

Retail & Consumer Service Division

Hiroto Murai
Executive Officer, COO
Retail & Consumer Service Division
November 29, 2021



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Outlines

Born in Kyoto Prefecture

- ◇ 1989 Joined Sojitz predecessor
- ◇ 2005 - 2009 Stationed in Thailand
- ◇ 2010 - 2012 General Manager, Automotive Dept. 2
- ◇ 2012 - 2014 General Manager, Corporate Planning Dept.
- ◇ 2015 - 2020 COO, Automotive Division
- ◇ 2020 - 2021 COO, Retail & Lifestyle Business Division
- ◇ 2021 - present COO, Retail & Consumer Service Division
* Name changed to Retail & Consumer Service Division
in conjunction with structural reform.

Seeks to manage division with strong emphasis on ambition, speed, and positivity while taking swift and decisive action with regard to business investments from substantial returns can be anticipated

Retail & Consumer Service Division – Overview of Division

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Retail Business Dept.
Food Value Chain
(Production, wholesale, distribution, retail)
- 

Apparel & Lifestyle Products Dept.
Brand-related, Consumer goods distribution businesses
Apparel (Production, distribution)
- 

Commercial Platform Business Dept.
Commercial facility (shopping mall) operation
Retail platform operations
- 

Asset Management Dept.
Real estate (condominiums, distribution facilities)
J-REIT operation
- 

Sojitz Foods Corporation
Food product import and wholesale
(Meat, agriculture, aquaculture, confections, etc.)
- 

Sojitz Fashion Co., Ltd.
Planning, processing, and sale of cotton,
synthetic, and knit fabrics
- 

Sojitz New Urban Development Corporation
Development and sale of rental flats

**Sales unit
and
core subsidiaries**

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Strengths

Network and customer bases established over many years in Asia

Expertise in investment and management for increasing value of shopping centers and consistent development of real estate business

Supply base for food products and consumer goods matched to diversifying lifestyles

Top-class position in market for North American frozen beef imports to Japan

FY2020 at a glance

Profit for the year*	¥ 4.9 bn
Total assets	¥337.0 bn
Number of employees (non-consolidated)	129
Seconded employees (domestic & overseas)	67

*attributable to owners of the company

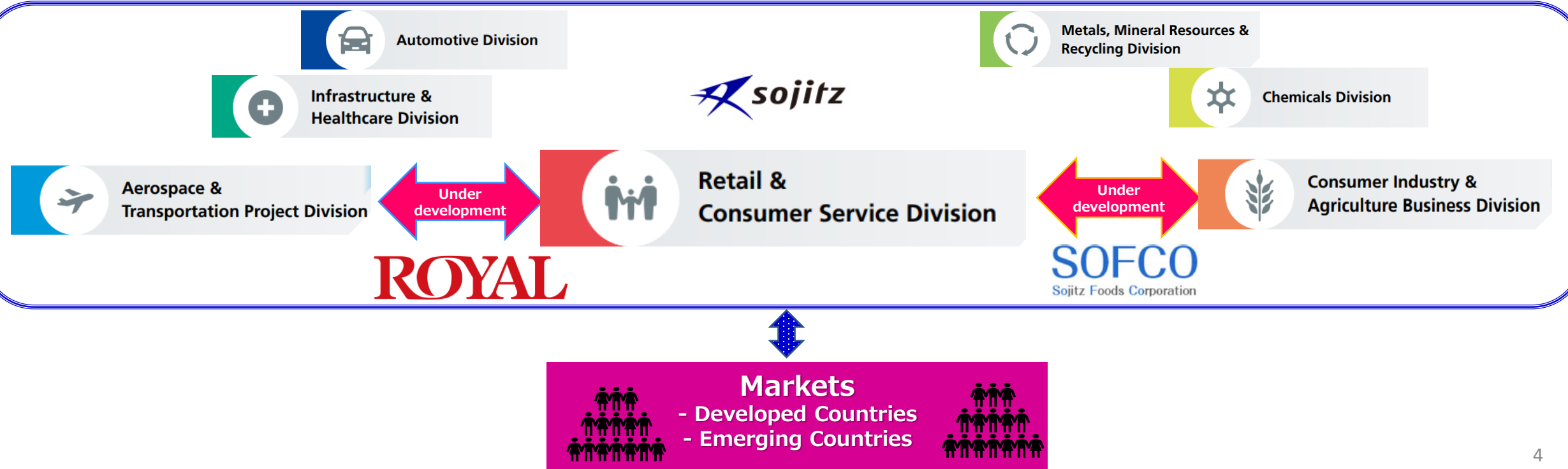
**Growth Market ×
Market-oriented initiative**



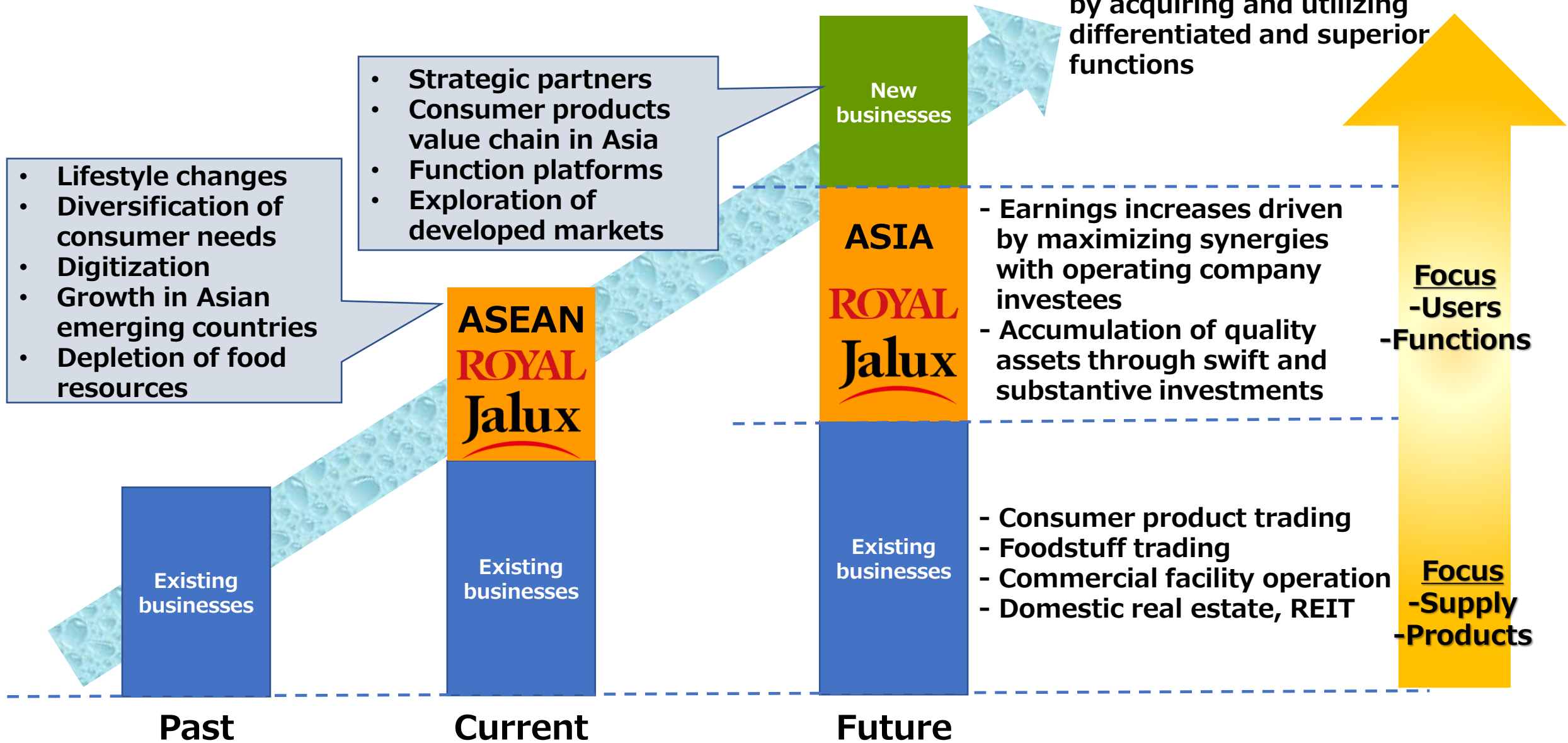
- ✓ Division operated based on consumer perspective (clothing, food, housing)
- ✓ Businesses developed based on pace of growth of emerging markets
- ✓ Collaboration with other divisions, each professionals in their respective fields



Growth together with markets achieved by responding to demand in diverse growth markets



Division Strategy - Vision



Growth Strategies Under MTP2023

Key words for Growth Strategies

- Market-oriented approach focused on consumers and users
- Response toward diversifying needs and consumption trends
- Efforts to enrich and bring convenience to people’s lives in emerging countries (Vietnam, India, etc.)
- Enhancement of functions (digital transformation, retail technology, etc.)

Focus areas	Strength	External environment	Growth driver
Collaboration and sharing (Royal Holdings, JALUX)	<ul style="list-style-type: none"> • Customer network foundation • Consumer business insight 	<ul style="list-style-type: none"> • Diversification of consumer needs • Opportunities for new business 	<ul style="list-style-type: none"> • Synergies between respective strengths
Food and consumer product value chain in Asia	<ul style="list-style-type: none"> • Comprehensive value chain in Vietnam • Partners in and outside of Japan 	<ul style="list-style-type: none"> • Growth in Asian emerging countries • Modernization of local distribution networks 	<ul style="list-style-type: none"> • Strengthening of functions • Expansion of regional scope
Domestic retail operation (commercial facility, real estate)	<ul style="list-style-type: none"> • Commercial facility value improvement model and management capabilities 	<ul style="list-style-type: none"> • Change in focus of consumer needs from goods to experiences and ultimately to interaction 	<ul style="list-style-type: none"> • Utilization of digital technologies

Focus Businesses Under Growth Strategies

- Collaboration and Sharing with Partners 1

- Maximization of synergies through co-creation with Royal Holdings (investment commenced in March 2021)

Initiatives with Royal HD



- Utilization of Royal HD’s contents and Sojitz’s global network to develop highly compatible business and create and supply new products, services, and value in order to improve corporate value of both companies
- Enrichment of people’s lifestyles by responding to diversifying consumer needs

Initiatives

Purchase cost reduction

Leveraging the Sojitz Group's procurement capabilities to optimize purchasing costs of foodstuffs and subsidiary materials

Contract business expansion

Considering opening new stores at airports utilizing the Sojitz Group’s network and Royal HD’s expertise

Improvement of operating efficiency of factories

Improving operation rates through collaboration with Japanese major retail company

Overseas expansion

Jointing identification of business partners and acquisition targets in restaurant and food product businesses



Focus Businesses Under Growth Strategies

- Collaboration and Sharing with Partners 2

- Acceleration of collaboration and maximization of synergies with JALUX after tender offer for shares and delisting
 - Creation of new businesses through synergies between retail, brands, and airports

Initiatives with JALUX

- Full utilization of JALUX's procurement and product development capabilities and sales network as aviation service company, JAL's customer base and brand image, and Sojitz's network and business investment expertise.
- Development of new businesses while creating and supplying new products, services, and value to maximize corporate value

Planning initiatives

Expansion of e-commerce operations

Utilize Sojitz's network to enhance JALUX's product development and lineup on the e-commerce website employing JAL's brand and customer base

Enhancement of airport retail operations

Enhance and differ product lineup by supplying Sojitz Group food and goods brands through JALUX's exclusive sales channels (stores in airports)

Promotion of JALUX products through Sojitz Group sales channels

Promote JALUX products through Sojitz Group sales channels (Royal HD, Sojitz Foods, etc.)



Focus Businesses Under Growth Strategies

- Food and Consumer Product Value Chain in Asia

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- Development of comprehensive food value chain in Vietnam, multi-sourcing and expansion of value chain through function strengthening
- Expansion into India and other efforts for strengthening retail operations in Southeast Asian and Indian markets

Value chain in Vietnam



Japan-standard quality control



Four-temperature controlled warehousing
Sales networks encompassing all of Vietnam



Endpoint of comprehensive value chain



Initiatives in Vietnam

- Expansion of retail store network through collaboration with AEON GROUP
- Bolstering of network of food product manufacturing and distribution bases
- Sales and operational efficiency improvement through digitization



Expansion into India

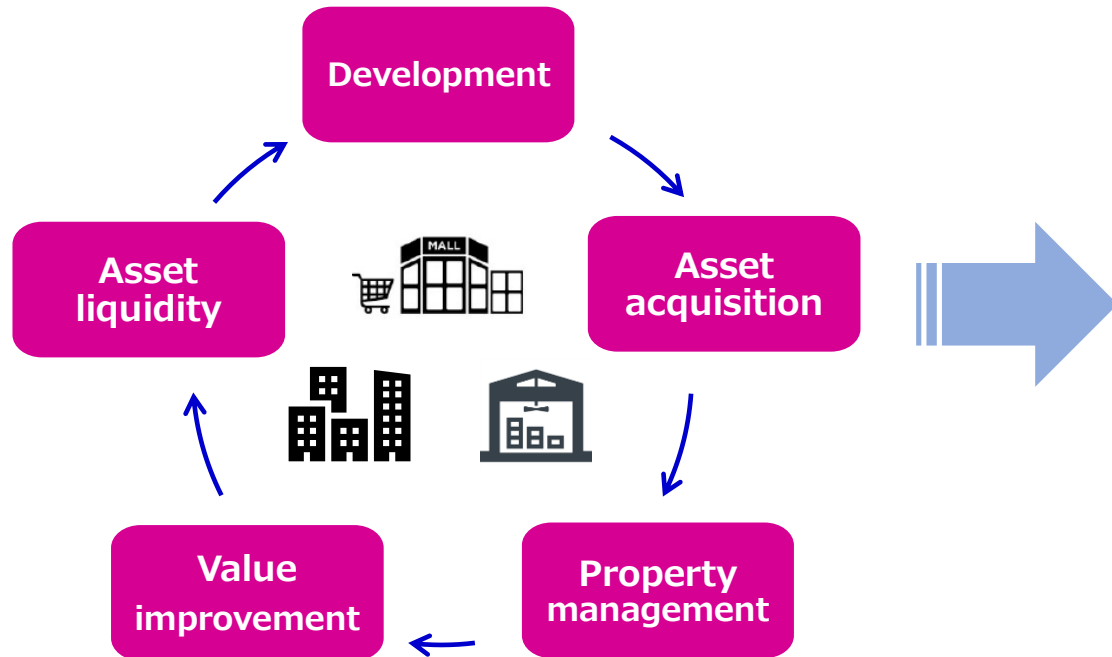
- Market-oriented approach targeting growth markets
- Coordination with local partners
- Development of value chain in India

Focus Businesses Under Growth Strategies

-Domestic Retail Business (Shopping Mall, Real Estate Business)

- Roll-over model founded on value improvement functions and integrated development and management functions for commercial facilities, condominiums, and distribution facilities (planning, development, leasing, marketing, cost management, etc.)
- Enhancement of value improvement functions incorporating digital transformation through coordination with partners

■ Roll-over model founded on value improvement functions



Value Improvement Functions Incorporating Digital Transformation

Utilization of digital technologies in commercial facilities

- Revenue increases :
Enhancement of existing tenant leasing capabilities and event sales promotion expertise through cycle of customer analysis, data-driven sales improvement measures, and improvement of initiative output analyses
- Cost reductions :
Enhancement of cost reduction expertise and scope optimization including existing utilities, repair, security, and cleaning activity.

Division Human Resource Strategies

— Enhancement of Organizational Capabilities and Human Resource Development

- Systematic development of human resources capable of creating profitable businesses
- Cultivation of management candidates

Unique Division Initiatives

- **RHDP** / **R**etail & Consumer Service Div. **H**R **D**evelopment **P**rogram :
 - Enhancement of intra-division communication
 - Entrenchment of division strategies and reinforcement of execution capabilities
 - Alignment of work policies and stances and acquisition of necessary skills (WILL and SKILL programs)
- **Task Force** :
Cross-department and cross-division promotion of initiatives for expanding core businesses and creating new business models (digital transformation, retail technology, marketing, femtech, etc.)



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. 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 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.



New way, New value