

# Sojitz IR Day 2022

November 28, 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 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.

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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**

• "Medium-term Management Plan 2023." is referred to as "MTP2023". The same applies to "MTP2020" and "MTP2017".



# Sojitz IR Day 2022

## **Section 2:**

# Sojitz's Value Creation and Digital Transformation Strategies

#### Section 2: Sojitz's Value Creation and Digital Transformation Strategies

# **Profile**



## Tomomi Arakawa Executive Officer, Chief Digital Officer

Joined IBM Japan, Ltd. Responsible for system engineering, marketing, and sales Appointment to position of director of IBM Japan, Ltd., in 2014 First chief digital officer in 2015

Oct. 2021 Joined Sojitz Corporation as an Advisor

Dec. 2021 Current position



## Tatsuhiko Kanetake Executive Officer, COO, Automotive Division

Appointment to position responsible for operation and acquisition of and withdrawal from automotive businesses in Americas at post in United States after gaining experience in industrial machinery sales

Apr. 1993 Joined Sojitz

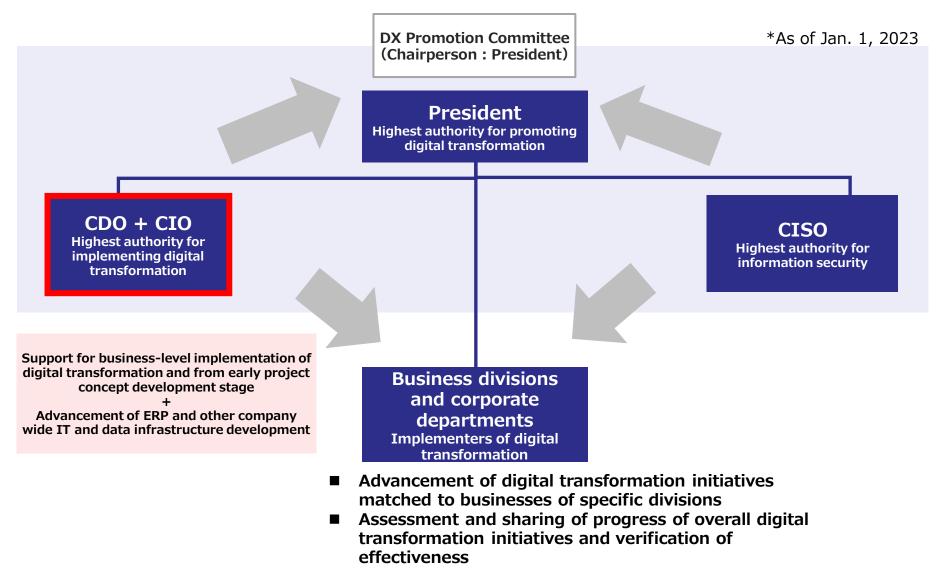
Apr. 2020 COO, Automotive Division

Apr. 2021 Current position

# Sojitz's Value Creation and Digital Transformation Strategies

- 1. Digital Transformation Promotion System
- 2. Vision for 2030
- 3. Digital Transformation Strategy
  - 3-1. Business Model Transformation
  - 3-2. Development of DX-Experts
- 4. Digital Transformation of Used Vehicle Distribution

# 1. Digital Transformation Promotion System



New way, New value

### 2. Vision for 2030

#### **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

**Strategic Roadmap** 

# Pursue "Competitiveness" and "Growth market"

- Adopt local market-oriented initiatives
- Collaborate proactively
- Strive for speed

Digital transformation initiatives will

be critical to Soiitz's future growth.

 Aim for corporate and employee transformation Fulfill our general trading company mission: Deliver goods and services where necessary

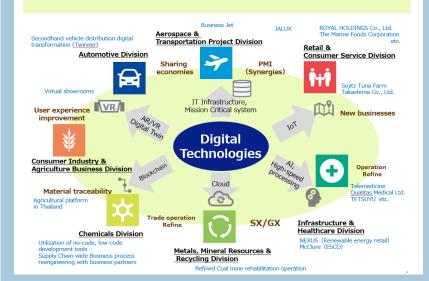
Year 2020

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

# 3. Digital Transformation Strategy

## **Business Model Transformation**

- ✓ Resolution of issues based on understanding of customer needs from market-oriented initiatives in Sojitz's wide-ranging business field
- Acceleration of data and technology utilization in existing businesses
- Creation of new businesses and value with digital technology



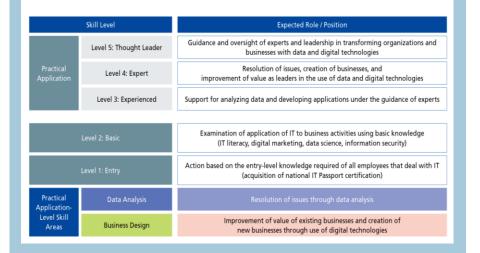
### **DX HR Development**

#### **Data Analysis**

- ✓ Lead data analysis to verify hypothesis
- ✓ Propose the way to resolve business issues

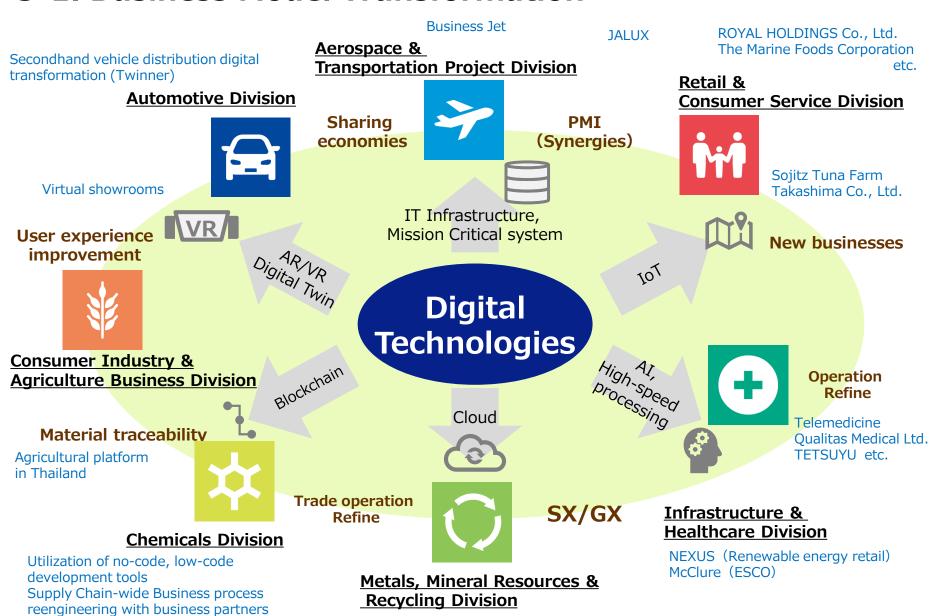
#### **Business Design**

- Design new businesses model with digital technologies
- Refine value of existing businesses



Sojitz IR Day 2022 New value

#### 3-1. Business Model Transformation



Refined Coal mine rehabilitation operation

New way, New value

# 3-2. Development of DX-Experts

#### **Data Analysis**

- ✓ Guiding hypothesis verification with data analysis
- ✓ Planning and proposals for resolving businesses issues

#### **Business Design**

- ✓ Creation of new businesses with digital technologies
- ✓ Improvement of value of existing businesses

#### **Skill Level Expected Role / Position Progress** (As of the end of Oct. 2022) Level 5: Guidance and oversight of experts and leadership in transforming organizations and **Thought** businesses with data and digital technologies Leader Practica Resolution of issues, creation of businesses, 43% Level 4: and **Expert** improvement of value as leaders in the use of 13/30 people (target for March 2024) data and digital technologies 48% Level 3: Support for analyzing data and developing **Experienced** applications under the guidance of experts 96/200 people (target for March 2024) **Examination of application of IT to business** Completion rate: 24%(487/2,035 career-track employees) activities using basic knowledge Level 2:Basic Implementation rate: 51%(22,980/44,770 courses) (IT literacy, digital marketing, data science, Number of courses = 2,035 employees $\times$ 22 courses information security)

Level 1:Entry

Application

Action based on the entry-level knowledge required of all employees that deal with IT (acquisition of national IT Passport certification)

**57%** 1,535人/2,694人 (employees)

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**Sojitz's Value Creation and Digital Transformation Strategies** 

# 4. Digital Transformatio of Used Vehicle Distribution

# **Automotive Division's Business Areas and Growth Strategy**

#### **◇Business Areas**

- Distributor Business
   (Wholesale, Retail sales)
- Auto-Financing Business
- Service Business etc.

Sale of South Korean / Chinese vehicle (market-oriented initiatives) Financing (new demand stimulation) New services (solutions of social issues)

**Characteristics** 

#### **Functions**

Sales capabilities (retail)

**Financial functions** 

**Digital technologies** 

#### **Transformation**

Existing business structure transformation

**New business development** 

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# Digital Transformation of Used Vehicle Distribution —Sojitz's for Transformation of Secondhand Vehicle Distribution

DX

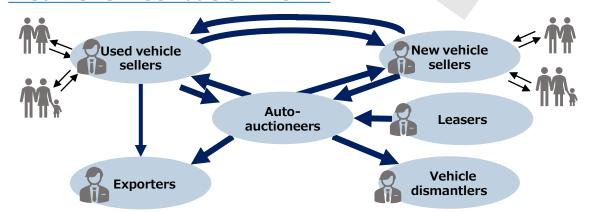
#### <Used Vehicle Industry Issues >

- Manual processing of large volumes of vehicles
   (Specification, quality assessments, price appraisals)
- ◆ Transactions between a lot of players involved (Transportation of vehicle per transaction)
- ♦ Small business areas(Limited opportunities for choice)





# <Current Distribution Flow>





Registration of Used vehicle: **7.5million unit**/year (approx.)

Used vehicle sales to consumers: 2.5 million unit/year (approx.)

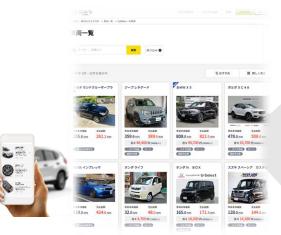
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# Digital Transformation of Used Vehicle Distribution —Roadmap



New Platform B2B/B2C/C2B/C2C

## **Online Sales**







#### <Benefits for Business Operators>

- Automation of appraisals
- **♦** Reduction of vehicle transportation costs
- Shortening of lead times, improvement of inventory turnover rates
- **♦** Increased transaction opportunities



#### <Benefits for Consumers>

- Lower purchase prices, higher selling prices
- Increased transparency of quality assessments
- **♦** More options

Sojitz IR Day 2022 New value

# **Sojitz Group's Digital Transformation Initiatives**

**Business 1et** ROYAL HOLDINGS Co., Ltd. **JALUX** Aerospace & The Marine Foods Corporation Secondhand vehicle distribution digital **Transportation Project Division** etc. transformation (Twinner) Retail & **Automotive Division Consumer Service Division Sharing PMI** economies (Synergies) Soiitz Tuna Farm Virtual showrooms Takashima Co., Ltd. System infrastructure User experience platforms improvement 101 **Digital** technologies Consumer Industry & Blockchain **Operation Agriculture Business Division** streamlining Cloud **Telemedicine** Material traceability Qualitas Medical Ltd. Agricultural platform TETSUYU etc. in Thailand **Trade operation** SX/GX Infrastructure & streamlining **Healthcare Division Chemicals Division** NEXUS (Renewable energy retail) Utilization of no-code, low-code McClure (ESCO) Metals, Mineral Resources & development tools **Recycling Division** Business process reengineering

Coal mine rehabilitation streamlining

extending to business partners



New way, New value