

Division Business Reports

Messages by Division Leaders

Ongoing Self-Transformation for Bolstering Competitiveness and Growth

Sojitz posted its highest earnings figures since its inception in the year ended March 31, 2022, the first year of Medium-Term Management Plan 2023.

Global conditions are presenting a growing feeling of uncertainty, and the impact on business is increasing from contemporary megatrends like the rapid move toward digitalization and the rising awareness regarding environmental, social, and governance (ESG) issues.

In the face of such volatility, it is crucial for Sojitz to undergo ongoing self-transformation based on a constant focus on future opportunities and risks.

It is for this reason that we will continue collaborating proactively with partners inside and outside of business divisions while cultivating new business and human capital that responds to market needs and social issues. This approach will be taken toward bolstering competitiveness and creating new value.

On the following pages, you will find messages from the COOs responsible for leading growth strategies for the business divisions that make up Sojitz’s business portfolio.

Aerospace & Transportation Project Division

For aviation-related businesses, the year ended March 31, 2022, proved to be a challenging year as the COVID-19 pandemic continued to have a heavy impact on the aerospace market. Regardless, our marine vessel operations achieved impressive performance as the shipping industry enjoyed the most favorable environment seen for about 10 years. This impressive performance helped the Aerospace & Transportation Project Division achieve its overall targets. In the year ending March 31, 2023, the second year of Medium-Term Management Plan 2023, we will continue to march forward with the strategies that the plan lays out for the division. With this as the basis for our activities, we will fully capitalize on the competitiveness of Sojitz and act with an emphasis on the Companywide priorities of advancing market-oriented initiatives and collaborating proactively with internal and external partners. We thereby aim to advance concrete initiatives based on the priorities of Sojitz Aerospace Corporation and of other operating departments.

The Aerospace & Transportation Project Division features a diverse staff comprising a large number of mid-career hires and individuals who transferred from other divisions. I am confident that this staff will make it possible for us to create new businesses and adopt new methods of approaching markets through collaboration and competition based on unrestrained ideas. Though we may face a challenging operating environment, we remain committed to building solid earnings foundations that will support the Company during the period of the next medium-term management plan.



Tatsuhiko Niitaka
Executive Officer, COO
Aerospace & Transportation Project Division

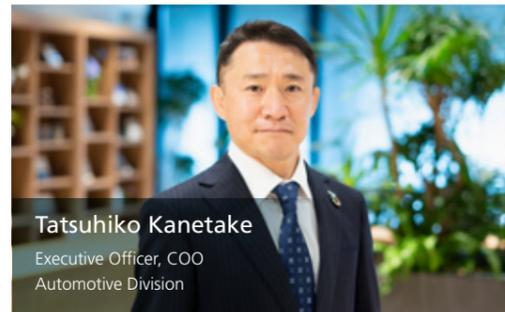
PROFILE

Born in Mie Prefecture, Tatsuhiko Niitaka joined Sojitz in 1989 and was first positioned in the Aviation System Section of the Aerospace Project Department. He later earned his Master of Business Administration in Phoenix in the U.S. state of Arizona, after which he was stationed in Amsterdam in the Netherlands. His motto is “little strokes fell great oaks.”

Goal in Second Year of Medium-Term Management Plan 2023
We would like to create unique new businesses in the aerospace, transportation, and marine vessel fields that will shape the future of Sojitz.

Automotive Division

The Automotive Division set a new record for profit for the year in the year ended March 31, 2022, regardless of the impacts of certain temporary factors. This feat was accomplished due to our constant trial and error, ingenuity, teamwork, and firm commitment to results. For example, in the Automotive Division’s mainstay automobile wholesale operations in emerging countries, we enacted drastic structural reforms to transform our business structure to ensure that we can take advantage of favorable conditions while also being resilient to the downturns that can result from unfavorable conditions. We also received high evaluations for our ability to early begin generating earnings from new businesses being developed in areas where we boast expertise, including retail sales and financial services. These operations were deemed to be highly reproducible and likely to achieve successes, features that have become characteristic strengths of the Automotive Division. Our growth strategies are founded on the keywords of “functions,” “distinctiveness,” and “transformation.” By strengthening our functions in relation to sales, financial services, and digital technologies, we look to develop distinctive businesses that set us apart from competitors. At the same time, we will continue to transform our operations in order to guarantee that we can become the division that we envision. I promise to make the right decisions, to have fun doing so, and to carry through based on a sense of conviction.



Tatsuhiko Kanetake
Executive Officer, COO
Automotive Division

PROFILE

Born in Gifu Prefecture, Tatsuhiko Kanetake joined Sojitz in 1993, initially being positioned in the Foreign Exchange Department. He was later stationed in the United States, where he was responsible for the operation and acquisition of, as well as the withdrawal from, automotive businesses in the Americas. His motto is “miracles out of the locked-up.”

Goal in Second Year of Medium-Term Management Plan 2023
Regardless of our targets for the year ending March 31, 2023, I will aspire to once again deliver higher performance while also continuing to seek means of robust future growth.

Infrastructure & Healthcare Division

The Infrastructure & Healthcare Division was able to get off to a strong start in the first year of Medium-Term Management Plan 2023 by conducting growth investments ahead of schedule, thereby putting us in a good position to accomplish the targets for the plan’s final year and to continue growth thereafter. However, we failed to accomplish our target for profit for the year because of a loss recorded in the business of an investee in response to the political climate in Myanmar. Other deficiencies in performance were seen in indicators of asset and capital efficiency, namely return on assets (ROA) and cash return on invested capital (CROIC), as we fell below the Companywide targets in this regard. In addition, the high level of volatility seen in the operating environment makes it clear that there is a need for us to embark on new initiatives if we are to accomplish the targets of the medium-term management plan. In this environment, we will seek to swiftly generate earnings from projects already underway while also concentrating resources on businesses expected to grow and accelerating the creation of new businesses. We will also ramp up our plans for withdrawing from existing businesses and prepare multiple contingency plans for any unforeseen events.

It is only natural for one to be tempted to take the easier path. This is why it is important to guide oneself based on a calm, objective, and big-picture perspective while acting as a member of a team or organization. It is through this approach that we fulfill our roles and duties, earn trust, and create results. With such dedication, we will work to build an organization in which everyone can achieve their own personal goals.



Takefumi Nishikawa
Executive Officer, COO
Infrastructure & Healthcare Division

PROFILE

Born in Hiroshima Prefecture, Takefumi Nishikawa became a member of Sojitz in 1995, at which time he was appointed to the Infrastructure Project Department. He later had the opportunity to gain experience in London. His motto is “always fulfill your responsibilities and take the initiative to set a good example.”

Goal in Second Year of Medium-Term Management Plan 2023
I plan to drive transformation and growth.

Metals, Mineral Resources & Recycling Division

The Metals, Mineral Resources & Recycling Division achieved massive year-on-year increases in earnings in the year ended March 31, 2022. These increases were due in part to higher profits at Metal One Corporation, a result of the recovery of the steel business. In addition, the Gregory Crinum coal mine, where we acquired a 100% stake under the previous medium-term management plan, generated large investment returns thanks to improved market conditions. Meanwhile, we moved forward with the business portfolio reforms prescribed by the current medium-term management plan through the sale of Coral Bay Nickel Corporation and other asset restructuring measures. We still have a ways to go in enacting our policy of creating a third business pillar to stand along our upstream coal interest and steel product businesses. Still, we are making steady progress, and I expect that, during the year ending March 31, 2023, we will be able to take part in new projects that will support future growth.

The year ending March 31, 2023, began with high resource prices, but the operating environment quickly grew opaque due to an economic recession sparked by inflation and rising interest rates, the ongoing Russia-Ukraine situation, and fluctuations in resource prices. We therefore expect to face an incredibly challenging operating environment during this year. Nevertheless, I hope to make this year a time of swift action for advancing the strategies of the medium-term management plan. Specific actions will be directed toward rapidly developing businesses in new fields related to circular economies, rechargeable batteries, and new materials.



Osamu Matsuura
Executive Officer, COO
Metals, Mineral Resources & Recycling Division

PROFILE

Born in Nara Prefecture, Osamu Matsuura entered the Company's Industrial Minerals Division in 1989. He has experience working in South Korea as well as in human resource and secretariat departments. His motto is "give everything your all."

Goal in Second Year of Medium-Term Management Plan 2023
I hope to make the year ending March 31, 2023, a year of swift action in which everyone in the Metals, Mineral Resources & Recycling Division unites to advance the strategies defined in the medium-term management plan.

Chemicals Division

The Chemicals Division posted record-breaking profit for the year of ¥12.6 billion in the year ended March 31, 2022, thanks to the favorable conditions witnessed even amid the COVID-19 pandemic, shipping container and semiconductor shortages, and various other sources of uncertainty. In the year ending March 31, 2023, the second year of Medium-Term Management Plan 2023, we will accelerate efforts for transforming earning structures and securing business profits in a sustainable manner. As one facet of these efforts, the division has introduced a cross-organizational project team system. This system entails advancing projects by sharing resources, insights, and strategic perspectives among various operating departments and other organizations, implementing market-oriented initiatives, and striving for speed. We also aim to provide team members with opportunities to act and grow and to hone the foresight and concept planning capabilities of management. In addition, the dissolution of controller offices made it possible for the division to take part in the projects of operating departments and project teams from the early stages in order to ensure consistency among strategies across the division. In our overseas operations, meanwhile, we took steps to optimize solvadis deutschland gmbh and other frameworks in Europe while reorganizing structures in South China, where the division holds important commercial rights. We also redefined our strategic focuses in Asia to promote and strengthen sustainable businesses.



Kosuke Uemura
Executive Officer, COO
Chemicals Division

PROFILE

Born in Hyogo Prefecture, Kosuke Uemura joined Sojitz and was appointed to Energy & Chemical Plant Department 1 in 1993. After obtaining a Master of Business Administration, he filled positions including vice president of a U.S. oil and gas development company and head of the Americas energy and metal resource division. His motto is "lead by example."

Goal in Second Year of Medium-Term Management Plan 2023
I will continue to promote human resource development and accelerate business investment in order to augment our capacity for sustainable growth.

Consumer Industry & Agriculture Business Division

Earnings were up year on year in the Consumer Industry & Agriculture Business Division in the year ended March 31, 2022, despite the impacts of high resource prices in fertilizer businesses, due to a rise in market prices for import plywood. We are positioning the year ending March 31, 2023, as a year of extreme importance to our growth over the next decade. As we seek to build the foundation for the next decade, the division will approach essential businesses, those without which we cannot sustain our current lifestyles, as its main target.

The world is currently divided, in a seemingly irrevocable manner, due to the changes in lifestyles brought about by the COVID-19 pandemic and Russia's invasion of Ukraine. This situation has caused countries around the world to place increased emphasis on economic security, particularly with regard to food and energy. As such, securing reliable production and supply capabilities is a pressing task. Even amid this upheaval, the Consumer Industry & Agriculture Business Division will continue to move ahead with its prior efforts to bolster production and sales in its fertilizer, food, lifestyle, and housing businesses. At the same time, we aim to cultivate a new business pillar in the form of operations that produce and supply renewable energy from primary industries in a reliable manner. These operations are especially pertinent given their contributions to decarbonization and local economic development.

Moreover, we seek to play a central role in the production and stable supply of food and biomass products in areas centered on Japan and Southeast Asia. As we boost our business competitiveness through this process, we will also endeavor to address social issues, in part by generating employment opportunities in the respective regions.



Yuji Yuasa
Executive Officer, COO
Consumer Industry & Agriculture Business Division

PROFILE

Born in Kagawa Prefecture, Yuji Yuasa joined the Company and was assigned to the Plastics & Textile Machinery Department in 1991. Over the years, he has been involved in machinery trading in fields including textiles, chemicals, food products, precision machinery, and healthcare. After being stationed in Germany, Yuasa went on to start up solar power generation businesses in Japan and overseas. His motto is "fate is unpredictable and changeable, do your best."

Goal in Second Year of Medium-Term Management Plan 2023
I will strive to maintain an accurate understanding of operating environment changes in order to align everyone in the Consumer Industry & Agriculture Business Division along the same vector as we continue to tackle challenges with a sense of speed.

Retail & Consumer Service Division

In the year ended March 31, 2022, the COVID-19 pandemic persisted around the world and continued to create difficult conditions in the numerous businesses of the Retail & Consumer Service Division that have connections with consumers. Nevertheless, I recognize that we cannot continue to use the pandemic as an excuse. Rather, we must aspire to transform this change into an opportunity to steadily grow our business by refining business models founded on consumers and users. The division conducted a number of large-scale business investments during the year ended March 31, 2022. These investments included a capital and business alliance with Royal Holdings Co., Ltd., which allowed us to explore retail fields; a livestock business in Vietnam through a joint venture established with Vietnam Livestock Corporation JSC; a tender offer for shares of JALUX Inc.; and the acquisition of full ownership of The Marine Foods Corporation. We also announced plans to jointly establish a new company for the purpose of raising the value of residential properties in Japan together with Goldman Sachs. Going forward, we will accelerate efforts to build a quality portfolio of business assets while drastically reforming our operations through means such as withdrawing from businesses that lack sufficient earnings capacity, viability, or functions. Speed and time will be constant areas of focus when formulating action plans for accomplishing our targets. A strongly entrenched PDCA cycle will be imperative for ensuring the effective implementation of these action plans. With these goals in mind, I will act with a strong sense of personal commitment to guarantee that the division can achieve the targets put forth in the medium-term management plan.



Hiroto Murai
Managing Executive Officer, COO
Retail & Consumer Service Division

PROFILE

Born in Kyoto Prefecture, Hiroto Murai joined Sojitz and was assigned to the Osaka Energy & Chemical Plant Department in 1989. His experience also includes heading up the Corporate Planning Department and the Automotive Division. He seeks to manage the division with a strong emphasis on ambition, speed, and a future-oriented mindset.

Goal in Second Year of Medium-Term Management Plan 2023
I will work to enhance our retail digital transformation, marketing, and other functions and to deploy these functions to areas peripheral to our business domain of lifestyle essential for consumers. Another focus will be swift and bold investments in businesses expected to achieve earnings growth in order to create clusters of revenue-generating businesses during the period of the medium-term management plan.