



Financial Results for the First Half Ended September 30, 2022

Progress of MTP2023– Start of the Next Decade –

**November 1, 2022
Sojitz Corporation**

FY2022 H1 Summary

- Significant YoY increase in profit due to higher product and coal prices, and stable growth of non-resource businesses
- Generation of profits accompanied by cash with solid core operating cash flow
- Upward revision to FY2022 forecast for profit for the year, to ¥110.0 bn, and increase of annual dividend payments, to ¥130 per share, in reflection of strong performance

	FY21 H1	FY22 H1	Difference	FY22 Initial Forecast	FY22 Revised Forecast	Achieved *vs Revised Forecast
Profit for the period/year	39.4	78.9	+39.5	85.0	110.0	72%
Core operating CF	49.3	90.3	+41.0	113.0	140.0	
NET DER (times)	1.04	0.95	(0.09)	1.1	1.0	
■ FY22 Commodity Prices and Exchange Rates (Revised forecast for H2 announced on Nov. 1, 2022)				ROE	11.4%	13.8%
Coking Coal Full Year US\$280.0/t (FY22 H1:US\$340.0/t, FY22 H2:US\$220.0/t)				ROA	3.2%	3.9%
Thermal Coal US\$160.0/t ⇒US\$330.0/t (FY22 H2)				Dividends	¥112	¥130
Crude Oil (Brent) US\$90.0/bbl						
USD/JPY ¥115.0/US\$ ⇒ ¥140.0/US\$ (FY22 H2)						Difference YoY ¥24 up
(Interim ¥65/Year-end ¥65)						

Summary of Profit or Loss and Forecast for Profit for the Year

- Automotive
- Aerospace & Transportation Project
- Infrastructure & Healthcare
- Metals, Mineral Resources & Recycling
- Chemicals
- Consumer Industry & Agriculture Business
- Retail & Consumer Service

Performance generally as forecast

Performance generally as forecast

Upward revision to forecast to reflect one-time factors seen in six-month period and strong performance in domestic and overseas power generation businesses

Upward revision to forecast to account for strong six-month performance and solid conditions seen in coal market and at a steel trading company

Upward revision to forecast based on strong conditions for chemical businesses

Upward revision to forecast in reflection of six-month performance for fertilizer businesses

Upward revision to forecast due to gain from asset replacement activities scheduled for 2nd half of FY

(BN JPY)	FY22 H1	FY22 Initial Forecast	Achieved (Against initial forecast)	FY22 Revised Forecast	Revised Amount	Achieved (Against revised forecast)
Profit for the period/year	78.9	85.0	<u>93%</u>	110.0	+25.0	<u>72%</u>
■ Automotive	4.5	6.0	75%	6.0	-	75%
■ Aerospace & Transportation Project	2.0	4.5	44%	5.0	+0.5	40%
■ Infrastructure & Healthcare	9.0	9.0	100%	12.0	+3.0	75%
■ Metals, Mineral Resources & Recycling	41.8	51.0	82%	65.0	+14.0	64%
■ Chemicals	11.3	12.5	90%	17.0	+4.5	66%
■ Consumer Industry & Agriculture Business	5.9	3.0	197%	6.0	+3.0	98%
■ Retail & Consumer Service	1.4	5.0	28%	7.0	+2.0	20%
■ Others	3.0	(0.6)	-	(8.0)	(2.0)	-

Cash Flow Management

- Actively share buybacks to be conducted in final year of MTP2023 while being mindful of cash allocation
- Maintain positive six-year aggregate core cash flow during MTP2023

	FY21	FY22 H1	FY21 + FY22 H1	MTP2023 Initial 3-Year Target (Aggregate) (FY21–FY23)
Core operating cash flow	¥129.0 bn	¥90.0 bn	¥219.0 bn	¥240.0 - ¥250.0 bn
Asset Replacement (Investment recovery)	¥62.0 bn	¥19.0 bn	¥81.0 bn	¥100.0 bn
New investments and others	¥(148.5) bn	¥(37.0) bn	¥(185.5) bn	¥(330.0) bn
Shareholder Returns *1	¥(32.0) bn	¥(14.0) bn	¥(46.0) bn	¥(70.0) bn
Core cash flow	¥10.5 bn	¥58.0 bn	¥68.5 bn	Positive MTP2020 and MTP2023 6-year period
Free cash flow	¥(74.0) bn	¥38.0 bn	¥(36.0) bn	

*1 Includes acquisitions of treasury stock

Shareholder Returns Policy

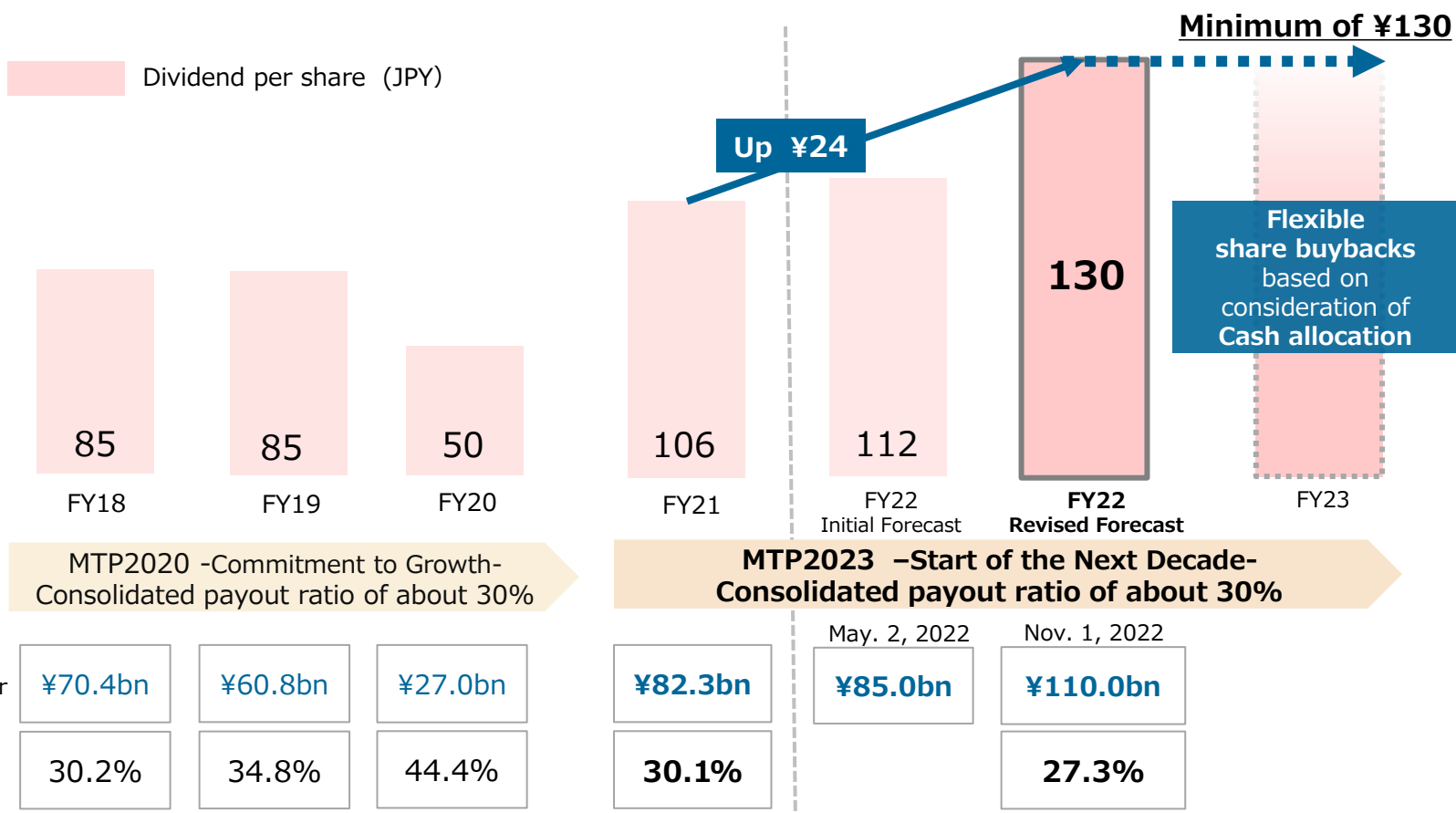
- Sojitz recognizes that paying stable and continuous dividends while enhancing shareholder value through the accumulation and effective use of retained earnings
- Our basic policy is to target a consolidated payout ratio of about 30%

FY2022 Dividend Forecast

Annual dividend per share increased by ¥24 from FY2021 to **¥130 per share**

FY2023 Returns Plan

- **Minimum of ¥130 per share for annual dividend payments**
- **Execution of share buybacks in FY2023**



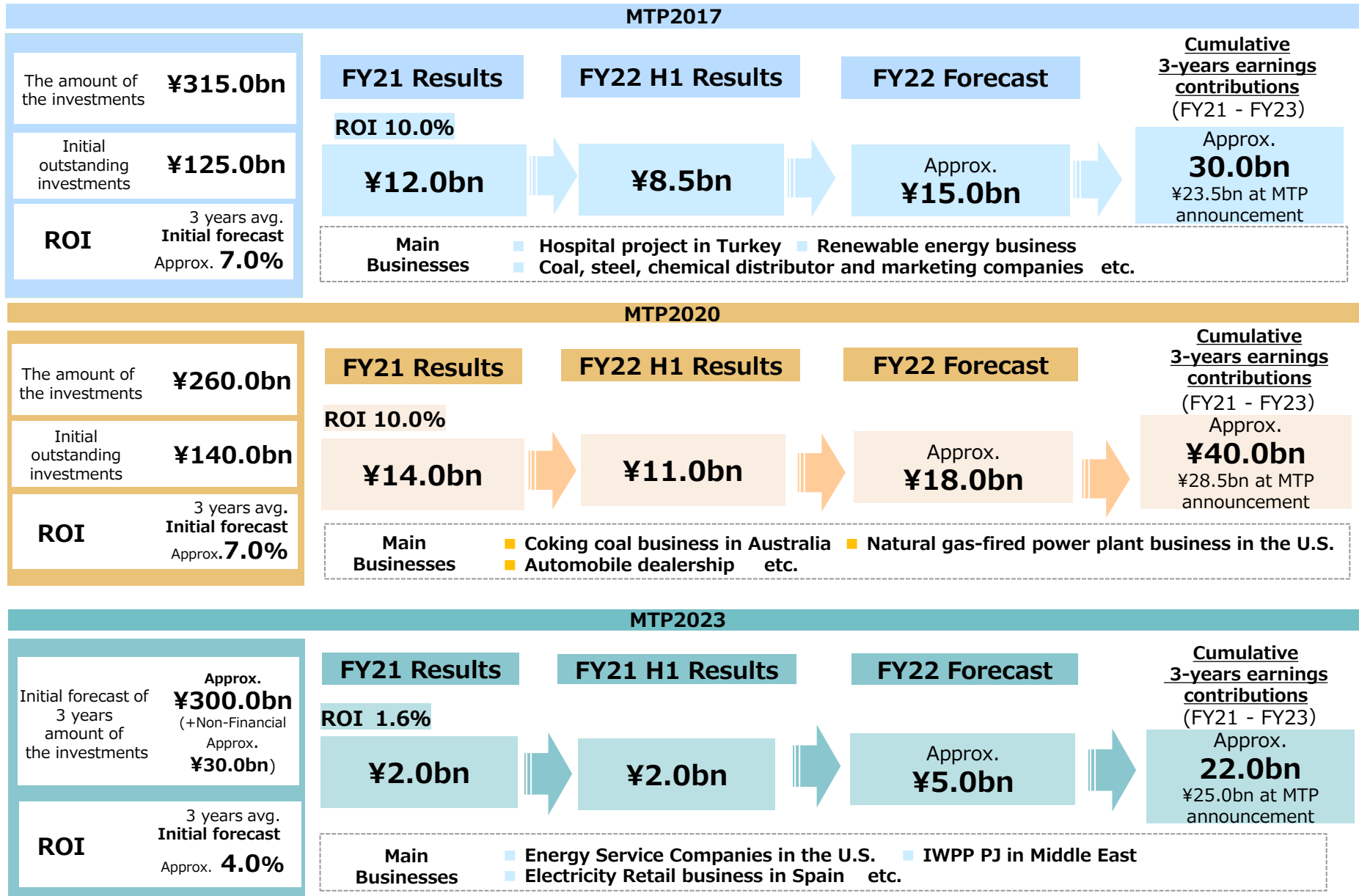
Note: The Company conducted a five-for-one share consolidation of common shares of stock effective October 1, 2021. The dividend figures for FY18 to FY21 have been restated to reflect the share consolidation.

Investment for Growth Strategy and Focus areas

Focus area under MTP2023	Investment in FY21-22 H1	Major cases
<p>Current steady growth</p> <p>Infrastructure & Healthcare</p> <p>Essential infrastructure development and service provision as a social issue</p>	<p>FY21 ¥70.0bn</p> <p>FY22 H1 ¥17.0bn</p>	<ul style="list-style-type: none"> ■ Energy Saving services Co. in the U.S. ■ IWPP project in Middle East ■ Gas retail business in Nigeria, Africa ■ Electricity retail in Spain, Europe ■ Solar power business in Australia ■ Hospital PJ in Australia ■ Overseas telecommunications tower operating business ■ Office building development PJ in Philippine ■ Biomass power generation business in Japan ■ Primary healthcare business in Asia
<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>FY21 ¥62.0bn</p> <p>FY22 H1 ¥8.0bn</p>	<ul style="list-style-type: none"> ■ Acquires full ownership of the Marine Foods Co. ■ Collaborate with Vinamilk , a major Co. in Vietnam (Established a sales Company for Beef Products) ■ Initiatives with Royal Holdings ■ Tender offer for shares of JALUX ■ Established new JV in rental residential value add business with Goldman Sachs
<p>Reformation of conventional business model</p> <p>Materials & Circular economy</p> <p>Deepening the 3R (Reduce, Reuse, Recycle) businesses</p>	<p>FY22 H1 ¥1.0bn</p>	<ul style="list-style-type: none"> ■ Established JV 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



Establish Strong Business Base and Transformation

- Advancement of sophisticated strategies in focus areas based on growth strategies, improvement of earnings capacity and competitiveness of executed investments
- Drastic transformation of earnings structure through exhaustive emphasis on market-oriented initiatives in existing businesses

Continuously make New investments

- Exploration of new business fields

- Value raising through co-creation with partners

JALUX

Royal Holdings

Marine Foods Co.

- Broadening of U.S. energy service company business (McClure) to include energy solutions and expansion of functions
- Expansion of private-sector healthcare business in Asia-Pacific region

Growth Strategy × Focus Areas

Infrastructure & Healthcare

Growth market × Market-oriented initiative

Materials & Circular economy

Sale of Shares in Sojitz REIT Advisors K.K.

Energy solution & Retail

Establish new joint venture in rental residential value add business with Goldman Sachs

- Transformation of business portfolio and asset replacement

Transformation of Business portfolio

- Capital efficiency and value improvement cycle

Enhancement of earnings power and Strong earnings foundations

- Expansion of existing businesses by building on strengths

- Expansion of functionality and improvement of margins by reviewing existing transactions
- Enhancement of earnings capacity by bolstering and broadening operations in areas of global strength

Automotive

Chemical Trading

Vietnamese retail operations

food processing and wholesale, distribution, retail

New way, New value

Pursue Competitiveness and Growth market

Local market-oriented initiatives Collaboration Strive for Speed

Improvement of profitability of operating companies

Achievement of profitability at underperforming companies

Improvements seen at **23** of 60 companies applicable as of March 31, 2021

Tuna Farm Takashima ×DX

Agriculture ×DX

Fertilizer businesses in Southeast Asia

- Identification of customer needs through thoroughly market-oriented approach

Creation of New Value to raise overall value

Organization and Human Resources Transformation

DX

DX Strategy for Accelerating Value Creation

- Driving the “Business model Transformation” and “DX HR Development” based on DX 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 improvement of business value prefaced on digital technology utilization

DX of secondhand vehicle sales (digital twins)



Tuna farming using IoT and AI (feeding optimization)



For Farmer - RicultF



For Enterprise/M/IL - RicultX



Digital farming platform using digital technology

DX HR Development

Data Analysis

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

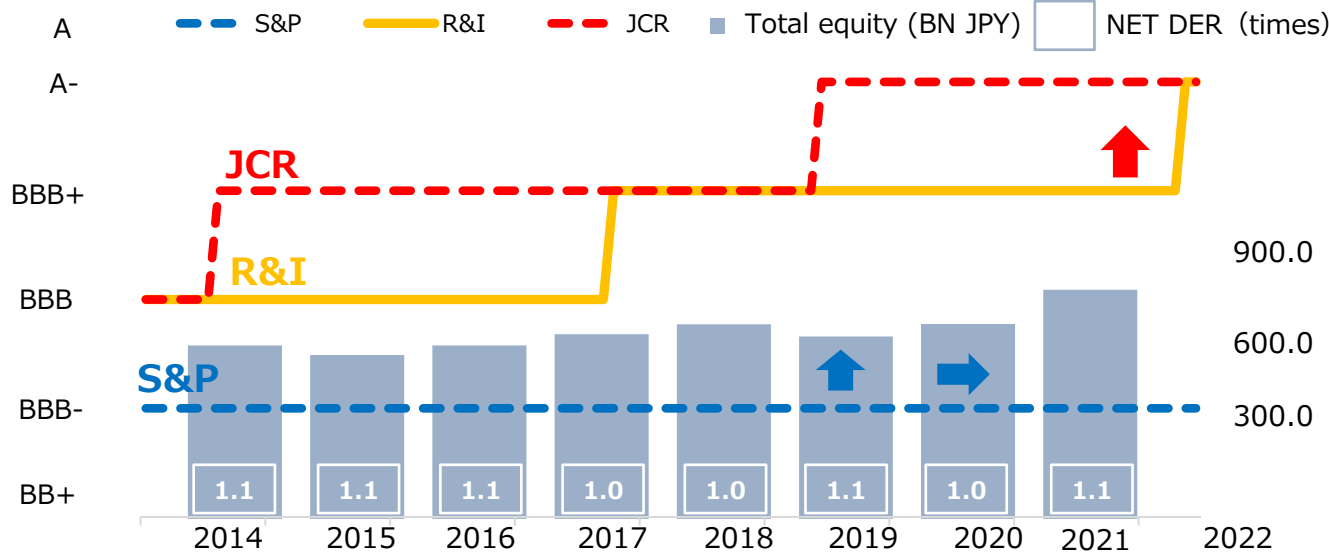
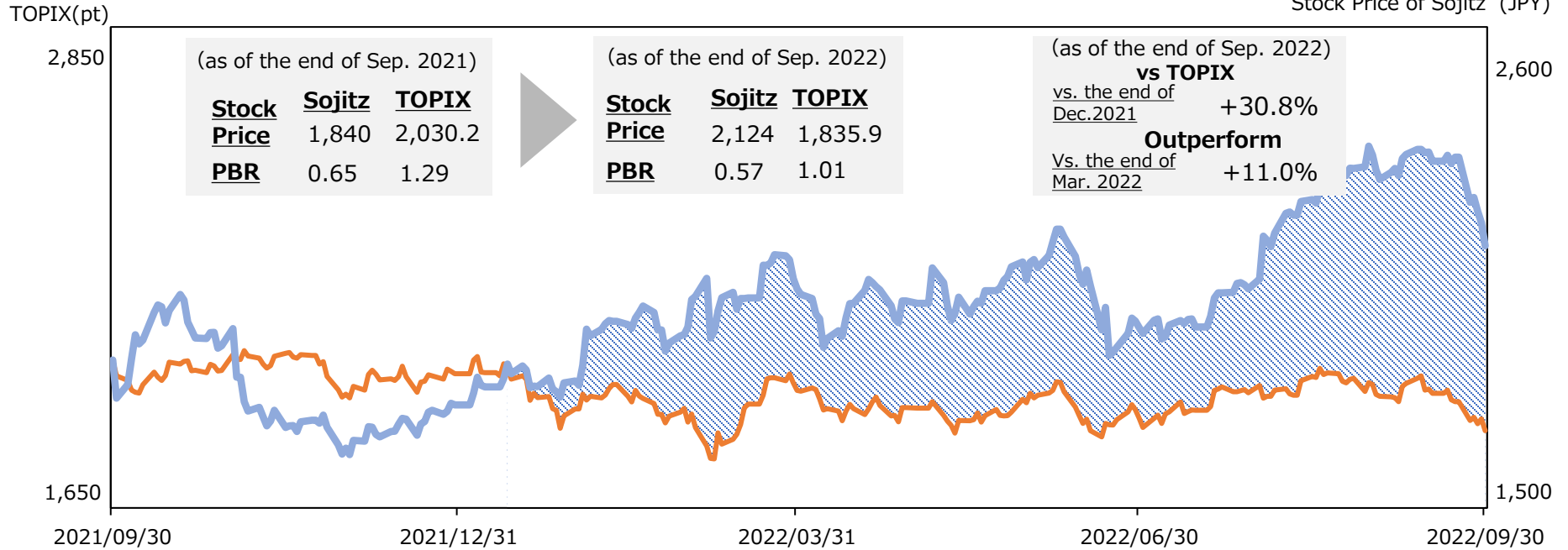
Business Design

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

Skill Level		Expected Role / Position
Practical Application	Level 5: Thought Leader	Guidance and oversight of experts and leadership in transforming organizations and businesses with data and digital technologies
	Level 4: Expert	Resolution of issues, creation of businesses, and improvement of value as leaders in the use of data and digital technologies
	Level 3: Experienced	Support for analyzing data and developing applications under the guidance of experts
Level 2: Basic		Examination of application of IT to business activities using basic knowledge (IT literacy, digital marketing, data science, information security)
Level 1: Entry		Action based on the entry-level knowledge required of all employees that deal with IT (acquisition of national IT Passport certification)
Practical Application-Level Skill Areas	Data Analysis	Resolution of issues through data analysis
	Business Design	Improvement of value of existing businesses and creation of new businesses through use of digital technologies

Stock Price, PBR Trend, and Credit Ratings

Stock Price of Sojitz (JPY)



R&I
Aug. 2022
BBB+ → A- (Stable)
Upgrade

JCR
Aug. 2022
A- (Stable)
→ **A- (Positive)**

S&P
Aug. 2022
BBB- (Stable)
→ **BBB- (Stable)**

↑ ↓ → Potential direction over the intermediate term (Positive/Negative/Stable)

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.

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.)

