



Medium-term Management Plan 2023 ~Start of the Next Decade ~

Caution regarding Forward-looking Statements

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. Actual results may differ materially based on 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.

April 30, 2021
Sojitz Corporation

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Medium-term Management Plan* 2020**
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~Start of the Next Decade ~**
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***Referred to as MTP**

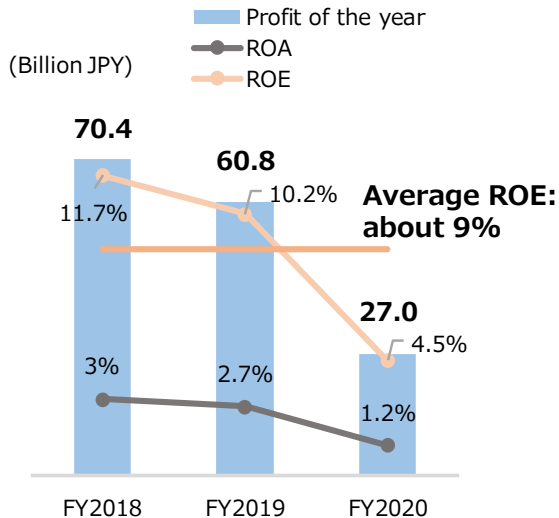
1. Review of Medium-term Management Plan 2020

Review of MTP 2020 – Summary of financial targets

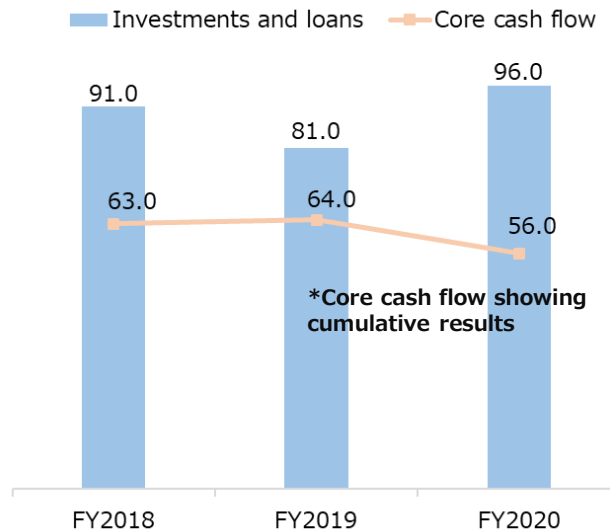
- Three-year average ROE reached approx. 9%, but failed to accomplish FY2020 targets such as profit for the year, ROA, and ROE due to impacts of COVID-19 pandemic
- Continued disciplined financial management and achieved Net DER and core cash flow targets
- Maintained consistent and stable shareholder returns with a payout ratio of 30% or above

Final Year Target of MTP 2020	Profit of the year · ROE · ROA		Investment plan		NET DER	
	¥75.0 bn or more ROA 3% or above ROE 10% or above	Results	Approx. ¥300.0 bn in total	Results △	1.5x or lower	Results ○
	Results ×	Core cash flow		Dividends · Consolidated payout ratio		
		Positive during MTP 2020 period	Results ○	Approx. 30%	Results ○	

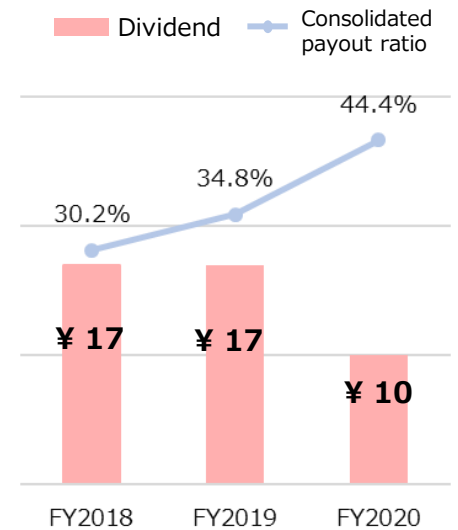
Profit for the year · ROE · ROA



Investments and loans · Core cash flow



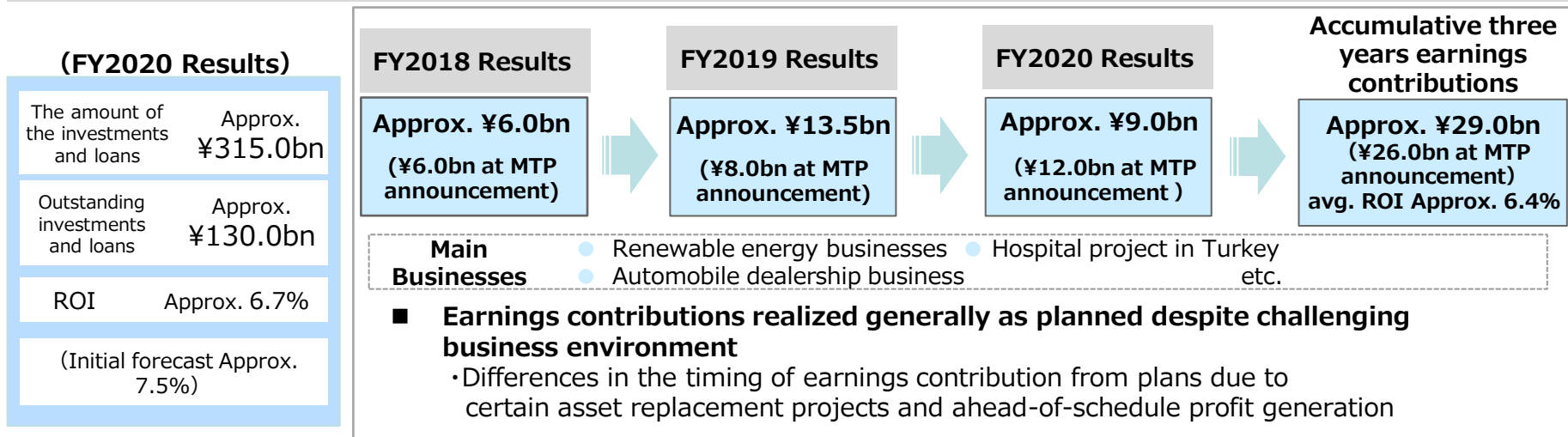
Dividend · Consolidated payout ratio



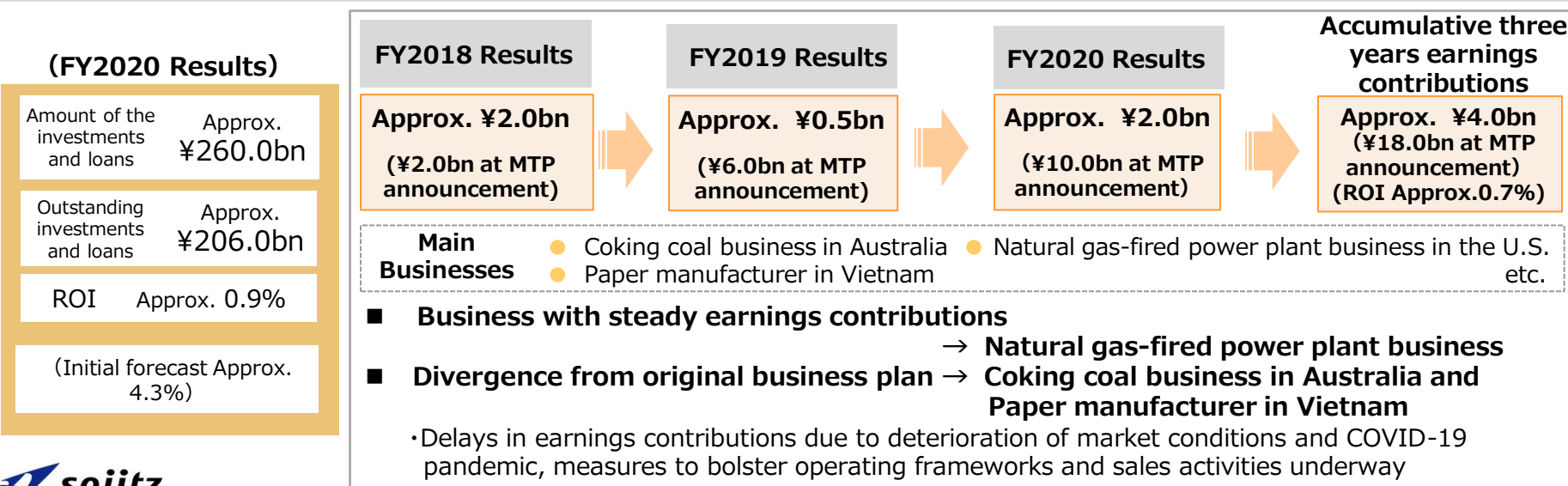
Review of MTP 2020

- Investments earnings contributions

MTP 2017



MTP 2020



2. Medium-term Management Plan 2023

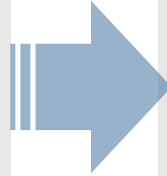
~Start of the Next Decade ~

Current knowledge – Operation Environment and Issues

External Environment

Remarkable changes in the market
Rapid digitization trend
Diversification of values and needs

- Operations tailored to economic conditions stemming from global COVID-19 pandemic
- Rising uncertainty in global economy
- Accelerating digitization trend
- Increasing awareness for ESG
- Diversification of values and needs



Issues

- Urgently need to review Sojitz's foundations given heavy impacts of COVID-19 pandemic
 - Necessity of reforms that frame current situation as an opportunity
- Business models reform in response to changing social issues and customer needs
 - Market-oriented initiative

Vision of Sojitz and Direction

Corporate Statement :

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

Sustainability management for a world with prosperity

Value for Sojitz

Value for Society

Year 2030

Vision of 2030

Constantly cultivating new businesses and human capital

Respond to market needs and social issues through value creation

Fulfill our general trading company mission:
Deliver goods and services where necessary

Strategic Roadmap

Pursue "Competitiveness" and "Growth market"

- Adopt local market-oriented initiatives
- Collaborate proactively
- Strive for speed
- Aim for corporate and employee transformation

Year 2020

- Rising global economic and social uncertainty among diversifying values and needs
- Developing products and deploying functionality based on Sojitz's perspectives

MTP2023 – Financial Targets

Increasing shareholders value
(three years avg.)

ROE 10% or above

**Profit for the year
approx. ¥65.0bn**

**Core operating cash flow
approx. ¥80.0bn *₁**

**Consolidated payout ratio
approx. 30%
Lower limit for dividends set**

Growth and financial discipline

**Investments
¥330.0bn**

(including ¥30.0bn of non-financial investment)

**Positive core cash flow over
MTP2020 through MTP2023
cumulative total *₂**

NET DER approx. 1.0x

**ROA 3% or above
(Final year of MTP2023)**

PBR : 1.0x or above

*₁ Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flows calculated for accounting purposes

*₂ Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement)
– Dividends paid – Purchase of treasury stock

Value creation = Increased Corporate Value

Sojitz vision for 2030 : Constantly cultivating new businesses and human capital

Growth

Approaches to real growth

Continuously make new investments

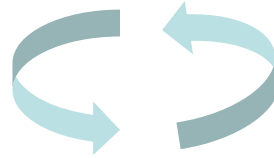


Reform earnings structure in existing businesses

Build Sophisticated Growth Strategies

Pursue “Competitiveness” and “Growth Market”

Local market-oriented initiatives



Collaboration

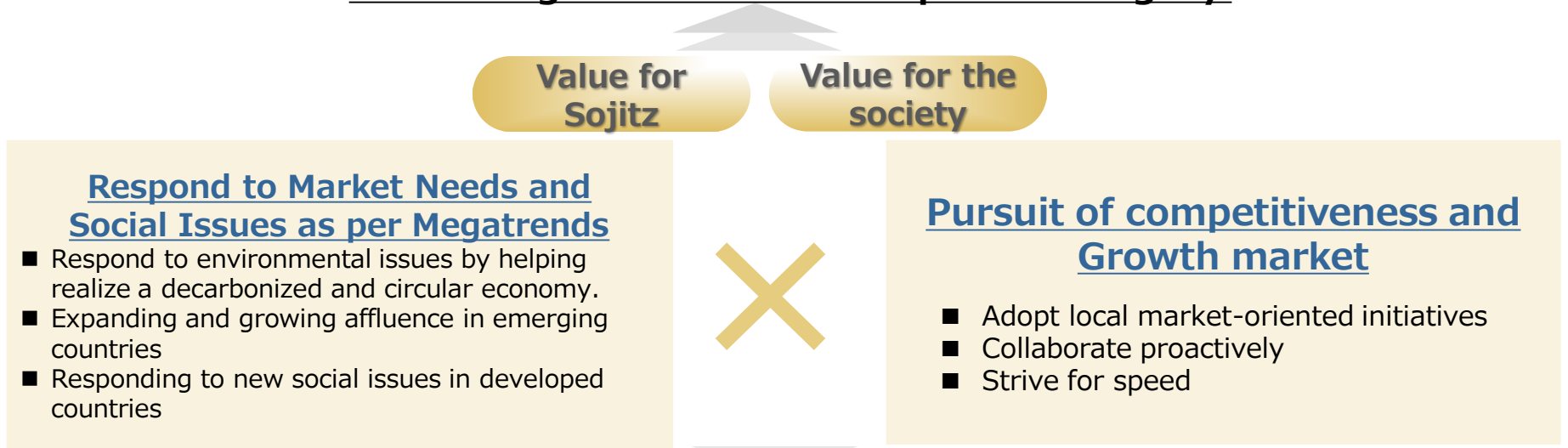
Speed

Corporate and Employee Transformation

Sustainability Management

MTP2023 – Growth Strategy for Creating Value

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



Growth Strategy

- Essential infrastructure development and service provision as a social issue
- Deepening the 3R (Reduce, Reuse, Recycle) Businesses
- Strengthening efforts in retail areas in ASEAN and India
- Value creation through efforts to revitalize domestic industries and rural regions

- Digital, New technology
- Collaboration inside and outside the company

※ In order to carry out our growth strategy, we reformed our company organizational structure, from 9 divisions to 7 divisions (Reference p.32 3. Appendix)

MTP2023 – Focus areas and Investment Allocation

- Concentration of resources (personnel, funds) on three focus areas defined out of consideration for growth fields based on megatrends

Infrastructure & Healthcare

Current steady growth

- #Growth in emerging countries
- #Environmental issues
- #population growth, population aging

Essential Infrastructure & Healthcare

¥120.0~150.0bn

Investment allocations

Growth market

×

Market-oriented initiative

Capture growth from a growing market

- #Growth in emerging countries
- #Environmental and food shortage issues
- #Digitization

Retail business in ASEAN and Indian market

Fertilizer (Including agriculture)

¥100.0~120.0bn

Materials & Circular economy

Reformation of conventional business model

- #Environmental issues
- #Resource recycling
- #Technology including digitals



Recycle and new material

¥30.0~50.0bn

¥300.0bn

MTP2023 - Investment policy

- Aim for steady monetization through pursuing projects with a sense of proactivity and scale by focusing on areas of expertise
- Aim for sustainable growth by allocating funds for investments in new areas with growth potential or function acquisition
- Build a sophisticated strategy to pursue competitiveness and growth potential and conduct periodic monitoring

	Investment	Function Acquisition	
Areas of Expertise	<p>¥200.0bn</p> <p>Projects with a sense of proactivity and scale</p>	<p>¥15.0bn</p>  <p><u>Including innovation investment of ¥15bn</u></p>	<p>Development of Growth Platforms</p>
New Areas	<p>¥70.0bn</p> <p>Areas of notable scale</p>		<p>¥15.0bn</p>

In addition, non-financial Investment for human capital and organizational reform (Human resources, digital transformation measures etc.)

¥30.0bn

MTP2023 – Earnings Contributions from Investments

MTP2017 + MTP2020
Investment Results
¥575.0bn
 Including Capex

MTP2023
Investment Forecast
¥300.0bn
 Including Capex

FY2023 Forecast
 Earnings contributions
 from MTP2023
Approx. ¥15.0bn

MTP2023
 three years avg.
ROI Approx. 4.0%

The Key business

- Overseas automotive dealership
- Renewable energy
- Overseas PPP hospital business
- Coking coal business in Australia
- Paper manufacturing businesses in Vietnam

Materials & Circular economy

Growth market × Market-oriented initiative

Infrastructure & Healthcare

FY2020 Results
 Earnings contributions
 from MTP2020
Approx. ¥2.0bn
 (¥10.0bn planned at
 MTP2020 announcement)

ROI **Approx. 0.9%**

FY2023 Forecast
 Earnings contributions
 from MTP2020
Approx. ¥14.0bn

MTP2023
 three years avg.
ROI Approx. 7.0%

FY2020 Results
 Earnings contributions
 from FY2017
Approx. ¥9.0bn
 (¥12.0bn planned at
 MTP2020 announcement)

ROI **Approx. 6.7%**

FY2023 Forecast
 Earnings contributions
 from MTP2017
Approx. ¥8.0bn

MTP2023
 three years avg.
ROI Approx. 7.0%

FY2021

FY2022

FY2023

**MTP2017 +
 MTP2020**

MTP2023

Post MTP2023

MTP2023 – Cash Flow Management

- Estimated positive cumulative core cash flow over the 6-year period of MTP2020 and MTP2023

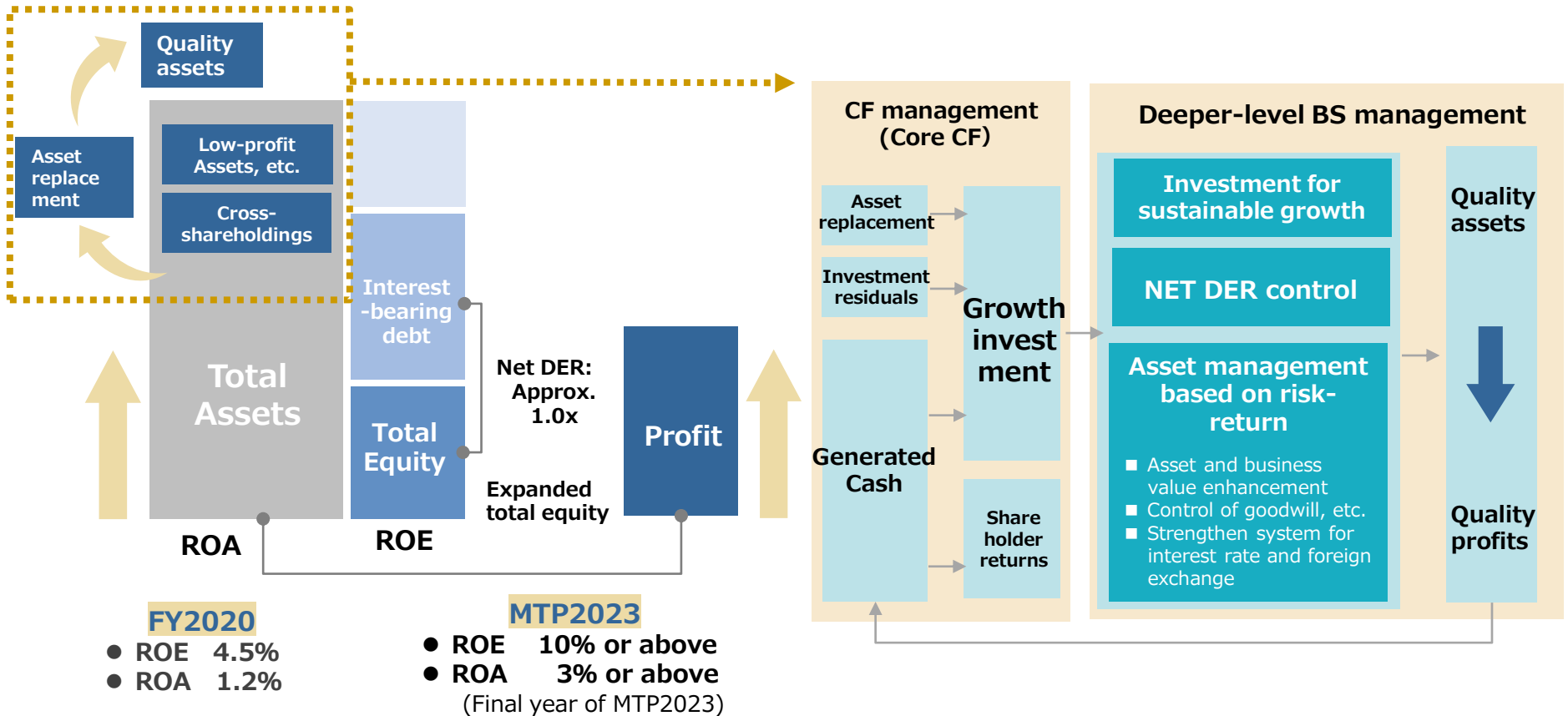
	MTP2020 three-year cumulative results (FY2018 - FY2020)	MTP2023 three-year cumulative forecast (FY2021 - FY2023)
Core operating cash flow *1	¥219.0bn	Approx. ¥240.0~250.0bn
Asset Replacement (Investment recovery)	¥170.0bn	Approx. ¥100.0bn
New investments and others	¥(262.0)bn	Approx. ¥(330.0)bn
Shareholder Returns *2	¥(71.0)bn	Approx. ¥(70.0)bn
Core cash flow *3	¥56.0bn	Positive (MTP2020 and MTP2023 6-year period)

*1 Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flows calculated for accounting purposes

*2 Include acquisition of treasury stock

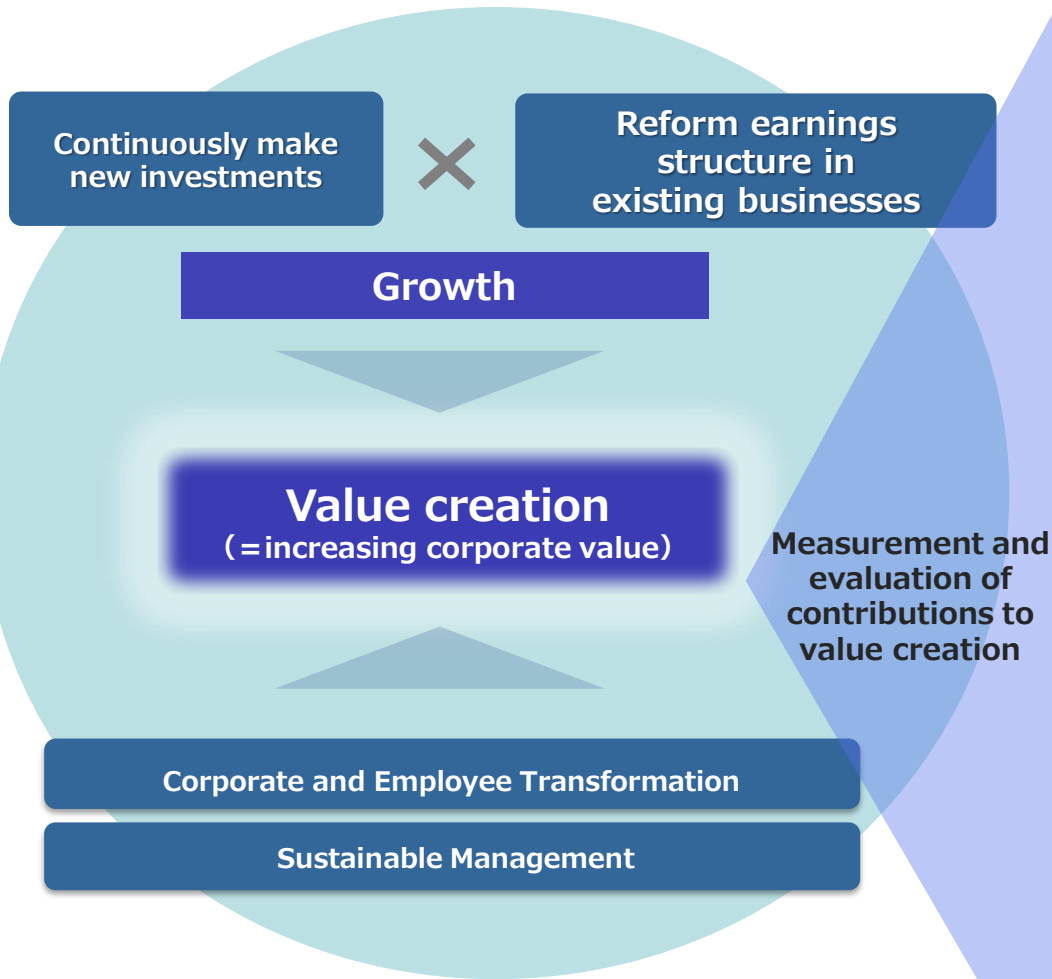
*3 Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement) – Dividends paid – Purchase of treasury stock

MTP2023 – Disciplined BS and CF Management



➔ Create quality profits and cash out of quality assets via continuous BS management and realize a growth model through effective CF management

MTP2023 - Value Creation Measurement and Evaluation



Company-wide	ROE > 10%
Incorporation into division management	
Business Divisions/ Functions	Entire Company
	<p>CROIC(each segment) > Value creation guideline figures*</p> <p><small>*The minimum level of CROIC that should be achieved on three-year average of MTP2023</small></p>
Human resource	New investment
	<ul style="list-style-type: none"> ■ When making a judgment about investment ⇒ IRR > HR(capital cost) ■ monitoring ⇒ ROIC or CROIC ≥ 5%
Human resource	<p>Introduction of indicators related to the securing and training of human resources and the state of human capital utilization</p> <p>e.g.</p> <ul style="list-style-type: none"> ■ Ratio of female employees ■ Ratio of employees under 35 years of age ■ Number of data/marketing personnel ■ Ratio of locally hired chief officers at overseas operating companies

CROIC : Core operating CF* ÷ Invested capital

*Cash flow after deducting changes in working capital from operating cash flow calculated for accounting purposes

MTP2023 – Reinforcement of Monitoring Systems

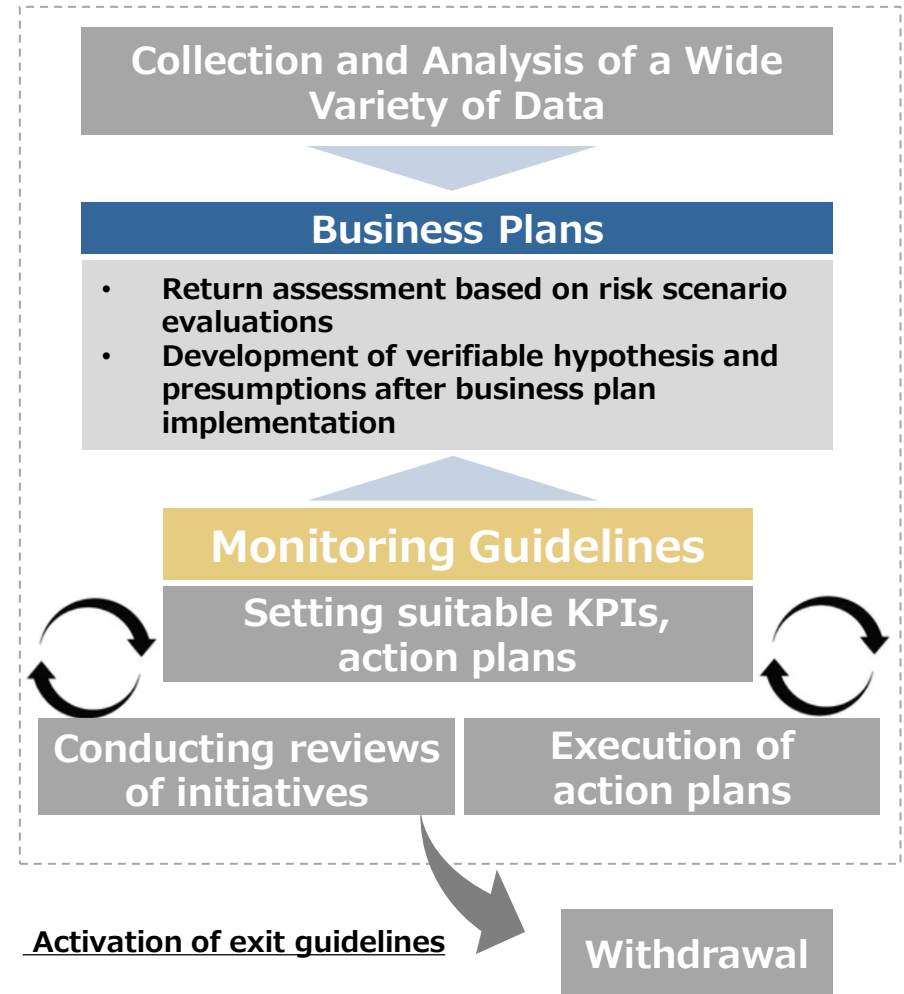
Enhanced Verification Processes

- Clear definition of minimum level for value creation based on cost of capital and risks
- Effective planning and evaluation of business plans and quantitative and other assessments of appropriateness of risk-return balance



Reinforced Monitoring

- Formulation of business plan progress monitoring guidelines
- Setting suitable KPIs, action plans, and frameworks for flexible response to risk scenarios



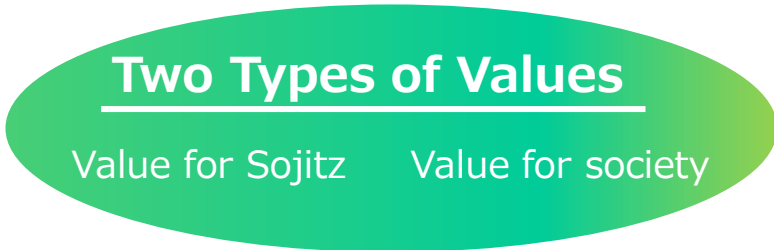
MTP 2023

ESG "Sustainability Challenge"

Sojitz Group Statement

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

Sojitz Value Creation Model "Two Types of Values"



Key Sustainability Issues "Materiality"



Sustainability Challenge
 We will strive to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and by responding to human rights issues, including those within our supply chains.

"Sustainability Challenge" Long-Term Vision for 2050



Sojitz Group's Actions in Response to "MTP2023"

Full-scale operation of the Sustainability Challenge	
Decarbonization Start working towards the goal	Supply Chains Human Rights Ongoing PDCA implementation and education activities
Others	
Water Risk Physical Risk Calculation of and response to impacts	External Standards Monitoring of taxonomy and other trends

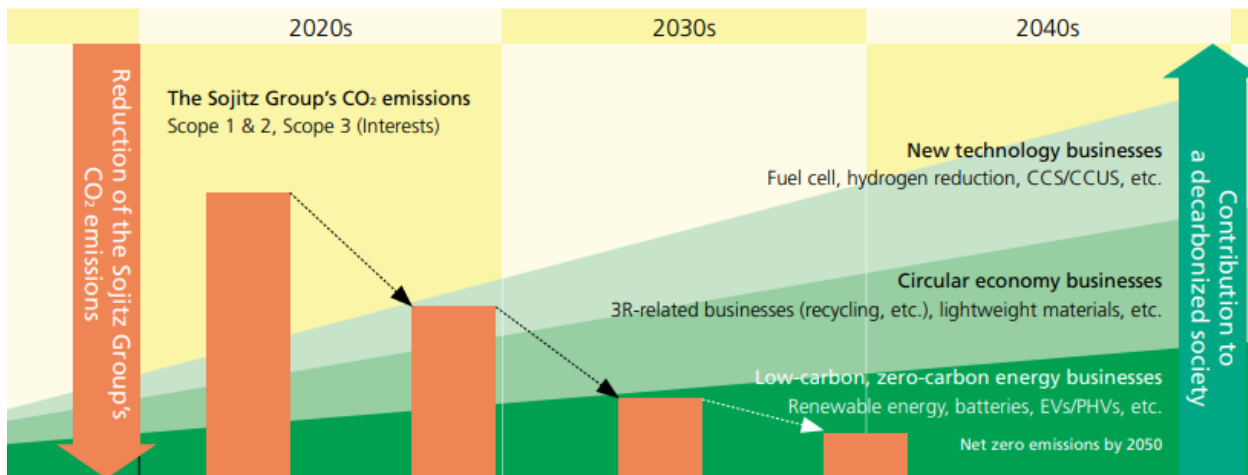
ESG Targeting Net-Zero Carbon Emissions

Existing businesses

New business

Contributions to a decarbonized society

Existing businesses	Scope 1 + 2	Reduce emissions 60% by 2030; achieve net zero emissions by 2050 *1 Net-zero emissions by 2030 for Scope 2 *2 *Coal-fired power generation : No current projects nor future projects planned
	Scope 3	Thermal coal interests : Reduce interests to half or less by 2025 *3 Zero interests by 2030 *4 Oil interests : Zero interests by 2030 Coking coal interests : Zero interests by 2050
New business	Formulation of new business-specific decarbonization policies and net-zero carbon emissions by 2050.	
Contributions to a decarbonized society	<ul style="list-style-type: none"> Expansion of relevant businesses and initiatives framing situation as an opportunity Measurement of contributions to reductions in society's CO2 emissions (Scope 4) and advancement of related business activities 	



TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

*1,2
 • FY2018 serves as the base year, with non-consolidated and consolidated subsidiaries included in the scope. Includes carbon offsets from certificates.
 • Introduction of internal carbon pricing under consideration, which supports the reduction of CO2.

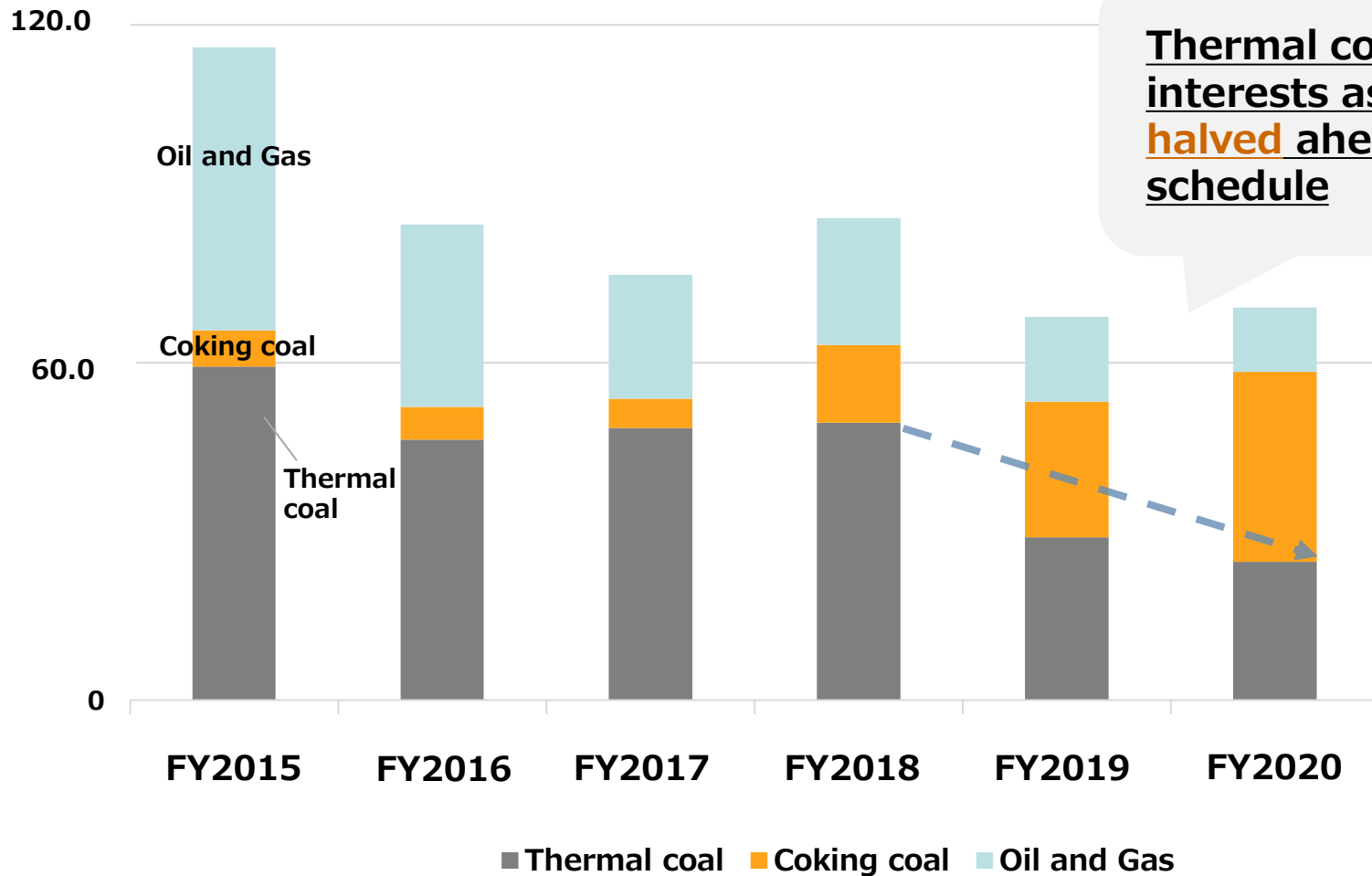
*3
 FY2018 serves as the base year, and targets are based on the book value of assets in coal interests.

*4
 Target deadline moved to earlier date from the previously announced goal of reducing thermal coal interests to half or less by 2030.

Results in reductions of Coal, Oil, and Gas Assets

※ Based on book value

Billion Yen



Thermal coal interests assets halved ahead of schedule

ESG Transformation of Diversity into Competitiveness

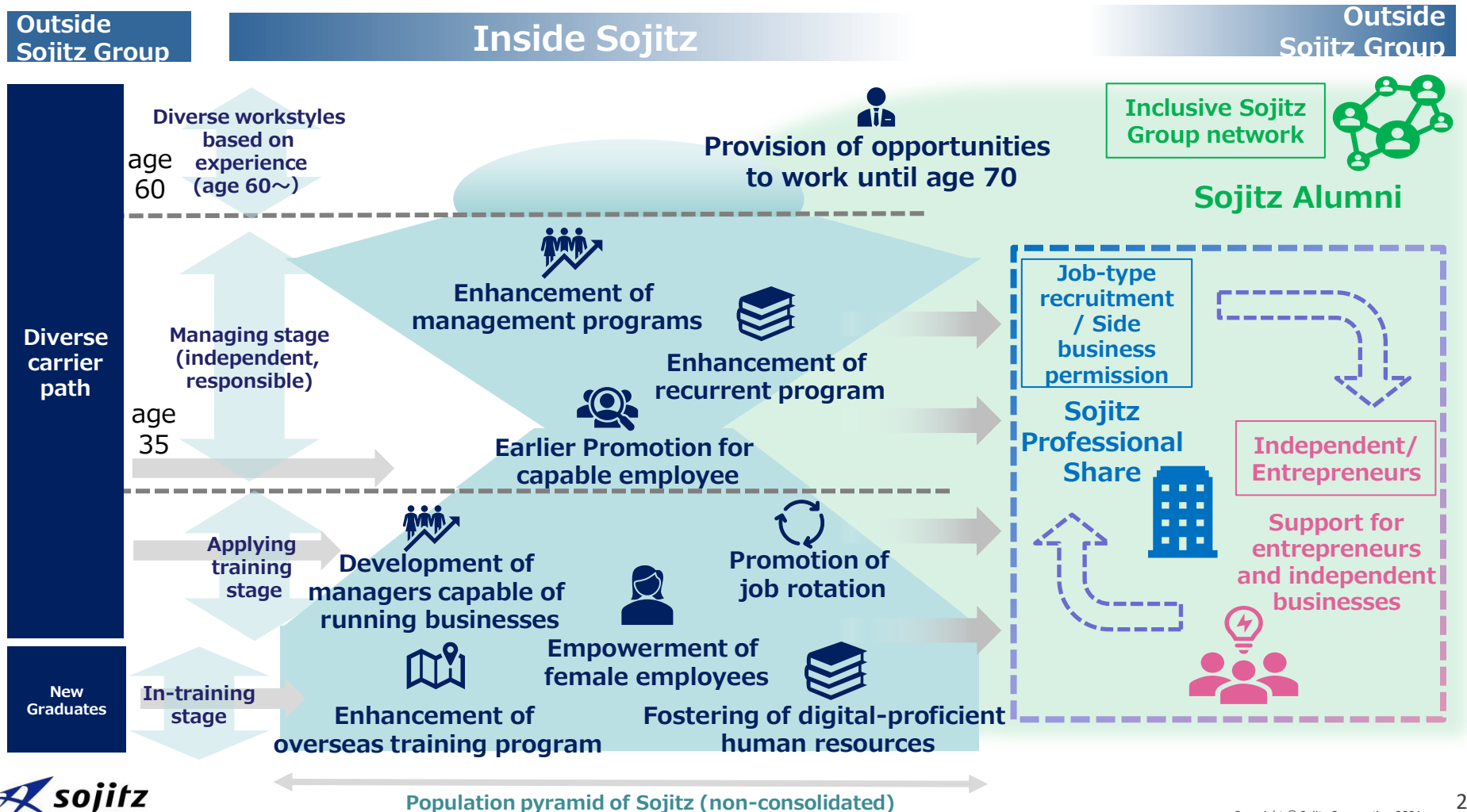
- Sojitz established Three strategic pillars of human capital to create the “two types of values” by assembling a team of diverse, autonomous individuals and produce human capital that can transform changes into opportunities and generate value

Our vision : Team of diverse, autonomous individuals



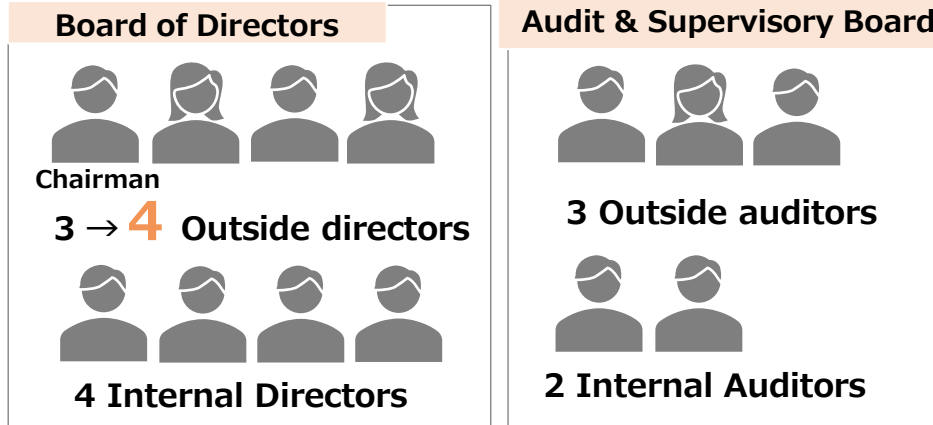
ESG Transformation of Diversity into Competitiveness

- As the first step to become a trading company that constantly cultivates new businesses and human capital until 2030, provide a system where each employee can take the lead and select their workstyles by providing options for diverse work styles and career paths
- Encourage ambition and create cycle that produces tangible growth to cultivate autonomous human resources



ESG Deeper-level of Governance

Ratio of Outside Directors to 50%
Ratio of Women Executives to 23%



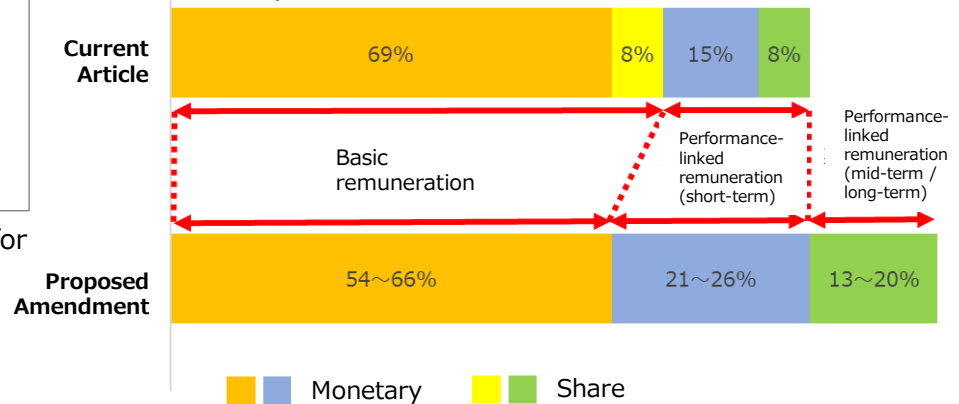
* To be resolved at the General Shareholders' Meeting scheduled for June 2021

Shareholding Policy Calling for Reduction of Cross-Shareholdings

- ✓ Percentage of Sojitz's holding of listed shares as of March 31, 2021 approx. **14%**
- Aiming 50% reduction by March 31, 2024 to approx. **7%**
- ✓ Targeting further improvements in capital efficiency under MTP2023

Revision of Officer Remuneration Systems

- ✓ Increase in ratio of performance-linked (variable) remuneration
- ✓ Revision of remuneration to link to degree of accomplishment of medium-term management plan targets and level of corporate valuation



* To be resolved at the General Shareholders' Meeting scheduled for June 2021

Revision of Group Governance Systems

- ✓ Increase discretion to expedite decision-making at overseas operating companies and localization of top management of overseas operating companies

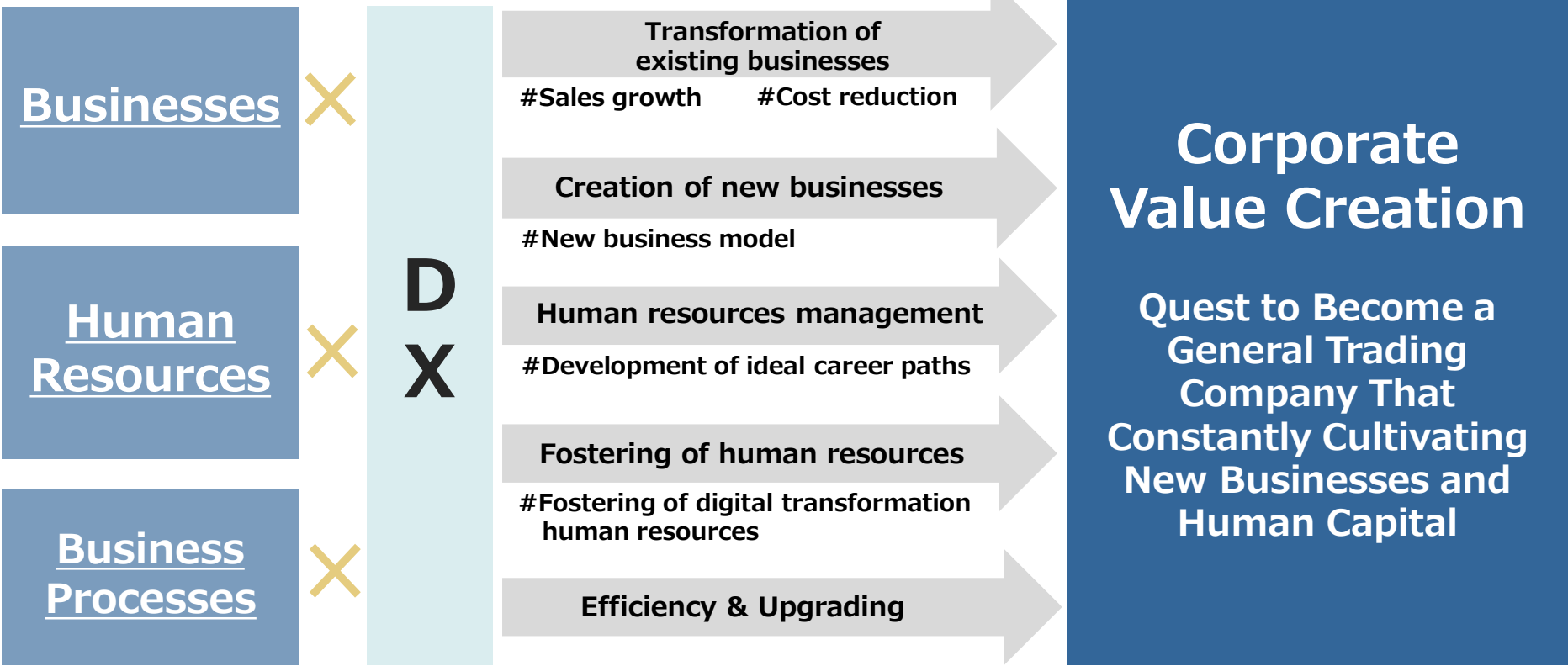


DX Transformation and Creation

- Digital technologies essential to creating value in response to customer and social needs and thus to be recognized and used as a shared tool by all employees in creating value through reforms to business models, human resources, and business processes
- Establishment of committee (in April 2021) for verifying progress and benefits of Companywide digital transformation initiatives chaired by the President & CEO (highest authority for digital transformations)



Sojitz has been selected by Japan's Ministry of Economy, Trade and Industry (METI) as an enterprise with Digital Transformation Certification in April 2021



Enhanced Risk Management

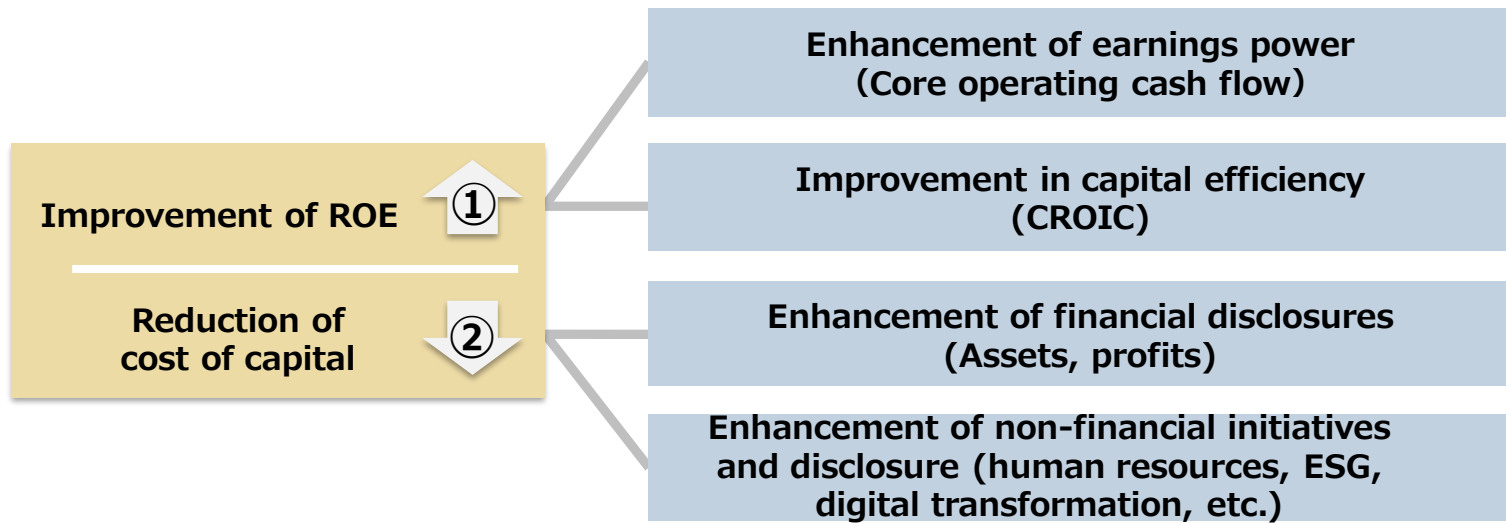
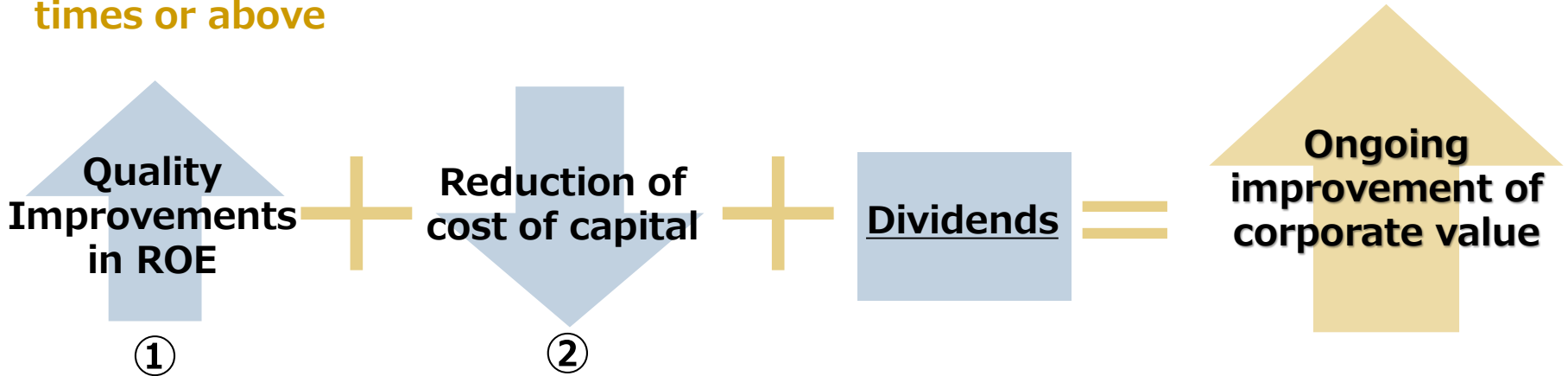
Risk Management

- **Exercising of restraint functions and enhancing risk management on the front lines**
 - **Enhanced management of risks associated with participation in new business fields**
-
- **Enhanced management of risks at first of three lines of defense (business divisions)**
 - **Enhanced management of risks at second line of defense (corporate divisions) for improving the ability to analyze and evaluate business plan feasibility and risks and returns, and responding to operating environment and business domain changes**
 - **Enhancement of comprehensive risk monitoring (emerging country risks, etc.), ability to analyze impacts on business activities based on stress scenarios, and other risk management capabilities**
 - **Response to unfamiliar risks arising from business domain changes, such as those pertaining to quality control and information management in businesses involving direct connection with customers**

Sojitz's Value Creation

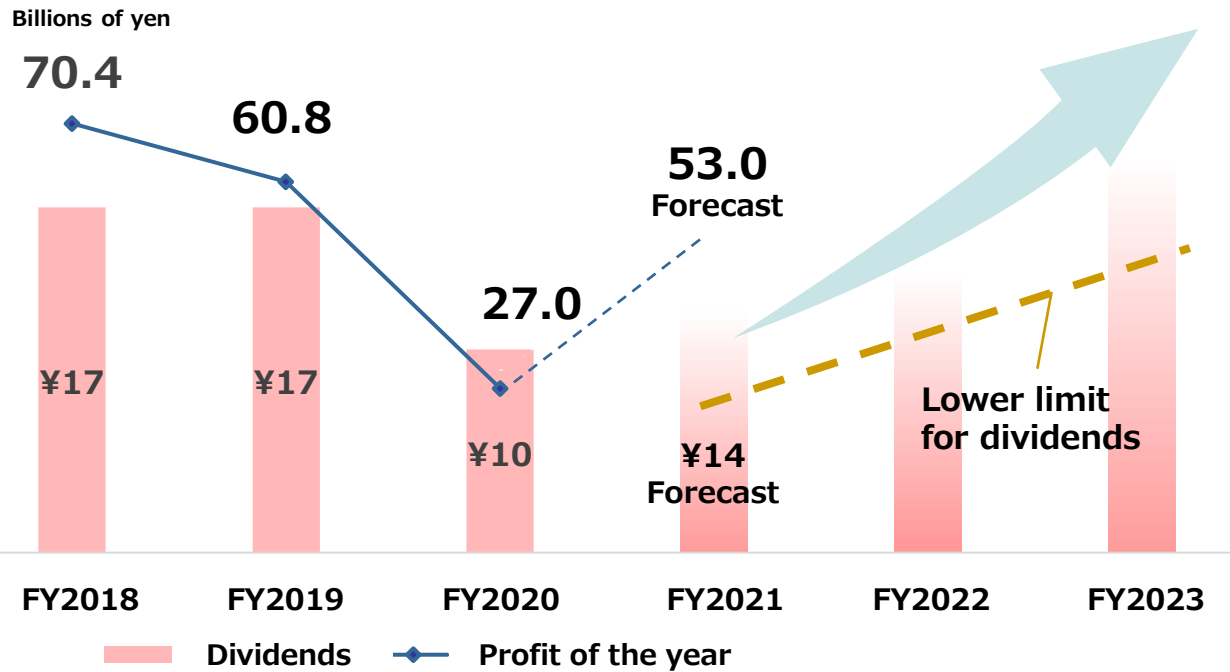
Improvement of communications and disclosures as an initiatives to support sustainable growth

Expanding equity spread and enhancing non-financial initiatives and disclosure to achieve a **PBR** (corporate value evaluation index from the market) of **1.0 times or above**



MTP2023 - Dividend Policy

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



Lower limit for dividends Policy

Dividend payments when year-end PBR is under 1.0x :

- Market price-based DOE of 4%
- Calculated based on the annual average of stock closing prices
- The result is a dividend yield of 4%

Dividend payments when year-end PBR is above 1.0x :

- Book value-based DOE of 4%
- Return 50% of approx. 8% shareholders equity costs

MTP2020

MTP2023

Note:
Based on pre-reverse stock split numbers
DOE = Dividend on equity ratio

MTP2023 FY2021 Forecast

Business Performance Forecast

Billions of yen

Gross profit	220.0
Selling, general and administrative expenses	(178.0)
Share of profit (loss) of investments accounted for using the equity method	26.0
Profit before tax	70.0
Profit for the Period Attributable to Owners of the Company	53.0
Total Assets	2,450.0
Total Equity*1	640.0
ROE	8.4%
Net DER	1.2x

*Assumptions : Exchange rate (Annual avg. ¥/US\$) 108

Business Divisions

FY2021 forecast
Billions of yen

■ Automotive	5.0
■ Aerospace & Transportation Project	4.5
■ Infrastructure & Healthcare	7.5
■ Metals , Mineral Resources and Recycle	12.0
■ Chemicals	10.5
■ Consumer Industry & Agriculture Business	5.0
■ Retail & Consumer Service	5.0
■ Others*2	3.5

*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."

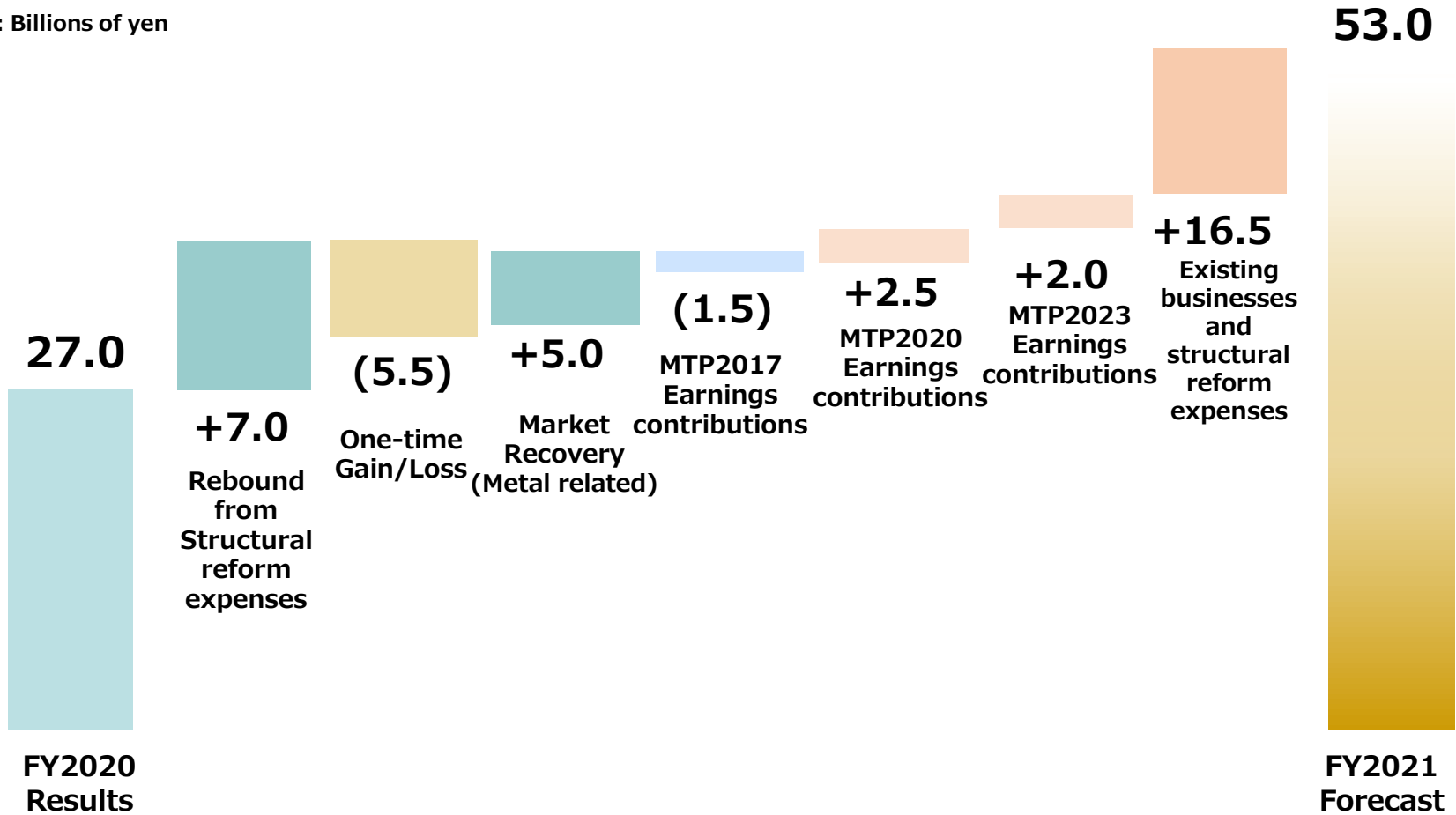
*2 Including Portfolio Transformation Office (Integrate Subsidiaries of its Machinery Segment etc.)

MTP2023

Earnings Growth Leading Up to FY2021 year end

*Profit of the year attributable to owners of the Company

Unit: Billions of yen



3. Appendix

MTP2023– Organizational Reforms

- **New Growth fields × Revision of business division structure to facilitate future growth initiatives**

Infrastructure & Healthcare Division

Identification of infrastructure and medicine/healthcare businesses addressing social issues as growth fields and focus areas

Metals, Mineral Resources & Recycling Division

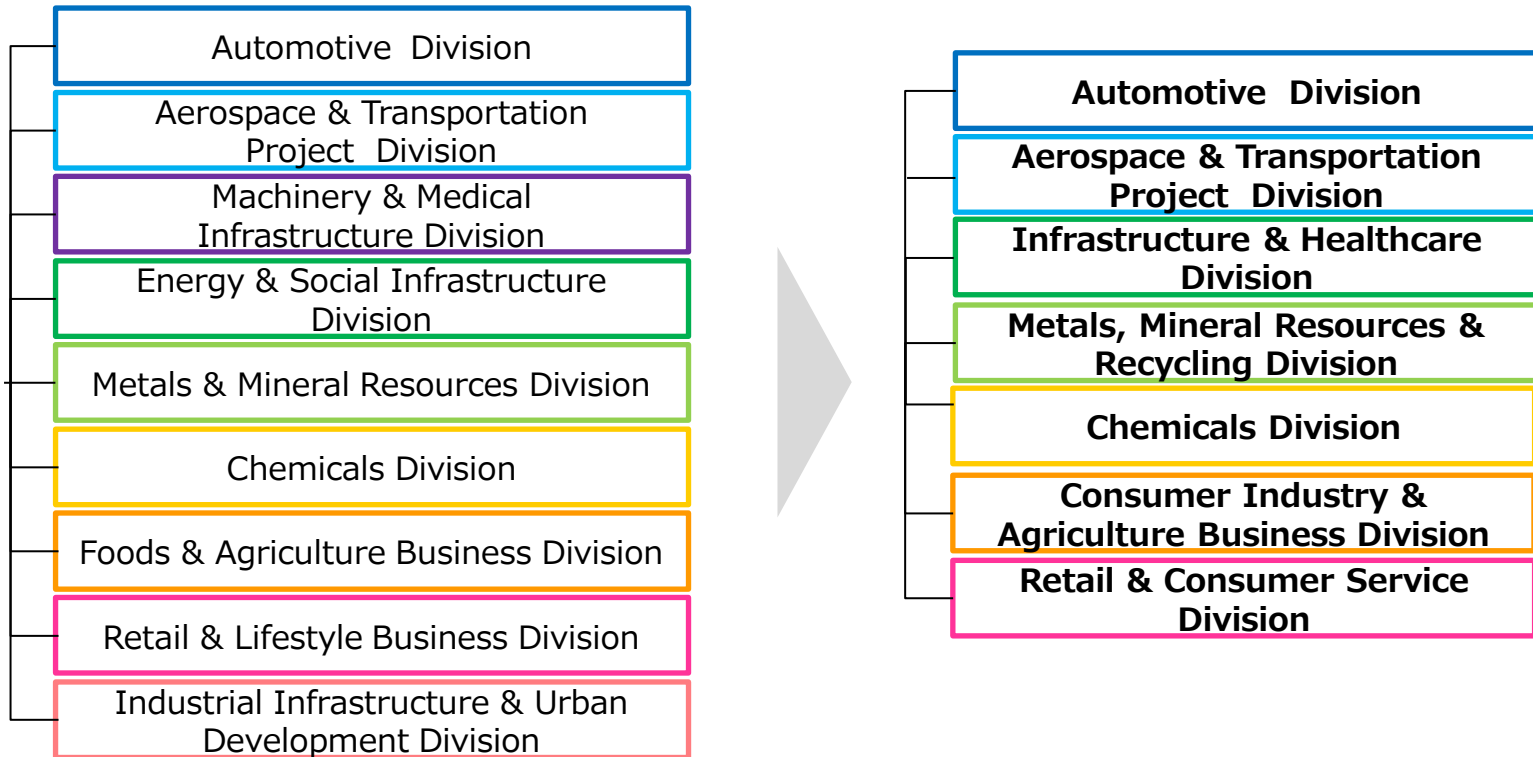
Reforms in existing resource-related businesses, redoubling of recycling business initiatives

Consumer Industry & Agriculture Business Division

Development and growth of digital and other businesses in agriculture-, forestry-, and aquaculture-related fields

Retail & Consumer Service Division

Expansion of service-related businesses addressing domestic and overseas market needs



From 9 Divisions to 7 Divisions

Appendix

Strategic Policy by Division

Growth Strategy and Forecast of the Division

Value creation guideline :
The minimum level of CROIC that should be achieved on three-year average of MTP2023

Automotive

The Automotive Division will (1) develop automotive distribution business based on overseas business experience and (2) establish competitiveness at automotive dealership business with such new technologies as digital.

	FY20 Results	FY21 Forecast
Net profit	¥1.0bn	¥5.0bn
	MTP2020 average	Value creation guideline
CROIC	7.6%	7.0%

Aerospace & Transportation Project

The Aerospace & Transportation Project Division will (1) build upon global partnership with Boeing, (2) expand business jet-related functions, (3) broaden North American railway operations and (4) strengthen such airport related business as airport and transportation infrastructure, in-flight catering.

	FY20 Results	FY21 Forecast
Net profit	¥1.8bn	¥4.5bn
	MTP2020 average	Value creation guideline
CROIC	5.1%	5.0%

Strategic Policy by Division

Value creation guideline :
The minimum level of CROIC that should be achieved on three-year average of MTP2023

Growth Strategy and Forecast of the Division

Infrastructure & Healthcare

The Infrastructure & Healthcare Division will (1) reinforce earnings base with stability and scale from current business model, (2) expand business domain into its vicinity and related service and (3) reform the revenue structure by acquisition of functions and combinative drive over the Division toward further value creation.

	FY20 Results	FY21 Forecast
Net profit	¥8.2bn	¥7.5bn
	MTP2020 average	Value creation guideline
CROIC	3.2%	3.0%

Metals, Mineral Resources & Recycling

The Metals, Mineral Resources & Recycling Division will continue reforming resource-related businesses while developing business structure that is resilient to market fluctuations by focusing on theme of recycling businesses that contribute to realization of a resource-conserving, recycling-oriented society.

	FY20 Results	FY21 Forecast
Net profit	¥(1.8)bn	¥12.0bn
	MTP2020 average	Value creation guideline
CROIC	4.8%	5.0%

Chemicals

The Chemicals Division will implement framework focused on tracking and identifying industry and customer needs, including those related to non-fossil materials and new materials, and providing solutions; maximize trade earnings while reforming businesses and human resources.

	FY20 Results	FY21 Forecast
Net profit	¥5.8bn	¥10.5bn
	MTP2020 average	Value creation guideline
CROIC	5.7%	7.5%

Appendix

Strategic Policy by Division

Value creation guideline :
The minimum level of CROIC that should be achieved on three-year average of MTP2023

Growth Strategy and Forecast of the Division

Consumer Industry & Agriculture

The Consumer Industry & Agriculture Business Division will grow together with market in Southeast Asia and other rapidly growing regions by broadening existing businesses and expanding and reforming peripheral fertilizer and feed businesses; develop domestic agriculture, forestry, and aquaculture businesses based on theme of creating value by addressing social issues in developed countries.

	FY20 Results	FY21 Forecast
Net profit	¥5.1bn	¥5.0bn
	MTP2020 average	Value creation guideline
CROIC	5.1%	6.0%

Retail & Consumer Service

The Retail & Consumer Service Division will solidify and expand earnings foundations in Vietnam, India, and other growing emerging markets by reforming existing business models and developing new businesses; act based on theme of strengthening businesses in domestic retail operations.

	FY20 Results	FY21 Forecast
Net profit	¥4.5bn	¥5.0bn
	MTP2020 average	Value creation guideline
CROIC	3.3%	5.0%

Exploration of New Fields – Innovation Investment

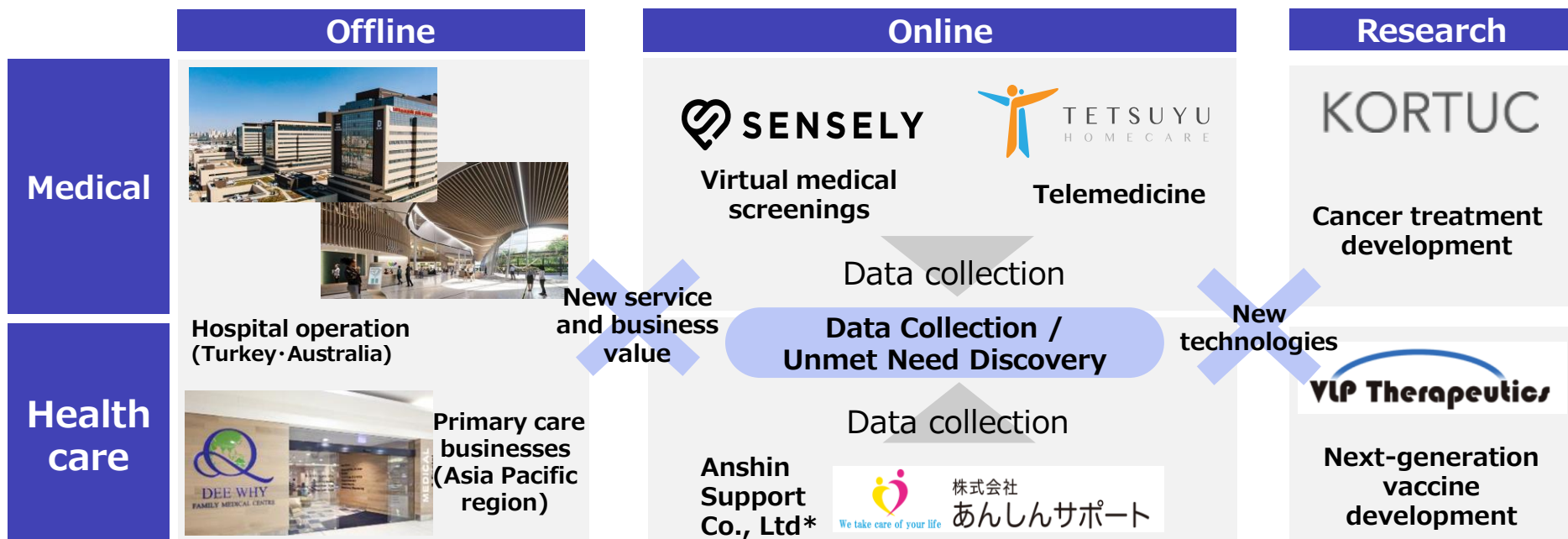
Purpose of Innovation investment

- Contribute to the enhancement of exiting businesses and transformation of business models needed to execute companywide and business divisions strategies
- Respond to change and transformation of business model through the digital revolution and introduction of new technologies such as the utilization of AI/IoT

Progress during MTP 2020

- Approx. ¥4.5bn of investment throughout the three years of MTP2020
 - **Infrastructure & Healthcare 9 projects/ approx. ¥1.63bn** (e.g. : Virtual medical screening, telemedicine and remote medicine, etc.)
 - **Market-oriented business 10 projects/ approx. ¥1.5bn** (e.g. : Smart Agriculture, Indian meat product e-commerce, etc.)
 - **Material & Circular economy business 5 projects/ approx. ¥0.55bn, other project/¥0.5bn** (e.g. : Carbon fibers, resource recovery platforms, etc.)

Example of innovation investment : Healthcare business



* A venture firm providing a home monitoring service that utilizes emergency call devices and a contact center.



New way, New value

Sojitz Group Statement

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