

## Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (IFRS)

May 1, 2018

### Sojitz Corporation

( URL <http://www.sojitz.com> )

Listed stock exchange: The first section of Tokyo

Security code: 2768

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Scheduled date of Ordinary General Shareholders' Meeting: June 19, 2018

Scheduled filing date of financial report: June 19, 2018

Scheduled date of delivery of dividends: June 20, 2018

Supplementary materials for the financial results: Yes

Investor conference for the financial results: Yes

(Rounded down to millions of Japanese Yen)

### 1. Consolidated Financial Results for the Year Ended March 31, 2018 (April 1, 2017 - March 31, 2018)

#### (1) Consolidated Operating Results

Description of % is indicated as the change rate compared with the same period last year.

|                    | Net sales       |       | Operating profit |      | Profit before tax |      | Profit for the year |      | Profit attributable to owners of the Company |      | Total comprehensive income for the year |      |
|--------------------|-----------------|-------|------------------|------|-------------------|------|---------------------|------|--|------|---|------|
|                    | Millions of Yen | %     | Millions of Yen  | %    | Millions of Yen   | %    | Millions of Yen     | %    | Millions of Yen                              | %    | Millions of Yen                         | %    |
| For the year ended |                 |       |                  |      |                   |      |                     |      |  |      |   |      |
| March 31, 2018     | 4,209,077       | 12.4  | 59,838           | 15.9 | 80,343            | 38.6 | 61,694              | 40.0 | 56,842                                       | 39.5 | 51,326                                  | 16.3 |
| March 31, 2017     | 3,745,549       | (6.5) | 51,618           | 76.5 | 57,955            | 30.9 | 44,075              | 20.8 | 40,760                                       | 11.6 | 44,133                                  | -    |

|                    | Basic earnings per share | Diluted earnings per share | Profit ratio to equity attributable to owners of the Company | Profit before tax ratio to total assets | Operating profit ratio to net sales |
|--------------------|--------------------------|----------------------------|--|---|-------------------------------------|
|                    | Yen                      | Yen                        | %  | %                                       | %                                   |
| For the year ended |                          |                            |  |   |                                     |
| March 31, 2018     | 45.44                    | 45.44                      | 10.0   | 3.6                                     | 1.4                                 |
| March 31, 2017     | 32.58                    | 32.58                      | 7.6  | 2.8                                     | 1.4                                 |

Note 1: Net sales above is based on JGAAP, and represents the total value of the transactions for which the Sojitz Group acts as a principal or agent.

Note 2: Basic earnings per share and Diluted earnings per share are calculated based on Profit for the period attributable to owners of the Company.

#### (2) Consolidated Financial Position

|                | Total assets    | Total equity    | Total equity attributable to owners of the Company | Total equity attributable to owners of the Company ratio | Total equity per share attributable to owners of the Company |
|----------------|-----------------|-----------------|--|--|--|
|                | Millions of Yen | Millions of Yen | Millions of Yen                                    | %  | Yen  |
| As of          |                 |                 |  |  |  |
| March 31, 2018 | 2,350,351       | 625,124         | 586,464  | 25.0   | 468.81   |
| March 31, 2017 | 2,138,466       | 577,970         | 550,513  | 25.7   | 440.06   |

#### (3) Consolidated Statements of Cash Flows

|                    | Operating activities | Investing activities | Financing activities | Cash & cash equivalents at the end of the year |
|--------------------|----------------------|----------------------|----------------------|--|
|                    | Millions of Yen      | Millions of Yen      | Millions of Yen      | Millions of Yen                                |
| For the year ended |                      |                      |                      |  |
| March 31, 2018     | 98,812               | (86,407)             | (13,052)             | 305,241  |
| March 31, 2017     | 857                  | (32,179)             | (4,029)              | 308,632  |

### 2. Cash Dividends

|                           | Cash divided per share |                |               |          |        | Total amount of cash dividends (annual) | Consolidated payout ratio | Dividend on total equity attributable to owners of the Company (consolidated) |
|---------------------------|------------------------|----------------|---------------|----------|--------|---|---------------------------|---|
|                           | First quarter          | Second quarter | Third quarter | Year end | Annual |   |                           |   |
| For the year ended        | Yen                    | Yen            | Yen           | Yen      | Yen    | Millions of Yen                         | %                         | %   |
| March 31, 2017            | -                      | 4.00           | -             | 4.00     | 8.00   | 10,007                                  | 24.6                      | 1.9   |
| March 31, 2018            | -                      | 5.00           | -             | 6.00     | 11.00  | 13,760                                  | 24.2                      | 2.4   |
| March 31, 2019 (forecast) | -                      | 7.50           | -             | 7.50     | 15.00  |   | 29.8                      |   |

Note : Changes in cash dividend forecast : No

### 3. Consolidated Earnings Forecast for the Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

Description of % is indicated as the change rate compared with the same period last year.

|                     | Profit attributable to owners of the Company |      | Basic earnings per share |
|---------------------|--|------|--------------------------|
|                     | Millions of Yen                              | %    | Yen                      |
| For the Year Ending |  |      |                          |
| March 31, 2019      |  |      |                          |
| Full-year           | 63,000                                       | 10.8 | 50.36                    |

Note: Basic earnings per share is calculated based on Profit attributable to owners of the Company.

#### 4. Others

- (1) Changes in major subsidiaries during the period  
(Changes in specified subsidiaries accompanying changes in scope of consolidation) : No
- (2) Changes in accounting policy, procedures or estimate method for preparing consolidated financial statements
  1. Changes in accounting policies required by IFRS : No
  2. Changes due to other reasons : No
  3. Accounting estimate change : No

(3) Number of outstanding shares at the end of the periods (Common Stock):

1. Number of outstanding shares at the end of the periods (Including treasury shares ):

As of March 31, 2018: 1,251,499,501      As of March 31, 2017: 1,251,499,501

2. Number of treasury shares at the end of the periods:

As of March 31, 2018 : 528,747      As of March 31, 2017 : 516,753

3. Average number of outstanding shares during the periods:

For the Year ended March 31, 2018 (accumulative): 1,250,975,218

For the Year ended March 31, 2017 (accumulative): 1,251,010,292

Note: Above treasury shares do not include shares mutually held by equity-method affiliates.

\* This summary of consolidated financial results is not subject to quarterly reviews.

\* Important Note Concerning the Appropriate Use of Business Forecasts and other

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 forward-looking statements due to various factors including 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.

## 1. Analysis of Business Results

### (1) Overview of Fiscal 2017 (April 1, 2017 – March 31, 2018)

#### Economic Environment

In the year ended March 31, 2018, conditions in the global economy proved firm due to the support of growth in developed countries witnessing increased consumption and in emerging countries in which markets were buoyed by the growth in developed countries. Resource prices were likewise solid amidst bullish demand.

The United States witnessed the continuation of steady economic growth fueled by increases in capital investment and consumer spending, which was the impetus for an additional hike in the policy interest rate. Furthermore, stock prices reached record highs as a result of strong corporate performance and the ratification of the new tax reform plan. However, there was a slight slowdown that arose leading up to the end of the fiscal year due to concern stemming from the interest rate hike and trade negotiations, particularly with regard to the restrictions on steel imports.

Meanwhile, firm export and consumer spending trends contributed to increasingly strong economic recovery in Germany and other European countries, prompting the European Central Bank to announce plans to scale back quantitative easing measures in October 2017. However, there was a lingering sense of opaqueness in light of factors including negotiations regarding the United Kingdom's withdrawal from the European Union.

In China, economic conditions proved firm, despite faltering growth in consumer spending, as positive trends resumed in relation to exports and investments in infrastructure, real estate, and other areas. Nonetheless, this country faces an increasingly uncertain outlook due to concerns related to factors including trade disputes stemming from the United States' steel import restrictions, excessive production facilities, and the need to respond to environmental issues and the debt issues of regional governments.

Despite concerns for possible outflows of capital following the interest rate hike in the United States, Asia experienced overall stable economic growth. Factors contributing to this growth included economic recovery in developed countries, increased exports accompanying economic growth in China, and favorable internal consumption.

In Japan, a fairly high growth rate was posted due to strong consumer spending, improvements in corporate performance and capital investment levels.

#### Financial Performance

Sojitz Corporation's consolidated business results for the year ended March 31, 2018 are presented below.

|               |   |
|---------------|---|
| Net sales (*) | Net sales increased 12.4%, to ¥4,209,077 million, due to increased transaction volumes of tobacco in the Retail & Lifestyle Business Division, as well as increased sales in the Chemicals Division, resulting from the new acquisition of a European chemical distributor and marketing company and higher volume of plastic resin transactions, increased sales in Metals & Coal Division resulting from higher coal and other commodity prices and higher volumes. |
| Gross profit  | Gross profit was up ¥31,695 million year on year, to ¥232,380 million. This increase can be attributed to profit growth in the Automotive Division due to higher automobile sales volumes in overseas automobile wholesale businesses; the Metals & Coal  |

|                                   |  |
|-----------------------------------|--|
|                                   | Division, resulting from higher selling prices for the overseas coal businesses; and a rise in profit in the Infrastructure & Environment Business Division due to earnings contributions from infrastructure-related businesses.  |
| Operating profit                  | Operating profit increased ¥8,220 million year on year, to ¥59,838 million, as a result of the rise in gross profit.   |
| Profit before tax                 | Profit before tax increased ¥22,388 million year on year, to ¥80,343 million, as a result of the rise in operating profit and in share of profit of investments accounted for using the equity method.   |
| Profit for the year               | After deducting income tax expenses of ¥18,648 million from profit before tax of ¥80,343 million, profit for the year amounted to ¥61,694 million, up ¥17,619 million year on year. Profit for the year (attributable to owners of the Company) increased ¥16,082 million year on year, to ¥56,842 million.                          |
| Comprehensive income for the year | Despite the decrease of foreign currency translation differences for foreign operations, Comprehensive income for the year ended March 31, 2018 amounted to ¥51,326 million, up ¥7,193 million. Comprehensive income for the year (attributable to owners of the Company) increased ¥7,141 million year on year, to ¥47,430 million. |

\* “Net sales” is calculated based on Japanese generally accepted accounting practices (JGAAP), and represents the total amount of the transactions in which the Group took part as the business operator and those in which the Group took part as an agent.

Effective April 1, 2017, the Lifestyle Commodities & Materials Division and the Retail Division were reorganized to form the Retail & Lifestyle Business Division and the Industrial Infrastructure & Urban Development Division. Also effective on this date, the medical and healthcare business operations previously included in the Chemicals Division were transferred to the Infrastructure & Environment Business Division. Results for the year ended March 31, 2017, are summarized by segment below.

#### Automotive

Net sales (JGAAP) increased 19.9% year on year, to ¥339,487 million, as a result of higher export trading transactions for the Philippines and off-shore transactions and the new acquisition of parts quality inspection business in North America. Profit for the year (attributable to owners of the Company) increased ¥2,929 million year on year, to ¥6,515 million, due to higher unit sales in the overseas automobile wholesale businesses.

#### Aerospace & IT Business

Net sales (JGAAP) decreased 14.5% year on year, to ¥491,482 million, as a result of lower aircraft-related transactions. Profit for the year (attributable to owners of the Company) of ¥4,514 million was recorded, decreased ¥5,391 million from the previous fiscal year due to lower gross profit as well as rebound from gain on partial sale of IT business subsidiary in the previous fiscal year.

#### Infrastructure & Environment Business

Net sales (JGAAP) increased 0.3% year on year, to ¥221,087 million, as a result of higher volumes of industrial machinery transactions. Profit for the year (attributable to owners of the Company) increased ¥2,848 million year on year, to ¥7,010 million, due to earnings contributions from infrastructure-related businesses.

### Energy

Net sales (JGAAP) increased 47.2% year on year, to ¥118,358 million, due to a rise in LNG transaction volumes. Loss for the year (attributable to owners of the Company) of ¥8,472 million was recorded, compared with loss for the year (attributable to owners of the Company) of ¥559 million in the previous fiscal year, as a result of losses related to oil and gas interests.

### Metals & Coal

Net sales (JGAAP) increased 24.2% year on year, to ¥561,371 million, as a result of higher prices and transactions volumes for coal and other resources. Profit for the year (attributable to owners of the Company) increased ¥11,852 million, to ¥21,882 million. Factors contributing to this increase include higher gross profit, itself a product of a rise in selling prices in overseas coal operations, and growth in share of profit of investments accounted for using the equity method attributable to steel business and other companies.

### Chemicals

Net sales (JGAAP) increased 23.5% year on year, to ¥736,601 million, as a result of the new acquisition of a European chemical distribution and marketing company as well as of higher plastic resin transactions. Profit for the year (attributable to owners of the Company) was up ¥366 million year on year, to ¥8,702 million, because of higher gross profit.

### Foods & Agriculture Business

Net sales (JGAAP) increased 6.5%, to ¥321,563 million, following higher grain and feed material transactions. Profit for the year (attributable to owners of the Company) of ¥4,029 million was recorded, compared with loss for the year (attributable to owners of the Company) of ¥6,899 million in the previous fiscal year, as a result from the absence of the poor performance and impairment losses in grain collection business during the previous year in spite of impacts of lower profit in overseas fertilizer businesses.

### Retail & Lifestyle Business

Net sales (JGAAP) increased 14.8% year on year, to ¥1,327,580 million, following a rise in heat-not-burn cigarette transaction volumes. Profit for the year (attributable to owners of the Company) was down ¥1,595 million, to ¥5,698 million. Although higher heat-not-burn cigarette and meat transactions contributed to profit growth, overall profit was down due to the absence of the gain on sales of shopping centers in Japan recorded in the previous equivalent period.

### Industrial Infrastructure & Urban Development

Net sales (JGAAP) increased 59.4%, to ¥45,674 million, due to growth in earnings from real estate transactions. Profit for the year (attributable to owners of the Company) was up ¥807 million year on year, to ¥2,139 million.

## **(2) Financial Position**

### Consolidated Balance Sheet

Total assets on March 31, 2018, stood at ¥2,350,351 million, up ¥211,885 million from March 31, 2017. This increase was mainly attributable to the expansion of tobacco and automotive and a rise in other current assets associated with aircraft-related transactions.

Total liabilities at March 31, 2018, amounted to ¥1,725,227 million, up ¥164,732 million from March 31, 2017, following an increase in trade and other payables under current liabilities associated with tobacco transactions.

Total equity attributable to owners of the Company was ¥586,464 million on March 31, 2018, up ¥35,951 million from March 31, 2017. This increase was largely due to the accumulation of profit for the year, which offset a decrease in other components of equity resulted from foreign exchange movements.

Sojitz consequently, on March 31, 2018, the current ratio was 162.7%, the long-term debt ratio was 87.5%, and the equity ratio\* was 25.0%. Net interest-bearing debt (total interest-bearing debt less cash and cash equivalents and time deposits) totaled ¥603,450 million on March 31, 2018, a ¥7,557 million decrease from March 31, 2017. This resulted in the Company's net debt equity ratio\* equaling 1.03 times at March 31, 2018.

(\*) The equity ratio and net debt equity ratio are calculated based on total equity attributable to owners of the Company.

Under Medium-term Management Plan 2017 the Sojitz Group continued to advance financial strategies in accordance with the basic policy of maintaining and enhancing the stability of its capital structure. In addition, Sojitz has been endeavored to maintain a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment and by keeping the long-term debt ratio at its current level.

As one source of long-term funding, Sojitz issued straight bonds in the amount of ¥10 billion in June 2017 and issued another ¥10 billion worth of straight bonds in March 2018. Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever the timing and associated costs prove advantageous.

As supplemental sources of procurement flexibility and precautionary liquidity, Sojitz maintains a ¥100 billion long-term yen commitment line (which remains unused) and long-term commitment line totaling US\$1.9 billion (of which US\$760 million has been used).

## **(3) Cash Flows**

### Consolidated Cash Flows

In the year ended March 31, 2018, operating activities provided net cash flow of ¥98,812 million, investing activities used net cash of ¥86,407 million, and financing activities used net cash of ¥13,052 million. Sojitz ended the year with cash and cash equivalents of ¥305,241 million, adjusted to reflect foreign currency translation adjustments related to cash and cash equivalents.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥98,812 million, up ¥97,955 million year on year. Major factors increasing cash included revenue growth and higher trade and other payables. These factors outweighed major factors decreasing cash, namely outflows accompanying an increase in tobacco-related inventories.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥86,407 million, up ¥54,228 million year on year. Investment outlays for financing infrastructure and automotive-related businesses exceeded inflows from the sale of investments.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥13,052 million, largely as a result of the repayment of borrowings. It was up ¥9,023 million year on year.

#### **(4) Consolidated Earnings Forecast**

Current forecast for fiscal 2018 is as follow.

|   |               |
|---|---------------|
| Profit for the year (Attributable to owners of the Company) | ¥63.0 billion |
|---|---------------|

The above forecast assumes a yen/dollar rate of ¥105/US\$.

#### **Caution regarding Forward-looking Statements**

The forecasts appearing above constitute forward-looking statements. They are 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 forward-looking statements due to various factors including 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.

#### **(5) Dividend Policy and Fiscal 2017-18 Dividends**

In addition to paying stable dividends to shareholders on an ongoing basis, Sojitz is also committed to enhancing shareholder value and improving its competitiveness by accumulating and effectively utilizing retained earnings. This endeavor has positioned as a basic policy and a top management priority. In accordance with this basic policy, the Company will target a consolidated payout ratio of around 25% under Medium-term Management Plan 2017. The year-end dividend for the year ended March 31, 2018, has been decided as follows based on a comprehensive evaluation business results, total equity, and other factors.

- 1) Type of property to be distributed as dividend  
Cash

2) Total value of dividend distribution and its allocation among shareholders

¥6 per share of Sojitz common stock, ¥7,505 million in total

Including the interim dividend of ¥5 per share on December 1, 2017, fiscal 2017 dividends will total ¥11 per share or ¥13,760 million in aggregate.

3) Effective date of dividends from surplus

June 20, 2018

Under the newly announced Medium-Term Management Plan 2020, Sojitz will target a consolidated payout ratio of 30% in accordance with the aforementioned basic policy. In the year ending March 31, 2019, Sojitz plans to pay an annual dividend of ¥15 per share (interim dividend of ¥7.5 plus year-end dividend of ¥7.5) based on its basic policy and earnings forecast. This amount will equate to a consolidated payout ratio of 29.8% of the forecast for profit for the year (attributable to owners of the Company).

## 2. Group Business Operations

Sojitz Group is engaged in a wide range of businesses on a global basis as a general trading company. Our main businesses are trading, import, and export of products, domestic and overseas manufacture and sale of a diverse array of products, provision of services in Japan and overseas, planning and organizing of various projects, investment in diversified business areas, and financial activities.

The Group consists of 436 consolidated subsidiaries and equity method associates, including 311 consolidated subsidiaries and 125 equity method associates. (Of these, the Company directly performs consolidation accounting for a total of 269 companies consisting of 191 consolidated subsidiaries and 78 equity method associates.)

The following table lists our products, services, and main subsidiaries and affiliates by industry segment.

As of March 31, 2018

| Segment  | Main products and services  | Main subsidiaries and associates (Main business; Status within consolidated group)  |
|--|---|---|
| Automotive<br>Number of consolidated subsidiaries : 23<br>Number of equity method associates: 7                                    | Completely built-up (CBU) vehicle export; wholesale and retail; local vehicle assembly, manufacturing and sales, automobile and motorcycle components; tire sales; automotive parts quality inspection operations   | - Sojitz Automotive & Engineering, Inc. (automobile and motorcycle components; tire sales; Subsidiary)*2<br>- Subaru Motor LLC (Import and exclusive distribution of Subaru automobiles in Russia; Subsidiary)<br>- Mitsubishi Motors Philippines Corporation (Import, assembly and sale of Mitsubishi automobiles; Equity method associate)  |
| Aerospace & IT Business<br>Number of consolidated subsidiaries : 50<br>Number of equity method associates: 8                       | Aero business (Commercial aircraft, defense and related equipment agency and sales, business jets, used aircraft and part-out business, airport business); Marine business (New building, second-hand ships, ship chartering, ship equipment, ship owning); IT business (Sales and maintenance of communications and IT equipment; systems integration / software development and sales / data centers, cloud services, and managed services / Business Process Outsourcing (BPO), Internet of Things (IOT)-related business)   | - Sojitz Aerospace Corporation (Import, export and sale of aero-related and defense-related equipment; Subsidiary)<br>- Sojitz Marine & Engineering Corporation (Sale, purchase and charter brokerage of ships, ship operation management, domestic sale and import/export of marine-related equipment and materials; Subsidiary)<br>- Nissho Electronics Corporation (IT systems, network services; Subsidiary)<br>- SAKURA Internet Inc. (Internet data center operator; Equity method associate) *1  |
| Infrastructure & Environment Business<br>Number of consolidated subsidiaries : 44<br>Number of equity method associates: 32        | Infrastructure & Environment (Renewable energy, water business, IPP projects); Energy Projects (IPP and IWPP projects, power plant EPC business); Plant Projects (Plant business (steel, fertilizer & chemical, energy)); Transportation & Social Infrastructure Projects (transportation projects and social infrastructure projects, i.e. water, harbor); Industrial Machinery and Bearings (Industrial machinery, surface-mounting machines, bearings); Medical Infrastructure (Hospital PPP, Medical-related service)   | - Sojitz Machinery Corporation (Trading and sale of general industrial machinery; Subsidiary)<br>- Mirai Power (Kamikita Rokkasho) Corporation (Solar power generation project; Subsidiary)<br>- Blue Horizon Kelanitissa Power B.V. (Investment in power generation projects; Subsidiary)<br>- Blue Horizon Power International Ltd. (Investment in power generation projects; Subsidiary)<br>- First Technology China Ltd. (Sales and service of surface-mounting machines and semiconductor-related equipment; Subsidiary)<br>- Sojitz Hospital PPP Investment B.V. (Investment in hospital PPP business; Subsidiary)  |
| Energy<br>Number of consolidated subsidiaries : 11<br>Number of equity method associates: 6  | Oil and gas; petroleum products; LNG; nuclear fuels; nuclear power-related equipment and machinery; floating production storage and offloading units; LNG-related businesses  | - Tokyo Yuso Co., Ltd. (Stockpiling of petroleum products etc., storage, logistics; Subsidiary)<br>- Sojitz Energy Venture Inc. (Oil and gas development; Subsidiary)<br>- LNG Japan Corporation (LNG business and related investments and loans; Equity method associate)  |
| Metals & Coal<br>Number of consolidated subsidiaries : 28<br>Number of equity method associates: 16                                | Coal; iron ore; ferroalloys (nickel, molybdenum, vanadium, other rare metals), ores, alumina, aluminum, copper, zinc, tin, precious metals, ceramics and minerals; coke; carbon products; infrastructure businesses; steel-related business   | - Sojitz Ject Corporation (Coke, carbon products, trading in various minerals; Subsidiary)<br>- Sojitz Coal Resources Pty Ltd. (Investment in coal mines; Subsidiary)<br>- Sojitz Resources (Australia) Pty. Ltd. (Production of alumina; Subsidiary)<br>- Sojitz Moolarben Resources, Pty. Ltd. (Investment in coal mines; Subsidiary)<br>- Sojitz Moly Resources, Inc. (Investment in molybdenum mines; Subsidiary)<br>- Metal One Corporation (Import, export, and sale of, and domestic and foreign trading in, steel-related products; Equity method associate)<br>- Coral Bay Nickel Corporation (Production and sale of nickel and cobalt mixed sulfide; Equity method associate)<br>- Japan Alumina Associates (Australia) Pty. Ltd. (Production of alumina; Equity method associate)<br>- Cariboo Copper Corporation (Investment in copper mine; Equity method associate)                    |
| Chemicals<br>Number of consolidated subsidiaries : 39<br>Number of equity method associates: 14                                    | Organic chemicals; inorganic chemicals; functional chemicals; fine chemicals; industrial salt; foodstuff additives; rare earths; commodity resins; raw materials for plastics including engineering plastics; films and sheets for industry, packaging, and foodstuffs; plastic molding machines; other plastic products; electronics materials including liquid crystals and electrolytic copper foil; fiber materials and products for use in industrial supplies   | - Sojitz Pla-Net Corporation (Trading and sale of plastics and related products; Subsidiary)<br>- Pla Matels Corporation (Trading and sale of plastics and related products; Subsidiary) *1<br>- P.T. Kaltim Methanol Industri (Manufacture and sale of methanol; Subsidiary)<br>- solvadis holding S.a.r.l.(Trading and sale of chemical products ; Subsidiary )   |
| Foods & Agriculture Business<br>Number of consolidated subsidiaries : 18<br>Number of equity method associates: 10                 | Grains; flour; oils and fats; oil stuff; feed materials; marine products; processed seafood; sweets; raw ingredients for sweets; coffee beans; sugar; other foodstuffs and raw ingredients; compound chemical fertilizers   | - Thai Central Chemical Public Co., Ltd (Manufacture and sale of compound chemical fertilizers; sale of imported fertilizer products; Subsidiary)<br>- Atlas Fertilizer Corporation (Manufacture and sale of compound chemical fertilizers; sale of imported fertilizer products; Subsidiary)<br>- Fuji Nihon Seito Corporation (Manufacture, refining, processing and sale of sugar; Equity method associate) *1   |
| Retail & Lifestyle Business<br>Number of consolidated subsidiaries : 29<br>Number of equity method associates: 16                  | Cotton and synthetic fabrics; non-woven fabrics; knitted fabrics and products; raw materials for textiles; clothing; construction materials; imported timber; timber products such as lumber, plywood, and laminated lumber; manufacture and sale of wood chips; imported tobacco; Aquaculture products; processed aquaculture products; fruits and vegetables; frozen vegetables; frozen foods; sweets; raw ingredients for sweets; sugar; other foodstuffs and raw ingredients; real estate-related businesses (investment, dealing, leasing, management, etc.); administration of shopping centers; interior accessories; bedclothes and home fashion-related products; nursery items; general commodities | - Sojitz Building Materials Corporation (Sale of construction materials; Subsidiary)<br>- Sojitz Foods Corporation (Sale of sugar, dairy products, farmed and marine products, processed foods, and other foodstuffs; Subsidiary)<br>- Daiichibo Co., Ltd. (Manufacture and sale of textiles, storage distribution, shopping center management; Subsidiary)<br>- Sojitz Fashion Co., Ltd. (Processing and sale of fabrics; Subsidiary)<br>- Sojitz Infinity Inc. (Planning, manufacture, and sale of apparel; Subsidiary)<br>- Sojitz General Merchandise Corporation (Import, export and domestic wholesale of general commodities; Subsidiary)<br>- JALUX Inc. (Logistics and services in the in-flight, airport retail, lifestyle-related, and customer service business fields; Equity method associate) *1<br>- Tri-Stage inc. (Direct marketing support operations; Equity method associate) *1 |
| Industrial Infrastructure & Urban Development<br>Number of consolidated subsidiaries : 10<br>Number of equity method associates: 3 | Overseas industrial park businesses; real estate-related businesses (investment, dealing, leasing, management, etc.)  | - Sojitz New Urban Development Corporation (Development and consignment sales of newly constructed condominiums, real estate brokerage, development and ownership of rental apartments, sale of residential-related products ; Subsidiary)<br>- Sojitz General Property Management Corporation (Condominium and office building management, real estate agency services : Subsidiary)<br>- PT. Puradelta Lestari Tbk (New city development including industrial parks; Equity method associate)   |
| Other<br>Number of consolidated subsidiaries : 17<br>Number of equity method associates: 3   | Administration, domestic branches, logistics and insurance services   | - Sojitz Kyushu Corporation (Domestic regional operating company; Subsidiary)<br>- Sojitz Logistics Corporation (Logistic services; land, sea and air cargo handling; international non vessel operating common carrier (NVOCC) transportation; Subsidiary)<br>- Sojitz Insurance Agency Corporation (Insurance agency services; Subsidiary)<br>- Sojitz Shared Service Corporation (Shared services and consulting regarding HR, accounting and finance; temporary staffing services; Subsidiary)<br>- Sojitz Research Institute (Research and consulting; Subsidiary)<br>- Sojitz Tourist Corporation (Travel agency; Subsidiary)   |
| Overseas branches<br>Number of consolidated subsidiaries : 42<br>Number of equity method associates: 10                            | We are engaged in wide range of activities as a general trading company, trading in thousands of products overseas.   | - Sojitz Corporation of America (Subsidiary)<br>- Sojitz Europe plc (Subsidiary)<br>- Sojitz Asia Pte. Ltd (Subsidiary)<br>- Sojitz (Hong Kong) Ltd. (Subsidiary)<br>- Sojitz (China) Co., Ltd. (Subsidiary)  |

(\*1) The following five companies are listed in the Japanese stock market as of March 31, 2018: SAKURA Internet Inc. (TSE 1st section), JALUX Inc. (TSE 1st section), Fuji Nihon Seito Corporation (TSE 2nd section), Tri-Stage inc. (Mothers) and Pla Matels Corporation (JASDAQ).

(\*2) Sojitz Automotive & Engineering, Inc. changed its company name to Sojitz Autrans Corporation on April 1, 2018.

### 3. Management Policies

#### (1) Fundamental Policy

Sojitz Group is committed to raising corporate value while acting in accordance with the philosophy embodied in the Sojitz Group Statement described below.

#### Sojitz Group Statement

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

#### Sojitz Group Slogan

***New way, New value***

#### (2) Medium- to Long-term Business Strategy and Targeted Performance Indicators

##### Medium-Term Management Plan 2017

Under Medium-term Management Plan 2017 – Challenge for Growth, the three-year plan that began in April 2015, the Sojitz Group sought to improve corporate value by expanding its foundations for generating stable earnings through the ongoing pursuit of future growth. Espousing the principle of growth driven by trading, investments, and loans, the Sojitz Group conducted investments and loans to the tune of ¥300.0 billion as budgeted for over the three-year period of the Medium-term Management Plan 2017 and succeeded in constructing foundations capable of stably generating earnings of more than ¥50.0 billion. We were also able to achieve our targets of return on assets (ROA) of 2% or higher and return on equity (ROE) of 8% or higher while keeping the net debt equity ratio below 1.5 times through financial discipline. Profit for the year (attributable to owners of the Company) did not reach the level of ¥60.0 billion or higher targeted in the final year of the plan, but it did exceed the initial forecast for the year ended March 31, 2018, at ¥56.8 billion.

##### Medium-Term Management Plan 2020

Medium-term Management Plan 2020 – Commitment to Growth is the new three-year plan established by the Sojitz Group to begin in April 2018. Under the new plan, we will continue initiatives on the growth track put forth by Medium-term Management Plan 2017 while utilizing the assets acquired during the period of this plan to expand earnings foundations and realize steady growth. At the same time, we will strengthen Sojitz's functions to develop a cycle for ongoing growth in order to facilitate future growth. In this manner, we will strive to improve corporate value by making Sojitz into a company that continues growing through ambitious undertakings.

The targeted performance indicators in Medium-Term Management Plan 2020 are as follows.

| <b>Performance Indicator</b> | <b>Target</b>      |
|------------------------------|--------------------|
| ROA                          | 3% or higher       |
| ROE                          | 10% or higher      |
| Net D/E ratio                | 1.5 times or lower |
| Dividend payout ratio        | Approximately 30%  |

The Sojitz Group will pursue steady growth by increasing the value of its assets while managing cash flows to continue conducting disciplined investments and loans (total of ¥300.0 billion over the three-year period of the medium-term management plan). Our target for profit for the year (attributable to owners of the Company) in the final year of the plan will be ¥75.0 billion or more, which is to be achieved through average annual growth of 10% over the plan period. More information on Medium-Term Management Plan 2020 can be found on Sojitz's corporate website (<https://www.sojitz.com/en/>).

#### Caution Regarding Forward-looking Statements

The forecasts appearing above constitute forward-looking statements. They are 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 forward-looking statements due to various factors including 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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# Medium-Term Management Plan 2020

## ~ Commitment to Growth ~

Under Medium-Term Management Plan 2020, we will endeavor to link prior initiatives to growth while engaging in ambitious undertakings to achieve steady growth going forward.

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### Achieve steady growth

- Continue investing in future growth
- Realize earnings contributions from previously executed investments and loans
- Improve business and asset value and reinforce business management capabilities

### Challenge for future growth

- Reinforce functions for growth
- Enhance strategies and implementation capabilities
- Challenge for new initiatives

### Disciplined Balance Sheet and Cash Flow Management

Maximization of human resources capabilities

Risk Management Strategies

Corporate Governance

Improvement of procurement quality

Exercise comprehensive strength and strengthen competitiveness

Achievement of continuous growth

Establishment of sustainable growth

Establish business domains and foundations of strength

Further growth and challenge

#### **4. Basic Policy Regarding Selection of Accounting Standards**

As a general trading company, Sojitz Corporation conducts a wide range of businesses on a global basis. These include trading transactions, manufacture and sale of products, provision of services, and investment in various business fields. For this reason, the Company chose to adopt International Financial Reporting Standards (IFRS). This decision was based on the judgment that constructing financial statements in accordance with these international standards would not only improve convenience and make it easier for investors to compare the Company to other companies, but would also allow accounting procedures to be standardized for all Group companies.

## 5. Consolidated Financial Statements

### (1) Consolidated Statements of Financial Position

(In millions of Yen)

|   | FY 2016<br>(As of March 31, 2017) | FY 2017<br>(As of March 31, 2018) |
|---|-----------------------------------|-----------------------------------|
| <b>Assets</b>   |                                   |                                   |
| Current assets  |                                   |                                   |
| Cash and cash equivalent                                | 308,632                           | 305,241                           |
| Time deposits   | 5,728                             | 2,788                             |
| Trade and other receivables                             | 563,458                           | 549,789                           |
| Derivatives   | 3,919                             | 2,703                             |
| Inventories   | 271,327                           | 396,020                           |
| Income tax receivables                                  | 3,647                             | 5,094                             |
| Other current assets                                    | 72,417                            | 106,234                           |
| Subtotal  | 1,229,130                         | 1,367,872                         |
| Assets as held for sale                                 | 616                               | 8,425                             |
| Total current assets                                    | 1,229,747                         | 1,376,297                         |
| Non-current assets                                      |                                   |                                   |
| Property, plant and equipment                           | 172,201                           | 172,135                           |
| Goodwill  | 57,594                            | 65,842                            |
| Intangible assets                                       | 34,148                            | 44,057                            |
| Investment property                                     | 21,100                            | 24,486                            |
| Investments accounted for using the equity method       | 386,740                           | 407,284                           |
| Trade and other receivables                             | 45,485                            | 63,824                            |
| Other investments                                       | 172,944                           | 182,949                           |
| Derivatives   | 36                                | 49                                |
| Other non-current assets                                | 9,815                             | 8,794                             |
| Deferred tax assets                                     | 8,650                             | 4,630                             |
| Total non-current assets                                | 908,719                           | 974,053                           |
| Total assets  | 2,138,466                         | 2,350,351                         |
| <b>Liabilities and equity</b>                           |                                   |                                   |
| Liabilities   |                                   |                                   |
| Current liabilities                                     |                                   |                                   |
| Trade and other payables                                | 483,049                           | 654,138                           |
| Bonds and borrowings                                    | 158,698                           | 113,497                           |
| Derivatives   | 3,669                             | 3,394                             |
| Income tax payables                                     | 9,190                             | 13,632                            |
| Provisions  | 2,124                             | 2,069                             |
| Other current liabilities                               | 60,912                            | 55,004                            |
| Subtotal  | 717,646                           | 841,735                           |
| Liabilities directly related to assets as held for sale | 101                               | 4,182                             |
| Total current liabilities                               | 717,748                           | 845,918                           |
| Non-current liabilities                                 |                                   |                                   |
| Bonds and borrowings                                    | 766,669                           | 797,982                           |
| Trade and other payables                                | 3,709                             | 4,759                             |
| Derivatives   | 4,004                             | 2,634                             |
| Retirement benefits liabilities                         | 21,381                            | 22,016                            |
| Provisions  | 20,792                            | 21,000                            |
| Other non-current liabilities                           | 6,490                             | 9,968                             |
| Deferred tax liabilities                                | 19,698                            | 20,946                            |
| Total non-current liabilities                           | 842,747                           | 879,308                           |
| Total liabilities                                       | 1,560,495                         | 1,725,227                         |
| Equity  |                                   |                                   |
| Share capital   | 160,339                           | 160,339                           |
| Capital surplus   | 146,513                           | 146,512                           |
| Treasury stock  | (170)                             | (174)                             |
| Other components of equity                              | 132,682                           | 124,348                           |
| Retained earnings                                       | 111,149                           | 155,437                           |
| Total equity attributable to owners of the Company      | 550,513                           | 586,464                           |
| Non-controlling interests                               | 27,457                            | 38,659                            |
| Total equity  | 577,970                           | 625,124                           |
| Total liabilities and equity                            | 2,138,466                         | 2,350,351                         |

## (2) Consolidated Statements of Profit or Loss

(In millions of Yen)

|   | FY 2016<br>(From April 1, 2016<br>to March 31, 2017) | FY 2017<br>(From April 1, 2017<br>to March 31, 2018) |
|---|--|--|
| Revenue   |  |  |
| Sale of goods   | 1,463,536  | 1,716,670  |
| Sales of service and others   | 91,813   | 99,788   |
| Total revenue   | 1,555,349  | 1,816,459  |
| Cost of sales   | (1,354,664)  | (1,584,078)  |
| Gross profit  | 200,685  | 232,380  |
| Selling, general and administrative expenses                                  | (153,038)  | (162,662)  |
| Other income(expenses)  |  |  |
| Gain(loss) on sale and disposal of fixed assets, net                          | 4,797  | (324)  |
| Impairment loss on fixed assets   | (4,618)  | (4,402)  |
| Gain on sale of subsidiaries/associates                                       | 10,358   | 7,517  |
| Loss on reorganization of subsidiaries/associates                             | (8,174)  | (11,847)   |
| Other operating income  | 9,566  | 6,763  |
| Other operating expenses  | (7,958)  | (7,584)  |
| Total other income/expenses   | 3,971  | (9,878)  |
| Operating profit  | 51,618   | 59,838   |
| Financial income  |  |  |
| Interests earned  | 3,903  | 5,682  |
| Dividends received  | 4,165  | 4,639  |
| Total financial income  | 8,068  | 10,321   |
| Financial costs   |  |  |
| Interest expenses   | (14,382)   | (14,746)   |
| Other financial costs   | (22)   | (128)  |
| Total financial cost  | (14,405)   | (14,874)   |
| Share of profit(loss) of investments accounted for<br>using the equity method | 12,673   | 25,057   |
| Profit before tax   | 57,955   | 80,343   |
| Income tax expenses   | (13,879)   | (18,648)   |
| Profit for the year   | 44,075   | 61,694   |
| Profit attributable to:   |  |  |
| Owners of the Company   | 40,760   | 56,842   |
| Non-controlling interests   | 3,314  | 4,852  |
| Total   | 44,075   | 61,694   |
| Net sales *   | 3,745,549  | 4,209,077  |

\* Net sales above is based on JGAAP, and includes transactions where Sojitz Group took part as an transaction agent.

## (3) Consolidated Statements of Profit or Loss and other Comprehensive Income

(In millions of Yen)

|   | FY 2016<br>(From April 1, 2016<br>to March 31, 2017) | FY 2017<br>(From April 1, 2017<br>to March 31, 2018) |
|---|--|--|
| Profit for the year   | 44,075   | 61,694   |
| Other comprehensive income  |  |  |
| Items that will not be reclassified to profit or loss                                       |  |  |
| Financial assets measured at fair value through<br>other comprehensive income               | 9,977  | (575)  |
| Remeasurements of defined benefit pension plans   | 478  | (275)  |
| Share of other comprehensive income of investments<br>accounted for using the equity method | (3,686)  | 4,778  |
| Total items that will not be reclassified<br>to profit or loss                              | 6,768  | 3,927  |
| Items that may be reclassified subsequently<br>to profit or loss                            |  |  |
| Foreign currency translation differences for<br>foreign operations                          | (7,958)  | (12,244)   |
| Cash flow hedges  | 693  | 1,024  |
| Share of other comprehensive income of investments<br>accounted for using the equity method | 554  | (3,075)  |
| Total items that may be reclassified subsequently<br>to profit or loss                      | (6,710)  | (14,295)   |
| Other comprehensive income for the year, net of tax   | 57   | (10,368)   |
| Total comprehensive income for the year   | 44,133   | 51,326   |
| Total comprehensive income attributable to:   |  |  |
| Owners of the Company   | 40,289   | 47,430   |
| Non-controlling interests   | 3,843  | 3,896  |
| Total   | 44,133   | 51,326   |

## (4) Consolidated Statements of Changes in Equity

(In Millions of Yen)

|   | Attributable to owners of the Company |                 |                |   |  |                  |
|---|---------------------------------------|-----------------|----------------|---|--|------------------|
|   | Share capital                         | Capital surplus | Treasury stock | Other components of equity                                      |  |                  |
|   |                                       |                 |                | Foreign currency translation differences for foreign operations | Financial assets measured at fair value through other comprehensive income | Cash flow hedges |
| Balance as of April 1, 2016   | 160,339                               | 146,514         | (161)          | 39,649  | 98,904   | (6,139)          |
| Profit for the year   |                                       |                 |                |   |  |                  |
| Other comprehensive income  |                                       |                 |                | (8,116)   | 6,133  | 1,014            |
| Total comprehensive income for the year   | —                                     | —               | —              | (8,116)   | 6,133  | 1,014            |
| Purchase of treasury stock  |                                       | (1)             | (9)            |   |  |                  |
| Dividends   |                                       |                 |                |   |  |                  |
| Change in ownership interests in subsidiaries without loss/acquisition of control |                                       |                 |                | 4   |  |                  |
| Reclassification from other components of equity to retained earnings             |                                       |                 |                |   | 1,229  |                  |
| Other changes   |                                       |                 |                |   |  |                  |
| Total contributions by and distributions to owners of the Company                 | —                                     | (1)             | (9)            | 4   | 1,229  | —                |
| Balance as of March 31, 2017  | 160,339                               | 146,513         | (170)          | 31,537  | 106,268  | (5,124)          |
| Profit for the year   |                                       |                 |                |   |  |                  |
| Other comprehensive income  |                                       |                 |                | (13,827)  | 3,976  | 691              |
| Total comprehensive income for the year   | —                                     | —               | —              | (13,827)  | 3,976  | 691              |
| Purchase of treasury stock  |                                       | (0)             | (3)            |   |  |                  |
| Dividends   |                                       |                 |                |   |  |                  |
| Change in ownership interests in subsidiaries without loss/acquisition of control |                                       |                 |                | (1)   |  | 0                |
| Reclassification from other components of equity to retained earnings             |                                       |                 |                |   | 828  |                  |
| Other changes   |                                       |                 |                |   |  |                  |
| Total contributions by and distributions to owners of the Company                 | —                                     | (0)             | (3)            | (1)   | 828  | 0                |
| Balance as of March 31, 2018  | 160,339                               | 146,512         | (174)          | 17,709  | 111,072  | (4,432)          |

(In Millions of Yen)

|   | Attributable to owners of the Company           |                                  |                   |  | Non-controlling interests | Total equity |
|---|---|----------------------------------|-------------------|--|---------------------------|--------------|
|   | Other components of equity                      |                                  | Retained earnings | Total equity attributable to owners of the Company |                           |              |
|   | Remeasurements of defined benefit pension plans | Total other components of equity |                   |  |                           |              |
| Balance as of April 1, 2016   | —   | 132,415                          | 81,245            | 520,353  | 29,363                    | 549,716      |
| Profit for the year   |   |                                  | 40,760            | 40,760   | 3,314                     | 44,075       |
| Other comprehensive income  | 496   | (470)                            |                   | (470)  | 528                       | 57           |
| Total comprehensive income for the year   | 496   | (470)                            | 40,760            | 40,289   | 3,843                     | 44,133       |
| Purchase of treasury stock  |   |                                  |                   | (10)   |                           | (10)         |
| Dividends   |   |                                  | (10,008)          | (10,008)   | (2,563)                   | (12,571)     |
| Change in ownership interests in subsidiaries without loss/acquisition of control |   | 4                                | (0)               | 4  |                           | 4            |
| Reclassification from other components of equity to retained earnings             | (496)   | 732                              | (732)             | —  |                           | —            |
| Other changes   |   |                                  | (115)             | (115)  | (3,186)                   | (3,301)      |
| Total contributions by and distributions to owners of the Company                 | (496)   | 737                              | (10,856)          | (10,129)   | (5,749)                   | (15,879)     |
| Balance as of March 31, 2017  | —   | 132,682                          | 111,149           | 550,513  | 27,457                    | 577,970      |
| Profit for the year   |   |                                  | 56,842            | 56,842   | 4,852                     | 61,694       |
| Other comprehensive income  | (252)   | (9,412)                          |                   | (9,412)  | (955)                     | (10,368)     |
| Total comprehensive income for the year   | (252)   | (9,412)                          | 56,842            | 47,430   | 3,896                     | 51,326       |
| Purchase of treasury stock  |   |                                  |                   | (4)  |                           | (4)          |
| Dividends   |   |                                  | (11,258)          | (11,258)   | (2,622)                   | (13,881)     |
| Change in ownership interests in subsidiaries without loss/acquisition of control |   | (1)                              | 5                 | 4  | (3)                       | 1            |
| Reclassification from other components of equity to retained earnings             | 252   | 1,080                            | (1,080)           | —  |                           | —            |
| Other changes   |   |                                  | (220)             | (220)  | 9,931                     | 9,711        |
| Total contributions by and distributions to owners of the Company                 | 252   | 1,079                            | (12,554)          | (11,479)   | 7,305                     | (4,173)      |
| Balance as of March 31, 2018  | —   | 124,348                          | 155,437           | 586,464  | 38,659                    | 625,124      |



## (6) Segment information

Information regarding reportable segments

Main products and services of reportable segments are in 2.Group Business Operations.

The accounting method for the reported business segments are basically consistent with those used in the Consolidated Financial Statements, except with respect to the calculation of income tax expenses.

Prices for intersegment transactions are determined in the same way as general transactions and with reference to market prices.

For the year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(Millions of Yen)

|   | Reportable segments |                         |                                       |         |               |           |                              |
|---|---------------------|-------------------------|---------------------------------------|---------|---------------|-----------|------------------------------|
|   | Automotive          | Aerospace & IT Business | Infrastructure & Environment Business | Energy  | Metals & Coal | Chemicals | Foods & Agriculture Business |
| Revenue   |                     |                         |                                       |         |               |           |                              |
| External revenue  | 144,259             | 88,552                  | 114,355                               | 47,464  | 260,716       | 399,799   | 138,117                      |
| Inter-segment revenue   | 9                   | 3,183                   | 19                                    | 39      | 3             | 31        | 10                           |
| Total revenue   | 144,269             | 91,736                  | 114,374                               | 47,504  | 260,719       | 399,830   | 138,128                      |
| Gross profit  | 24,837              | 31,118                  | 18,037                                | 1,880   | 19,527        | 37,429    | 21,971                       |
| Operating profit  | 5,232               | 15,606                  | 3,528                                 | (485)   | 6,608         | 12,367    | 3,040                        |
| Share of profit (loss) of investments accounted for using the equity method | 1,549               | 567                     | 2,531                                 | 1,679   | 8,584         | 1,185     | (5,281)                      |
| Profit attributable to owners of the Company                                | 3,586               | 9,905                   | 4,162                                 | (559)   | 10,030        | 8,336     | (6,899)                      |
| Segment assets  | 142,565             | 162,231                 | 197,058                               | 137,298 | 398,678       | 292,632   | 130,490                      |
| Others:   |                     |                         |                                       |         |               |           |                              |
| Investment accounted for using the equity method                            | 15,456              | 13,201                  | 18,934                                | 58,823  | 216,519       | 12,251    | 14,204                       |
| Capital expenditure   | 1,672               | 6,061                   | 15,048                                | 3,173   | 3,429         | 946       | 1,816                        |
| Net sales (Note)  |                     |                         |                                       |         |               |           |                              |
| External  | 283,155             | 574,670                 | 220,509                               | 80,396  | 451,994       | 596,561   | 302,070                      |

|   | Reportable segments         |   |           | Others  | Reconciliations | Consolidated |
|---|-----------------------------|---|-----------|---------|-----------------|--------------|
|   | Retail & Lifestyle Business | Industrial Infrastructure & Urban Development | Total     |         |                 |              |
| Revenue   |                             |   |           |         |                 |              |
| External revenue  | 285,791                     | 28,779  | 1,507,837 | 47,511  | —               | 1,555,349    |
| Inter-segment revenue   | 125                         | 342   | 3,765     | 388     | (4,154)         | —            |
| Total revenue   | 285,917                     | 29,122  | 1,511,603 | 47,900  | (4,154)         | 1,555,349    |
| Gross profit  | 35,539                      | 7,050   | 197,393   | 4,605   | (1,312)         | 200,685      |
| Operating profit  | 9,990                       | 1,292   | 57,180    | (5,473) | (89)            | 51,618       |
| Share of profit (loss) of investments accounted for using the equity method | 389                         | 1,385   | 12,591    | 82      | 0               | 12,673       |
| Profit attributable to owners of the Company                                | 7,293                       | 1,332   | 37,188    | (1,605) | 5,177           | 40,760       |
| Segment assets  | 331,778                     | 69,391  | 1,862,124 | 137,432 | 138,908         | 2,138,466    |
| Others:   |                             |   |           |         |                 |              |
| Investment accounted for using the equity method                            | 14,788                      | 18,243  | 382,423   | 4,425   | (108)           | 386,740      |
| Capital expenditure   | 932                         | 4,721   | 37,802    | 980     | —               | 38,783       |
| Net sales (Note)  |                             |   |           |         |                 |              |
| External  | 1,156,507                   | 28,654  | 3,694,520 | 51,028  | —               | 3,745,549    |

Reconciliation of segment profit of 5,177 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 4,722 million yen, and unallocated dividend income and others of 455 million yen.

The reconciliation amount of segment assets of 138,908 million yen includes elimination of inter-segment transactions or the like amounting to (92,931) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 231,840 million yen, which mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

|   | Reportable segments |                         |                                       |         |               |           |                              |
|---|---------------------|-------------------------|---------------------------------------|---------|---------------|-----------|------------------------------|
|   | Automotive          | Aerospace & IT Business | Infrastructure & Environment Business | Energy  | Metals & Coal | Chemicals | Foods & Agriculture Business |
| Revenue   |                     |                         |                                       |         |               |           |                              |
| External revenue  | 188,118             | 75,414                  | 134,737                               | 56,604  | 324,081       | 515,601   | 143,283                      |
| Inter-segment revenue   | 2                   | 3,156                   | 17                                    | 30      | —             | 13        | 11                           |
| Total revenue   | 188,121             | 78,570                  | 134,754                               | 56,634  | 324,081       | 515,615   | 143,295                      |
| Gross profit  | 35,305              | 24,903                  | 25,870                                | 3,998   | 29,526        | 44,979    | 19,445                       |
| Operating profit  | 9,513               | 7,770                   | 10,324                                | (9,134) | 14,260        | 13,088    | 6,754                        |
| Share of profit (loss) of investments accounted for using the equity method | 1,840               | 588                     | 801                                   | 2,581   | 15,659        | 1,331     | 605                          |
| Profit attributable to owners of the Company                                | 6,515               | 4,514                   | 7,010                                 | (8,472) | 21,882        | 8,702     | 4,029                        |
| Segment assets  | 182,222             | 197,302                 | 250,166                               | 113,964 | 411,920       | 304,875   | 130,477                      |
| Others:   |                     |                         |                                       |         |               |           |                              |
| Investment accounted for using the equity method                            | 11,790              | 14,008                  | 34,637                                | 52,768  | 233,820       | 11,324    | 12,001                       |
| Capital expenditure   | 1,864               | 1,433                   | 13,090                                | 1,581   | 6,946         | 1,233     | 3,288                        |

|                  |         |         |         |         |         |         |         |
|------------------|---------|---------|---------|---------|---------|---------|---------|
| Net sales (Note) |         |         |         |         |         |         |         |
| External         | 339,487 | 491,482 | 221,087 | 118,358 | 561,371 | 736,601 | 321,563 |

|   | Reportable segments         |   |           | Others  | Reconciliations | Consolidated |
|---|-----------------------------|---|-----------|---------|-----------------|--------------|
|   | Retail & Lifestyle Business | Industrial Infrastructure & Urban Development | Total     |         |                 |              |
| Revenue   |                             |   |           |         |                 |              |
| External revenue  | 292,462                     | 45,884  | 1,776,188 | 40,270  | —               | 1,816,459    |
| Inter-segment revenue   | 61                          | 399   | 3,692     | 349     | (4,042)         | —            |
| Total revenue   | 292,524                     | 46,283  | 1,779,881 | 40,620  | (4,042)         | 1,816,459    |
| Gross profit  | 35,158                      | 8,175   | 227,363   | 6,312   | (1,294)         | 232,380      |
| Operating profit  | 9,669                       | 2,984   | 65,230    | (5,374) | (17)            | 59,838       |
| Share of profit (loss) of investments accounted for using the equity method | 285                         | 1,263   | 24,956    | 100     | 0               | 25,057       |
| Profit attributable to owners of the Company                                | 5,698                       | 2,139   | 52,020    | 405     | 4,416           | 56,842       |
| Segment assets  | 422,303                     | 72,508  | 2,085,741 | 144,903 | 119,706         | 2,350,351    |
| Others:   |                             |   |           |         |                 |              |
| Investment accounted for using the equity method                            | 15,899                      | 16,790  | 403,041   | 4,356   | (113)           | 407,284      |
| Capital expenditure   | 1,393                       | 4,601   | 35,433    | 2,098   | —               | 37,532       |

|                  |           |        |           |        |   |           |
|------------------|-----------|--------|-----------|--------|---|-----------|
| Net sales (Note) |           |        |           |        |   |           |
| External         | 1,327,580 | 45,674 | 4,163,208 | 45,869 | — | 4,209,077 |

Reconciliation of segment profit of 4,416 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 4,780 million yen, and unallocated dividend income and others of (363) million yen.

The reconciliation amount of segment assets of 119,706 million yen includes elimination of inter-segment transactions or the like amounting to (99,360) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 219,067 million yen, which mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

Note: Net sales is calculated based on Japanese generally accepted accounting practices (JGAAP), and represents the total amount of the transactions in which the Group took part as the business operator and those in which the Group took part as an agent.

(Earnings per share)

(1) Basic earnings per share and diluted earnings per share

|                                  | FY 2016<br>(From April 1, 2016<br>to March 31, 2017) | FY 2017<br>(From April 1, 2017<br>to March 31, 2018) |
|----------------------------------|--|--|
| Basic earnings per share (yen)   | 32.58  | 45.44  |
| Diluted earnings per share (yen) | 32.58  | 45.43  |

(2) Bases for calculation of basic earnings per share and diluted earnings per share

|  | FY 2016<br>(From April 1, 2016<br>to March 31, 2017) | FY 2017<br>(From April 1, 2017<br>to March 31, 2018) |
|--|--|--|
| Profit used to calculate basic and diluted earnings per share  |  |  |
| Profit for the year, attributable to owners of the Company (In millions of yen)                                      | 40,760   | 56,842   |
| Amount not attributable to the ordinary shareholders of the Company (In millions of yen)                             | —  | —  |
| Profit used to calculate basic earnings per share (In millions of yen)   | 40,760   | 56,842   |
| Profit adjustment amount   |  |  |
| Adjustment amount concerning share options to be issued by associates (In millions of yen)                           | (1)  | (5)  |
| Profit used to calculate diluted earnings per share (In millions of yen)   | 40,758   | 56,837   |
| Weighted average number of ordinary shares to be used to calculate basic and diluted earnings per share              |  |  |
| Weighted average number of ordinary shares to be used to calculate basic earnings per share (In thousands of shares) | 1,251,010  | 1,250,975  |
| Effects of dilutive latent ordinary shares (In thousands of shares)  | —  | —  |
| Weighted average number of ordinary shares used to calculate diluted earnings per share (In thousands of shares)     | 1,251,010  | 1,250,975  |