



Sojitz IR Day 2022

November 28, 2022
Sojitz Corporation

Caution regarding Forward-looking Statements and Original Language

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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

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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

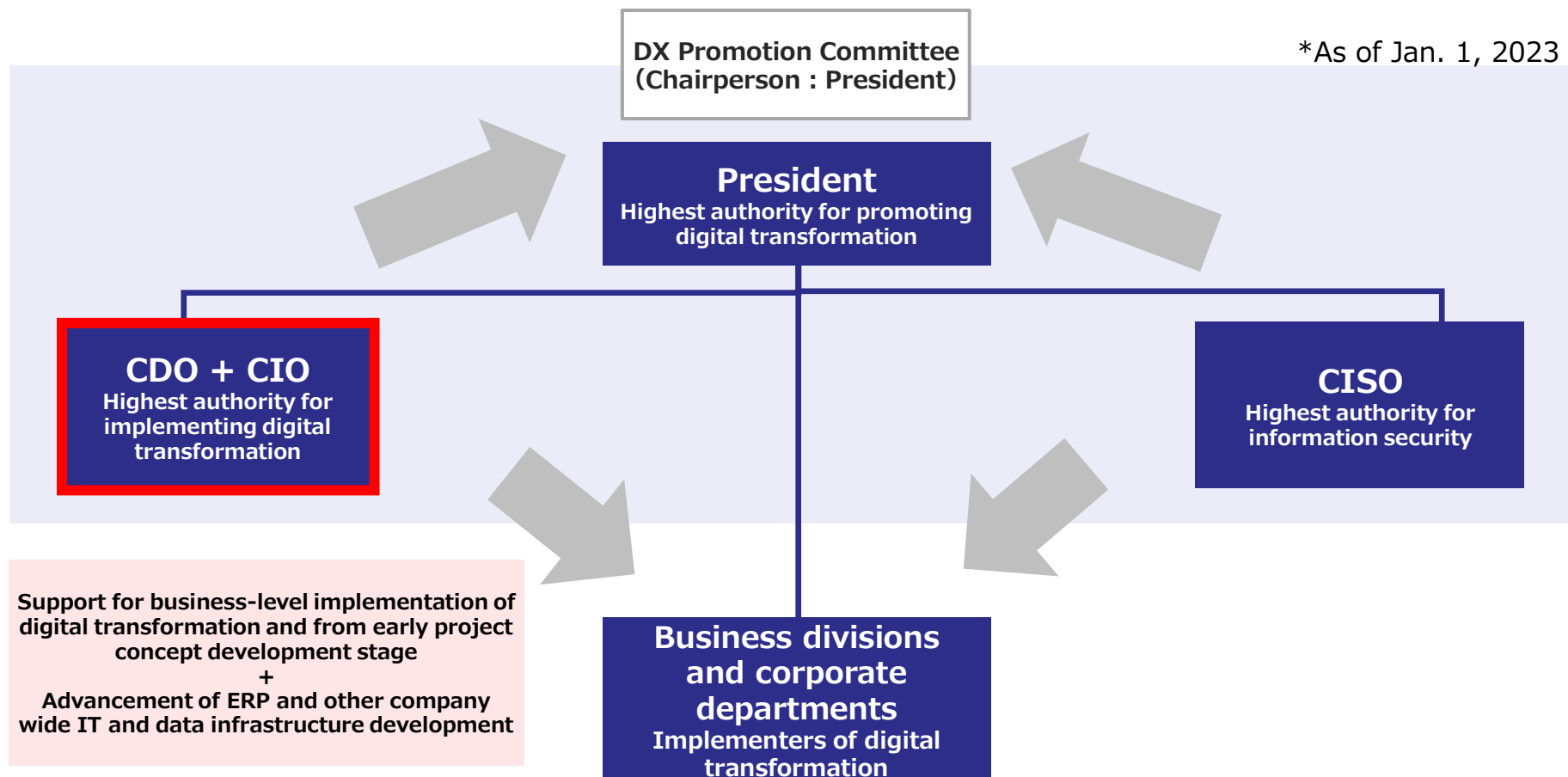
Appointment to position responsible for operation and acquisition of
 and withdrawal from automotive businesses in Americas at post in
 United States after gaining experience in industrial machinery sales

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

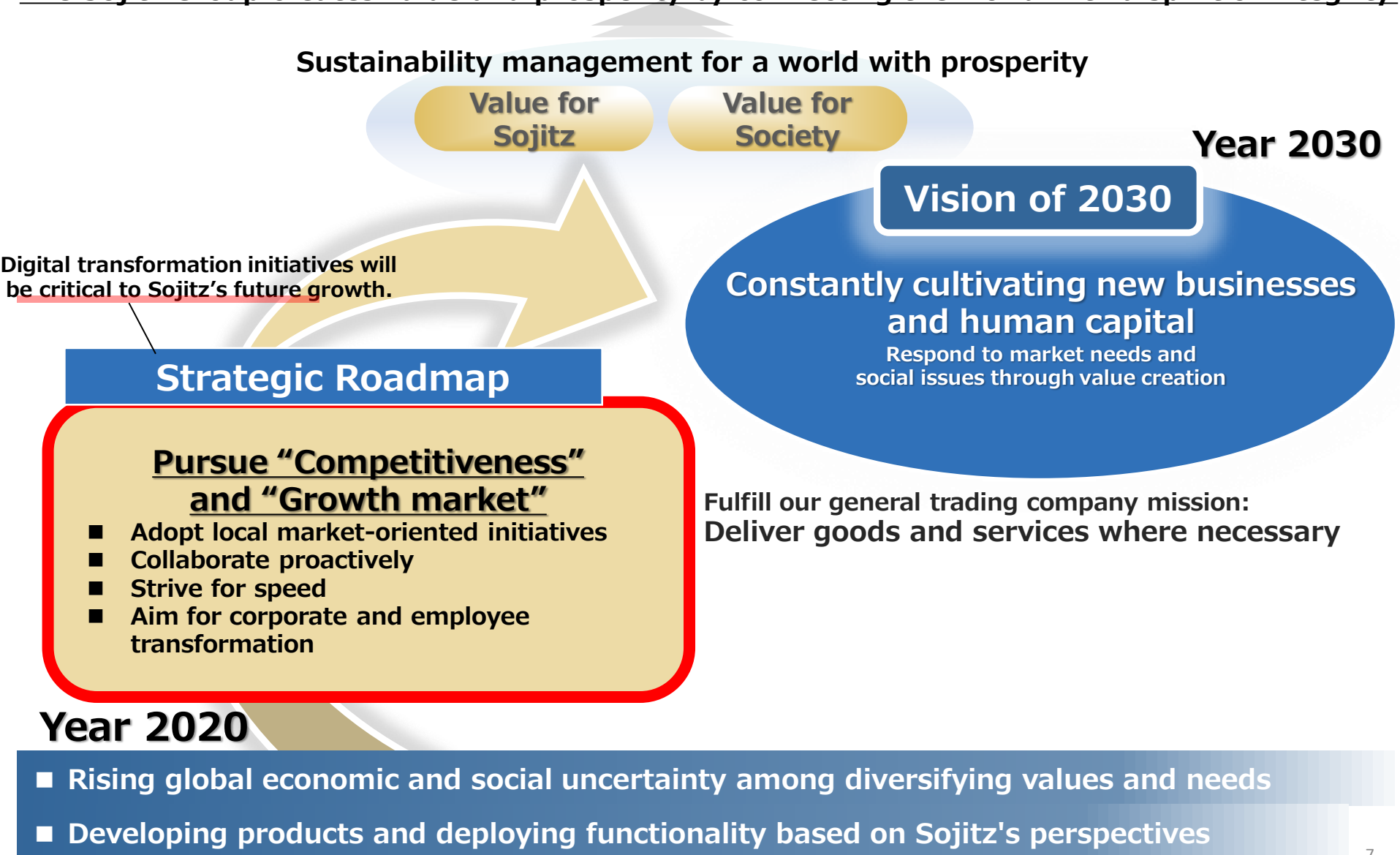


- Advancement of digital transformation initiatives matched to businesses of specific divisions
- Assessment and sharing of progress of overall digital transformation initiatives and verification of effectiveness

2. Vision for 2030

Corporate Statement :

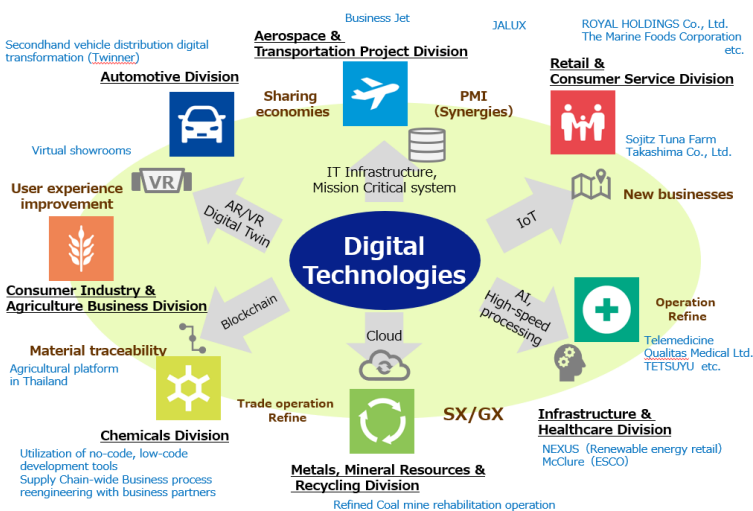
The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.



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

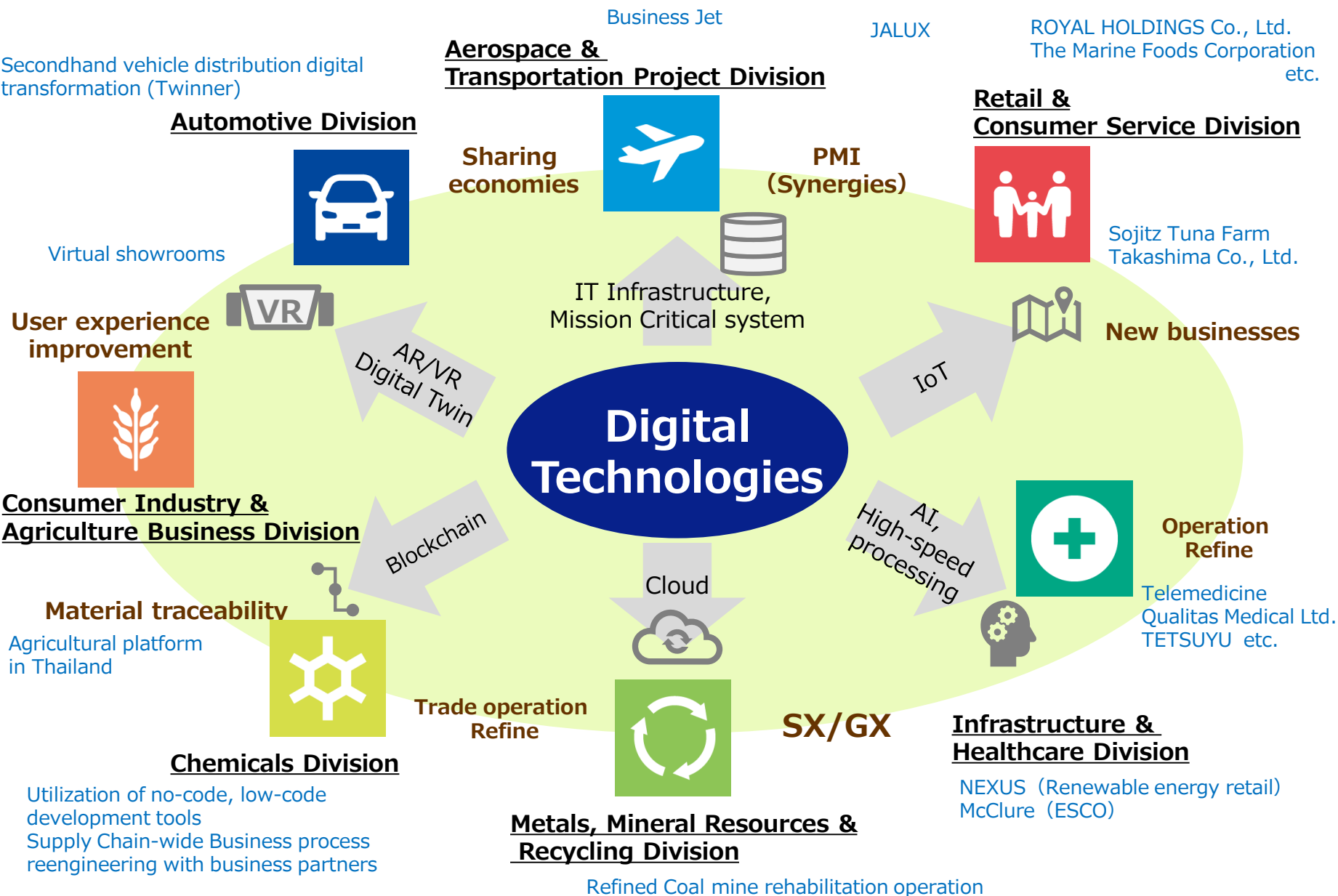
- ✓ Lead data analysis to verify hypothesis
- ✓ Propose the way to resolve business issues

Business Design

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

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

3-1. Business Model Transformation



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)
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	43% 13/30 people (target for March 2024)
	Level 3 : Experienced	Support for analyzing data and developing applications under the guidance of experts	48% 96/200 people (target for March 2024)
Level 2 : Basic		Examination of application of IT to business activities using basic knowledge (IT literacy, digital marketing, data science, information security)	Completion rate: 24%(487/2,035 career-track employees) Implementation rate: 51%(22,980/44,770 courses) Number of courses = 2,035 employees × 22 courses
Level 1 : Entry		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)

Sojitz's Value Creation and Digital Transformation Strategies

4. Digital Transformation 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

×

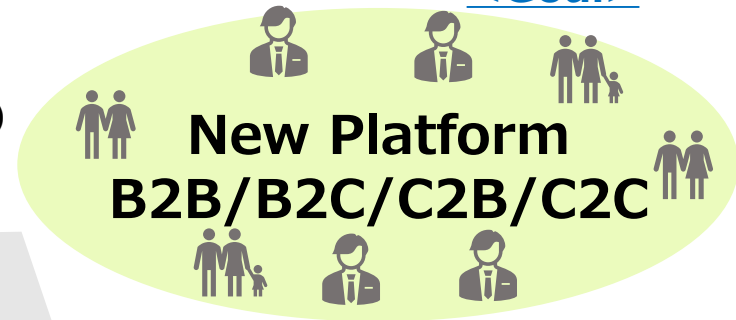
New business development

Digital Transformation of Used Vehicle Distribution —Sojitz’s for Transformation of Secondhand Vehicle Distribution

<Used Vehicle Industry Issues >

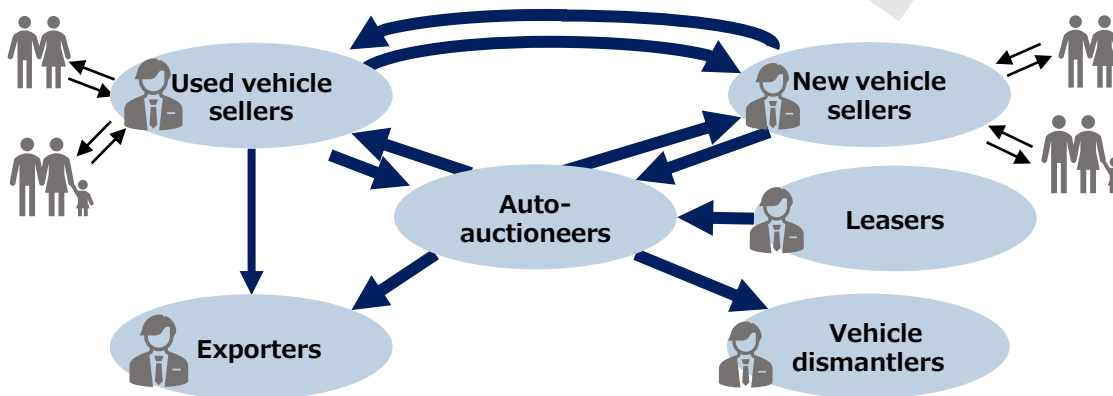
- ◆ Manual processing of large volumes of vehicles
(Specification, quality assessments, price appraisals)
- ◆ Transactions between a lot of players involved
(Transportation of vehicle per transaction)
- ◆ Small business areas
(Limited opportunities for choice)

<Goal>



DX

<Current Distribution Flow>



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

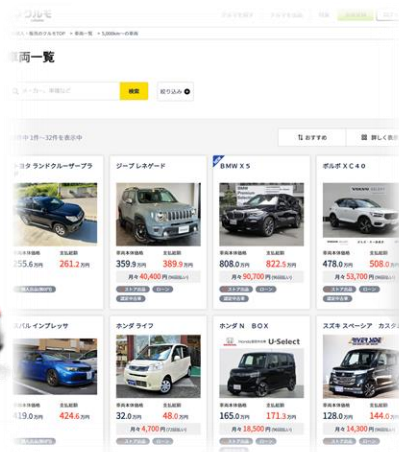
Used vehicle sales to consumers : **2.5 million unit/year** (approx.)

Digital Transformation of Used Vehicle Distribution —Roadmap

<Goal>

**New Platform
B2B/B2C/C2B/C2C**

Online Sales



Digital Twins



<Benefits for Business Operators>

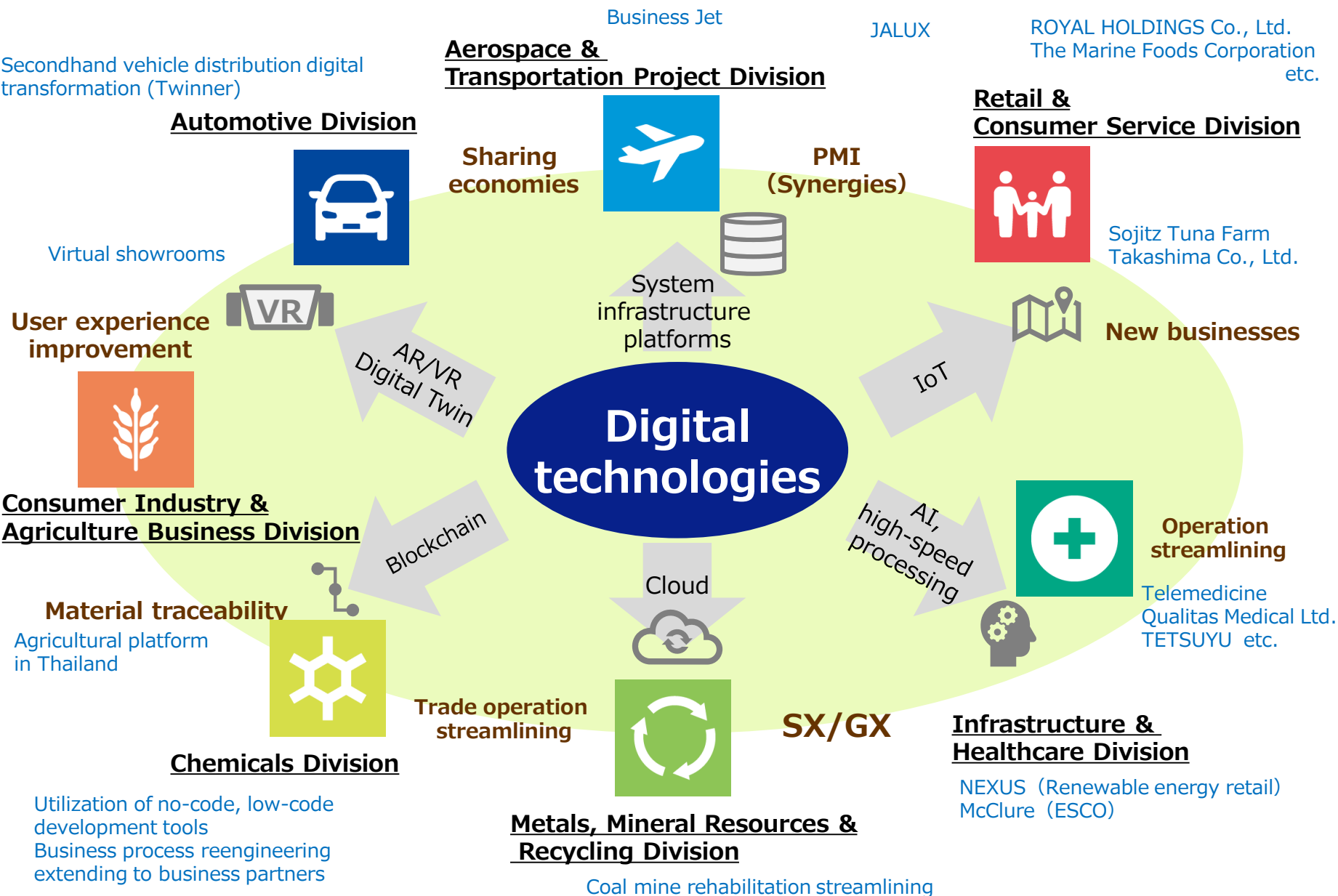
- ◆ Automation of appraisals
- ◆ Reduction of vehicle transportation costs
- ◆ Shortening of lead times, improvement of inventory turnover rates
- ◆ Increased transaction opportunities



<Benefits for Consumers>

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

Sojitz Group's Digital Transformation Initiatives





New way, New value