



Financial Results for the Year Ended March 31, 2023

**Progress of Medium-Term Management Plan 2023
– Start of the Next Decade –**

May 2, 2023

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 timing at which 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.)
- **“Shareholder Returns”** = include acquisitions of treasury stock.

FY2022 Summary

FY2022 Results

- Record-breaking earnings for two consecutive years (FY2022: ¥111.2 bn)
- Accomplishment of all financial targets of Medium-Term Management Plan 2023 (except PBR 1 times or above)
- Implementation of allowances through review of certain assets and projects

FY2023 Forecast/Target

- Profit for the year of ¥95.0 bn
- Annual dividend forecast of ¥130 per share, share buybacks of ¥30.0 bn or upper limit of 10.0 million shares and treasury stock cancellations (Approx. 15.3 million shares canceled to date)
- Building of foundations for use in final year of medium-term management plan and thereafter

(BN JPY)	FY21	FY22	FY22 Forecast (Feb. 2, 2023)	FY23 Forecast
Profit for the year	82.3	111.2	110.0	95.0
Core operating CF	128.7	145.2	150.0	115.0
NET DER (Times)	1.06	0.75	0.7	0.75
ROE	12.2%	14.2%	14.1%	11.1%
ROA	3.3%	4.2%	4.1%	3.5%
Dividends	¥106	¥130	¥130	¥130 (Annual dividends forecast)

FY2023 Financial Targets

Business Performance

Gross Profit	¥320.0bn
SG&A Expenses	¥(230.0)bn
Share of profit (loss) of investments accounted for using the equity method	¥45.0bn
Profit before tax	¥125.0bn
Profit for the year	¥95.0bn
Consolidated Total Assets	¥2,750.0bn
Total Equity *1	¥870.0bn
ROE	11.1%
Net Debt/Equity Ratio	0.75x

Business Divisions

(BN JPY)

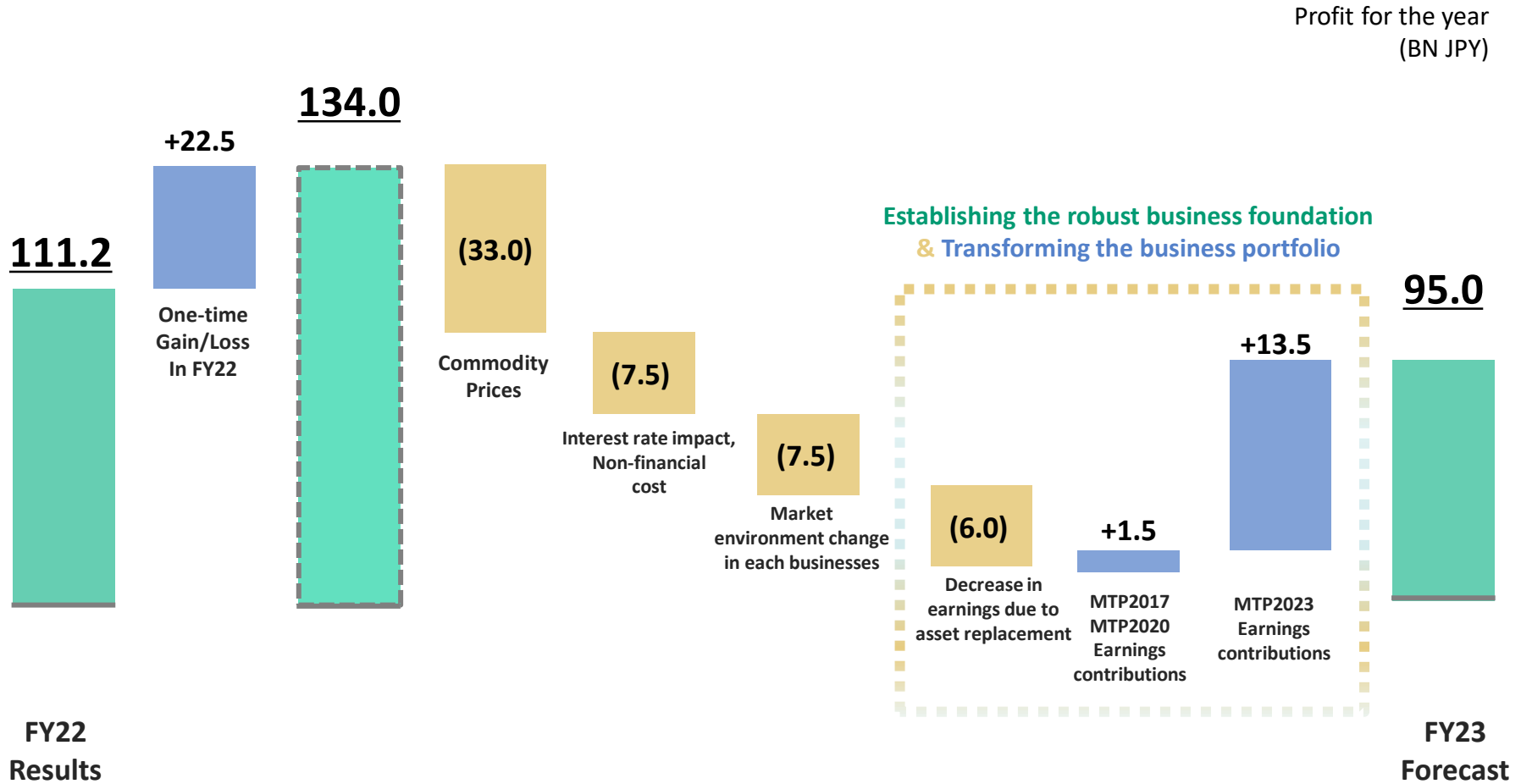
■ Automotive	7.0
■ Aerospace & Transportation Project	4.0
■ Infrastructure & Healthcare	16.0
■ Metals, Mineral Resources & Recycling	33.0
■ Chemicals	16.0
■ Consumer Industry & Agriculture Business	8.0
■ Retail & Consumer Service	11.0
Profit for the year	¥95.0bn

Commodity Prices and Exchange Rates FY23 Assumption (Annual Avg.)

Coking coal	US\$ 230.0 / t
Thermal coal *2	US\$ 160.0 / t
Crude oil	US\$ 80.0 / bbl
Exchange rate*3	¥125.0 / US\$

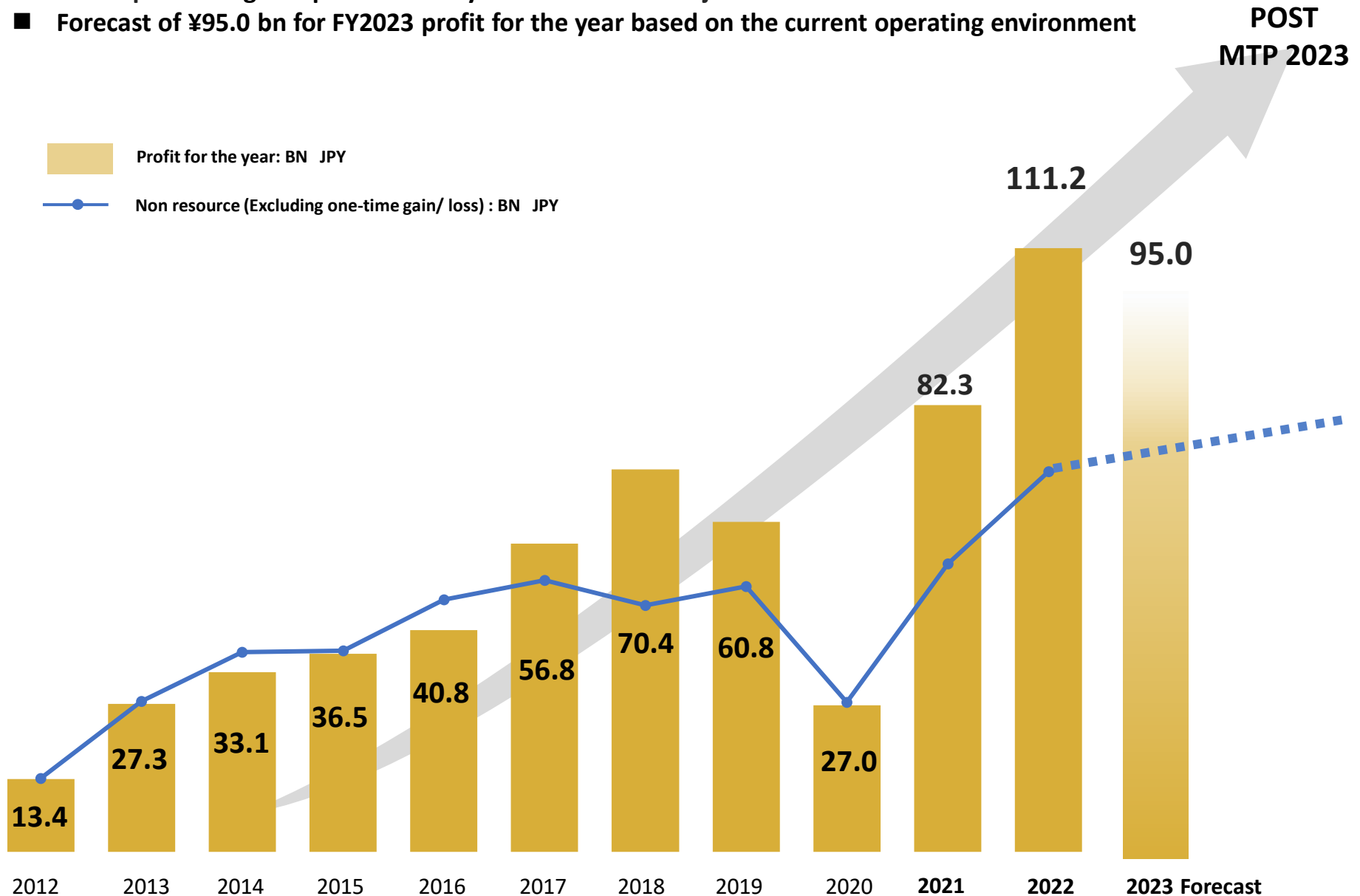
- *1 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net D/E ratio" and the numerator when calculating "Equity ratio."
 *2 Coal prices are based on standard market prices and therefore differ from the Company's selling prices.
 *3 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.75 bn annually, profit for the year (attributable to owners of the Company) by approx. ¥0.3 bn annually, and total equity by approx. ¥2.0 bn annually.

Earnings Growth Leading Up to FY2023 year end



Steady, Growth of earnings power

- Accomplished highest profit for the year in FY22 since Sojitz established
- Forecast of ¥95.0 bn for FY2023 profit for the year based on the current operating environment



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

■ **Retail Businesses** Value raising through co-creation with partners
 ASEAN Retail, Domestic Retail (JALUX, Royal Holdings)
 Marine Foods Co. (Aquaculture food product manufacturing company)
 TRY Inc. (Processor and Seller of Frozen Tuna)

■ Energy solution Expansion of businesses and function

U.S ESCO(McClure), Renewable energy business

■ HealthCare

Expansion of primary healthcare business in APAC

■ Materials & Circular economy

Domestic Fluorine compound business,
 Canada's household appliances and
 electronic devices recycling business
 Securing supply of heavy rare earth to Japan with Lynas

Enhancement of earnings power and Strong earnings foundations

- Expansion of existing businesses by building on strengths

■ Automotive business

■ Coking Coal Business in Australia

■ Chemical trading business

- Enhancement of earnings capacity by bolstering and broadening operations in areas of global strength
- Maximum streamlining of logistics functions in trading businesses
- Expansion of functionality and improvement of margins by reviewing existing transactions

Value
Creation

Steady
Business
Growth

Asset
Replacement

Value up

Digital in All **DX**

- Divestment from thermal coal and oil and gas interests based on decarbonization target
- J-REIT management business
- Exit from low profit trading business
- Reduction of cross-shareholdings

Asset Replacement

- Expansion of management assets through portfolio transformation

■ Identification of customer needs through market-oriented approach

■ Creation of better CX with Digital Technologies

- Secondhand vehicle sales using digital twins
- Tuna Farming in Takashima
- Agriculture business in Southeast Asia using digital technology

Creation of New Value to raise overall value

- Cultivation of next-generation business

Profitability

Investment for Growth Strategy and Focus areas

Focus area under MTP2023

Current steady growth

Infrastructure & Healthcare

Essential infrastructure development and service provision as a social issue

Initial investment plan ¥120.0 - ¥150.0

Accumulative
Investment Amount
in FY21 & FY22 **¥104.0bn**

Capture growth from a growing market

Growth market × Market-oriented initiative

Strengthening efforts in retail areas in growth market such as ASEAN and India

Initial investment plan ¥100.0 - ¥120.0

Accumulative
Investment Amount
in FY21 & FY22 **¥86.0bn**

Reformation of conventional business model

Materials & Circular economy

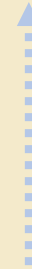
Deepening the 3R (Reduce, Reuse, Recycle) businesses

Initial investment plan ¥30.0 - ¥50.0

Accumulative
Investment Amount
in FY21 & FY22 **¥10.0bn**

Investment Allocation

¥500.0
bn



MTP2023
Initial
Investment
Plan

¥300.0bn

(+ Non-financial
investment
¥30.0bn)

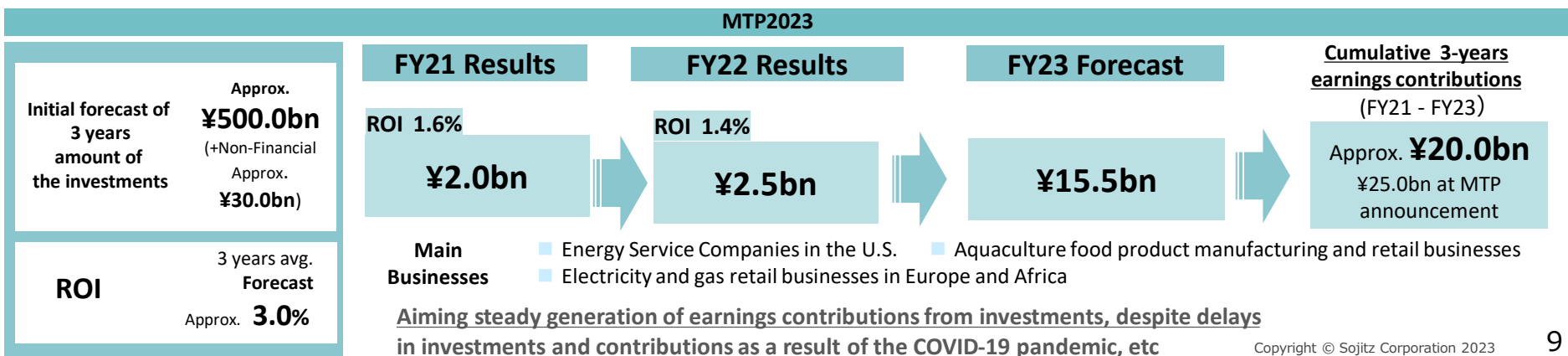
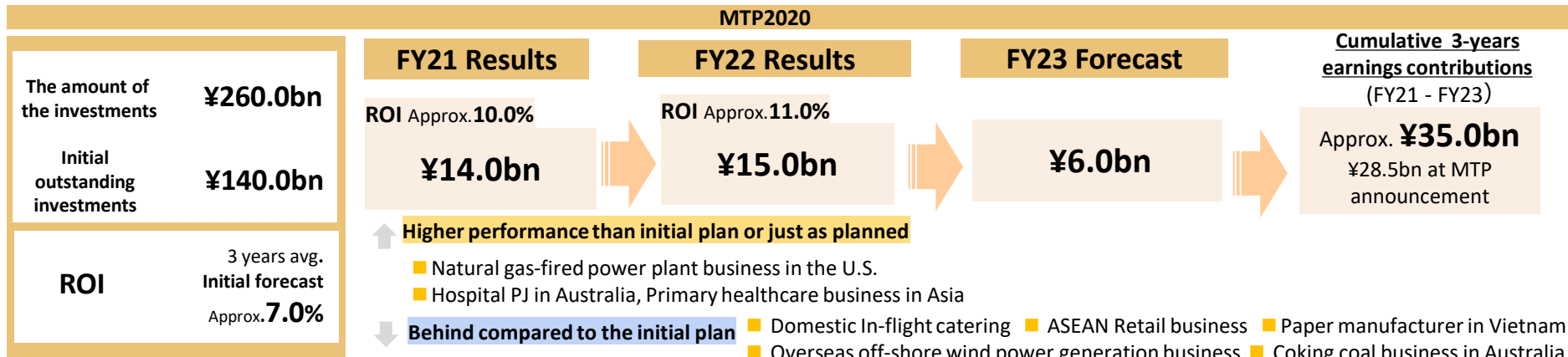
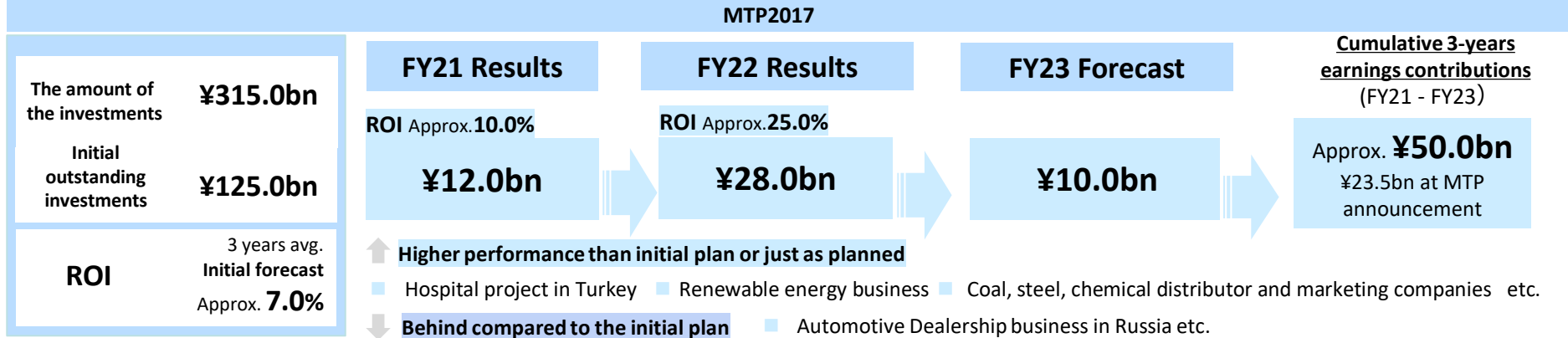
Investment in FY23 Forecast (Major cases)

- Energy Service Companies (“ESCOs”)
- Overseas renewable energy
- Overseas health care services

- Marine product business value chain
- ASEAN retail businesses
- Domestic and overseas automotive dealership and distributor

- Overseas metal recycle businesses
- Domestic Fluorine compound business

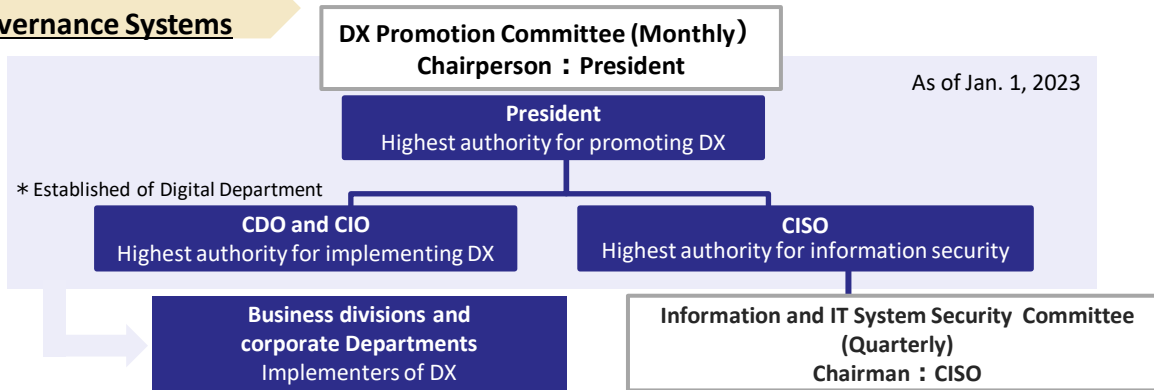
Investment Progress – MTP2017, MTP2020, and MTP2023



DX Strategy Initiatives and Policy

- Acceleration of initiatives for transforming business models by more deeply engraining digital transformation strategies into Companywide management and business strategies and business model transformation efforts
- Exhaustive effort for developing strategies and honing competitive edge prefaced on digital technologies
- Development and utilizing in practice of DX-Experts and bolstering capabilities of Digital Department

Reinforcement of Governance Systems



Adoption of digital technologies in all businesses

Digital in All

Examples of Individual DX projects

Automotive
Secondhand Vehicle Sales using digital twins

Consumer Industry & Agriculture Business
Agriculture platform

Retail & Consumer Service
Tuna farming

Metals, Mineral resources & recycling
Coal mine operation streamlining

●

●

●

Development and expansion of DX-Experts

Skill Level		Expected Role / Position	Target
Practical Application	Level 5: Thought Leader	Guidance and oversight of experts and leadership in transforming organizations and businesses with data and digital technologies	Small number of employees
	Level 4: Expert	Resolution of issues, creation of businesses, and improvement of value as leaders in the use of data and digital technologies	40 employees Progress:33%
	Level 3: Experienced	Support for analyzing data and developing applications under the guidance of experts	300 employees Progress:53%
Level 2: Basic		Examination of application of IT to business activities using basic knowledge (IT literacy, digital marketing, data science, information security)	All career track employees Progress:76%
Level1 : Entry		Action based on the entry-level knowledge required of all employees that deal with IT (acquisition of national IT Passport certification)	All employees Progress:81%
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	

Cash Flow Management

- Maintain positive six-year aggregate core cash flow during MTP2023

(BN JPY)	MTP2020 3-Year (Aggregate) (FY18–FY20)	FY21	FY22	FY23 Forecast	MTP2023 3-Year Target (Aggregate) (FY21–FY23)
Core operating cash flow	219.0	129.0	145.0	115.0	Approx. 380.0
Asset Replacement (Investment recovery)	170.0	62.0	113.0	125.0	Approx. 300.0
New investments and others	(262.0)	(148.5)	(93.0)	(255.0)	Approx.(500.0)
Shareholder Returns *1	(71.0)	(32.0)	(29.0)	(60.0)	Approx.(120.0)
Core cash flow	56.0	10.5	136.0	75.0	Positive
Free cash flow	108.0	(74.0)	201.0	80.0	Approx. 200.0

*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

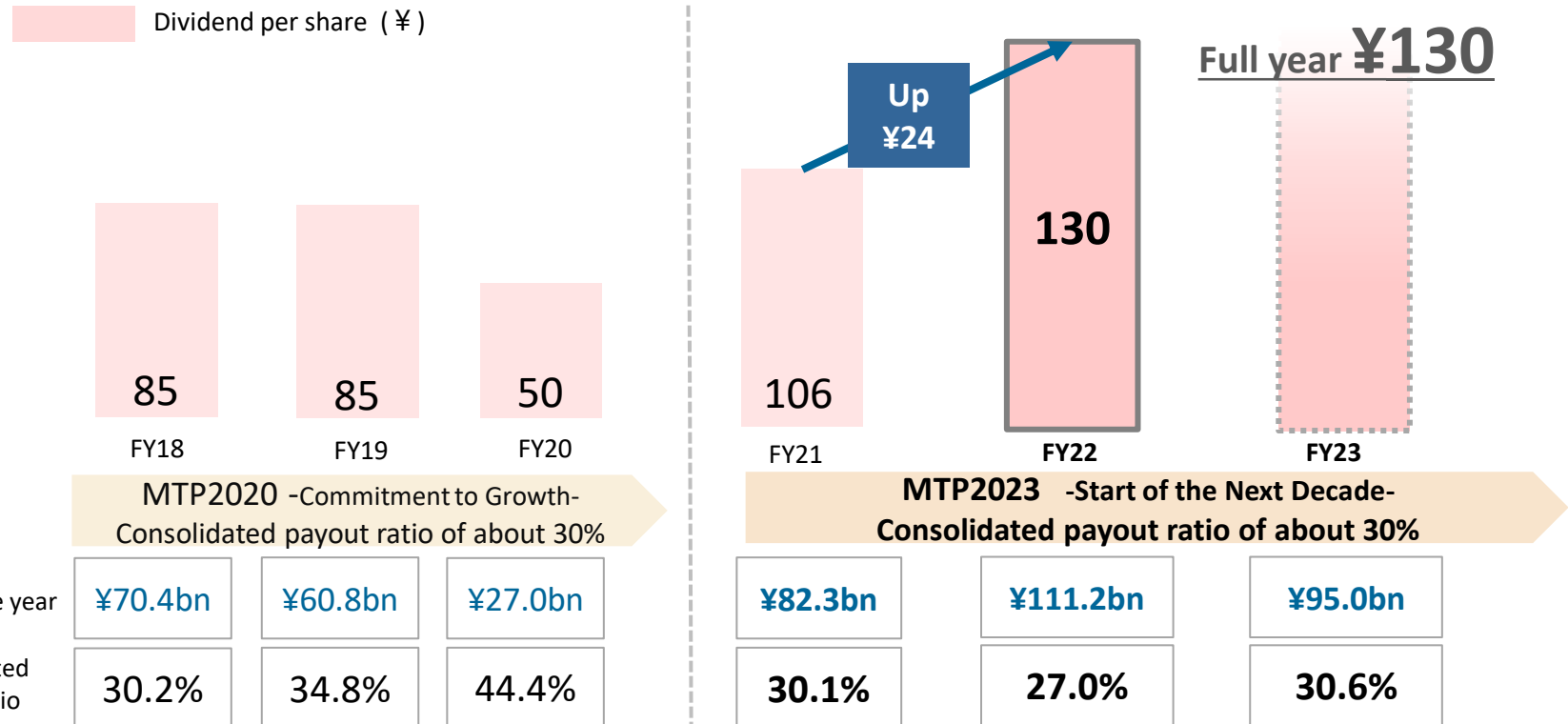
Our basic policy is to target a consolidated payout ratio of about 30%

FY22 Dividend

- Annual dividend per share increased by ¥24 from FY21 to ¥130 per share

FY23 Returns Plan

- Minimum of ¥130 per share for annual dividend payments
- Execution of share buybacks in FY2023
 - Share buybacks of ¥30.0 billion or upper limit of 10.0 million shares (Apr. 10, 2023 to Sep. 29, 2023)
- Treasury stock cancellations (Approx. 15.3 million shares canceled to date)



Note: The Company conducted a five-for-one share consolidation of common shares of stock effective October 1, 2021.

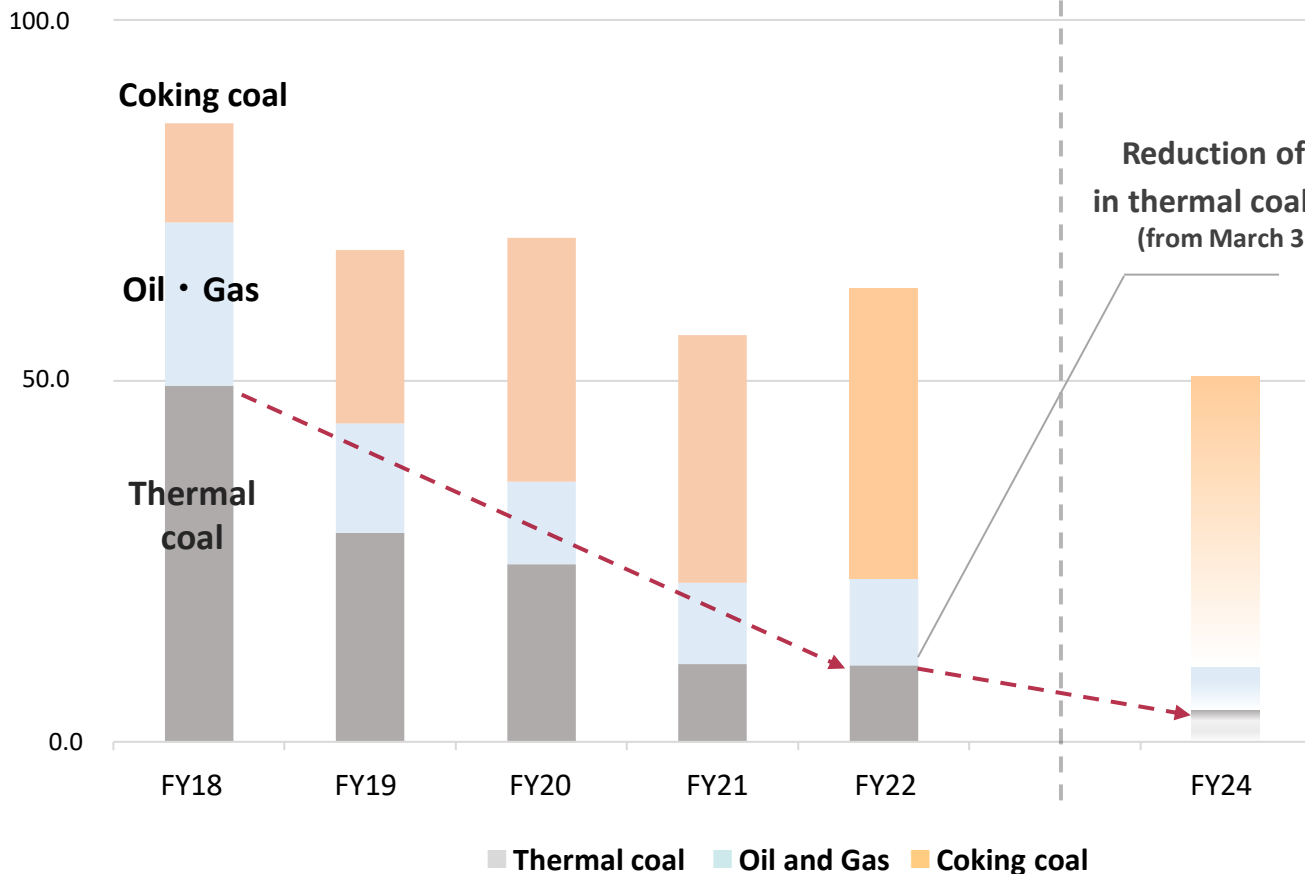
The dividend figures for FY18 to FY21 have been restated to reflect the share consolidation.

The forecast for the consolidated payout ratio for the year ending March 31, 2024, has been calculated with consideration for the approved plans to acquire and cancel shares of treasury stock.

Sustainability Challenge

Results in reductions of Coal, Oil, and Gas Assets - Interest assets

- Based on book value
- BN JPY



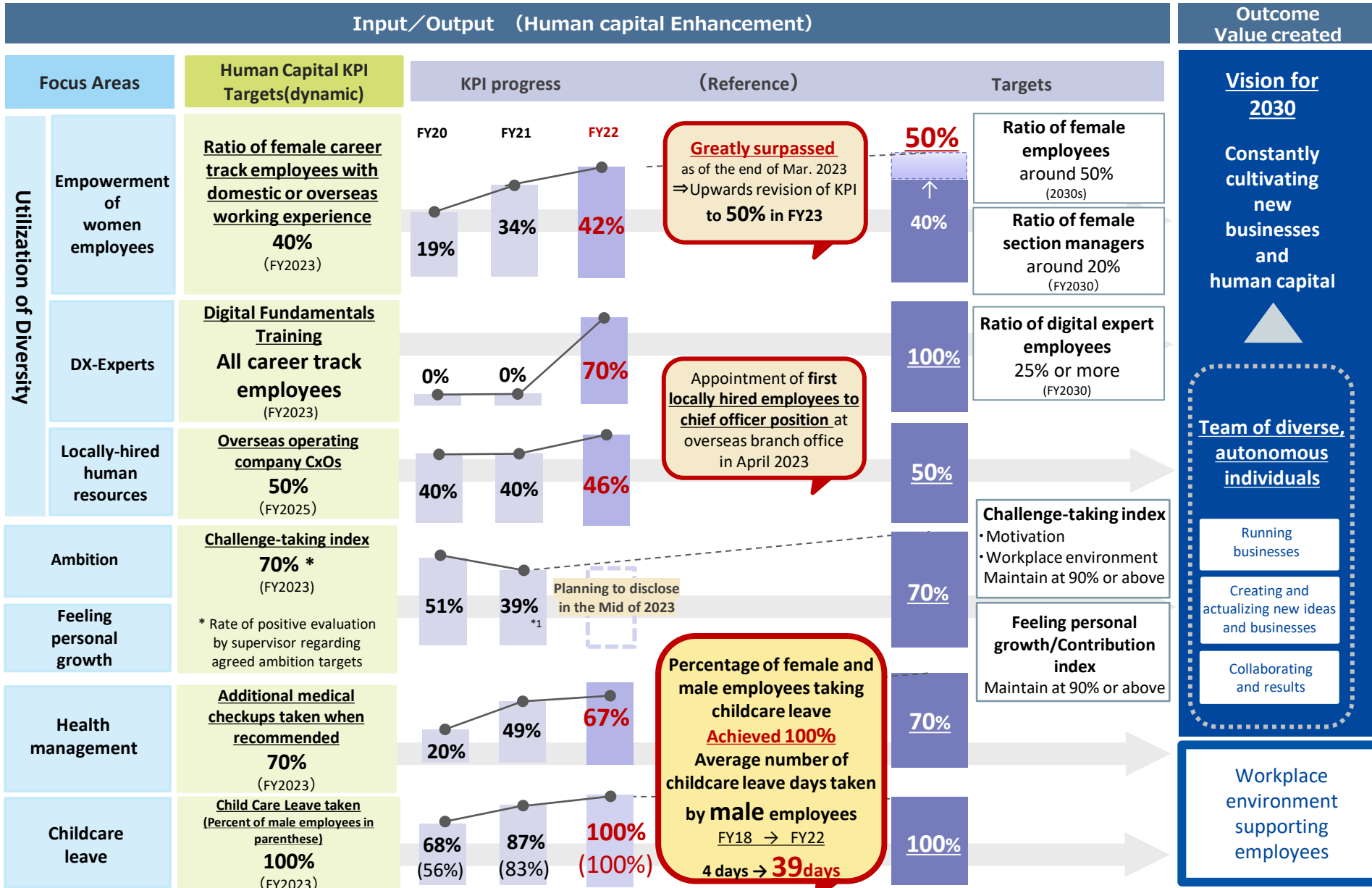
Decarbonization Target to achieve net-zero emissions

- Scope1** Reduce emissions 60% by 2030; achieve net-zero emissions by 2050
- Scope2** Net-zero emissions by 2030
- Scope3**
 - Thermal coal interests : Reduce interests to half or less by 2025, Zero interests by 2030
 - Oil interests : Zero interests by 2030
 - Coking coal interests : Zero interests by 2050

Reduction of **70%**
in thermal coal interests
(from March 31, 2019)

- #### Thermal Coal Targets
- ✓ Ahead-of-schedule accomplishment of target of halving thermal coal interests by 2025
 - ✓ Ongoing efforts aimed at achieving goal of reducing thermal coal interests to zero ahead of schedule

Initiatives to Strengthen Human Capital Management Human Capital KPI Targets (Dynamic)



Vision for 2030

Constantly cultivating new businesses and human capital

Team of diverse, autonomous individuals

- Running businesses
- Creating and actualizing new ideas and businesses
- Collaborating and results

Workplace environment supporting employees

*1 Ambition targets used in annual evaluation processes set on a voluntary basis in FY2020 (prior to establishment of human capital KPIs) but required of all career track employees from FY2021

FY2022 Financial Results

- Massive rise in profit for the year to ¥111.2 bn in FY2022 following growth in automobile, steel, chemical, and other non-resource businesses; product selling price increases; and improved coal market conditions ★ **Records high**
- Robust core operating cash flow created through strong cash generation capabilities

	FY21	FY22	Difference		FY21	FY22	FY22 CROIC
Profit for the year	¥82.3bn	¥111.2bn	+ ¥28.9bn	(BN JPY)	Profit for the year	82.3	111.2
Core operating CF	¥128.7bn	¥145.2bn	+ ¥16.5bn	Automotive	7.1	6.0	8.9%
ROE	12.2%	14.2%	+ 2.0%	Aerospace & Transportation Project	4.7	6.4	4.8%
ROA	3.3%	4.2%	+ 0.9%	Infrastructure & Healthcare	6.6	7.5	2.0%
Dividends	¥106	¥130	+ ¥24	Metals, Mineral Resources & Recycling	34.1	62.7	20.3%
Total equity	¥728.0bn	¥837.7bn	+ ¥109.7bn	Chemicals	12.6	18.5	12.4%
NET DER	1.06x	0.75x	(0.31)x	Consumer Industry & Agriculture Business	6.4	6.4	8.1%
Investment	¥150.0bn	¥93.0bn	¥(57.0)bn	Retail & Consumer Service	5.0	7.4	1.9%
				Others	5.8	(3.7)	-

Evaluation by Society

Working environment where they can work much more actively

For **7** consecutive years



For **6** consecutive years for

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

For **12** consecutive years

Sojitz was awarded Platinum Kurumin Plus certification established in April 2022



The **4th** times

Health and productivity Stock Selection granted to top enterprises



No. 1
in General trading
company sector
Great place to work Award



Highest Prize



ESG Rating

For **5** consecutive years

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Sustainability Award

Bronze Class 2022

S&P Global

For **5** consecutive years



FTSE Blossom Japan



FTSE4Good

For **4** consecutive years

Leadership level "A-"



External Evaluations of disclosure

For **7** consecutive years



Award for Excellence at NIKKEI Integrated Report Awards 2022



For **2** consecutive years



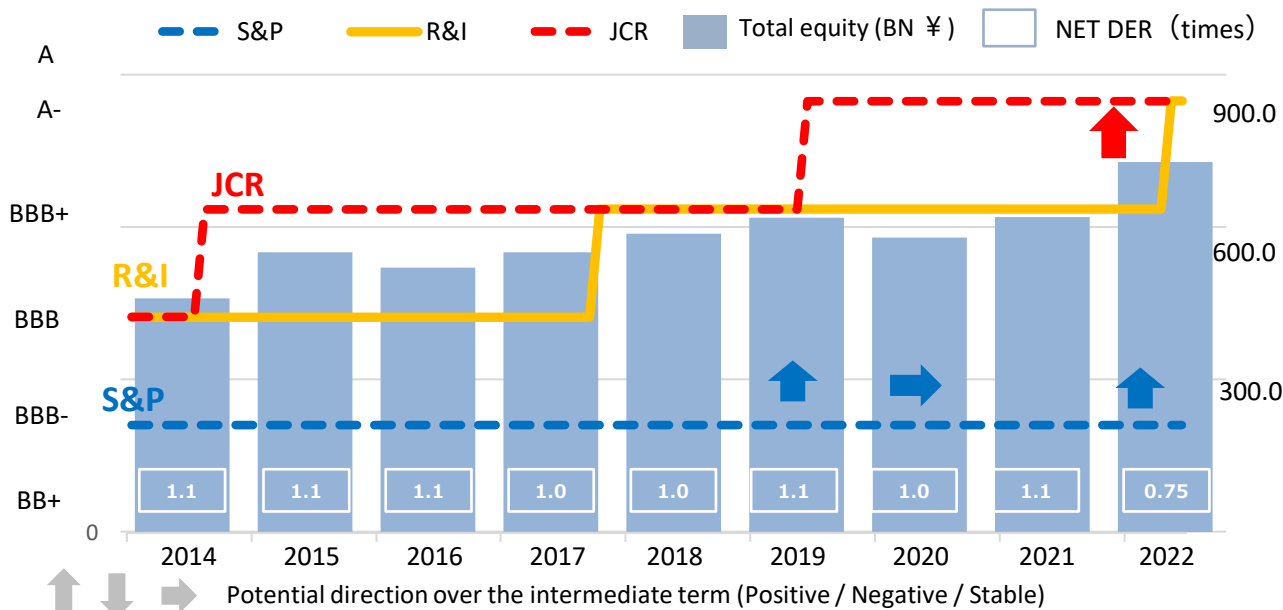
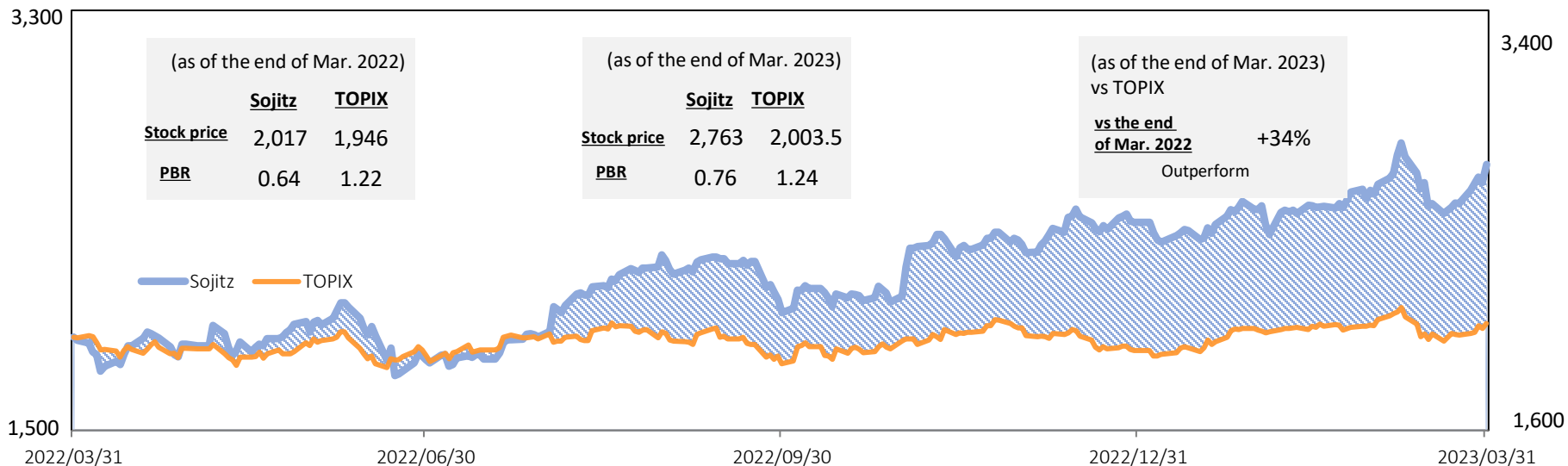
For **2** consecutive years

Selected as
"Excellent Corporate Governance Reports"
by GPIF's Domestic Equity Managers

Stock Price, PBR Trend, and Credit Ratings

TOPIX (pt)

Stock price of Sojitz (¥)



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

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

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

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

