

Medium-term Management Plan 2026

—Set for Next Stage—

May 1, 2024

Sojitz Corporation

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Speaker: Kosuke Uemura, President & COO

I will start by explaining the Medium-term Management Plan (MTP) 2026 -Set for Next Stage.

After that, CFO Shibuya will explain the financial results for the fiscal year 2024 and forecast for the fiscal year 2025.

Review of Medium-term Management Plan (MTP) 2023

Review of MTP 2023 – Improvement of Corporate Value



- 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

Improvement of
corporate value

=

Improvement in
ROE

+

Reduction of
Cost of Capital

+



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

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- Firstly, the previous MTP2023 began in April 2021, and was positioned as the first step toward our goal of "constantly cultivating new businesses and human capital" in 2030.
- As a result of implementing various measures with a strong commitment to sustainable value creation, we achieved all quantitative plans, including net profit of more than 100 billion yen for 2 consecutive fiscal years.
- In the previous MTP2023, we have set PBR over 1 times as a KPI, a company's value evaluation index from the stock market. We have been working to improve ROE by expanding earning power and reduce cost of capital by enhancing the transparency of we initiatives, including those on non-financial initiatives, while also engaging in dialogue with the stock market. In terms of shareholder returns, in addition to a stable and continuous dividend policy, we also flexibly conducted share repurchase based on excess cash flow.
- As a result, we achieved PBR over 1 times in March, as a pass-through point for the next stage.

Review of MTP2023 – Summary of Quantitative Targets



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

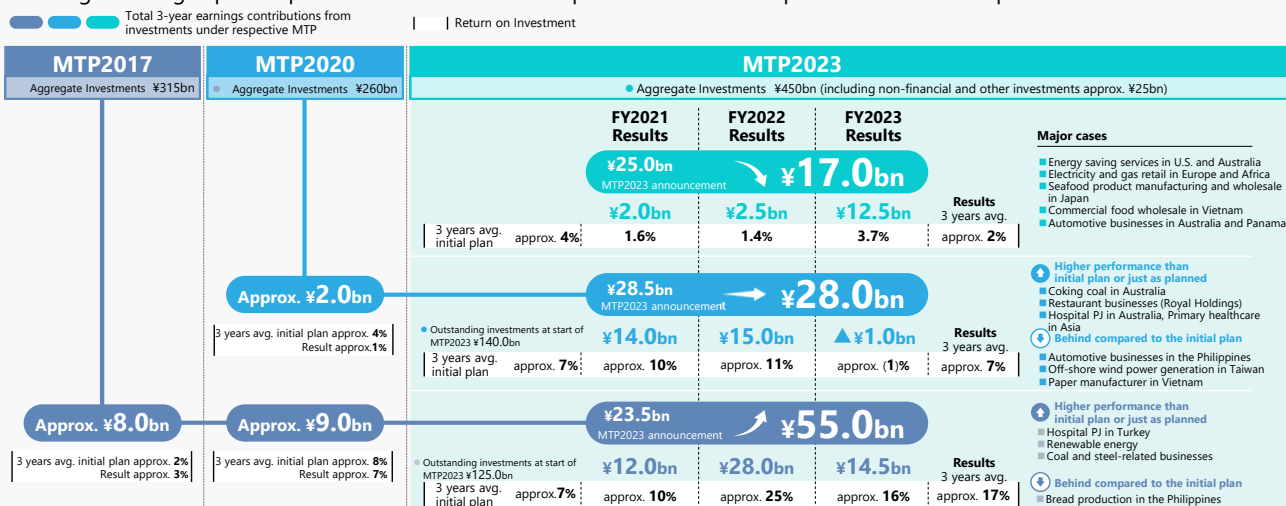
		Results	Initial Plan
Profit for the Year	Avg.	¥98.1bn	¥65.0bn
Core Operating CF	Avg.	¥127.7bn	¥80.0bn
Core CF	Total	¥83.3bn	Positive
Investments	Total	¥447.7bn	¥330.0bn
Consolidated Payout Ratio	Avg.	29.0%	approx. 30%
Share Repurchase	-	¥58.0bn	-
NET DER	Final Year	0.75	approx. 1.0
ROE	Avg.	12.6%	10%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

- The results for the quantitative targets are shown on this page.
- Although there were some positive impacts of the coal market, as I mentioned earlier, we evaluate that we were able to achieve or exceed the plan for all targets.
- We also consider that we were able to use the excess cash in flows relative to the plan to build up new investments and expand the foundation for growth in the new medium-term management plan.

Review of MTP2023 – Investments Performance



- **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.



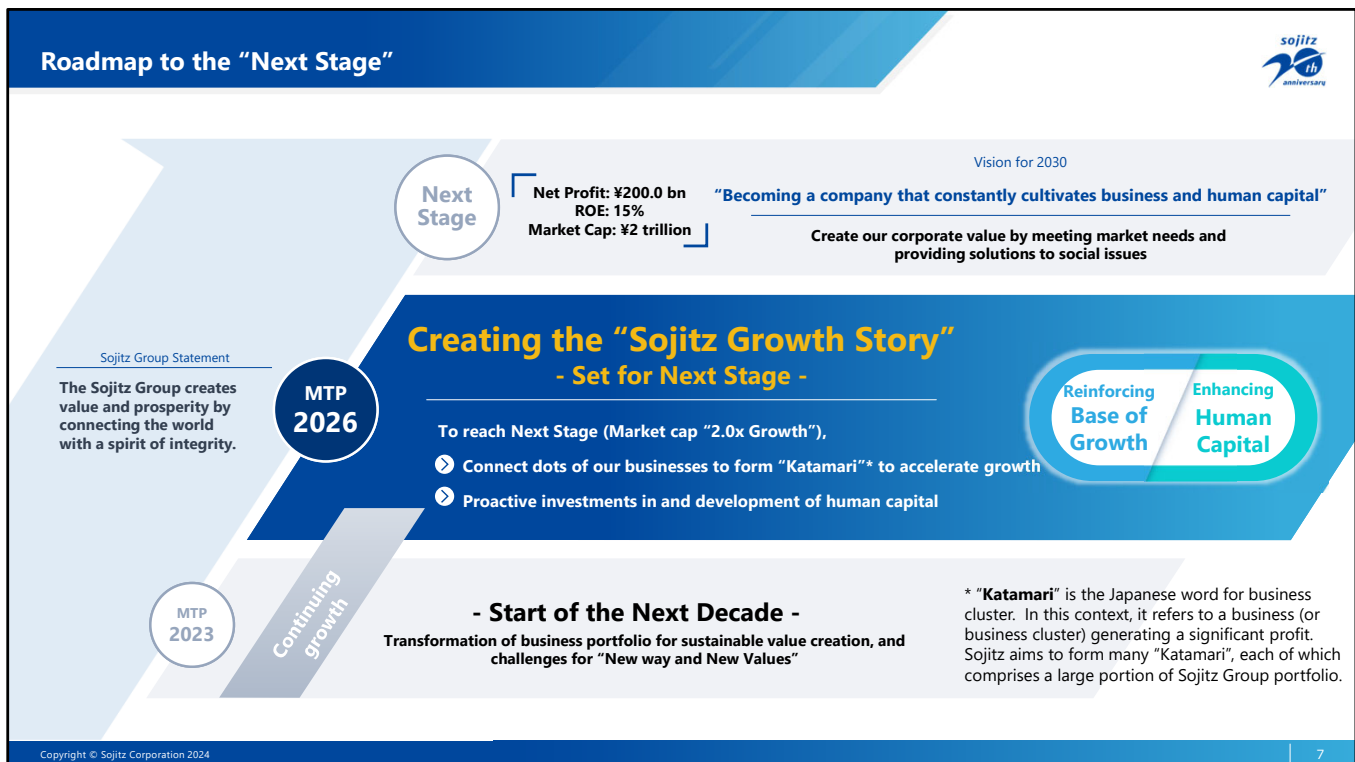
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- Next, I will explain the results of new investments and their returns since MTP2017, which are the pillars of revenue's growth in we.
- Although some of the individual businesses have made better progress than expected, while others have made slower progress, investment returns in MTP2017 and MTP2020 (*) have exceeded the expectations at the time of MTP2023 announcement. (*: Sum of the two MTPs)
- For some businesses that have been slow to make progress, we moved ahead with the processing of unprofitable assets, and proceeded with preparations for earnings contributions at early stage in the next MTP.
- Investment in MTP2023 has been delayed due to the impact of COVID-19 and other factors, but in the final fiscal year, profitability has improved, and we will further improve earning power in MTP2026.
- We will continue to replace assets with attractive investments with our uniqueness, and work to strengthen cost competitiveness and build a portfolio with strong assets and resilience.

MTP 2026

—Set for Next Stage—

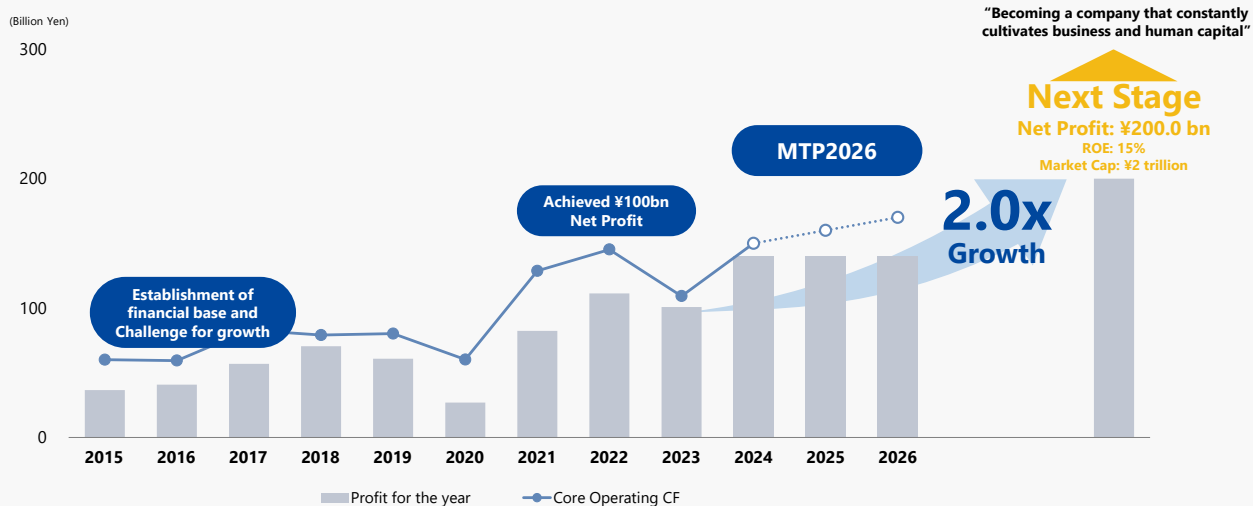


- In the next section, we will discuss the new MTP2026 – Set for Next Stage.
- Based on the results of MTP2023, which I explained earlier, MTP2026 is steadily moving toward its goal for 2030.
- In order to materialize its target in quantitative terms as Next Stage and realize this, we have positioned it as a medium-term management plan to establish and strengthen business foundation, with the subtitle "Set for Next Stage."
- To explain a little more about this Next Stage, while we has grown to the 100 billion yen level of profit and total equity has grown to a level approaching 1 trillion yen, the next target is to double our corporate value.
- The key message to achieve this is the realization of "Sojitz Growth Story."
- In order to continue realizing "Sojitz Growth Story," we will actively invest in base of our growth and humancapital , andreinforce them.

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.



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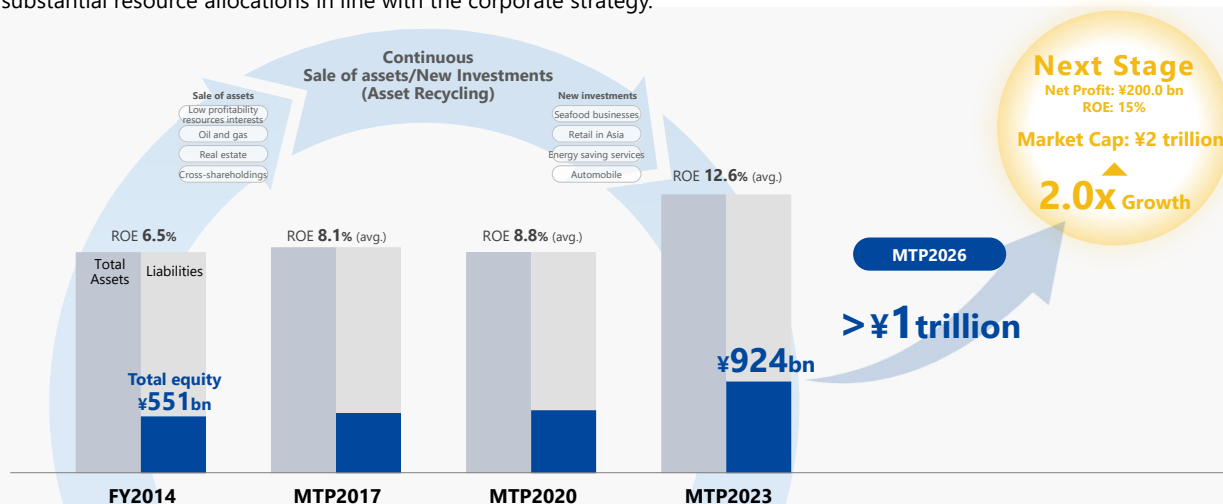
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- This slide shows the transition of profitability toward the Next Stage from 2015 onwards in terms of net profit and core operating CF.
- Although there was a decline in FY2020 due to the impact of COVID-19, profitability and cash generation capacity have steadily increased. During MTP2023 we have invested significantly more than planned at approximately 450 billion yen in three years.
- Through ingenuity in each period and phase, we have continued to refine Sojitz's unique functions and added value, and as a result, we have been able to steadily earn 100 billion yen as a result of acquiring the patterns of Sojitz's growth.
- Using this as a jumping-off point for our next growth, we aim to achieve net profit of ¥200 billion, ROE of 15%, market capitalization of 2 trillion yen, and double our corporate value.

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.



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- On our balance sheet, we have continuously replaced assets and made new investments while maintaining the health of financial base.
- In addition, as a result of our steady accumulation of revenue, our total equity increased significantly from 550 billion yen at the end of fiscal 2014 to about 920 billion yen at the end of this fiscal year.
- Through these initiatives, we have been able to improve our profitability, with ROE approximately double that of 10 years ago, without significantly increasing our total assets.
- Going forward, we will continue to replace assets without exceptions and improve profitability, while achieving over 1 trillion yen in total equity. In addition, we will increase strategic options for new investments, such as aggressive growth investments with scale.
- In addition to nurturing and reaping the seeds of the leap that we have sown up to previous MTP2023 and further improving the profitability, bold resource allocation is also an option, and we will boldly execute our moves toward growth to form an attractive business group unique to Sojitz as Katamari (clusters), raise expectations from the market,

and double our market capitalization to 2 trillion yen.

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**

- Next, the quantitative targets for MTP2026. We have updated some of the basic policies announced in November last year, so I will focus on those.

(Investment and Financial Discipline)

- With regard to investment and financial discipline, we will make new investments of more than 600 billion yen under the same disciplined cash management policy. 100 billion yen more than the outline announced last November.

(Revenue target (3 year average))

- With regard to revenue target, the average over the 3 years of the midterm period is over 12% ROE and 120 billion yen in net income.
- Again, starting from 100 billion yen, this is the perspective that we set while aiming for the 200 billion yen revenue level, which is the target of the Next Stage.

(Shareholder Return)

- As for shareholder return, in accordance with the cash flow allocation policy, which will be explained later, approximately 30% of core operating cash flow will be allocated to shareholder return over the three years.
- Among shareholder returns, the dividend policy is to pay a progressive dividend of 4.5% to shareholder equity DOE, as outlined in the outline announced last November.

- We also plan to implement share repurchase flexibly under our cash flow allocation policy.
- By achieving these quantitative targets, we hope to achieve an average EPS of 430 yen during previous MTP2023 period to 570 yen during the current MTP. In this case, the average EPS growth rate will be 10% annualized.

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

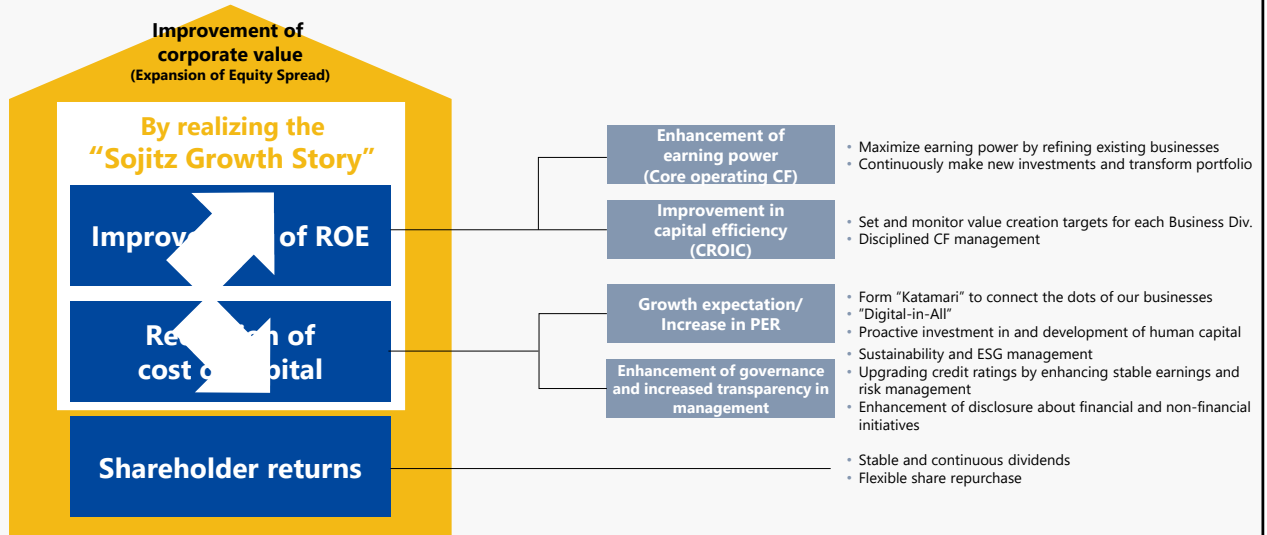
- Then, how will we achieve these quantitative targets by realizing Sojitz Growth Story? Here is our basic policy.
- In order to realize Sojitz Growth Story, it is essential to further refine our uniqueness and strengths, and to thoroughly focus on competitive advantage. In order to do so, we will strengthen our growth foundation and the attractiveness of human capital.
- The first point is about our growth foundation. We will refine our existing businesses and improve our earning power. Then, by connecting and multiplying the "dots" that are unique to general trading companies, we will form the "Katamari (cluster)" of our business.
- As the second point, we will strengthen the "human capital" that are we's greatest weapon and capital. In order to realize the next growth, we will actively invest in strengthening the attractiveness that secures that growth and enhance our business creation and management capabilities.
- In addition, we will make digital indispensable for accelerating value creation, and we will thoroughly implement "Digital in All," which utilizes digital in both

- business and human resources and earns profit digitally.
- In addition, we will further promote sustainability management and ESG as the foundation of our basic premise to support value creation.
 - As a result, the basic policy for Next Stage is to create a number of "Sojitz Growth Story."

Improvement of Corporate Value



- 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.



- In MTP2026, we are committed to a ongoing improvement of corporate value. In particular, in MTP2026, we are striving to improve our market growth expectations and PER by realizing Sojitz Growth Story.
- As shown on this page, we will improve ROE by expanding our earning power and improving capital efficiency, improve our growth expectations and PER , strengthen governance and improve management transparency to reduce cost of capital. In addition, we will always make PBR 1 times to improve our corporate value by a steady shareholders return.

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 mission of "Delivering goods and services where there is a need" is not something new, but has remained consistent since the days of our original company, which was founded more than 100 years ago.
- With time, necessary goods and services change. Nevertheless, in order to continue to realize our mission, our predecessors have been constantly predicting the future, changing themselves and creating new paths and values in various fields and regions and in various forms of business.
- This is a demonstration of the "DNA of business creation" that we have as the foundation and starting point of we, which is still 20 years old.

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.

