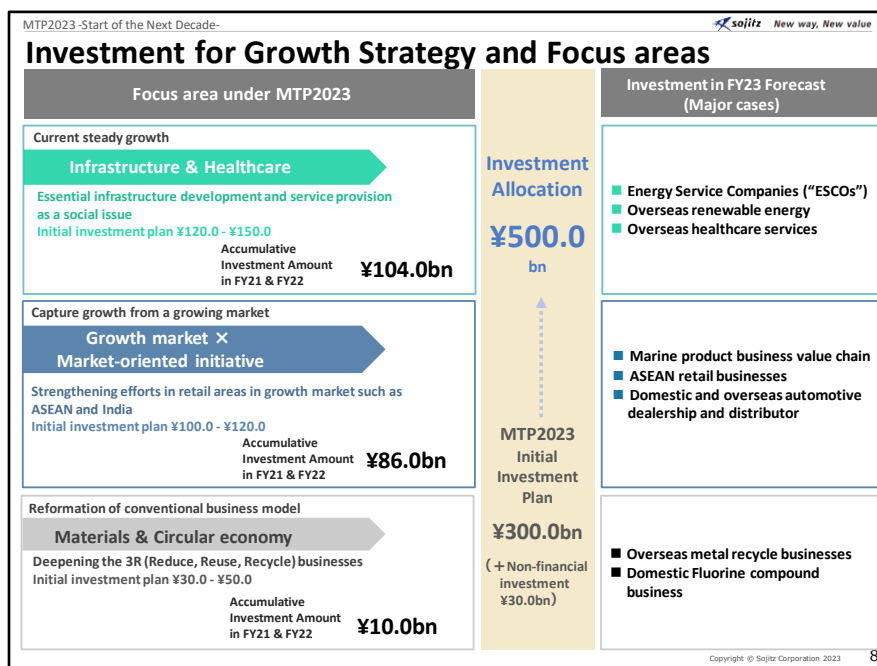
Here is an overall view of our portfolio transformation.

It represents our current efforts of continuously make new investment mainly in focus areas, creation of new value to raise overall value, such as digital technologies, enhancement of earnings power and stable growth, asset replacement through a portfolio transformation.

We believe that Sojitz's strength lies in its corporate culture, which emphasizes openness and speed while taking advantage of its scale.

We will continue to accurately grasp the trends and changes in a global society and deliver necessary goods and services to where they are needed in regions and fields where we can leverage our strengths.

We will continue to transform our business portfolio and further accelerate our value creation by organically combining the knowledge of each business segment and human resources with digital technologies in accordance with the respective business phases.



The following is a list of major projects that we expect to execute in the current fiscal year to further strengthen and accelerate our strong earnings base through portfolio transformation.

In the infrastructure & healthcare area, we are expanding our business from upstream power generation businesses, such as renewable energy, to downstream energy service companies, electricity and gas retail business, where we not only produce the power we need but also sell and make effective use of it.

Regarding growth market x market-oriented initiative, we have acquired all shares of Marine Foods, an aquaculture food product manufacturing company. In addition, we have recently acquired all shares of TRY INC., a major processor and distributor of frozen tuna. We have been building a cooperative relationship with the company for many years, and by incorporating new functions into our group's marine products value chain, we hope to deliver high-quality, competitively priced processed marine products to the tables of our customers in Japan and overseas. In Vietnam, where we have a strong presence, we will contribute to Vietnam's food wealth with the Vinamilk Group, the largest dairy manufacturer in the country. By combining the strengths of each company in terms of content and functions with our global network, we will expand into growing overseas markets in the future.

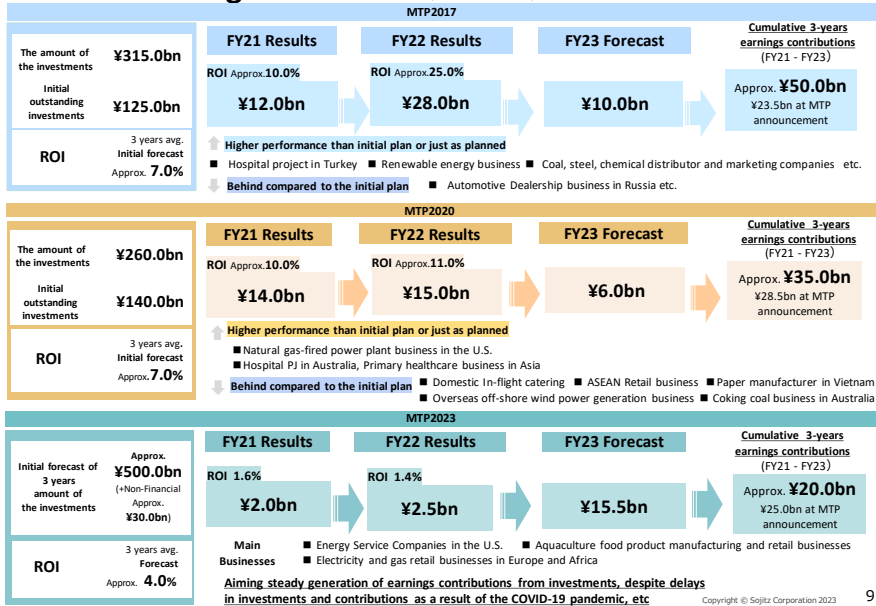
In the materials & circular economy, we made new investments in a domestic fluorine compound business, and Canada's recycling of household appliances and electronic devices business; and we made an additional investment in Lynas of Australia to secure the supply of rare earth elements to Japan.

As a result of our past performance and accumulated knowledge, we have expanded the areas in which we can invest, and we have raised our target for investment execution from ¥300.0 billion to around ¥500.0 billion, the amount we assumed at the beginning of the MTP.

As we shift gears to the next stage of growth, we will boldly proceed to sow the seeds for businesses that will contribute to future earnings, while carefully assessing the risks involved.



## Investment Progress – MTP2017, MTP2020, and MTP2023



This slide shows the return on new investments since MTP2017, and the progress compared to the original plan.

Both MTP2017 and MTP2020 are expected to exceed the original plans at the time of the announcement of the medium-term management plans.

On the other hand, under MTP2023, there are some projects where the execution and monetization of investments have been delayed, partly due to the impact of COVID-19, but we will continue our efforts toward improvement measures on site and reap the returns.

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## DX Strategy Initiatives and Policy

- Acceleration of initiatives for transforming business models by more deeply engraining digital transformation strategies into Companywide management and business strategies and business model transformation efforts
- Transformation of existing businesses and creation of new businesses through targeted digital transformation initiatives advanced via a framework led by the president
- Development and utilizing in practice of DX-Experts and bolstering capabilities of Digital Department

**Reinforcement of Governance Systems**

**Development and expansion of DX-Experts**

Skill Level		Expected Role / Position	Target
Practical Application	Level 5: Thought Leader	Guidance and oversight of experts and leadership in transforming organizations and businesses with data and digital technologies	Small number of employees
	Level 4: Expert	Resolution of issues, creation of businesses, and improvement of value as leaders in the use of data and digital technologies	40 employees Progress:33%
	Level 3: Experienced	Support for analyzing data and developing applications under the guidance of experts	300 employees Progress:53%
Level 2: Basic		Examination of application of IT to business activities using basic knowledge (IT literacy, digital marketing, data science, information security)	All career track employees Progress:20%
Level 1: Entry		Action based on the entry-level knowledge required of all employees that deal with IT (acquisition of national IT Passport certification)	All employees Progress:86%
Practical Application-Level Skill Areas	Data Analysis	Resolution of issues through data analysis	
	Business Design	Improvement of value of existing businesses and creation of new businesses through use of digital technologies	

Adoption of digital technologies in all businesses

## Digital in All

Examples of Individual DX projects

Automotive  
Secondhand Vehicle Sales  
using digital twins

Consumer Industry & Agriculture Business  
Agriculture platform

Retail & Consumer Service  
Tuna farming

Metals, Mineral Resources & Recycling  
Coal mine operation streamlining

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Next, this slide shows our DX strategy.

Every element is being digitized, and this is an opportunity to radically transform business models and achieve new growth.

On the other hand, we expect that digital disruption, where competing new business models disrupt existing businesses, is increasingly likely in the future.

In this context, our DX strategy must also be further accelerated and upgraded.

This year, we have strengthened our structure by appointing Ms. Arakawa, the Head of Digital IT, as CDO and CIO, with overall responsibility for digital IT. Although the promotion structure headed by me will remain the same, this will bring functions and human resources related to digital IT together, with the aim of further improving speed and quality.

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## Cash Flow Management

■ Maintain positive six-year aggregate core cash flow during MTP2023

(BN JPY)	MTP2020 3-Year (Aggregate) (FY18-FY20)	FY21	FY22	FY23 Forecast	MTP2023 3-Year Target (Aggregate) (FY21-FY23)
Core operating cash flow	219.0	129.0	145.0	115.0	Approx. 380.0
Asset Replacement (Investment recovery)	170.0	62.0	113.0	125.0	Approx. 300.0
New investments and others	(262.0)	(148.5)	(93.0)	(255.0)	Approx.(500.0)
Shareholder Returns *1	(71.0)	(32.0)	(29.0)	(60.0)	Approx.(120.0)
Core cash flow	56.0	10.5	136.0	(75.0)	Positive
Free cash flow	108.0	(74.0)	201.0	80.0	Approx. 200.0

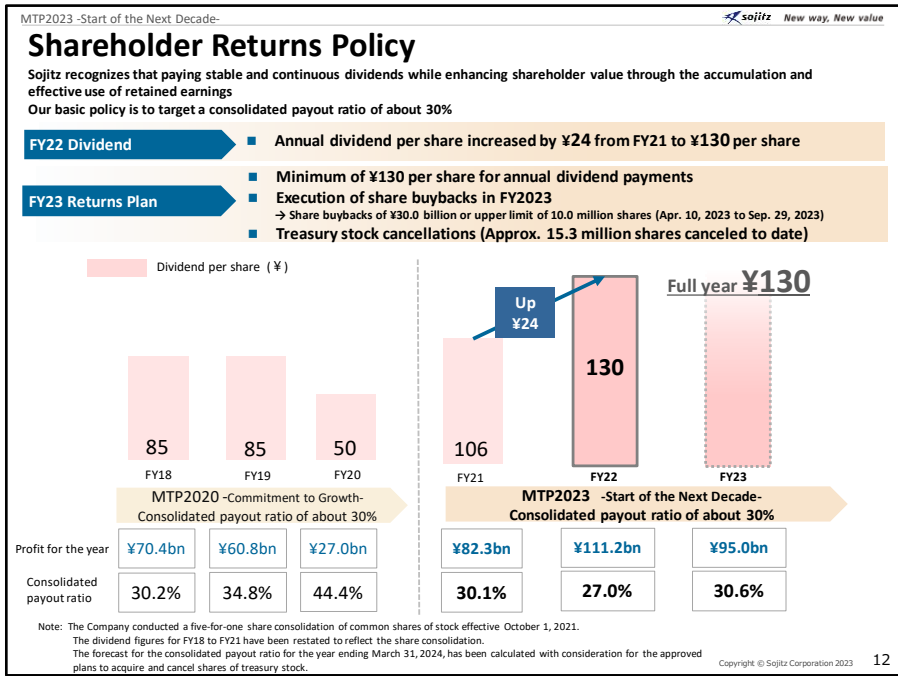
\*1 Includes acquisitions of treasury stock

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This slide shows cash flow management.

When MTP2023 was announced, we planned ¥330.0 billion in new investments, including non-financial investments, over the three-year period, but during the two years of MTP2023, we have made approximately ¥240.0 billion in new investments. As I explained earlier, we intend to execute about ¥500.0 billion in investments for further growth.

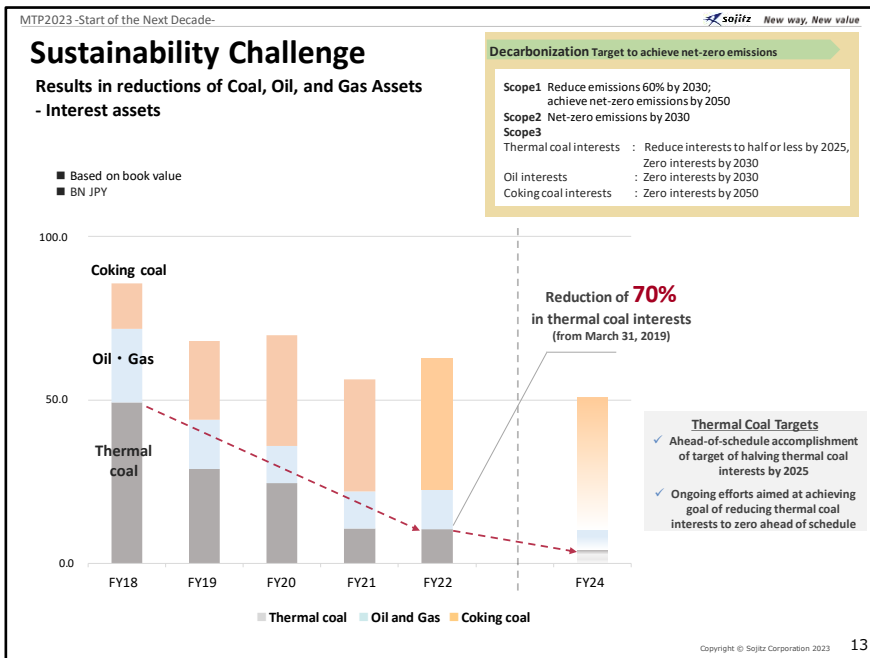
Basic cash flow will be managed a positive six-year aggregate core cash flow as originally planned.



The dividend policy remains unchanged with a stable and continuous dividend payout ratio of approximately 30% during MTP2023. For FY2023, the annual dividend forecast is set at ¥130.

As promised last year, we announced the repurchase and cancellation of treasury stock in FY2023 in advance.

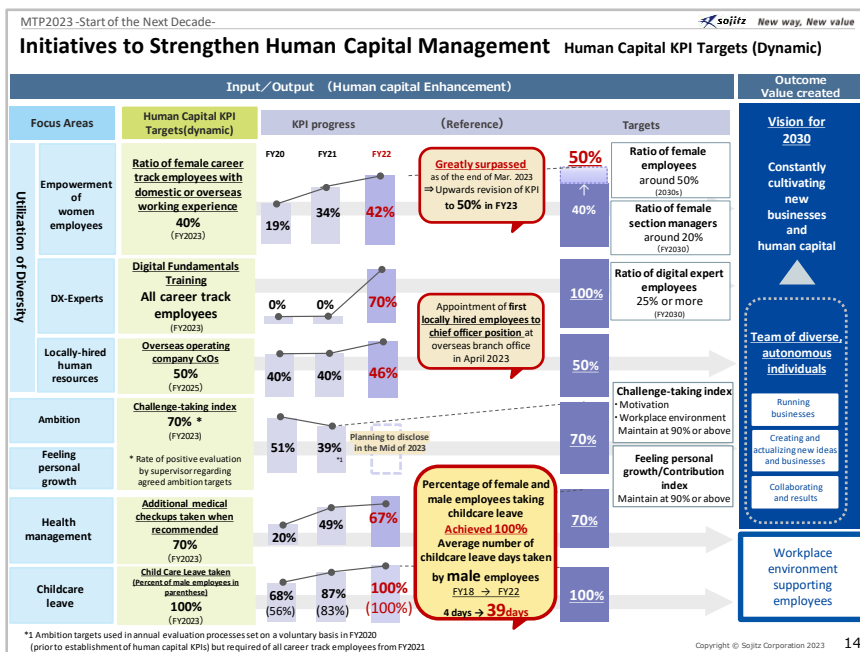
We will continue to strive to improve Sojitz’s competitiveness and shareholder value in order to meet the expectations of the market.



This slide shows the results of the reduction of our coal, oil, and gas assets.

For thermal coal concessions, the goal is to halve or less by 2025 and to zero by 2030. As shown in the graph, we have already achieved a 70% reduction ahead of schedule based on FY2018.

We will continue our efforts to achieve zero thermal coal concessions ahead of schedule.



Sojitz's greatest asset is its human capital, and in order to enhance the power of this capital, is working on human capital management and promoting the creation of a system where employee growth leads to Sojitz growth.

We have established dynamic KPIs for personnel policies and are monitoring progress. We have already achieved the ratio of female career-track employees with domestic and overseas working experience, which was raised from the target of 40% at the beginning of the term to 50%.

In addition, we have achieved a 100% childcare leave utilization rate, including both male and female employees. In particular, the average number of days taken by male employees increased from an average of 4 days in FY2018 to 39 days in the last fiscal year, a 10-fold increase.

While it is important to achieve the targets we have set, we would like to further promote the creation of an environment in which each and every employee can work comfortably and create a system that will lead to the growth of the organization from individual growth and enhance the corporate value of the entire company under the theme "transforming diversity into competitiveness."

## FY2022 Financial Results

- Massive rise in profit for the year to ¥111.2 bn in FY2022 following growth in automobile, steel, chemical, and other non-resource businesses; product selling price increases; and improved coal market conditions ★Records high
- Robust core operating cash flow created through strong cash generation capabilities

	FY21	FY22	Difference		FY21	FY22	FY22 CROIC
Profit for the year	¥82.3bn	¥111.2bn	+ ¥28.9bn	(BN JPY)	Profit for the year	82.3	111.2
Core operating CF	¥128.7bn	¥145.2bn	+ ¥16.5bn	■ Automotive	7.1	6.0	8.9%
ROE	12.2%	14.2%	+ 2.0%	■ Aerospace & Transportation Project	4.7	6.4	4.8%
ROA	3.3%	4.2%	+ 0.9%	■ Infrastructure & Healthcare	6.6	7.5	2.0%
Dividends	¥106	¥130	+ ¥24	■ Metals, Mineral Resources & Recycling	34.1	62.7	20.3%
Total equity	¥728.0bn	¥837.7bn	+ ¥109.7bn	■ Chemicals	12.6	18.5	12.4%
NET DER	1.06x	0.75x	(0.31)x	■ Consumer Industry & Agriculture Business	6.4	6.4	8.1%
Investment	¥150.0bn	¥93.0bn	¥(57.0)bn	■ Retail & Consumer Service	5.0	7.4	1.9%
				■ Others	5.8	(3.7)	-

# Evaluation by Society

Working environment where Sojitz employees can work much more actively

<p><b>7 consecutive years</b></p>  <p>For <b>6 consecutive years</b> for 2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<p><b>12 consecutive years</b></p> <p>Sojitz was awarded Platinum Kurumin Plus certification established in April 2022</p> 	<p><b>The 4th time</b></p> <p>Health and productivity Stock Selection granted to top enterprises 2023</p>  <p>健康経営優良法人 Health and productivity あついで500</p>	<p><b>Highest Prize</b></p>  <p>Platinum Career Award</p>
		<p><b>No. 1</b> in General trading company sector</p> <p>Great place to work Award</p> 	 <p>DX認定</p>

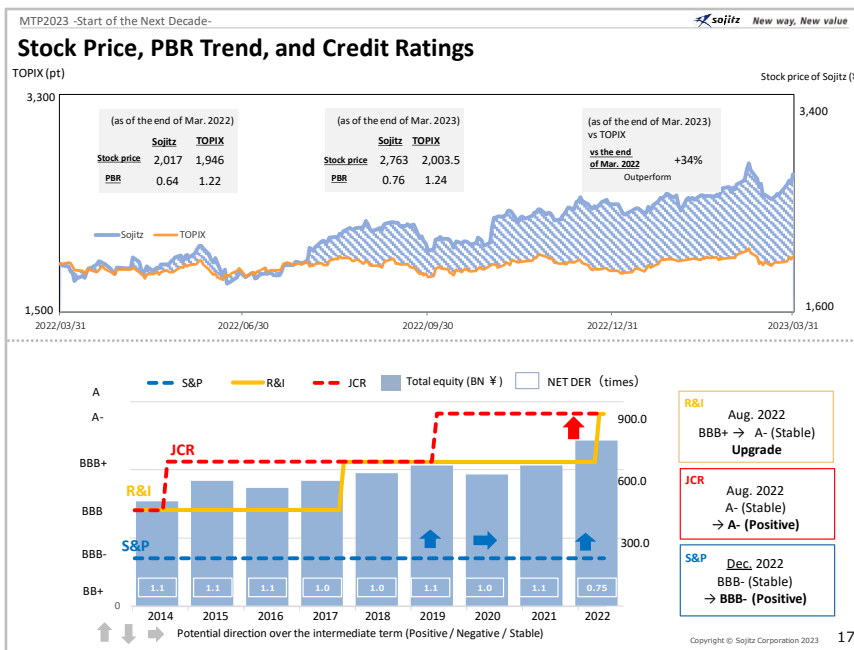
ESG Rating		External Evaluations of disclosure	
<p><b>5 consecutive years</b></p> <p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p>  <p>FTSE Blossom Japan FTSE4Good</p>	<p><b>Sustainability Award</b> Bronze Class 2022</p> <p><b>S&amp;P Global</b></p> <p><b>4 consecutive years</b></p> <p>Leadership level "A"</p> 	<p><b>7 consecutive years</b></p>  <p>Internet IR Grand Prize 2022 Ethical Investor Relations</p>	<p>Award for Excellence at NIKKEI Integrated Report Awards 2022</p>  <p><b>2 consecutive years</b></p> <p>Selected as "Excellent Corporate Governance Reports" by GPIF's Domestic Equity Managers</p>
		<p><b>2 consecutive years</b></p>  <p>Internet IR Sustainability Excellence Award 2020 Ethical Investor Relations</p>	

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We have received various evaluations from outside the Company for the efforts we have explained so far.

All of us in our group will continue to strive for even greater heights of creativity and ingenuity.





Finally, here are our stock price, PBR trend, and credit ratings.

At the beginning of this report, we have not yet achieved our goal of a PBR 1 time or above for MTP2023, which is currently at 0.8 times. The entire company will strive to achieve this goal until the final year of MTP2023.

When I took office as the president in 2017, I said that my mission was to ensure that Sojitz's growth stage would evolve without interruption, continuing the steady, upward trajectory of growth that it has maintained to date.

To this end, we have placed the utmost importance on creating a mass of earnings and building a stable earnings base that is not affected by market conditions, which is a challenge for trading companies, with a sense of speed.

Uncertainty and a much faster pace of change will continue to be the norm in the business environment. At the same time, there are many opportunities to create new value-creating business models with the realization of a decarbonized society and digital transformation.

We would like to further utilize this new business opportunity for the growth and development of both society and our company.

Sojitz is working tirelessly with its sights set on the next new stage.

We will continue to build on our strong partnerships with our customers and will continue to meet the expectations of all our stakeholders with sincerity and emphasis on dialogue.

