

# Endless Quest to Forge New Paths and Create New Value

Since its founding, Sojitz has continued to enact a cycle of value creation based on its mission as a general trading company: delivering goods and services where necessary. Each business we develop helps us forge new and deeper connections with customers and partners and thereby creates opportunities for future businesses. We seek to seize upon these opportunities with the functions we acquire, the networks we build, and the people we foster through this process. This cycle drives the ongoing growth of Sojitz. No matter how the times may change, there will be no change to Sojitz’s mission as a general trading company. We will not simply respond passively to the changing times. Rather, we will actively transform ourselves while constantly creating new businesses to contribute to a more prosperous future. In this report, we will examine the DNA of creating new value through constant self-transformation that is entrenched within Sojitz, as indicated in the Sojitz Group slogan of “New way, New value.”

**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*

The Sojitz Group slogan of “New way, New value” encapsulates the commitment of every employee to create new value for society based on fresh ideas that are not bound by prior conventions. We go about creating this value by leveraging all of our tangible and intangible strengths, including our history, people, and network. In our diverse businesses, which we develop in a wide range of fields, employees with specialized expertise constantly tackle new challenges to explore “New ways” and to thereby improve corporate value by creating “New value.” This is the essence of our slogan of “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 five 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. |

**Reason for Focus of “New way, New value”**

The Sojitz Group slogan of “New way, New value” represents a transcendental value embraced by the Sojitz Group. In today’s era of increasingly dynamic and rapid changes, we believe that providing investors, shareholders, and all other stakeholders with an in-depth examination of this transcendental value will cast light on new possibilities for our future and help guide us down the best path.



DNA of business creation traceable back to more than a century

# Sojitz’s Roots

**Nichimen**

Japan Cotton Trading Co., Ltd., the predecessor of Nichimen, was established with the goal of procuring raw cotton through exclusive channels to contribute to the textile industry, which would later grow into Japan's largest industry. This company went on to expand into overseas markets to better procure cotton and export cotton products. Later, the company would branch out to take part in power plant, power line, and other infrastructure businesses as well as chemical and food businesses in India and Burma (present day Myanmar), where it has cotton procurement bases. In 1964, Japan Cotton Trading founded Orient Leasing Co., Ltd. (currently ORIX Corporation), allowing it to take advantage of the robust capital investment demand seen at the time by importing the concept of leasing from the United States. These are just some of Japan Cotton Trading's bold industry-shaping initiatives.

**Nissho Iwai**

Nissho Iwai traces its roots to Suzuki & Co., Ltd., and Iwai & Co., Ltd., two companies that built the foundation for the creation of numerous companies that have become well-known today. In fact, Suzuki & Co. even generated sales that were equivalent to 10% of Japan's gross national product (GNP) in 1917, a reflection of its growth into Japan's No. 1 general trading company. However, this company eventually went bankrupt as a result of the recession that followed World War I and the deterioration of the operating environment that stemmed from factors like the Great Kanto Earthquake, leading it to establish Nissho Co., Ltd., as its successor in 1928. Nissho Co. would become a major proponent behind the maritime and railroad export industries of post-World War II Japan, and would even acquire Japanese agent rights for the products of The Boeing Company of the United States, leading it to aggressively expand its aviation business. At this time, Iwai & Co. was developing the manufacturing businesses that Sojitz continues to advance today, thereby contributing to the domestic production of various products that Japan had previously imported. Iwai & Co. later changed its name to Iwai Sangyo Co., Ltd., and then went on to develop iron ore mines in Brazil to acquire the steel materials needed during the period of the Japanese economic miracle. It was after this that Nissho Co. and Iwai Sangyo merged to form Nissho Iwai Corporation. In 1973, Nissho Iwai signed a contract for an LNG development project in Indonesia, which was the largest LNG project in Japanese history at the time. In the years that followed, Nissho Iwai would continue to contribute to the stable supply of energy to Japan, growing its presence by developing businesses such as coal mines. It also became involved in the steel and metal businesses. After developing operations in the food and commodity fields, Nissho Iwai eventually went on to commence transactions with Blue Ribbon Sports, Inc., the predecessor of Nike, Inc., in 1971, having sensed the potential of the sports shoes offered by this company. Nissho Iwai continued to set trends by establishing the first representative office of a Japanese company in Vietnam in 1986. This powerful drive fueled by foresight continues to propel Sojitz even today.

**Sojitz Corporation**

Both Nichimen and Nissho Iwai would suffer from performance downturns as a result of the collapse of Japan's bubble economy and the Asian financial crisis of the 1990s. This prompted the companies to change course, moving away from their prior pursuit of growth in scale to place greater emphasis on efficiency. As they navigated their new courses, Nichimen and Nissho Iwai made the decision to merge in 2003, becoming Nissho Iwai-Nichimen Holdings Corporation with the aim of creating an innovative multi-function trading company. The improved rationality and managerial efficiency yielded by the merger drove the reinforcement of operating and financial foundations. Sojitz Corporation was established in the following year of 2004, cutting a fresh start as a general trading company.

**Nichimen Corporation**

**1892**  
Japan Cotton Trading Co., Ltd., is established.

**1943**  
Company name is changed to Nichimen Co., Ltd.

**1982**  
Company name is changed to Nichimen Corporation.

**2003**  
Nissho Iwai-Nichimen Holdings Corporation is established through the transfer of shares by Nichimen Corporation and Nissho Iwai Corporation. (Nichimen Corporation and Nissho Iwai Corporation become subsidiaries of Nissho Iwai-Nichimen Holdings Corporation.)

**2004**  
Operating subsidiary Sojitz Corporation is established.  
  
Holding company name is changed to Sojitz Holdings Corporation.

**2005**  
Sojitz Holdings Corporation merges with subsidiary Sojitz Corporation.  
  
Company name is changed to Sojitz Corporation.

**Iwai Sangyo Co., Ltd.**

**1862**  
Iwai Bunsuke Shoten is founded.

**1896**  
Iwai & Co., Ltd., is established.

**1943**  
Company name is changed to Iwai Sangyo Co., Ltd.

**1968**  
Nissho Iwai Corporation is established through a merger between Nissho Co. and Iwai Sangyo Co.

**Suzuki & Co., Ltd. / Nissho Co., Ltd.**

**1874**  
Suzuki & Co., Ltd., is founded.

**1917**  
Suzuki & Co. becomes the No. 1 Japanese general trading company (net sales in 1917 equivalent to 10% of Japan's GNP at the time).

**1927**  
Suzuki & Co. goes bankrupt.

**1928**  
Nissho Co., Ltd., is established as a successor company of Suzuki & Co.



# “New way, New value” Initiatives Guided by the Sojitz Group Slogan



**Coal Business in Australia**



**New WAY**

**Development of Coal Mines as First General Trading Company Operator**

In the 1980s, Sojitz began acquiring coal interests in locations centered on Indonesia and Australia. We thereby sought to support the economic growth of Japan and of emerging Asian countries through the supply of energy. Moreover, Sojitz became the first general trading company to manage a coal mine as operator in December 2010, when the Company upped its stake in the Minerva Coal Mine to 96% from the prior 45%. This move expanded the earnings generated by this mine. (The thermal coal-producing Minerva Coal Mine was closed in the year ended March 31, 2021, in line with Sojitz's decarbonization policies.)

**New VALUE**

**Proprietary Coal Mine Operation Expertise Creating Future Opportunities**

The transition from minority investment to majority investment in the Minerva Coal Mine entailed exposure to greater risks. At the same time, however, majority investment enabled Sojitz to acquire expertise and insight and to build networks that would benefit it in future undertakings. The proprietary mine operation expertise gained through this undertaking, as well as the information we were able to obtain due to the access to the inner circles of the mining industry granted through this investment, would eventually help us acquire interests in the Gregory Crinum coking coal mine, which is now Sojitz's flagship coking coal mine.

Horizontal expansion utilizing one-stop solutions encompassing everything from harbors to mine operation and mine rehabilitation services\*

Acquisition of interests in Meteor Downs South Coal Mine in 2018 and Gregory Crinum coking coal mine in 2019

\* Restoring the topography, soil, water, and flora and fauna ecosystems of a mine site to its previous condition

**Hospital Project in Turkey**



**New WAY**

**First Overseas Hospital PPP\* Project by a Japanese Company**

Sojitz's first hospital operation project was located in Turkey. We were able to succeed in this project thanks to our experience in public-private partnership schemes, gained through involvement in independent power producer and other plant projects, as well as the trust built with partners through these endeavors. This first foray into the previously unexplored field of healthcare built a bridgehead that Sojitz is using to make further expeditions into the healthcare field.

\* PPP: Public-private partnership

**New VALUE**

**Robust Healthcare Frameworks for Combating the COVID-19 Pandemic**

Based on a request from the Turkish government, the hospital built through this project was partially opened in April 2020, before being fully opened in May of the same year, six months earlier than initially intended. The completed hospital was able to help successfully prevent the collapse of Turkey's healthcare system in the face of the COVID-19 pandemic. As this hospital contributes to higher quality of life as an outstanding piece of healthcare infrastructure, it is also functioning as a reliable earnings foundation for Sojitz. We have since continued to build our track record and brand in the hospital business, leading us to become involved in an Australian hospital operation project in March 2021. The hospital being constructed through this project is scheduled to be opened in 2025.

- Symbol of the friendly relationship between Turkey and Japan
- Total of 2,682 hospital beds (more than the largest hospitals in Japan)
- Out-patient service provided to approximately 7 million individuals since opening in May 2020 (as of April 30, 2023)

**Business Jet Services**



**New WAY**

**Completely New Business Exceeding Boundaries of Exclusive Distributor for Commercial Aircraft**

In 2003, Sojitz entered into the field of business jets, which had not yet become popularized in Japan at the time. This represented a completely new business for Sojitz, although it was not without assets in this area as it was to capitalize on the relationship of trust with The Boeing Company that it had cultivated ever since predecessor Nissho Iwai became the exclusive Japanese distributor for this company in 1956 as well as the aviation industry experience it has amassed over the years. Today, its involvement in the aviation industry goes beyond aircraft trading to involve business jet operation management and chartering as the only international operator based out of Japan.

**New VALUE**

**Reduction of CO<sub>2</sub> Emissions from Business Activities**

Sojitz is examining opportunities for expanding its use of sustainable aviation fuels in business jet operation. For example, in September 2022, we arranged our first flight to use SUSTEO, a sustainable aviation fuel brand manufactured and sold in Japan by Euglena Co., Ltd. This was also the first international flight departing from Japan to use made-in-Japan sustainable aviation fuel.

- Relationship of trust with Boeing fostered over more than six decades
- Entry into business jet field dating back to 2003
- No. 1 fleet of chartered jets based in Asia held by consolidated subsidiary Phenix Jet International, LLC



# 逆境

ADVERSITY

Restoring the strength of our financial base was a top priority after the establishment of Sojitz. For this reason, the Company began to practice the selection and concentration of businesses while also downsizing assets and liabilities. Sojitz soon came to benefit from a favorable environment exemplified by yen depreciation, high stock prices, and rising resource prices, among other factors. Resource-related businesses drove earnings growth in this favorable environment, allowing us to make steady progress in management restructuring measures. However, it was not long before the world was plunged into the financial crisis that began in September 2008. Resource prices plummeted, dealing a heavy blow to earnings in the resource-related businesses that had been a pillar of earnings. Meanwhile, we faced stagnancy in the distribution of automobiles, chemicals, and other commodities. Real estate operations also suffered due to reductions in credit amounts and in real estate prices. As a result, we experienced a sharp decline in profit for the year in the year ended March 31, 2009.

The impacts of the 2008 financial crisis continued to linger, resulting in a persistent sense of opaqueness in international trends and economic conditions. Seeking to raise its resilience toward market fluctuations in response to these conditions, Sojitz began shifting the focus of its business portfolio from resource businesses to non-resource businesses. As we continued to operate traditional Sojitz businesses, like aircraft and fertilizer, we also made ongoing growth investments in fields such as renewable energy. At the same time, assets deemed to have low efficiency were sold and other asset replacement steps were taken. By accumulating quality assets through this approach, we proceeded to construct a stable earnings foundation. We also practiced exhaustive management of inventory and foreign exchange risks while implementing financial strategies emphasizing cash flows in order to build an unshakable financial base.

PERSISTENCE

# 克服

# 变化

TRANSFORMATION

Over the years, Sojitz has continued to bolster its operations in non-resource fields, which are resilient to the impacts of market fluctuations, while also undertaking structure reforms in light of the transition to a decarbonized society. These measures have resulted in earnings from non-resource businesses surpassing those generated by resource businesses. Specifically, non-resource businesses have accounted for around 70% or 80% of Sojitz's earnings in the past, although this has been closer to 50% in recent years due to the current market climate. No matter how the market may change, Sojitz will continue to transform, adapting flexibly to the economic repercussions of the COVID-19 pandemic; the increasingly rapid digitalization trend; the growing attention toward environmental, social, and governance (ESG) issues; and the diversification of values and needs.

PROGRESS

# 飛躍

