



IR Meeting Materials

**Financial Results
for the Year Ended March 31, 2022**

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

**August, 2022
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 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.

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.

Sojitz Corporate Statement



Masayoshi Fujimoto
Representative Director,
President and CEO

Sojitz Group Statement

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

Sojitz Group Slogan

New way, New value

Sojitz Guiding Principles

The Sojitz Group aims to create value for our stakeholders by aligning our strong, capable individuals under the following 5 principles:

1. **Trust:** Build enduring trust.
2. **Innovation:** Innovate with foresight.
3. **Speed:** Strive for speed.
4. **Challenge:** Take calculated risks.
5. **Perseverance:** Persevere until successful.

FY2021 Summary of Operating

★Accomplished highest profit for the year since Sojitz established

Profit for the year	¥82.3 bn	<ul style="list-style-type: none"> Increased significantly to ¥82.3 bn due to rise in coal prices and strong non-resource businesses
Core operating CF	¥128.7 bn	<ul style="list-style-type: none"> Recovery of automotive and chemicals from COVID-19 pandemic and contribution from steady market conditions
NET DER (Times)	1.1 x	<ul style="list-style-type: none"> Accelerating investment, while maintaining disciplined financial foundation
Investment Results	¥150.0 bn	<ul style="list-style-type: none"> Invested ¥150.0 bn out of ¥330.0 bn (MTP2023)
ROE, ROA	ROE 12.2% ROA 3.3%	<ul style="list-style-type: none"> Targeting ROE of more than 10% (avg.) through MTP2023 and ROA of more than 3% in the final year of MTP2023
Share price	+29% UP	<ul style="list-style-type: none"> FY21's high* ¥2,102 *Closing price FY21's closing* ¥2,017 *As of the end of Mar. 2022
PBR	0.64 x	<ul style="list-style-type: none"> Targeting PBR of 1.0x or above through MTP2023 and improving our corporate value
Shareholder Returns	Annual Dividend ¥106 Compared to previous year ¥56 UP	<ul style="list-style-type: none"> Consolidated payout ratio of 30.1% Interim dividend of ¥45, year-end dividend of ¥56 * The Company conducted a five-for-one share consolidation of common shares of stock effective October 1, 2021.

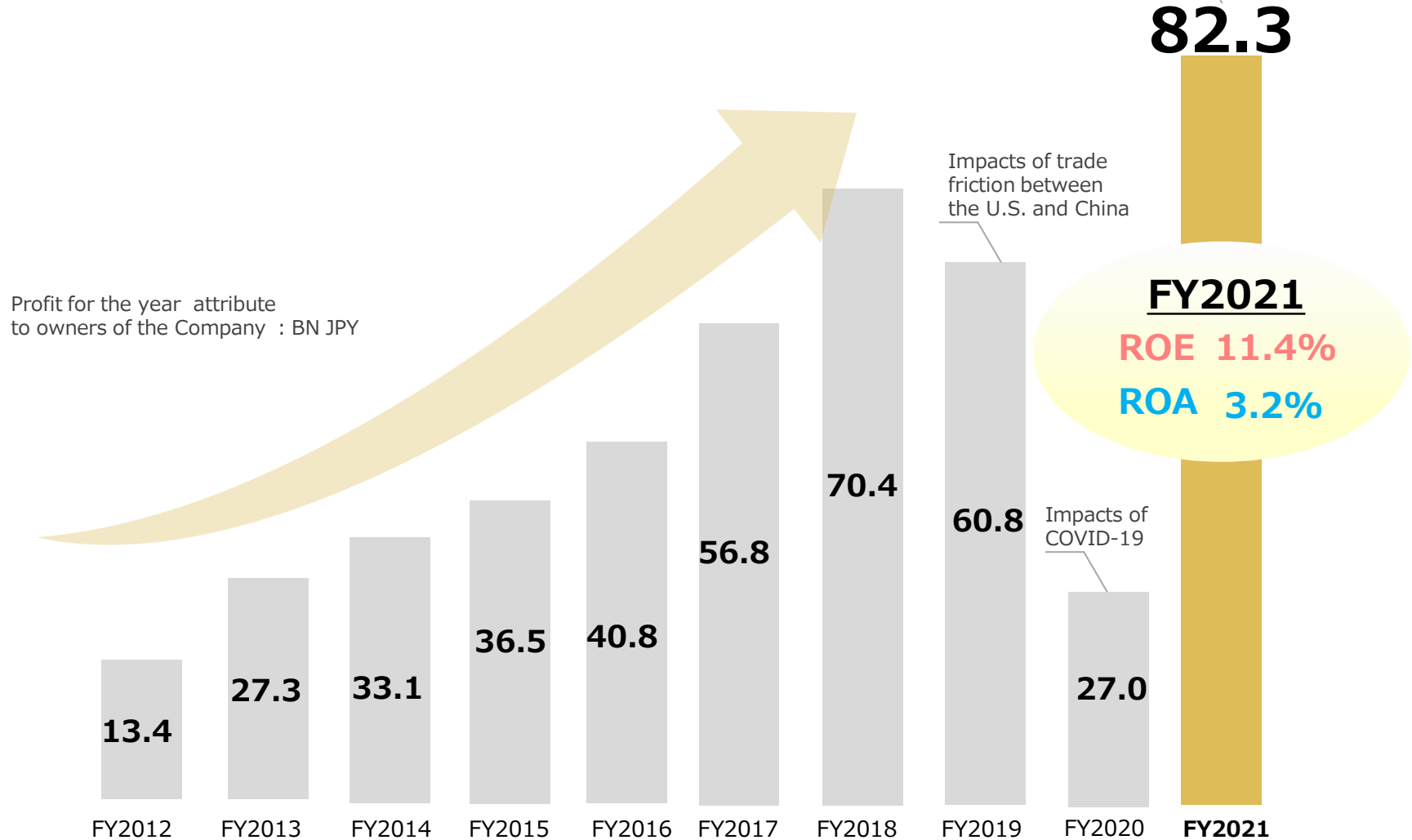
FY2022 Forecast

Profit for the year	¥85.0 bn	ROE	11.4 %	Shareholder Returns
Core operating CF	¥113.0 bn	ROA	3.2 %	¥112 Annual dividend forecast
NET DER (Times)	1.1 x	Forecast of Investment amount	¥150.0 bn	

Performance

- Accomplished **highest profit for the year** in FY21 since Sojitz established despite of external environment impacts

Accomplished **highest profit for the year** since Sojitz was established



Our Business – by Division

Automotive



¥7.1 bn

FY2021 Profit for the year

Aerospace & Transportation PJ



¥4.7 bn

FY2021 Profit for the year

Infrastructure & Healthcare



¥6.6 bn

FY2021 Profit for the year

Metals, Mineral Resources & Recycling



¥34.1 bn

FY2021 Profit for the year

Chemicals



¥12.6 bn

FY2021 Profit for the year

Consumer Industry & Agriculture Business



¥6.4 bn

FY2021 Profit for the year

Retail & Consumer Service



¥5.0 bn

FY2021 Profit for the year

Strengths of Division - Highlights

Track record of auto sales spanning

Over **40** years



Locally based sales and marketing force

Global Partnership with **BOEING**

Experience in the aircraft sales business with more than

970 aircraft sold



No.1 Share in Japan

Growth Capability

600% increase in power generation asset



Projected power generation portfolio in the FY2022, compared with FY2012



Top class
in compound chemical fertilizers in Thailand, Philippines, Vietnam

Co-Creation

Acceleration of Co-Creation and sharing in Pursuit of Competitiveness and **Growth**

Sole
general trading company with expertise in coal mine operation



in Australia

Stable earnings
from **Metal One**



One of the world's largest integrated steel trading companies



Top class position
in market for **U.S. beef** imports to Japan



Chemical trading
Customer base of



over **5,000** companies

FY2021 Summary

- Profit for the year increased significantly compared with previous year to ¥82.3 bn in reflection of strong coal prices and steady progress seen in non-resource business
- Strong core operating CF, generating profit with cash
- Provision recorded for thermal coal assets to preemptively address potential future stranded asset risks as part of decarbonization initiatives

	FY20	FY21	Difference
Profit for the year	¥27.0bn	¥82.3bn	+¥55.3bn
Core operating CF	60.2	128.7	+¥68.5bn
ROE	4.5%	12.2%	+7.7%
ROA	1.2%	3.3%	+2.1%
EPS	¥112.5	¥352.6	+¥240 UP
BPS	¥2,581.6	¥3,153.9	+¥572 UP
Dividends	¥50	¥106	+¥56 UP
Total equity	619.0	728.0	+¥109.0bn
NET DER	1.0x	1.1x	+0.1X
Investment	¥96.0bn	¥150.0bn	+¥54.0bn

Cash Flow Management

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

	MTP 2020 3-Year (Aggregate) (FY18–FY20)	FY21	MTP2023 3-Year Target (Aggregate) (FY21–FY23)
Core operating cash flow	¥219.0 bn	¥129.0 bn	Approx. ¥240.0 - ¥250.0 bn
Asset Replacement (Investment recovery)	¥170.0 bn	¥62.0 bn	Approx. ¥100.0 bn
New investments and others	¥(262.0) bn	¥(148.5) bn	Approx. ¥(330.0) bn
Shareholder Returns (*1)	¥(71.0) bn	¥(32.0) bn	Approx. ¥(70.0) bn
Core cash flow	¥56.0 bn	¥10.5 bn	Positive (MTP2020 and MTP2023 6-year period)
Free cash flow	¥108.0 bn	¥(74.0) bn	

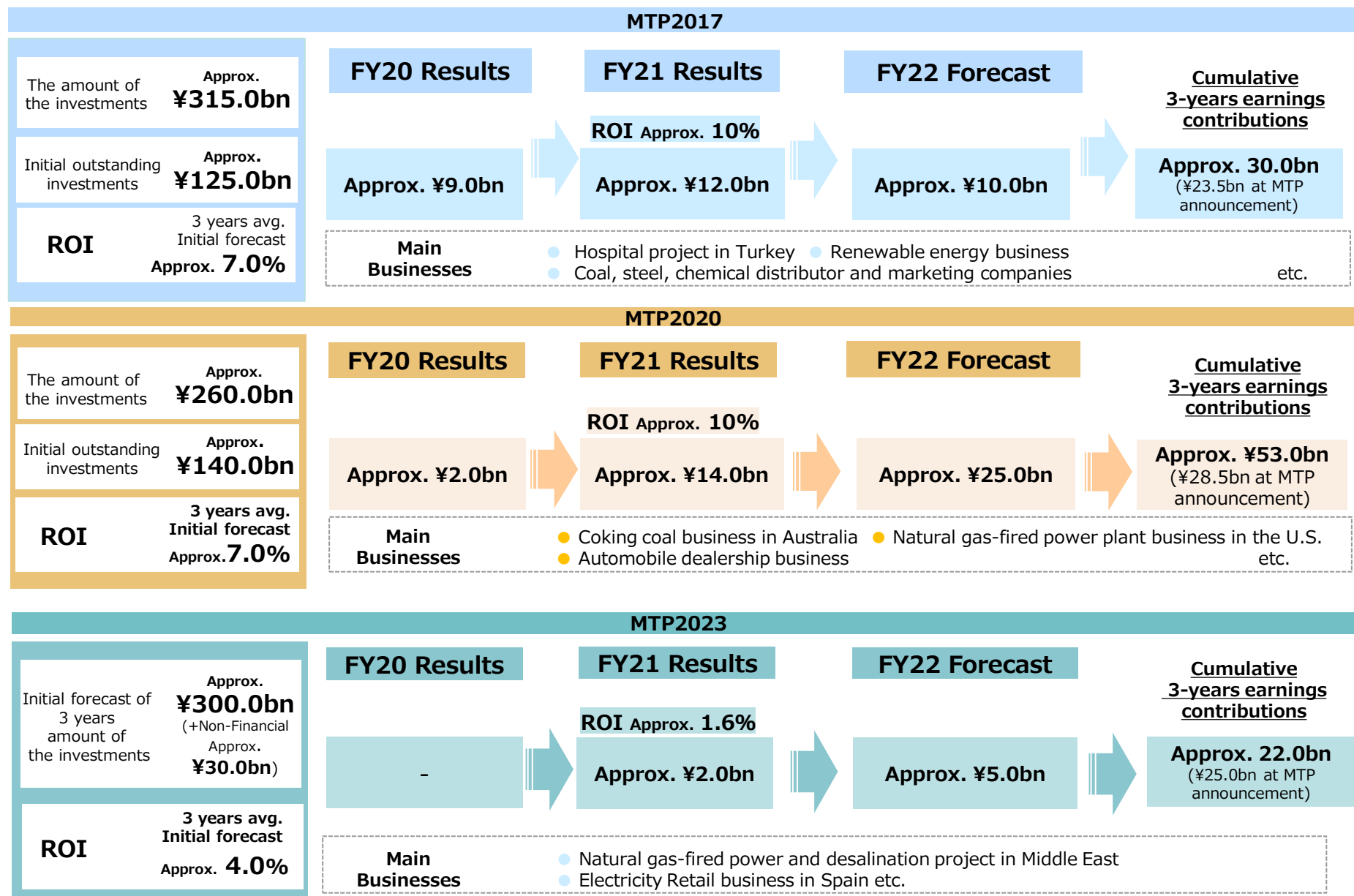
*1 Includes acquisitions of treasury stock

Investment for Growth Strategy · Focus areas

Focus area under MTP2023	Investment in FY2021	Major cases
<p>Current steady growth</p> <p>Infrastructure & Healthcare</p> <p>Essential infrastructure development and service provision as a social issue</p>	<p>¥70.0bn</p>	<ul style="list-style-type: none"> ■ ESCOs in the U.S. (Energy Conservation Business) ■ Natural gas-fired power and desalination project in Middle East ■ Gas retail business in Nigeria, Africa ■ Electricity retail in Spain, Europe ■ Solar power business in Australia ■ Hospital PJ in Australia ■ Telecommunications tower business in Philippine ■ Office building development PJ in Philippine
<p>Capture growth from a growing market</p> <p>Growth market × Market-oriented initiative</p> <p>Strengthening efforts in retail areas in growth market such as ASEAN and India</p>	<p>¥62.0bn</p>	<ul style="list-style-type: none"> ■ Acquires full ownership of the Marine Foods * ■ Collaborate with Vinamilk, a major company in Vietnam (Established a sales Company for Beef Products) ■ Initiatives with Royal Holdings ■ Tender offer for shares of JALUX ■ Established new joint venture in rental residential value add business with Goldman Sachs <p>* Marine Foods ... Aquaculture food product manufacturing, processing, and sales business operator Marine Foods</p>
<p>Reformation of conventional business model</p> <p>Materials & Circular economy</p> <p>Deepening the 3R (Reduce, Reuse, Recycle) businesses</p>	<p>—</p>	<ul style="list-style-type: none"> ■ Agreement reached to establish joint venture with Braskem in Brazil for purpose of creating plastic materials entirely from biomass ■ Development of competitive businesses matched to social needs in conjunction with chemical recycling initiatives in Japan

※No investment in FY21

Investment Progress – MTP2017, MTP2020, and MTP2023



Sustainability Challenge (Decarbonization, Supply Chains Human Rights)

Progress of Climate Change initiatives

- Focus on **measurement and tracking** of Scope 1 and 2 emissions while positioning the first year of medium-term management plan as phase for implementing sustainability measures
- Commencement of discussions for addressing **Scope 4 emissions (avoided emissions)** to capitalize on opportunities while developing understanding of and responding to carbon credits, Scope 3 emissions, and other new standards

Reduction	Scope1,2	: Response to pressure to reduce Company CO₂ emissions and fulfilment of obligation for contributing to decarbonization
Risks	Scope 3	: Assessment of dependence on industries subject to high stress for reducing CO₂ emissions
Chance	Scope 4	: Avoided emissions

Progress of Greenhouse Gas Emissions Reduction Initiatives

Sojitz's business	Supply Chain									SCOPE4
	Category 1	2	3	4 and 9	10	11	12	15	5,6,7,8,13,14	
	Purchased Goods and Services	Capital Goods	Not included in Scope1+2	Upstream and Downstream Transportation	Processing of Sold Products	Use of Sold Products	End-of-life Treatment of Sold Products	Investments (Mainly equity)	Waste, Leased assets, Business travel, Commuting, and Franchises	Substitute article and Opportunity
Coal Generation of electricity	Coal Mining <i>Thermal coal interests</i>	Manufacture of heavy machinery for mining	Procurement of fuel for coal mine use	Transportation	-	Coal-fired power plants <i>None</i>	-	Coal interests <i>Thermal coal interests</i>	A few	<i>Gas-fired power generation and renewable resource power generation projects</i>
	Oil drilling	Manufacture of oil fields and power plants	Procurement of fuel for oil fields and power plants	Transportation	-	Oil and gas-fired power plants <i>Power plants</i>	-	Power plant interests <i>Power plants</i>	A few	<i>Energy conservation service business and renewable resource power generation projects</i>
<Risks>		Pressure to abolish and cut coal-fired power generation								
<Opportunities>		Renewable energy business/ Gas-fired power generation and energy conservation service business which can be substitution during transition term								

Supply Chains Human Rights

- **Identification of issues** and **development of PDCA cycle** for **risk assessment** through risk management **discussions** with group companies in response to rising international pressure to address human rights issues

<Human rights framework as defined by the UN Guiding Principles on Business and Human Rights>



Sustainability Challenge

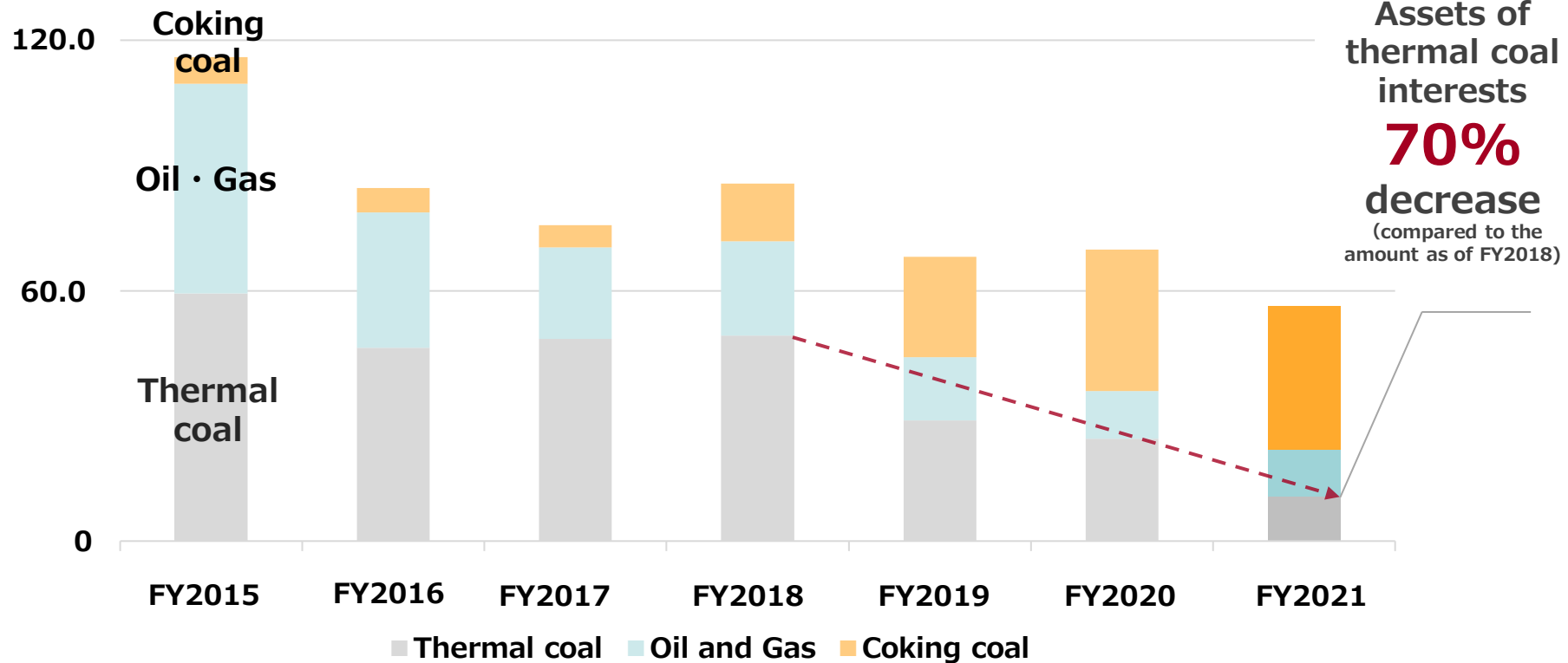
Decarbonization initiatives

Results in reductions of Coal, Oil, and Gas Assets - Interest assets

- Based on book value
- BN JPY

Decarbonization Target to achieve net-zero emissions

- Scope1** Reduce emissions 60% by 2030; achieve net-zero emissions by 2050
- Scope2** Net-zero emissions by 2030
- Scope3**
 - Thermal coal interests : Reduce interests to half or less by 2025, Zero interests by 2030
 - Oil interests : Zero interests by 2030
 - Coking coal interests : Zero interests by 2050



FY2022 Financial Targets

- Target of record-breaking earnings incorporating impacts of rising costs and inflation due to higher USD interest rates and other causes of opaqueness

Business Performance

Gross Profit	¥300.0bn
SG&A Expenses	¥(210.0)bn
Share of profit (loss) of investments accounted for using the equity method	¥35.0bn
Profit before tax	¥120.0bn
Profit for the year attributable to owners of the Company	¥85.0bn
Consolidated Total Assets	¥2,700.0bn
Total Equity *1	¥760.0bn
ROE	11.4%
Net Debt/Equity Ratio	1.1x

Business Divisions

(BN JPY)

■ Automotive	6.0
■ Aerospace & Transportation Project	4.5
■ Infrastructure & Healthcare	9.0
■ Metals, Mineral Resources & Recycling	51.0
■ Chemicals	12.5
■ Consumer Industry & Agriculture Business	3.0
■ Retail & Consumer Service	5.0
■ Others *2	(6.0)

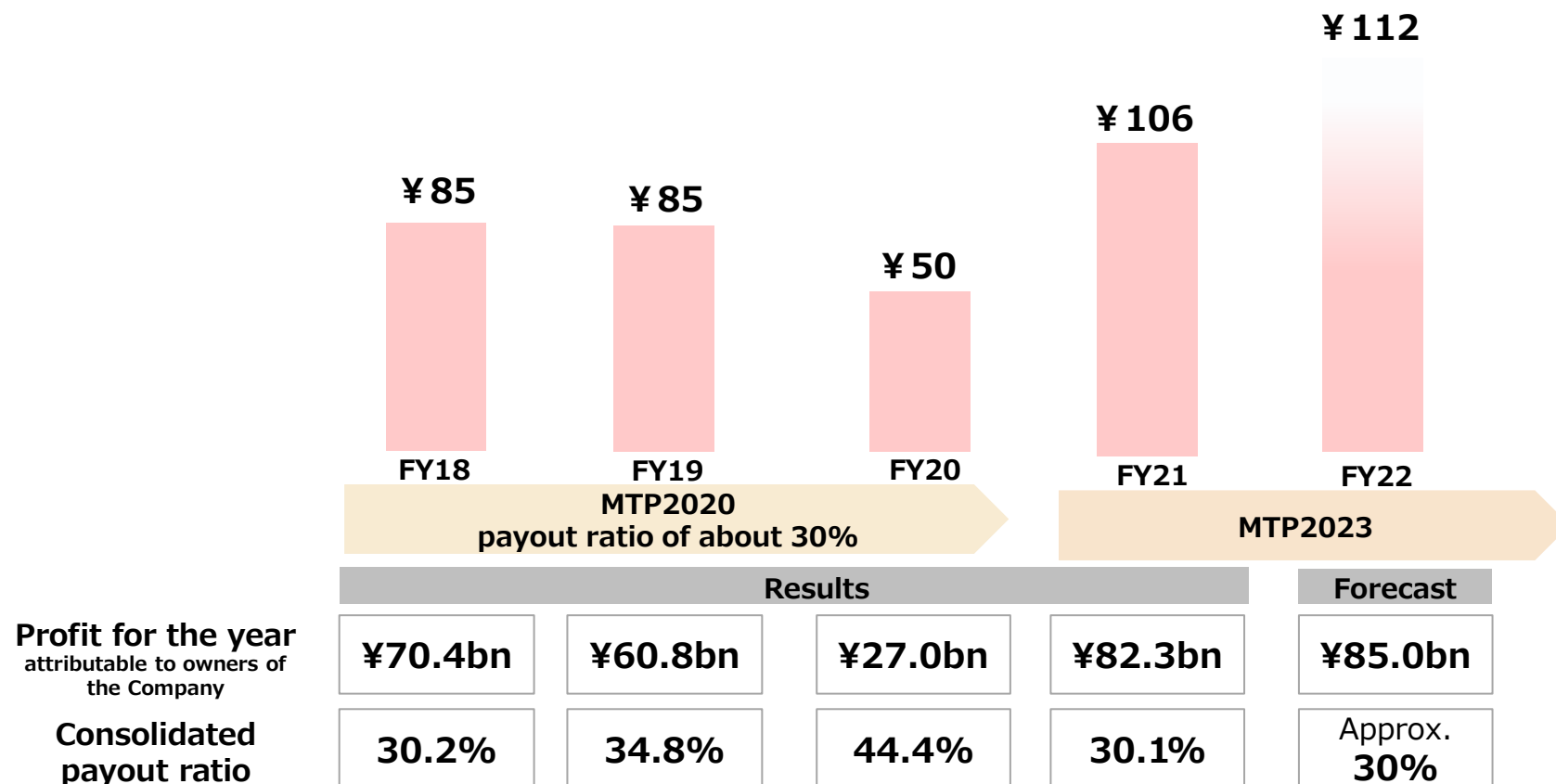
Initial assumption : exchange rate (annual average ¥/US\$) 115

*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.)

Dividends Policy

- Sojitz recognizes that paying stable and continuous dividends is a management priority, together with enhancing shareholder value through the accumulation and effective use of retained earnings.
- Our basic policy is 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



Note1: The Company conducted a five-for-one share consolidation of common shares of stock effective October 1, 2021.

The year-end dividend figures for FY15 to FY20 and the interim dividend figures for FY21 have been restated to reflect the share consolidation.

Note2: Annual dividend payments of ¥106 per share, along with a market price-based dividend on equity of 6.1% surpassing the defined minimum level of 4%.