

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2019 (IFRS)

August 1, 2019  
Sojitz Corporation

## Results Highlights

◆ In the three-month period ended June 30, 2019, there was a rising sense of uncertainty in the global economy because of the trade friction between the United States and China as well as the deceleration of the Chinese economy that arose due in part to this friction. Looking ahead, ongoing caution is warranted with regard to the aforementioned trade friction, the United Kingdom's withdrawal from the European Union, situation in the Middle East, and the monetary policies of the United States.

The Company's revenue for three-month period ended June 30, 2019, was down year on year due to lower revenue in the Metals & Mineral Resources Division, a result of fall in sales prices in overseas coal businesses, and in the Chemicals Division, a result of declines in price of methanol and lower transaction volumes of plastic resins.

Profit for the period (attributable to owners of the Company) decreased year on year following lower gross profit along with a decline in the net of other income and expenses due to the rebound from the sale of an automobile-related company in the previous equivalent period.

(Figures in parentheses are year-on-year changes)

**Revenue** 437.4 billion yen ((30.5) billion yen / (6.5)%)

- Decrease in revenue in the Metals & Mineral Resources Division due to fall in sales prices in overseas coal businesses
- Decrease in revenue in the Chemicals Division due to declines in price of methanol

**Gross profit** 54.9 billion yen ((5.0) billion yen / (8.3)%)

- Decrease in gross profit in the Metals & Mineral Resources Division due to fall in sales prices in overseas coal businesses
- Decrease in gross profit in the Foods & Agriculture Business Division due to lower transaction volumes in overseas fertilizer businesses

**Profit for the period (attributable to owners of the Company)** 14.3 billion yen ((5.5) billion yen / (27.8)%)

- Decrease in gross profit
- Decrease in other income due to the sale of automobile-related company in the three-month period ended June 30, 2018

(Reference)

- Effective April 1, 2019, the Company applied IFRS 16—Leases. Following the application of this standard, operating leases and all other lease agreements are, in principle, accounted for in the consolidated statements of financial position. Specific amounts are displayed separately in the consolidated statements of financial position contained as "Lease assets (usage rights assets)" and "Lease liabilities" (under current liabilities and non-current liabilities).

◆ Earnings forecast for the fiscal year ending March 31, 2020

**Profit for the year (attributable to owners of the Company)** 72.0 billion yen

(Assumptions)

Exchange rate (annual average: JPY/US\$) : 110

◆ Cash dividends per share for the fiscal year ending March 31, 2020

Interim : 8.50 yen per share (forecast)  
Year-end : 8.50 yen per share (forecast)

\*1 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method

\*2 Core operating cash flow = Net cash provided by (used in) operating activities - Changes in working capital

\*3 Core cash flow = Core operating cash flow + Post-adjustment net cash provided by (used in) investing activities - Dividends paid (Post-adjustment net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)

\* Caution regarding forward-looking statements

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## Consolidated Statements of Profit or Loss

	(Billions of yen)			Reasons for the Difference	(Billions of yen)	
	FY2019 1Q Results a	FY2018 1Q Results b	Difference a-b		FY2019 Forecast c	Percentage Achieved a/c
<b>Revenue</b>	437.4	467.9	(30.5)	Revenue: change in segment Metals & Mineral Resources (14.7) Chemicals (11.4) Energy & Social Infrastructure (3.9)		
<b>Gross profit</b>	54.9	59.9	(5.0)	Gross profit: change in segment Metals & Mineral Resources (2.2) Foods & Agriculture Business (1.3) Retail & Lifestyle Business (0.6)	260.0	21%
<b>Selling, general and administrative expenses</b>						
Personnel expenses	(24.3)	(24.1)	(0.2)	Effect of application of new IFRS standard (Leases)		
Non-personnel expenses	(14.7)	(16.9)	2.2			
Depreciation	(3.8)	(1.7)	(2.1)			
Provision of allowance for doubtful accounts	0.0	0.0	0.0			
<b>Total selling, general and administrative expenses</b>	<b>(42.8)</b>	<b>(42.7)</b>	<b>(0.1)</b>			(182.5)
<b>Other income/expenses</b>						
Gain/loss on sale and disposal of fixed assets, net	0.0	0.4	(0.4)	Sale of automobile-related company, Sale of solar power generation business company		
Impairment loss on fixed assets	0.0	(0.1)	0.1			
Gain on reorganization of subsidiaries/associates	0.0	6.1	(6.1)			
Loss on reorganization of subsidiaries/associates	0.0	(0.9)	0.9			
Other operating income/expenses	(0.2)	(0.6)	0.4			
<b>Total other income/expenses</b>	<b>(0.2)</b>	<b>4.9</b>	<b>(5.1)</b>		0.0	
<b>Financial income/costs</b>						
Interest earned	1.8	1.7	0.1			
Interest expenses	(3.9)	(4.2)	0.3			
<b>Interest expenses, net</b>	<b>(2.1)</b>	<b>(2.5)</b>	<b>0.4</b>			
Dividends received	1.6	1.9	(0.3)			
Other financial income/costs	(0.1)	0.2	(0.3)			
<b>Financial income/costs, net</b>	<b>(0.6)</b>	<b>(0.4)</b>	<b>(0.2)</b>		(8.5)	
<b>Share of profit (loss) of investments accounted for using the equity method</b>	<b>6.8</b>	<b>5.6</b>	<b>1.2</b>		28.0	
<b>Profit before tax</b>	<b>18.1</b>	<b>27.3</b>	<b>(9.2)</b>		97.0	19%
<b>Income tax expenses</b>	<b>(2.7)</b>	<b>(5.9)</b>	<b>3.2</b>		(20.0)	
<b>Profit for the period</b>	<b>15.4</b>	<b>21.4</b>	<b>(6.0)</b>		77.0	20%
<b>(Profit attributable to)</b>						
<b>Owners of the Company</b>	<b>14.3</b>	<b>19.8</b>	<b>(5.5)</b>		72.0	20%
Non-controlling interests	1.1	1.6	(0.5)		5.0	
<b>Core earnings*1</b>	<b>18.4</b>	<b>22.2</b>	<b>(3.8)</b>		97.0	

## Comprehensive Income

	(Billions of yen)		
	FY2019 1Q Results a	FY2018 1Q Results b	Difference a-b
<b>Profit for the period</b>	15.4	21.4	(6.0)
<b>Other comprehensive income</b>	(17.0)	(8.8)	(8.2)
<b>Total comprehensive income for the period</b>	<b>(1.6)</b>	<b>12.6</b>	<b>(14.2)</b>
<b>Comprehensive income attributable to:</b>			
<b>Owners of the Company</b>	<b>(2.4)</b>	<b>11.2</b>	<b>(13.6)</b>
Non-controlling interests	0.8	1.4	(0.6)

## Cash Flows

	(Billions of yen)			Factors Affecting Circled Figures
	FY2019 1Q Results a	FY2018 1Q Results b	Difference a-b	
<b>Cash flows from operating activities</b>	6.3	(98.3)	104.6	Inflows from business earnings and dividend income
<b>Cash flows from investing activities</b>	(9.7)	(8.4)	(1.3)	Outflows for investment in offshore wind power generation business in Taiwan and airport operations business
<b>Free cash flows</b>	(3.4)	(106.7)	103.3	
<b>Cash flows from financing activities</b>	8.7	79.4	(70.7)	Inflows from new borrowings
<b>Core operating cash flow*2</b>	22.2	20.8	1.4	
<b>Core cash flow*3</b>	(5.6)	5.5	(11.1)	

## Consolidated Statements of Financial Position

	(Billions of yen)			Reasons for the Difference
	Jun. 30, 2019 d	Mar. 31, 2019 e	Difference d-e	
<b>Current assets</b>	<b>1,269.2</b>	<b>1,267.7</b>	<b>1.5</b>	
Cash and cash equivalents	289.2	285.7	3.5	
Time deposits	2.4	2.9	(0.5)	
Trade and other receivables	682.5	690.7	(8.2)	
Inventories	220.1	220.6	(0.5)	
Other current assets	75.0	67.8	7.2	
<b>Non-current assets</b>	<b>1,079.3</b>	<b>1,029.4</b>	<b>49.9</b>	
Property, plant and equipment	186.4	192.9	(6.5)	
Lease assets (usage rights assets)	69.8	-	69.8	Increase due to application of new IFRS standard (Leases)
Goodwill	65.9	66.2	(0.3)	
Intangible assets	47.5	49.1	(1.6)	
Investment property	20.9	20.9	0.0	
Investments accounted for using the equity method	585.6	597.3	(11.7)	
Other non-current assets	103.2	103.0	0.2	
<b>Total assets</b>	<b>2,348.5</b>	<b>2,297.1</b>	<b>51.4</b>	
<b>Current liabilities</b>	<b>818.7</b>	<b>807.2</b>	<b>11.5</b>	
Trade and other payables	562.1	582.4	(20.3)	Decrease in machinery-related business
Lease liabilities	13.6	-	13.6	Increase due to application of new IFRS standard (Leases)
Bonds and borrowings	168.0	149.7	18.3	Increase due to new borrowings
Other current liabilities	75.0	75.1	(0.1)	
<b>Non-current liabilities</b>	<b>884.2</b>	<b>828.4</b>	<b>55.8</b>	
Lease liabilities	61.3	-	61.3	Increase due to application of new IFRS standard (Leases)
Bonds and borrowings	726.4	723.6	2.8	
Retirement benefit liabilities	22.0	22.1	(0.1)	
Other non-current liabilities	74.5	82.7	(8.2)	
<b>Total liabilities</b>	<b>1,702.9</b>	<b>1,635.6</b>	<b>67.3</b>	
Share capital	160.3	160.3	-	
Capital surplus	146.7	146.6	0.1	
Treasury stock	(0.9)	(0.9)	0.0	
Other components of equity	90.4	107.6	(17.2)	Decrease due to change in foreign exchange rates and stock prices
Retained earnings	205.2	204.6	0.6	Profit for the period +14.3
<b>Total equity attributable to owners of the Company</b>	<b>601.7</b>	<b>618.2</b>	<b>(16.5)</b>	Dividends (11.9)
Non-controlling interests	43.9	43.3	0.6	
<b>Total equity</b>	<b>645.6</b>	<b>661.5</b>	<b>(15.9)</b>	
<b>Total liabilities and equity</b>	<b>2,348.5</b>	<b>2,297.1</b>	<b>51.4</b>	
Gross interest-bearing debt*	894.4	873.3	+21.1	* Lease liabilities (under current liabilities and non-current liabilities) have been excluded from calculations of gross interest-bearing debt and net interest-bearing debt.
Net interest-bearing debt*	602.8	584.7	+18.1	
Net debt/equity ratio (times)**	1.00	0.95	+0.05	** "Total equity attributable to owners of the Company" is recognized as "Total equity", and is also used as the denominator of "Net debt/equity ratio" and the numerator of "Equity ratio."
Equity ratio**	25.6%	26.9%	(1.3)%	
Current ratio	155.0%	157.1%	(2.1)%	
Long-term debt ratio	81.2%	82.9%	(1.7)%	

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2019 (IFRS) — Supplementary Materials

August 1, 2019  
Sojitz Corporation

(Billions of yen)

(Billions of yen)

## Operating Results

	FY2019 1Q Results	FY2018 1Q Results	Difference	FY2019 Forecast	Percentage Achieved
<b>Revenue</b>	<b>437.4</b>	<b>467.9</b>	(30.5)	—	—
<b>Gross profit</b>	<b>54.9</b>	<b>59.9</b>	(5.0)	<b>260.0</b>	21%
Selling, general and administrative expenses	(42.8)	(42.7)	(0.1)	(182.5)	
Other income/expenses	(0.2)	4.9	(5.1)	0.0	
Financial income/costs	(0.6)	(0.4)	(0.2)	(8.5)	
Share of profit (loss) of investments accounted for using the equity method	6.8	5.6	+1.2	28.0	
<b>Profit before tax</b>	<b>18.1</b>	<b>27.3</b>	(9.2)	<b>97.0</b>	19%
<b>Profit for the period</b> (Profit attributable to)	<b>15.4</b>	<b>21.4</b>	(6.0)	<b>77.0</b>	20%
<b>Owners of the Company</b>	<b>14.3</b>	<b>19.8</b>	(5.5)	<b>72.0</b>	20%
Non-controlling interests	1.1	1.6	(0.5)	5.0	
Core earnings*1	18.4	22.2	(3.8)	97.0	
Comprehensive income attributable to owners of the Company	(2.4)	11.2	(13.6)		

\*1 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividends received + Share of profit (loss) of investments accounted for using the equity method

(Billions of yen)

## Financial Position

	Jun. 30, 2019	Mar. 31, 2019	Difference	Mar. 31, 2020 Forecast
<b>Total assets</b>	<b>2,348.5</b>	<b>2,297.1</b>	+51.4	<b>2,400.0</b>
<b>Total equity*2</b>	<b>601.7</b>	<b>618.2</b>	(16.5)	<b>660.0</b>
<b>Equity ratio</b>	<b>25.6%</b>	<b>26.9%</b>	(1.3)%	<b>27.5%</b>
<b>Net interest-bearing debt*3</b>	<b>602.8</b>	<b>584.7</b>	+18.1	<b>640.0</b>
<b>Net D/E ratio (times)</b>	<b>1.00</b>	<b>0.95</b>	+0.05	<b>1.0</b>
<b>Risk assets</b>	<b>360.0</b>	<b>360.0</b>	0	—
<b>Ratio of risk assets to equity (times)</b>	<b>0.6</b>	<b>0.6</b>	0	—

\*2 "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."

\*3 Lease liabilities (under current liabilities and non-current liabilities) have been excluded from calculations of net interest-bearing debt.

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## Segment Performance [Gross Profit]

	FY2019 1Q	FY2018 1Q	Difference	FY2019 Forecast
<b>Automotive</b>	<b>10.9</b>	10.6	+0.3	<b>51.0</b>
<b>Aerospace &amp; Transportation Project</b>	<b>3.0</b>	3.3	(0.3)	<b>18.0</b>
<b>Machinery &amp; Medical Infrastructure</b>	<b>2.9</b>	2.8	+0.1	<b>16.0</b>
<b>Energy &amp; Social Infrastructure</b>	<b>4.4</b>	4.3	+0.1	<b>20.0</b>
<b>Metals &amp; Mineral Resources</b>	<b>7.5</b>	9.7	(2.2)	<b>33.0</b>
<b>Chemicals</b>	<b>11.4</b>	11.6	(0.2)	<b>48.0</b>
<b>Foods &amp; Agriculture Business</b>	<b>4.0</b>	5.3	(1.3)	<b>20.0</b>
<b>Retail &amp; Lifestyle Business</b>	<b>9.0</b>	9.6	(0.6)	<b>42.0</b>
<b>Industrial Infrastructure &amp; Urban Development</b>	<b>0.8</b>	1.4	(0.6)	<b>7.0</b>
<b>Other</b>	<b>1.0</b>	1.3	(0.3)	<b>5.0</b>

## Segment Performance [Profit for the Period (Attributable to Owners of the Company)]

	FY2019 1Q	FY2018 1Q	Difference	Main Factors Behind Difference	FY2019 Forecast	Progress Overview	(Reference) FY2018 Results
<b>Automotive</b>	<b>1.5</b>	<b>3.1</b>	(1.6)	Despite higher sales volumes at overseas automobile-related subsidiaries, decreased due to the sale of an automobile-related company in the previous equivalent period	<b>5.5</b>	Performance generally as forecast	<b>6.4</b>
<b>Aerospace &amp; Transportation Project</b>	<b>0.2</b>	<b>0.7</b>	(0.5)	Decreased in reaction to aircraft sales recorded in the previous equivalent period	<b>5.0</b>	Earnings contributions anticipated from aerospace-related business and railway projects	<b>4.0</b>
<b>Machinery &amp; Medical Infrastructure</b>	<b>0.3</b>	<b>0.3</b>	0	Unchanged year on year	<b>4.5</b>	Earnings contributions anticipated from industrial machinery and medical infrastructure-related business in the second half of the fiscal year	<b>2.8</b>
<b>Energy &amp; Social Infrastructure</b>	<b>0.3</b>	<b>0.2</b>	+0.1	Unchanged year on year	<b>5.5</b>	Earnings contributions anticipated from domestic and overseas power generation businesses and, in the second half of the fiscal year, from affiliates	<b>5.8</b>
<b>Metals &amp; Mineral Resources</b>	<b>7.1</b>	<b>8.2</b>	(1.1)	Decreased due to lower prices of coal and other resources	<b>25.0</b>	Performance generally in line with forecasts, but need to monitor trends in resource prices	<b>30.5</b>
<b>Chemicals</b>	<b>2.3</b>	<b>2.2</b>	+0.1	Unchanged year on year	<b>11.0</b>	Performance generally as forecast	<b>9.0</b>
<b>Foods &amp; Agriculture Business</b>	<b>0.7</b>	<b>1.2</b>	(0.5)	Decreased due to lower sales volumes stemming from unseasonable weather as well as sales price controls in overseas fertilizer businesses	<b>4.5</b>	Efforts such as revising marketing activities in order to recover from sluggish performance to be implemented amid continuation of sales price controls in overseas fertilizer businesses	<b>2.3</b>
<b>Retail &amp; Lifestyle Business</b>	<b>1.1</b>	<b>1.7</b>	(0.6)	Decreased due to the drop in transaction price of imported plywood that began at the beginning of the year and lower profit margins for meat transactions	<b>7.5</b>	Performance generally as forecast	<b>5.7</b>
<b>Industrial Infrastructure &amp; Urban Development</b>	<b>(0.9)</b>	<b>(0.2)</b>	(0.7)	Decreased due to lower number of overseas industrial parks delivered	<b>1.0</b>	Earnings to be recorded in overseas industrial park businesses	<b>1.1</b>
<b>Other</b>	<b>1.7</b>	<b>2.4</b>	(0.7)		<b>2.5</b>		<b>2.8</b>

<b>Total</b>	<b>54.9</b>	59.9	(5.0)	<b>260.0</b>	<b>14.3</b>	<b>19.8</b>	(5.5)	<b>72.0</b>	<b>70.4</b>
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## Commodity Prices and Exchange Rates

	FY2018 Results (Apr.-Jun. '18 Avg.)	FY2019 Assumption (Annual Avg.)	FY2019 Results (Apr.-Jun. '19 Avg.)	Latest Data (as of July 29, 2019)
<b>Crude oil (Brent)</b>	US\$75.0/bbl	US\$60.0/bbl	US\$68.4/bbl	US\$63.7/bbl
<b>Thermal coal**1</b>	US\$105.3/t	US\$80.0/t	US\$80.2/t	US\$68.4/t
<b>Exchange rate**2</b>	¥109.5/US\$	¥110.0/US\$	¥109.7/US\$	¥108.5/US\$

\*\*1 The results in the above table are cited from the GlobalCOAL NEWC Index and differ from our sales prices.

\*\*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.5 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.25 billion annually, and total equity by approx. ¥2.0 billion annually.

# Financial Results for the First Quarter Ended June 30, 2019 (Reference)

**August 1, 2019**  
**Sojitz Corporation**

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I. Segment Information


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

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# I . Financial Results for the First Quarter and Full Year Forecast of Fiscal Year Ending March 31, 2020



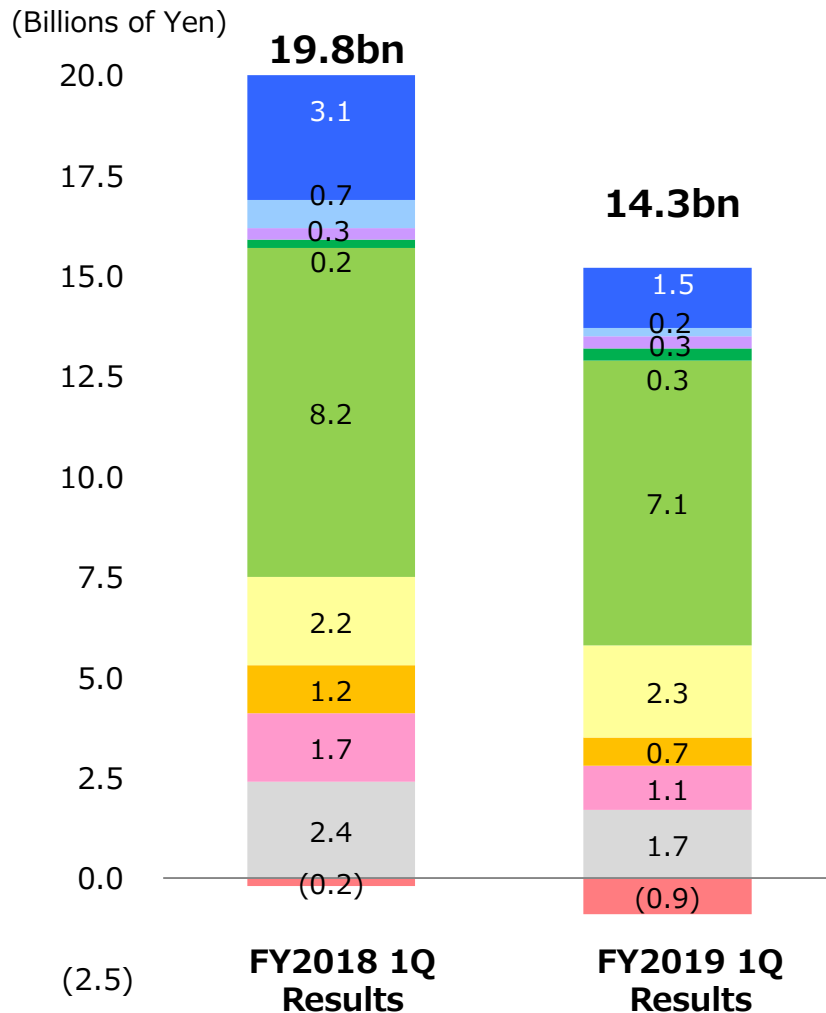
# Summary of Profit or Loss

(Billions of Yen)	FY2018 1Q Results	FY2019 1Q Results	Difference	FY2019 Forecast	Achieved
Revenue	467.9	437.4	(30.5)	—	—
Gross profit	59.9	54.9	(5.0)	260.0	21%
Share of profit (loss) of investments accounted for using the equity method	5.6	6.8	+1.2	28.0	24%
Profit before tax	27.3	18.1	(9.2)	97.0	19%
Profit for the Period attributable to owners of the Company	19.8	14.3	(5.5)	72.0	20%
Core earnings	22.2	18.4	(3.8)	97.0	19%

# Summary of Profit or Loss

## Profit for the Period by Segment

Profit for the period (attributable to owners of the Company) by segment



### Factor behind year on year change in earnings

- **Automotive ¥ 1.5 billion (down ¥(1.6) billion YoY)**  
 Despite higher sales volumes at overseas automobile-related subsidiaries, decreased due to the sale of an automobile-related company in the previous equivalent period
- **Aerospace & Transportation Project ¥ 0.2 billion (down ¥(0.5) billion YoY)**  
 Decreased in reaction to aircraft sales recorded in the previous equivalent period
- **Machinery & Medical Infrastructure ¥ 0.3 billion (relatively unchanged YoY)**  
 Unchanged year on year
- **Energy & Social Infrastructure ¥ 0.3 billion (UP ¥ 0.1 billion YoY)**  
 Unchanged year on year
- **Metals & Mineral Resources ¥ 7.1 billion (down ¥(1.1) billion YoY)**  
 Decreased due to lower prices of coal and other resources
- **Chemicals ¥ 2.3 billion (up ¥ 0.1 billion YoY)**  
 Unchanged year on year
- **Foods & Agriculture Business ¥ 0.7 billion (down ¥ (0.5) billion YoY)**  
 Decreased due to lower sales volumes stemming from unseasonable weather as well as sales price controls in overseas fertilizer businesses
- **Retail & Lifestyle Business ¥ 1.1 billion (down ¥(0.6) billion YoY)**  
 Decreased due to the drop in transaction price of imported plywood that began at the beginning of the year and lower profit margins for meat transactions
- **Industrial Infrastructure & Urban Development ¥(0.9) billion (down ¥(0.7) billion YoY)**  
 Decreased due to lower number of overseas industrial parks delivered
- **Other ¥ 1.7 billion (down ¥(0.7) billion YoY)**

# FY2019 Forecast

## Profit for the Year by Segment

Profit for the year (attributable to Owners of the Company) by segment

(Billions of Yen)	FY2019 1Q Results	FY2019 Forecast	Achieved
Automotive	1.5	5.5	27%
Aerospace & Transportation Project	0.2	5.0	4%
Machinery & Medical Infrastructure	0.3	4.5	7%
Energy & Social Infrastructure	0.3	5.5	5%
Metals & Mineral Resources	7.1	25.0	28%
Chemicals	2.3	11.0	21%
Foods & Agriculture Business	0.7	4.5	16%
Retail & Lifestyle Business	1.1	7.5	15%
Industrial Infrastructure & Urban Development	(0.9)	1.0	—
Other	1.7	2.5	68%
<b>Total</b>	<b>14.3</b>	<b>72.0</b>	<b>20%</b>

### Progress Overview

- **Automotive ¥ 1.5 billion**  
Performance generally as forecast
- **Aerospace & Transportation Project ¥ 0.2 billion**  
Earnings contributions anticipated from aerospace-related business and railway projects
- **Machinery & Medical Infrastructure ¥ 0.3 billion**  
Earnings contributions anticipated from industrial machinery and medical infrastructure-related business in the second half of the fiscal year
- **Energy & Social Infrastructure ¥ 0.3 billion**  
Earnings contributions anticipated from domestic and overseas power generation businesses and, in the second half of the fiscal year, from affiliates
- **Metals & Mineral Resources ¥ 7.1 billion**  
Performance generally in line with forecasts, but need to monitor trends in resource prices
- **Chemicals ¥2.3 billion**  
Performance generally as forecast
- **Foods & Agriculture Business ¥ 0.7 billion**  
Efforts such as revising marketing activities in order to recover from sluggish performance to be implemented amid continuation of sales price controls in overseas fertilizer businesses
- **Retail & Lifestyle Business ¥ 1.1 billion**  
Performance generally as forecast
- **Industrial Infrastructure & Urban Development ¥ (0.9) billion**  
Earnings to be recorded in overseas industrial park businesses



# Summary of Balance Sheets

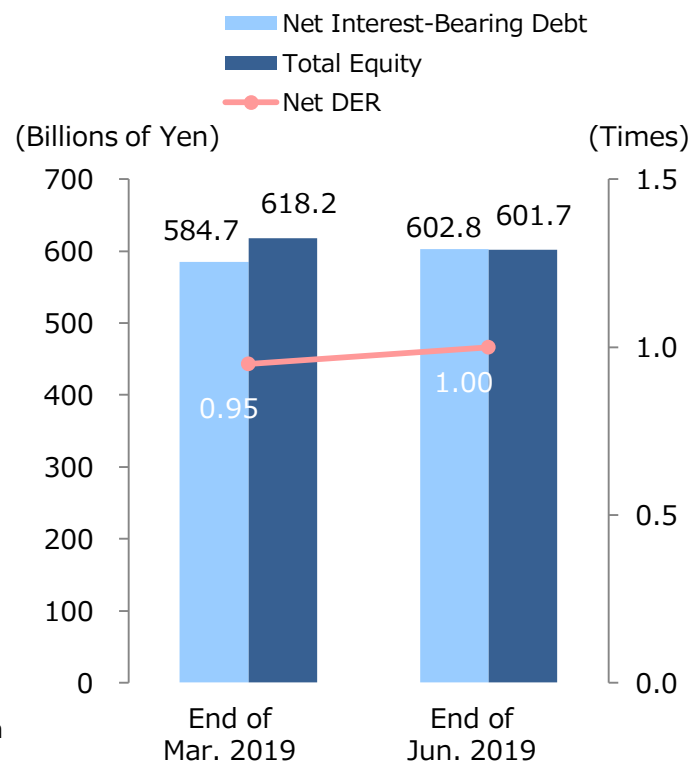
(Billions of Yen)	End of Mar. 2019	End of Jun. 2019	Difference	End of Mar. 2020 (Forecast)
<b>Total Assets</b>	2,297.1	2,348.5	+51.4	2,400.0
<b>Total equity*1</b>	618.2	601.7	(16.5)	660.0
<b>Equity Ratio</b>	26.9%	25.6%	(1.3)%	27.5%
<b>Net interest-bearing debt*2</b>	584.7	602.8	+18.1	640.0
<b>Net DER (Times)</b>	0.95	1.00	+0.05	1.0
<b>Risk Assets vs. Total equity</b>	360.0 0.6 times	360.0 0.6 times	±0 ±0times	—
<b>Current Ratio</b>	157.1%	155.0%	(2.1)%	—
<b>Long-term debt ratio</b>	82.9%	81.2%	(1.7)%	—

(\*1) "Total equity attributable to owners of the Company" is recognized as "Total equity" above, and is also used in the denominator of the "Net DER" and the numerator of the "Equity ratio".

(\*2) Lease liabilities (under current liabilities and non-current liabilities) have been excluded from calculations of net interest-bearing debt.

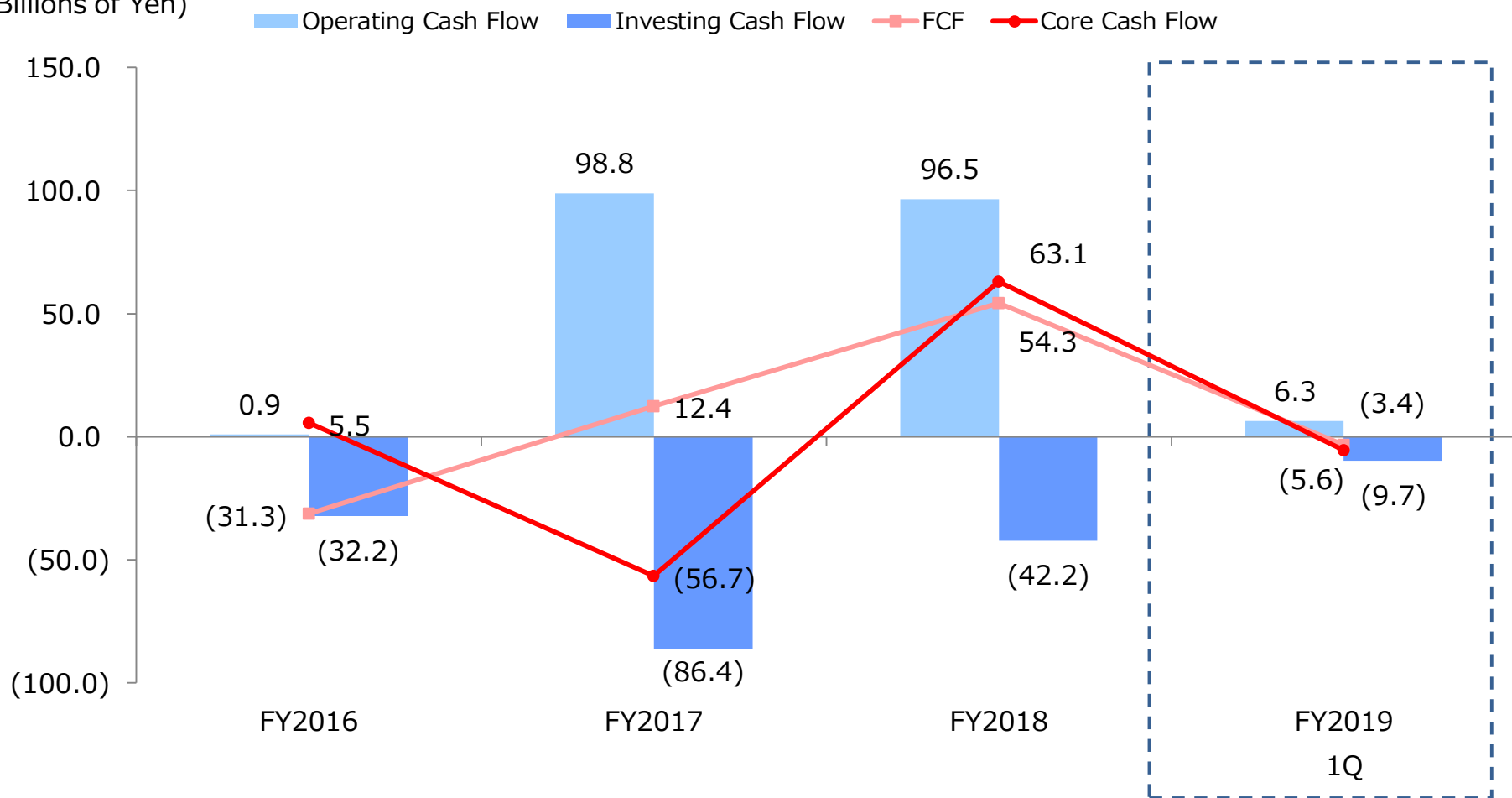
## Changes in Total Equity (End of Mar. 2019 vs. End of Jun. 2019, Breakdown)

- Profit for the period attributable to owners of the Company ¥ 14.3 billion
- Dividends paid ¥ (11.9) billion



# Summary of Free Cash Flows

(Billions of Yen)



\*Core cash flow = Core operating cash flow + Post-adjustment net cash provided by (used in) investing activities – Dividends paid (Post-adjustment net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)

# Investments and Loans and Asset Replacement for the First Quarter Ended June 30, 2019

FY2019 1Q Results	Main Businesses
Investments and Loans	<ul style="list-style-type: none"> <li>■ Offshore wind power generation operations in Taiwan</li> <li>■ IPP business in the United States</li> <li>■ Investment in and operation of shopping centers in Japan</li> </ul> <p style="text-align: right;">etc.</p>
Investments and Loans Results	Approx. ¥18.0bn
Asset Replacement	<ul style="list-style-type: none"> <li>■ Sale of securities held by the company</li> </ul> <p style="text-align: right;">etc.</p>
Asset Replacement Results	Approx. ¥3.0bn

# Major One-time Gain/Loss for the First Quarter Ended June 30, 2019

	FY2018 1Q Results		FY2019 1Q Results	
Non-Resource	¥ 4.4 billion	<ul style="list-style-type: none"> <li>•Sale of automobile-related company</li> <li>•Sale of aircraft</li> </ul> etc.	¥ - billion	—
Resource	¥ (0.3) billion	<ul style="list-style-type: none"> <li>•Sale of oil and gas interests</li> </ul> etc.	¥ - billion	—
Total (After income tax expenses)	¥ 4.1 billion		¥ — billion	

# Growth of Resource and Non-Resource Profit

	FY2018 1Q Results	FY2019 1Q Results	Difference	FY2016 Results	FY2017 Results	FY2018 Results
(Billions of Yen)						
① Profit for the year (attributable to Owners of the Company)	19.8	14.3	(5.5)	40.8	56.8	70.4
② Total one-time income movements	4.1	—	(4.1)	(6.0)	(7.0)	1.9
① - ② Profit for the year [(attributable to owners of the Company)] (Excluding one-time income movements)	15.7	14.3	(1.4)	46.8	63.8	68.5
Resource	5.2	3.7	(1.5)	0.3	13.8	25.3
Non-Resource	10.5	10.6	+0.1	46.5	50.0	43.2

# Commodity Prices, Foreign Exchange, and Interest Rate

	FY2018 Results (Apr.-Jun. Avg.)	FY2019 Assumptions (Annual Avg.)	FY2019 Results (Apr.-Jun Avg.)	Latest Data (As of July 29, 2019)
Crude oil (Brent)	US\$75.0/bbl	US\$60.0/bbl	US\$68.4/bbl	US\$63.7/bbl
Thermal Coal *1	US\$105.3/t	US\$80.0/t	US\$80.2/t	US\$68.4/t
Exchange rate *2	¥109.5/US\$	¥110.0/US\$	¥109.7/US\$	¥108.5/US\$
Interest rate (TIBOR)	0.07%	0.10%	0.07%	0.07%

\*1 The results in the above table are cited from the GlobalCOAL NEWC Index and differ from our sales prices.

\*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.5 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.25 billion annually, and total equity by approx. ¥2.0 billion.

## II . Dividends

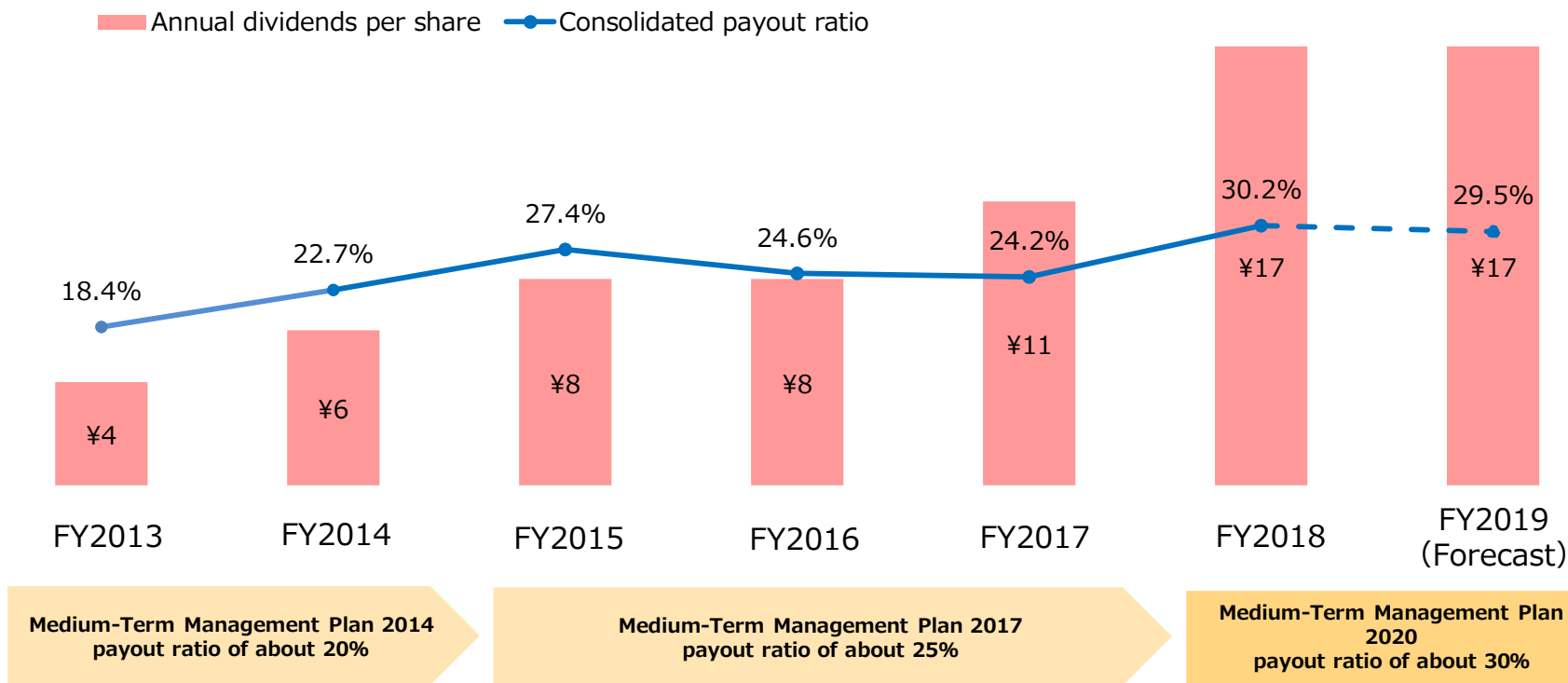
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# Dividend Policy

## Basic Dividend Policy

Sojitz recognizes that paying stable, continuous dividends is a management priority, together with enhancing shareholder value and boosting competitiveness through the accumulation and effective use of retained earnings.

Under Medium-Term Management Plan 2020, our basis policy will be to target a consolidated payout ratio of 30%.





# 【Supplemental Data】

## I. Segment Information

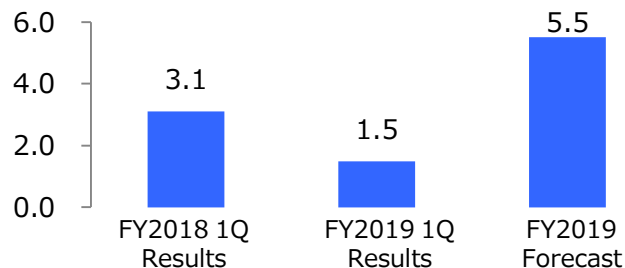
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# Automotive



## Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

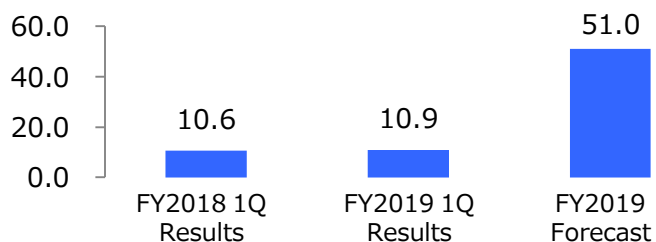


### 【Progress Overview】

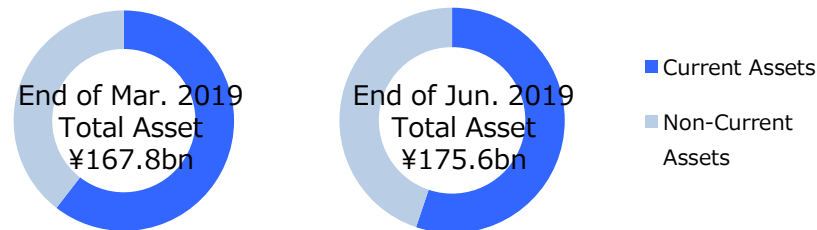
Performance generally as forecast

## Gross profit

(Billions of Yen)



## Asset Structure



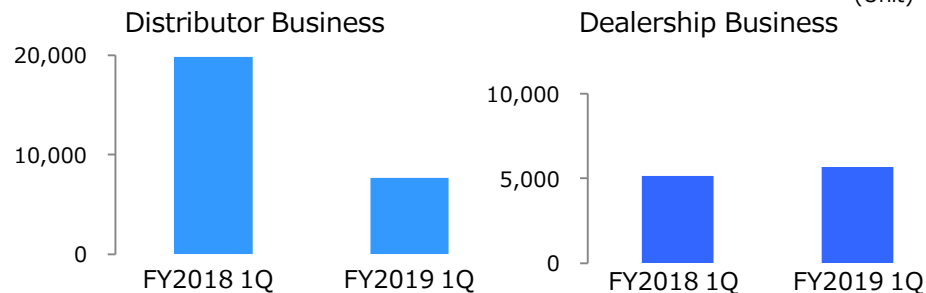
## FY2019 1Q Results

(Billions of Yen)

	FY2018 1Q Results	FY2019 1Q Results
Gross profit	10.6	10.9
Share of profit of investments accounted for using the equity method	0.3	0.0
Profit (loss) for the period (attributable to owners of the Company)	3.1	1.5
	End of Mar. 2019	End of June. 2019
Total assets	167.8	175.6

## Vehicle Sales

(Unit)

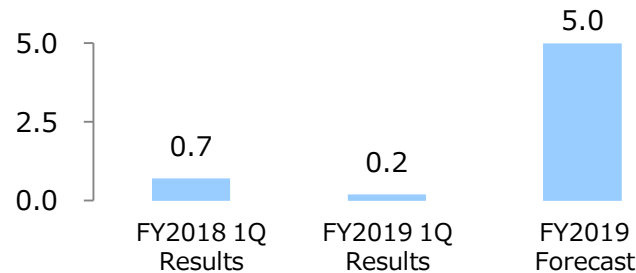


# Aerospace & Transportation Project



## Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

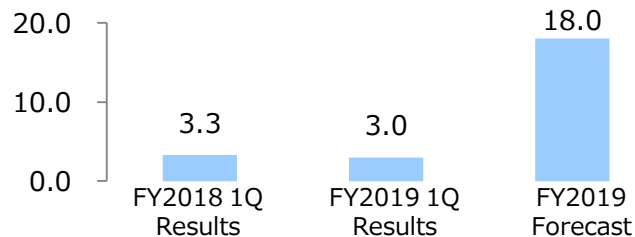


## 【Progress Overview】

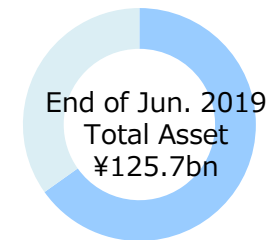
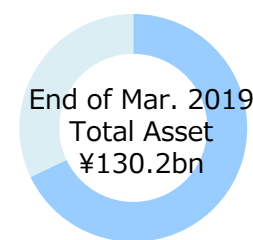
Earnings contributions anticipated from aerospace-related business and railway projects

## Gross profit

(Billions of Yen)



## Asset Structure



■ Current Assets  
■ Non-Current Assets

## FY2019 1Q Results

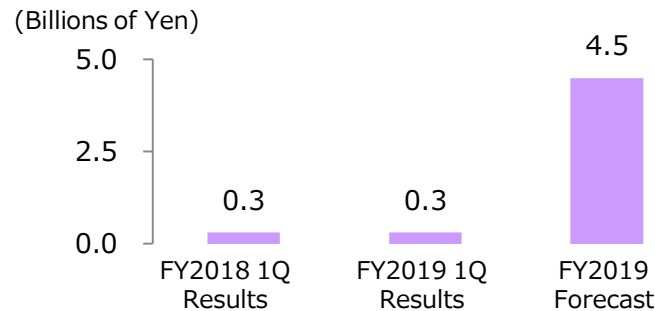
(Billions of Yen)

	FY2018 1Q Results	FY2019 1Q Results
Gross profit	3.3	3.0
Share of profit of investments accounted for using the equity method	0.3	0.4
Profit for the period (attributable to owners of the Company)	0.7	0.2
	End of Mar. 2019	End of June. 2019
Total assets	130.2	125.7

# Machinery & Medical Infrastructure



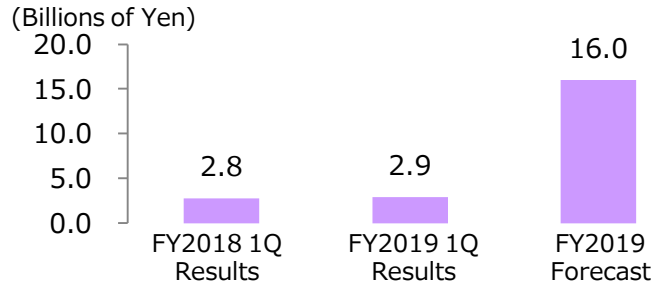
## Profit for the Year (attributable to owners of the Company)



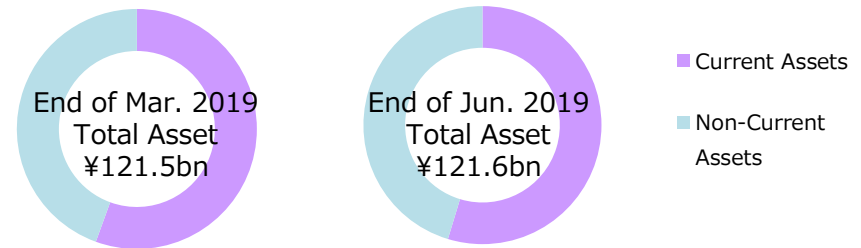
### 【Progress Overview】

Earnings contributions anticipated from industrial machinery and medical infrastructure-related business in the second half of the fiscal year

## Gross profit



## Asset Structure



## FY2019 1Q Results

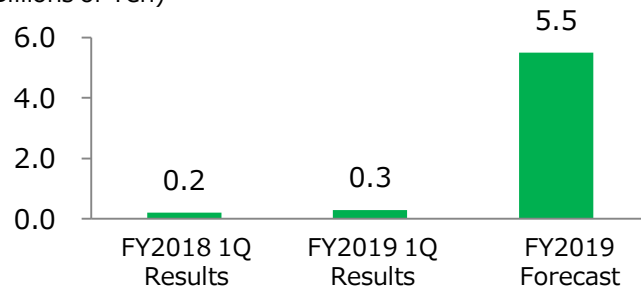
(Billions of Yen)	FY2018 1Q Results	FY2019 1Q Results
Gross profit	2.8	2.9
Share of profit of investments accounted for using the equity method	0.1	0.2
Profit for the period (attributable to owners of the Company)	0.3	0.3
	End of Mar. 2019	End of June. 2019
Total assets	121.5	121.6

# Energy & Social Infrastructure



## Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

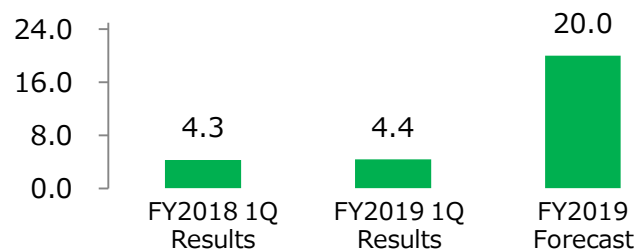


### 【Progress Overview】

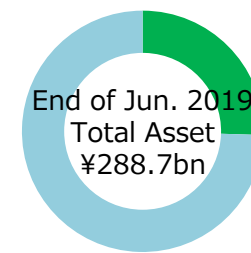
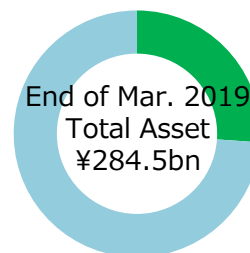
Earnings contributions anticipated from domestic and overseas power generation businesses and, in the second half of the fiscal year, from affiliates

## Gross profit

(Billions of Yen)



## Asset Structure



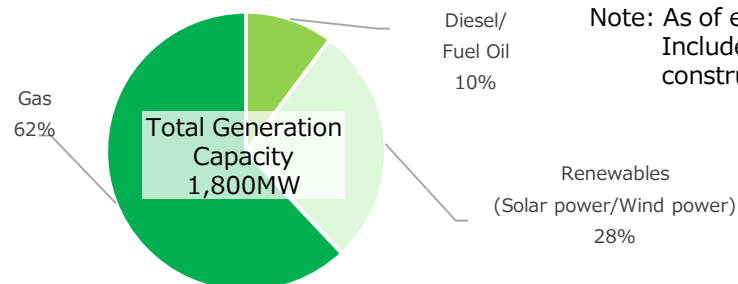
■ Current Assets  
■ Non-Current Assets

## FY2019 1Q Results

(Billions of Yen)

	FY2018 1Q Results	FY2019 1Q Results
Gross profit	4.3	4.4
Share of profit of investments accounted for using the equity method	0.0	1.4
Profit for the period (attributable to owners of the Company)	0.2	0.3
	End of Mar. 2019	End of June. 2019
Total assets	284.5	288.7

## Power supply interest portfolio



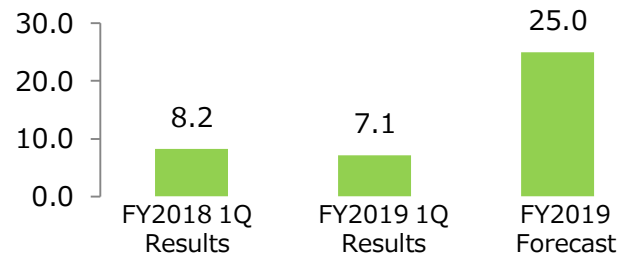
Note: As of end of June 2019  
Includes projects under construction

# Metals & Mineral Resources



## Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

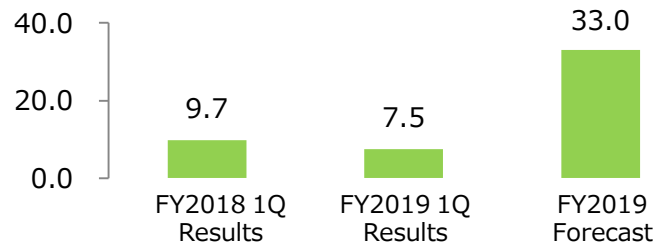


### 【Progress Overview】

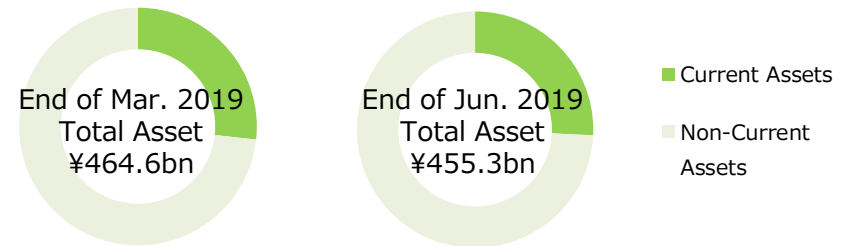
Performance generally in line with forecasts, but need to monitor trends in resource prices

## Gross profit

(Billions of Yen)



## Asset Structure



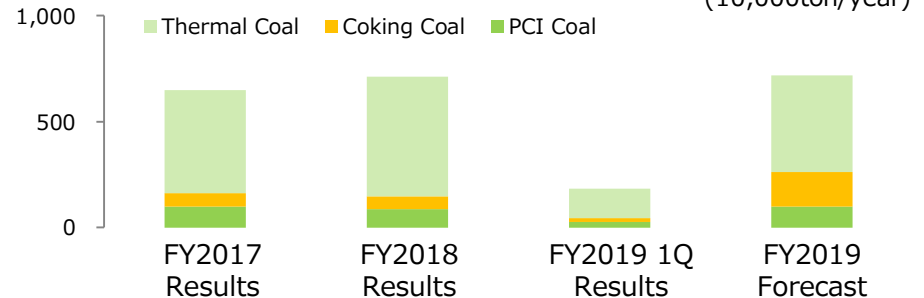
## FY2019 1Q Results

(Billions of Yen)

	FY2018 1Q Results	FY2019 1Q Results
Gross profit	9.7	7.5
Share of profit of investments accounted for using the equity method	4.6	4.5
Profit for the period (attributable to owners of the Company)	8.2	7.1
	End of Mar. 2019	End of June. 2019
Total assets	464.6	455.3

## Sales Volume for Coal

(10,000ton/year)

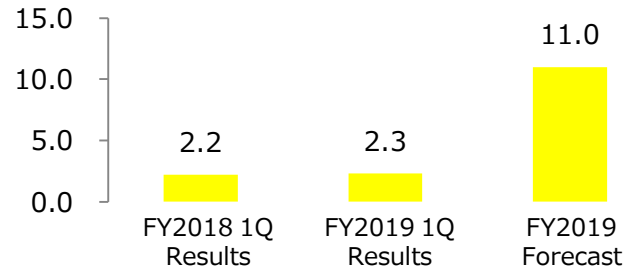


# Chemicals



## Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

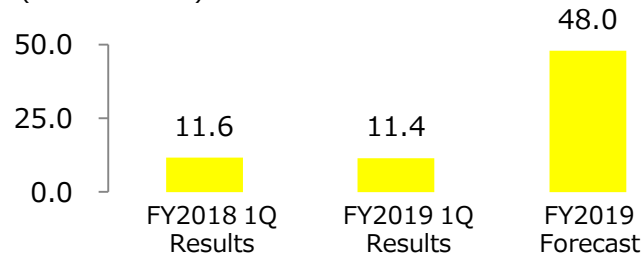


## 【Progress Overview】

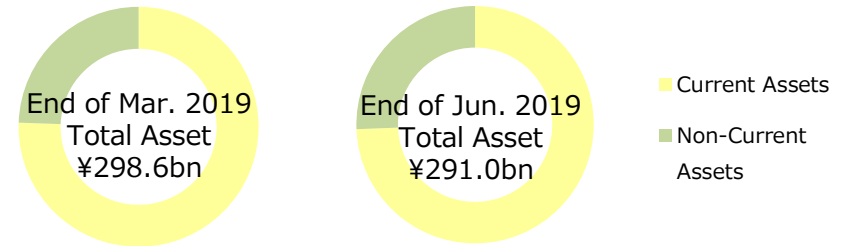
Performance generally as forecast

## Gross profit

(Billions of Yen)



## Asset Structure

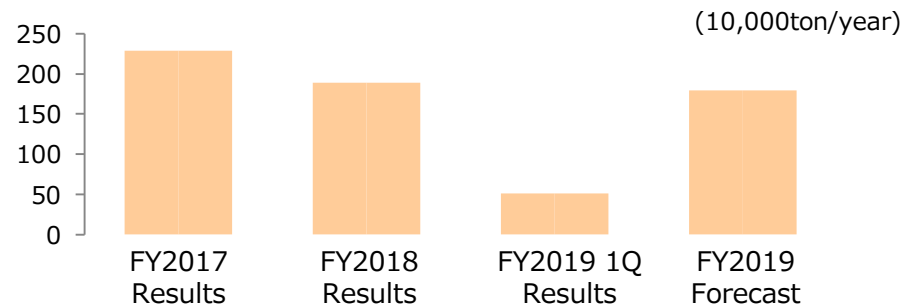


## FY2019 1Q Results

(Billions of Yen)

	FY2018 1Q Results	FY2019 1Q Results
Gross profit	11.6	11.4
Share of profit of investments accounted for using the equity method	0.2	0.1
Profit for the period (attributable to owners of the Company)	2.2	2.3
	End of Mar. 2019	End of June. 2019
Total assets	298.6	291.0

## Sales Volume for Methanol

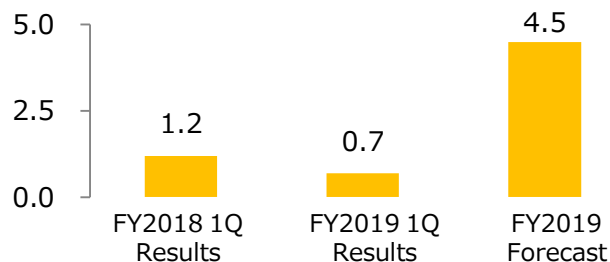


# Foods & Agriculture Business



## Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

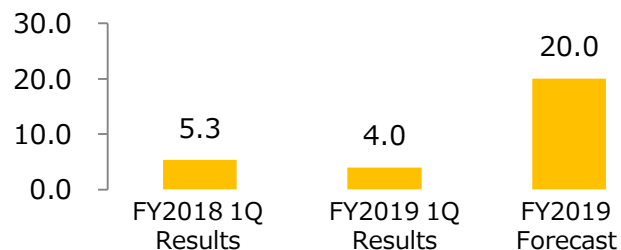


### 【Progress Overview】

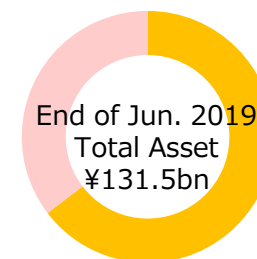
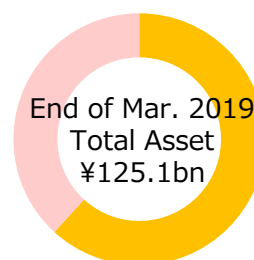
Efforts such as revising marketing activities in order to recover from sluggish performance to be implemented amid continuation of sales price controls in overseas fertilizer businesses

## Gross profit

(Billions of Yen)



## Asset Structure



■ Current Assets  
■ Non-Current Assets

## FY2019 1Q Results

(Billions of Yen)

	FY2018 1Q Results	FY2019 1Q Results
Gross profit	5.3	4.0
Share of profit of investments accounted for using the equity method	0.1	0.1
Profit for the period (attributable to owners of the Company)	1.2	0.7
	End of Mar. 2019	End of June. 2019
Total assets	125.1	131.5

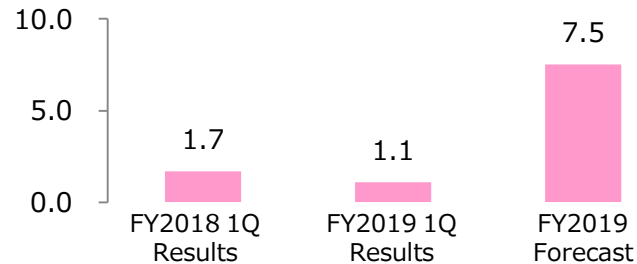


# Retail & Lifestyle Business



## Profit for the Year (attributable to owners of the Company)

(Billions of Yen)

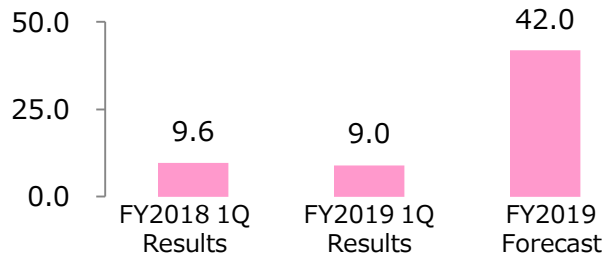


## 【Progress Overview】

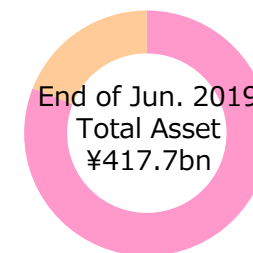
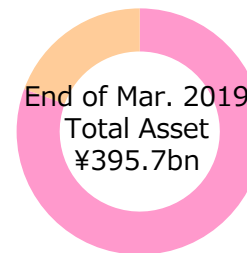
Performance generally as forecast

## Gross profit

(Billions of Yen)



## Asset Structure



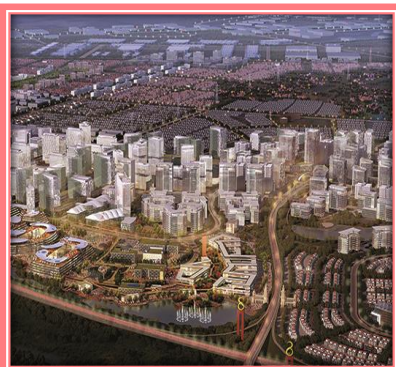
■ Current Assets  
■ Non-Current Assets

## FY2019 1Q Results

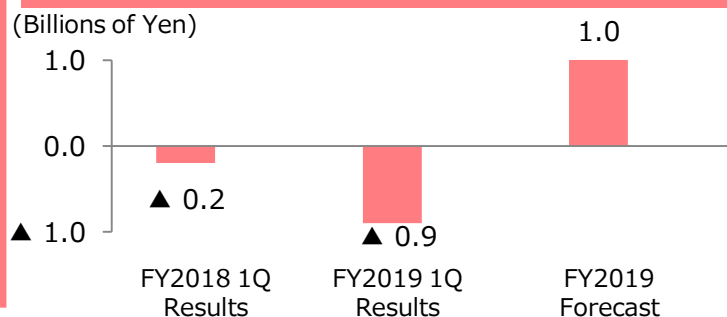
(Billions of Yen)

	FY2018 1Q Results	FY2019 1Q Results
Gross profit	9.6	9.0
Share of profit (loss) of investments accounted for using the equity method	0.0	0.0
Profit for the period (attributable to owners of the Company)	1.7	1.1
	End of Mar. 2019	End of June. 2019
Total assets	395.7	417.7

# Industrial Infrastructure & Urban Development



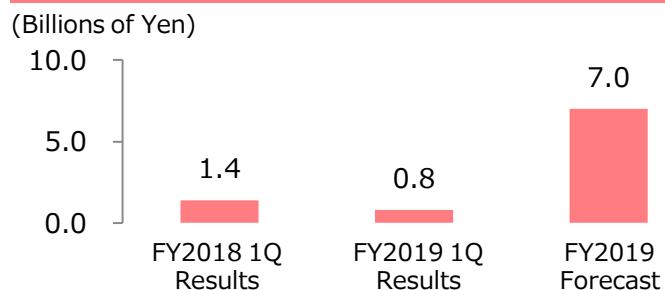
## Profit for the Year (attributable to owners of the Company)



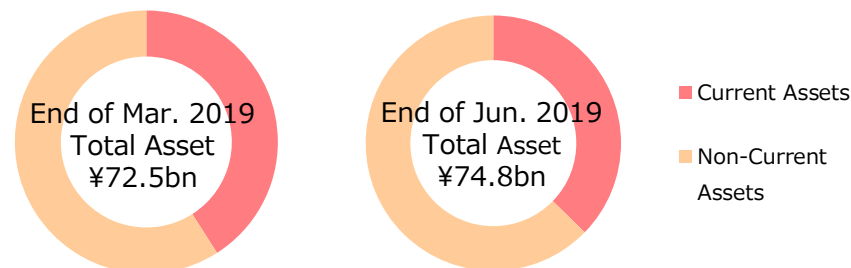
### 【Progress Overview】

Earnings to be recorded in overseas industrial park businesses

## Gross profit



## Asset Structure



## FY2019 1Q Results

(Billions of Yen)	FY2018 1Q Results	FY2019 1Q Results
Gross profit	1.4	0.8
Share of profit of investments accounted for using the equity method	0.0	0.0
Profit for the period (attributable to owners of the Company)	(0.2)	(0.9)
	End of Mar. 2019	End of June. 2019
Total assets	72.5	74.8

# Profit or Loss of Major Subsidiaries and Associates

(Billions of Yen)

Segment	Company	Subsidiary/ Associate	FY2018 1Q	FY2019 1Q	Difference
■ Automotive	Sojitz Autrans Corporation	Subsidiary	0.1	0.4	0.3
■ Automotive	Sojitz Automotive Group	Subsidiary	0.2	0.3	0.1
■ Automotive	Sojitz de Puerto Rico Corporation	Subsidiary	0.5	0.3	(0.2)
■ Automotive	Subaru Motor LLC	Subsidiary	0.1	0.0	(0.1)
■ Automotive	Sojitz Quality, Inc	Subsidiary	0.1	0.1	0.0
■ Aerospace & Transportation Project	Sojitz Aerospace Corporation	Subsidiary	0.1	0.1	0.0
■ Aerospace & Transportation Project	Sojitz Marine & Engineering Corporation	Subsidiary	0.2	0.2	0.0
■ Machinery & Medical Infrastructure	Sojitz Machinery Corporation	Subsidiary	0.1	0.1	0.0
■ Machinery & Medical Infrastructure	Sojitz Hospital PPP Investment B.V.	Subsidiary	0.4	0.6	0.2
■ Machinery & Medical Infrastructure	First Technology China Ltd.	Subsidiary	0.2	0.1	(0.1)
■ Energy & Social Infrastructure	Nissho Electronics Corporation	Subsidiary	(0.1)	(0.1)	0.0
■ Energy & Social Infrastructure	Tokyo Yuso Corporation	Subsidiary	0.1	0.1	0.0
■ Energy & Social Infrastructure	LNG Japan Corporation	Associate	(0.2)	0.5	0.7
■ Metals & Mineral Resources	Sojitz Coal Resources Pty. Ltd.	Subsidiary	2.2	2.0	(0.2)
■ Metals & Mineral Resources	Sojitz Moolarben Resources Pty. Ltd.	Subsidiary	1.0	0.7	(0.3)
■ Metals & Mineral Resources	Sojitz Resources (Australia) Pty. Ltd.	Subsidiary	0.5	0.1	(0.4)
■ Metals & Mineral Resources	Japan Alumina Associates (Australia) Pty. Ltd.	Associate	0.0	0.3	0.3
■ Metals & Mineral Resources	Metal One Corporation	Associate	2.8	3.6	0.8

\*1 Associate = Equity in earnings

\*2 The above figures are for profit (loss) for the period (attributable to owners of the Company), which is calculated in accordance with IFRS and therefore may differ from past figures released by these companies.

# Profit or Loss of Major Subsidiaries and Associates

(Billions of Yen)

Segment	Company	Subsidiary/ Associate	FY2018 1Q	FY2019 1Q	Difference
Chemicals	Sojitz Pla-Net Corporation	Subsidiary	0.3	0.0	(0.3)
Chemicals	PT. Kaltim Methanol Industri	Subsidiary	1.2	1.3	0.1
Chemicals	solvadis deutschland gmbh*	Subsidiary	0.1	0.1	0.0
Foods & Agriculture Business	Atlas Fertilizer Corporation	Subsidiary	0.0	0.0	0.0
Foods & Agriculture Business	Japan Vietnam Fertilizer Company	Subsidiary	0.2	0.1	(0.1)
Retail & Lifestyle Business	Sojitz Building Materials Corporation	Subsidiary	0.1	(0.1)	(0.2)
Retail & Lifestyle Business	Sojitz Foods Corporation	Subsidiary	0.9	0.7	(0.2)
Retail & Lifestyle Business	Sojitz Fashion Co., Ltd.	Subsidiary	0.2	0.2	0.0
Industrial Infrastructure & Urban	Sojitz New Urban Development Corporation	Subsidiary	(0.3)	(0.3)	0.0

\*solvadis holding S.a.r.l is merged with solvadis deutschland gmbh and changed the name of the company from November 1, 2018.

\*1 Associate = Equity in earnings

\*2 The above figures are for profit (loss) for the period (attributable to owners of the Company), which is calculated in accordance with IFRS and therefore may differ from past figures released by these companies.

For information on the following listed companies, please refer to their respective corporate websites.

Energy & Social Infrastructure Division: SAKURA Internet Inc. (equity-method associate)

Chemicals Division: Pla Matels Corporation (consolidated subsidiary)

Foods & Agriculture Business Division: Fuji Nihon Seito Corporation (equity-method associate), Thai Central Chemical Public Company Limited (consolidated subsidiary)

Retail & Lifestyle Business Division: JALUX Inc. (equity-method associate), Tri-Stage inc. (equity-method associate)

Industrial Infrastructure & Urban Development Division: PT. Puradelta Lestari. Tbk (equity-method associate)

【Supplemental Data】

II. Summary of Financial Results



# Summary of Profit or Loss (Results)

(Billions of Yen)	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 1Q
Net sales (JGAAP)	5,166.2	3,844.4	4,014.6	4,321.7	3,934.5	4,046.6	4,105.3	4,006.6	3,745.5	4,209.1	–	–
Revenue	–	–	–	2,006.6	1,747.8	1,803.1	1,809.7	1,658.1	1,555.3	1,816.5	1,856.2	437.4
Gross profit	235.6	178.2	192.7	217.1	187.2	198.2	197.7	180.7	200.7	232.4	241.0	54.9
Operating profit	52.0	16.1	37.5	57.5	25.5	23.7	33.6	29.2	51.6	59.8	–	–
Share of profit (loss) of investments accounted for using the equity method	2.5	9.2	19.3	16.3	15.8	31.0	28.6	23.2	12.7	25.1	27.8	6.8
Profit before tax	37.1	18.9	39.3	58.5	28.1	44.0	52.6	44.3	58.0	80.3	94.9	18.1
Profit for the year attributable to owners of the Company	19.0	8.8	16.0	(1.0)	13.4	27.3	33.1	36.5	40.8	56.8	70.4	14.3
Core earnings	48.3	14.4	41.9	65.8	38.5	68.0	66.3	41.6	54.2	90.8	93.2	18.4
ROA	0.8%	0.4%	0.7%	(0.0)%	0.6%	1.2%	1.5%	1.7%	1.9%	2.5%	3.0%	–
ROE	4.8%	2.6%	4.7%	(0.3)%	3.8%	6.5%	6.5%	6.8%	7.6%	10.0%	11.7%	–

(\*) The Group adopted IFRSs from the fiscal year ended March 31, 2013. The figures above are based on Japanese GAAP for FY2007 through FY2010.

# Summary of Balance Sheets (Results)

(Billions of Yen)	End of Mar. 2009	End of Mar. 2010	End of Mar. 2011	End of Mar. 2012	End of Mar. 2013	End of Mar. 2014	End of Mar. 2015	End of Mar. 2016	End of Mar. 2017	End of Mar. 2018	End of Mar. 2019	End of Jun. 2019
Total assets	2,313.0	2,160.9	2,117.0	2,190.7	2,150.1	2,220.2	2,297.4	2,056.7	2,138.5	2,350.4	2,297.1	2,348.5
Total equity	319.0	352.4	330.0	330.0	382.6	459.9	550.9	520.3	550.5	586.4	618.2	601.7
Equity ratio	13.8%	16.3%	15.6%	15.1%	17.8%	20.7%	24.0%	25.3%	25.7%	25.0%	26.9%	25.6%
Net interest-bearing debt	865.3	737.8	700.6	676.4	643.3	640.2	629.6	571.6	611.1	603.5	584.7	602.8
Net DER (times)	2.7	2.1	2.1	2.0	1.7	1.4	1.1	1.1	1.1	1.0	1.0	1.0
Risk assets (vs. Total equity, times)	350.0 1.1	320.0 0.9	310.0 0.9	330.0 1.0	340.0 0.9	350.0 0.8	320.0 0.6	330.0 0.6	320.0 0.6	350.0 0.6	360.0 0.6	360.0 0.6
Current ratio	141.7%	152.7%	142.2%	142.5%	152.1%	162.8%	169.5%	170.1%	171.3%	162.7%	157.1%	155.0%
Long-term debt ratio	66.7%	74.3%	72.3%	73.3%	76.0%	78.7%	79.9%	81.8%	82.9%	87.5%	82.9%	81.2%

(\*) The Group adopted IFRSs from the fiscal year ended March 31, 2013. The figures above are based on Japanese GAAP for End of Mar. 2008 through 2011. Under JGAAP, Total equity is calculated as Total net assets – Minority interests.

# Summary of Cash Flow (Results)

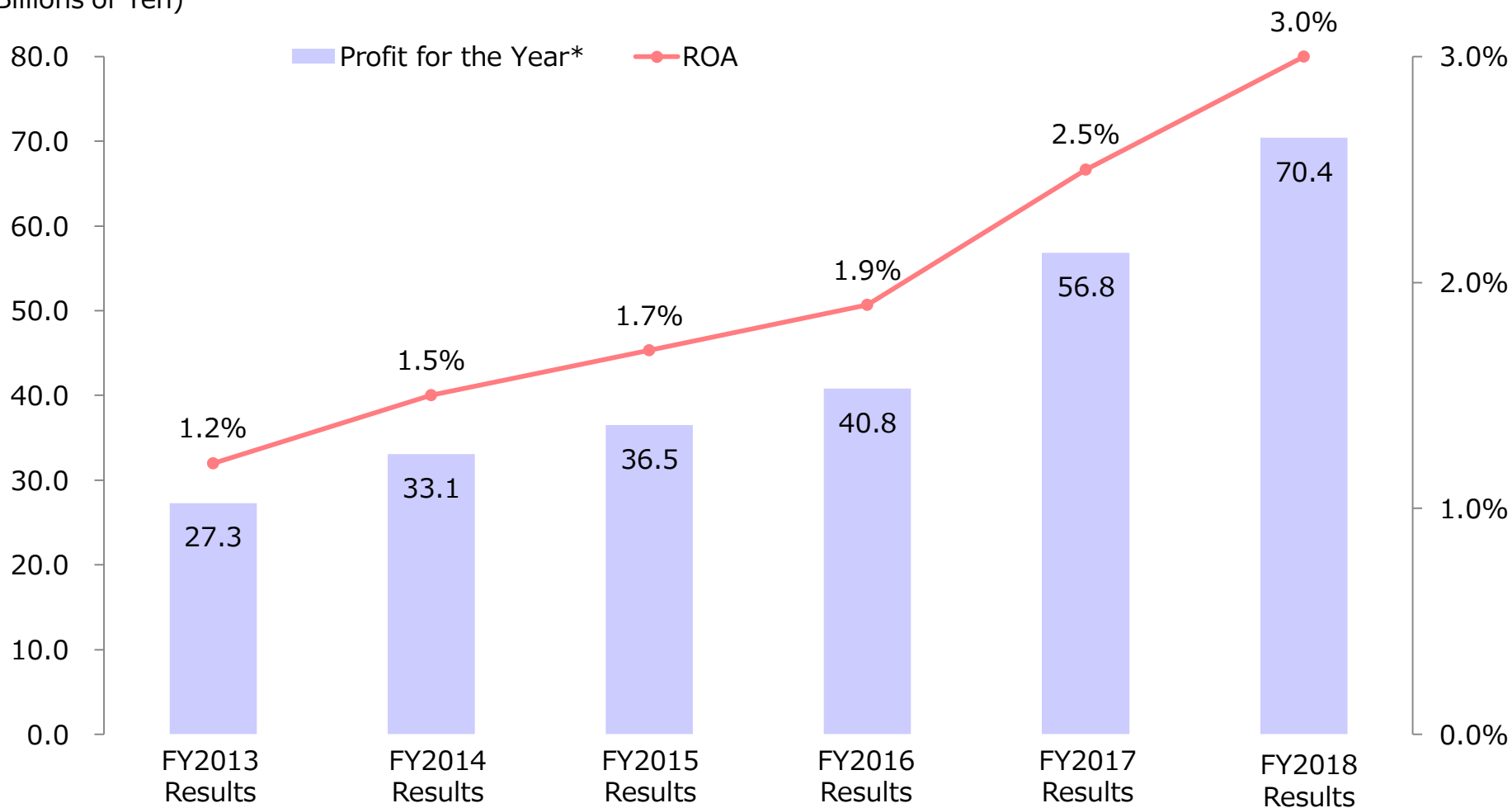
(Billions of Yen)	End of Mar. 2009	End of Mar. 2010	End of Mar. 2011	End of Mar. 2012	End of Mar. 2013	End of Mar. 2014	End of Mar. 2015	End of Mar. 2016	End of Mar. 2017	End of Mar. 2018	End of Mar. 2019	End of Jun. 2019
Core cash flow	-	-	-	-	-	-	-	18.3	5.5	(56.7)	63.1	(5.6)
Free cash flow	86.5	135.7	48.0	46.4	43.4	22.5	25.3	66.0	(31.3)	12.4	54.3	(3.4)
Core operating cash flow	-	-	-	-	-	-	-	60.0	59.4	82.9	79.1	22.2
Cash flow from operating activities	103.7	107.2	67.9	88.7	55.1	47.0	39.1	99.9	0.9	98.8	96.5	6.3
Cash flow from investment activities	(17.2)	(28.4)	(19.9)	(42.3)	(11.7)	(24.5)	(13.8)	(33.9)	(32.2)	(86.4)	(42.2)	(9.7)
Cash flow from financing activities	(6.0)	(102.6)	(72.1)	(29.5)	(56.2)	(30.9)	(42.6)	(114.7)	(4.0)	(13.1)	(74.9)	8.7
Investments and loans	100.0	27.0	73.0	53.0	44.0	54.0	57.0	71.0	86.0	158.0	91.0	18.0

※Core cash flow = Core operating cash flow + Investing cash flow (including asset replacement) – Dividends paid  
 (Post-adjustment net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)



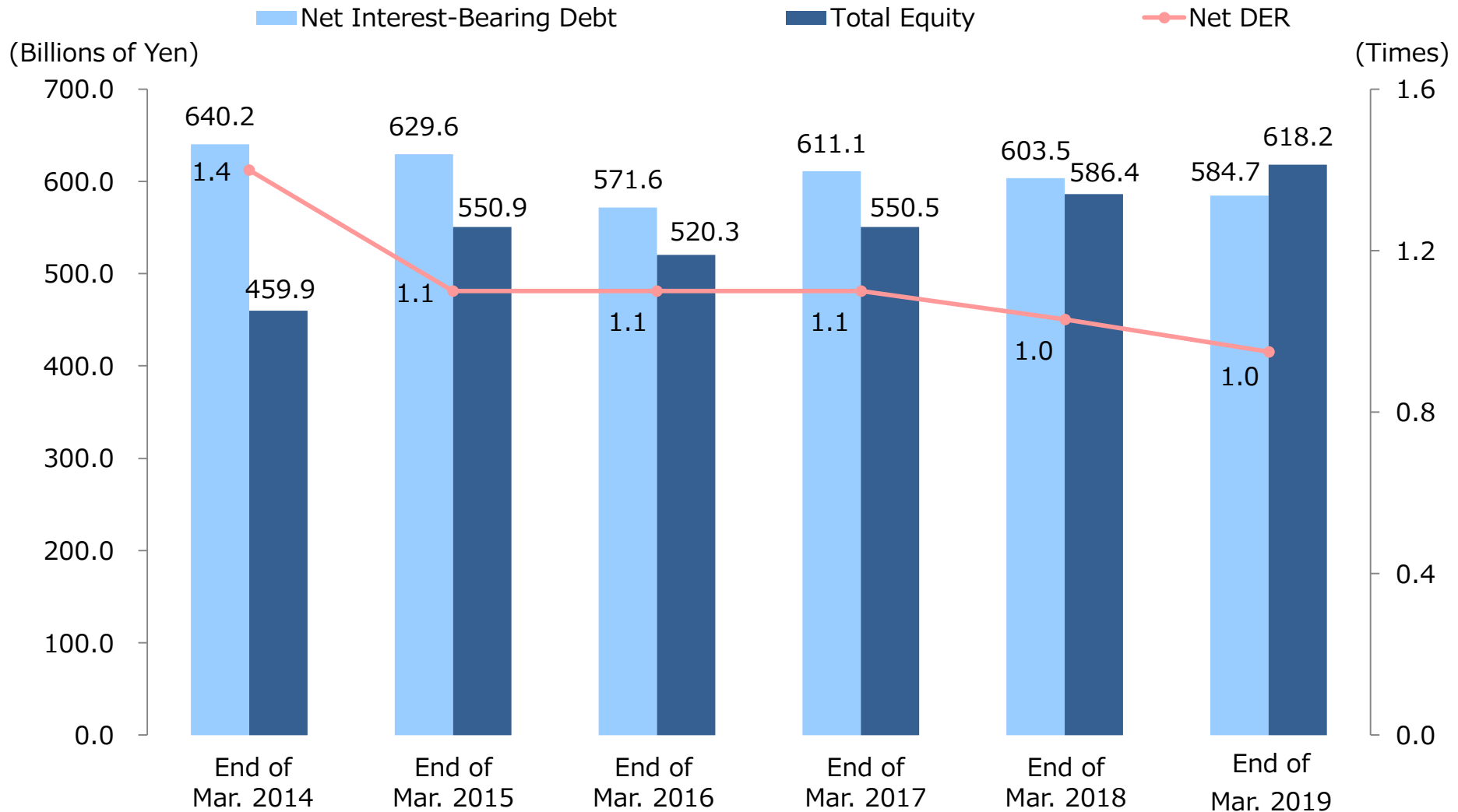
# Summary of Profit or Loss

(Billions of Yen)



\* Attributable to owners of the Company

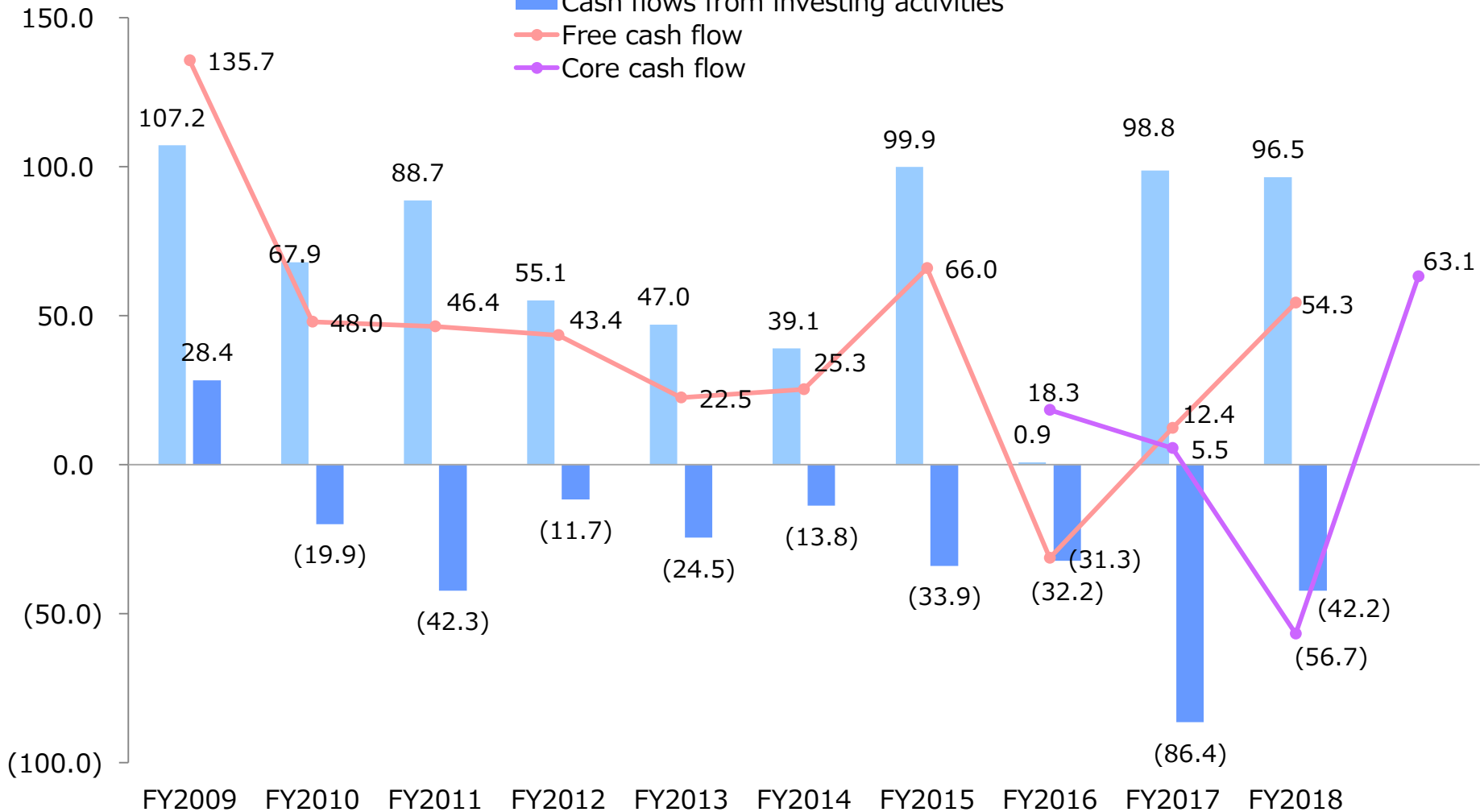
# Summary of Balance Sheets



# Summary of Cash Flow

(Billions of Yen)

- Cash flows from operating activities
- Cash flows from investing activities
- Free cash flow
- Core cash flow





***sojitz***

***New way, New value***

## Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2019 (IFRS)

August 1, 2019

### Sojitz Corporation

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

Listed stock exchange: The first section of Tokyo

Security code: 2768

Company representative: Masayoshi Fujimoto, President & CEO

Contact information: Yoichi Yanagisawa, GM, Public Relations Dept. TEL +81-3-6871-3404

Scheduled filing date of quarterly financial report: August 9, 2019

Scheduled date of delivery of dividends: -

Supplementary materials for the quarterly financial results: Yes

Investor conference for the quarterly financial results: Yes

(Rounded down to millions of Japanese Yen)

### 1. Consolidated Financial Results for the First Quarter Ended June 30, 2019 (April 1, 2019 - June 30, 2019)

#### (1) Consolidated Operating Results

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

	Revenue		Profit before tax		Profit for the period		Profit for the period attributable to owners of the Company		Total comprehensive income for the period	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the first quarter ended										
June 30, 2019	437,426	(6.5)	18,133	(33.5)	15,357	(28.3)	14,258	(27.8)	(1,618)	-
June 30, 2018	467,910	8.2	27,269	43.1	21,412	34.8	19,759	35.2	12,625	(38.2)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the first quarter ended		
June 30, 2019	11.41	11.41
June 30, 2018	15.80	15.80

Note : 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
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of				
June 30, 2019	2,348,493	645,617	601,725	25.6
March 31, 2019	2,297,059	661,607	618,295	26.9

### 2. Cash Dividends

	Cash dividend per share				
	First quarter	Second quarter	Third quarter	Year end	Annual
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2019	-	7.50	-	9.50	17.00
March 31, 2020	-	-	-	-	-
March 31, 2020 (forecast)	-	8.50	-	8.50	17.00

Note : Changes in cash dividend forecast : No

### 3. Consolidated Earnings Forecast for the Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

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, 2020			
Full-year	72,000	2.2	57.60

Note 1 : Changes in cash dividend forecast : No

Note 2 : 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) Accounting policy changes and accounting estimate changes

1. Changes in accounting policies required by IFRS : Yes
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 June 30, 2019: 1,251,499,501                      As of March 31, 2019: 1,251,499,501

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

As of June 30, 2019 : 2,243,019                      As of March 31, 2019 : 2,260,444

3. Average number of outstanding shares during the periods:

For the first quarter ended June 30, 2019 (accumulative): 1,249,241,025

For the first quarter ended June 30, 2018 (accumulative): 1,250,970,454

Note: The Company established the Executive Compensation Board Incentive Plan Trust in the six-month period ended September 30, 2018. The trust account associated with this trust holds shares of the Company's stock, which are treated as treasury shares; 1,709,311 stocks in the first quarter ended June 30, 2019 and 1,727,600 stocks in the financial year ended March 2019.

\* 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 the Three-Month Period Ended June 30, 2019

### Economic Environment

In the three-month period ended June 30, 2019, there was a rising sense of uncertainty in the global economy because of the trade friction between the United States and China as well as the deceleration of the Chinese economy that arose due in part to this friction. Looking ahead, ongoing caution is warranted with regard to the aforementioned trade friction, the United Kingdom's withdrawal from the European Union, situation in the Middle East, and the monetary policies of the United States.

In the United States, the concern for the prolongation of the trade friction with China is already affecting various economic indicators. The market has begun to price in interest rate cut and other monetary easing measures. In addition, the intermittent decline in long term interest rates currently being seen in the U.S. market has been a source of worry with regard to potential impact on consumer spending, capital investment, and other aspects of the real economy. Accordingly, there is a need to carefully monitor the course of trade negotiations between the United States and China along with the financial policies of the U.S. Federal Reserve Bank.

Europe presents a need to monitor trends in foreign exchange rates and economic conditions. This need reflects the growing risk of economic downturn arising from the potential impacts on trade balances due to economic slowdown in China and the uncertainty regarding the United Kingdom's withdrawal from the European Union.

Throughout 2018, China took measures to curtail excessive debt and production capacity, resulting in economic slowdown. In addition, the trade friction with the United States is impacting exports to this country.

In Asia, the trade friction between the United States and China and the slowdown of exports due to deceleration of the Chinese economy are causing downward pressure on business activity. Conversely, consumer spending is strong, and it is anticipated that production operations may be transferred from China to other Asian countries accompanied by capital investment. Nevertheless, caution is warranted with regard to the potential for reduced foreign demand and diminished investment appetite stemming from the continuation of sluggish conditions in the global economy.

Japan saw strong conditions pertaining to the job market and income environment. However, there is a need to monitor the impact on the Japanese economy of the rising opaqueness in the global economy.

### Financial Performance

Sojitz Corporation's consolidated business results for the first quarter ended June 30, 2019 are presented below.

Revenue	Revenue was down 6.5% year on year, to ¥437,426 million, due to lower revenue in the Metals & Mineral Resources Division, a result of fall in sales prices in overseas coal businesses, and in the Chemicals Division, a result of declines in the transaction volumes of plastic resins and in the price of methanol.
Gross profit	Gross profit decreased ¥4,981 million year on year, to ¥54,887 million, due to lower gross profit in the Metals & Mineral Resources Division, a result of fall in sales prices in overseas coal businesses, and in the Foods & Agriculture Business Division, a result of lower transactions volumes in overseas fertilizer businesses.
Profit before tax	Profit before tax decreased ¥9,136 million year on year, to ¥18,133 million, as a result of lower gross profit along with a decline in the net of other income and expenses

	associated with the sale of automobile-related company in the previous equivalent period.
Profit for the period	After deducting income tax expenses of ¥2,775 million from profit before tax of ¥18,133 million, profit for the period amounted to ¥15,357 million, down ¥6,055 million year on year. Profit for the period (attributable to owners of the Company) decreased ¥5,501 million year on year, to ¥14,258 million.
Comprehensive income for the period	Comprehensive loss for the period of ¥1,618 million was recorded, compared with comprehensive income for the period of ¥14,243 million in the previous equivalent period, following a decline in financial assets at fair value through other comprehensive income along with lower profit for the period. Comprehensive loss for the period (attributable to owners of the Company) of ¥2,387 million was recorded, compared with comprehensive income for the period of ¥13,607 million in the previous equivalent period.

Results for the three-month period ended June 30, 2019, are summarized by segment below.

#### Automotive

Revenue was up 4.1% year on year, to ¥60,311 million, as a result of higher sales volumes in automobile distributor businesses in Southeast Asia and of the acquisition of domestic and overseas automobile distributor business. Profit for the period (attributable to owners of the Company) decreased ¥1,576 million, to ¥1,509 million, following a decline in the net of other income and expenses in reaction to the sale of an automobile-related company in the previous equivalent period.

#### Aerospace & Transportation Project

Revenue was down 8.6% year on year, to ¥5,718 million, due to the impacts of aircraft part-out sales in the three-month period ended June 30, 2018. Profit for the period (attributable to owners of the Company) decreased ¥495 million, to ¥242 million, due to decline in other income associated with gains on sales of aircraft.

#### Machinery & Medical Infrastructure

Revenue was up 10.3% year on year, to ¥22,746 million, as a result of an increase in industrial machinery transactions. Profit for the period (attributable to owners of the Company) decreased ¥24 million, to 255 million.

#### Energy & Social Infrastructure

Revenue was down 21.6% year on year, to ¥13,996 million, as a result of a decrease in LNG transactions. Profit for the period (attributable to owners of the Company) rose ¥35 million, to ¥254 million, as an increase in share of profit of investments accounted for using the equity method counteracted the impacts of a decline in other income due to the sale of an overseas solar power generation business company in the previous equivalent period.

#### Metals & Mineral Resources

Revenue was down 13.7% year on year, to ¥93,361 million, as a result of fall in sales prices in overseas coal businesses. Profit for the period (attributable to owners of the Company) decreased ¥1,106 million, to ¥7,073 million, as a result of a decline in gross profit.

#### Chemicals

Revenue was down 9.0% year on year, to ¥115,543 million, as a result of declines in the price of methanol and lower transaction volumes of plastic resins. Profit for the period (attributable to owners of the Company) increased ¥59 million, to ¥2,307 million.



### Foods & Agriculture Business

Revenue was down 7.0% year on year, to ¥32,628 million, following lower transactions volumes in overseas fertilizer businesses. Profit for the period (attributable to owners of the Company) decreased ¥590 million, to ¥651 million, as a result of a decline in gross profit.

### Retail & Lifestyle Business

Revenue was relatively unchanged year on year, at ¥79,126 million, as the increase in revenue attributable to the acquisition of an overseas paper manufacturer was counterbalanced by a decline in textile transactions. Profit for the period (attributable to owners of the Company) decreased ¥602 million, to ¥1,100 million, as a result of a decline in gross profit due to lower profit margins for meat transactions.

### Industrial Infrastructure & Urban Development

Revenue was down 0.5% year on year, to ¥6,336 million, because of a decrease in real estate transactions. Loss for the period (attributable to owners of the Company) increased ¥652 million, to ¥858 million, as a result of a decline in gross profit.

## **(2) Financial Position**

### Consolidated Balance Sheet

Total assets on June 30, 2019, stood at ¥2,348,493 million, up ¥51,434 million from March 31, 2019. This increase was primarily a result of an increase in usage right assets stemming from the application of IFRS 16—Leases.

Total liabilities at June 30, 2019, amounted to ¥1,702,876 million, up ¥67,425 million from March 31, 2019, due to an increase in lease liabilities following the application of IFRS 16—Leases.

Total equity attributable to owners of the Company was ¥601,725 million on June 30, 2019, down ¥16,570 million from March 31, 2019. This decline was largely due to a decrease in other components of equity resulted primarily from stock price and foreign exchange rate fluctuations, which offset the accumulation of profit for the period (attributable to owners of the Company).

Consequently, on June 30, 2019, the current ratio was 155.0%, the long-term debt ratio was 81.2%, and the equity ratio\* was 25.6%. Net interest-bearing debt (total interest-bearing debt less cash and cash equivalents and time deposits) totaled ¥602,813 million on June 30, 2019, ¥18,102 million increase from March 31, 2019. This resulted in the Company's net debt equity ratio\* equaling 1.00 times at June 30, 2019. Lease liabilities have been excluded from aforementioned total interest-bearing debt.

(\*) 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 2020, the Sojitz Group continues to advance financial strategies in accordance with the basic policy of maintaining and enhancing the stability of its capital structure. In addition, Sojitz endeavors 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 did not issue straight bonds in the three-month period ended June 30, 2019. However, 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\$0.49 billion has been used).

### Consolidated Cash Flows

In the three-month period ended June 30, 2019, operating activities provided net cash flow of ¥6,337 million, investing activities used net cash of ¥9,727 million, and financing activities provided net cash of ¥8,733 million. Sojitz ended the period with cash and cash equivalents of ¥289,170 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 in the three-month period ended June 30, 2019, was ¥6,337 million, an increase of ¥104,626 million year on year. Business earnings, dividends received, and other factors increasing cash outweighed increases in working capital and other factors decreasing cash.

#### (Cash flows from investing activities)

Net cash used in investing activities in the three-month period ended June 30, 2019, was ¥9,727 million, up ¥1,329 million year on year, mainly as a result of the acquisition of an offshore wind power generation business in Taiwan and airport operation businesses.

#### (Cash flows from financing activities)

Net cash provided by financing activities in the three-month period ended June 30, 2019, was ¥8,733 million, down ¥70,637 million year on year. This outcome was primarily a result of proceeds from borrowings, which offset outflows for dividends paid.

### **(3) Consolidated Earnings Forecast**

Current forecast for fiscal year 2019 is as follow.

Profit for the year (Attributable to owners of the Company)	¥72.0 billion
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The above forecast assumes a yen/dollar rate of ¥110/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.

## **2. Summary information (other)**

### **(1) Changes in major subsidiaries during the period**

None

### 3. Consolidated Financial Statements

#### (1) Consolidated Statements of Financial Position

(In millions of Yen)

	FY 2018 (As of March 31, 2019)	FY 2019 (As of June 30, 2019)
<b>Assets</b>		
Current assets		
Cash and cash equivalent	285,687	289,170
Time deposits	2,922	2,402
Trade and other receivables	690,678	682,561
Derivatives	2,060	3,162
Inventories	220,621	220,111
Income tax receivables	6,714	9,238
Other current assets	58,965	62,587
Total current assets	1,267,650	1,269,235
Non-current assets		
Property, plant and equipment	192,902	186,392
Usage rights assets	—	69,833
Goodwill	66,198	65,859
Intangible assets	49,145	47,479
Investment property	20,875	20,948
Investments accounted for using the equity method	424,152	422,580
Trade and other receivables	84,145	84,338
Other investments	173,066	162,998
Derivatives	46	0
Other non-current assets	12,683	12,341
Deferred tax assets	6,192	6,483
Total non-current assets	1,029,409	1,079,258
Total assets	2,297,059	2,348,493
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	582,296	562,078
Lease liabilities	—	13,602
Bonds and borrowings	149,695	168,005
Derivatives	2,511	3,568
Income tax payables	10,775	8,603
Provisions	1,026	1,369
Other current liabilities	60,793	61,427
Total current liabilities	807,098	818,654
Non-current liabilities		
Lease liabilities	—	61,336
Bonds and borrowings	723,625	726,380
Trade and other payables	12,563	10,588
Derivatives	2,693	2,806
Retirement benefits liabilities	22,139	21,977
Provisions	36,292	35,417
Other non-current liabilities	11,235	9,821
Deferred tax liabilities	19,802	15,894
Total non-current liabilities	828,353	884,222
Total liabilities	1,635,451	1,702,876
Equity		
Share capital	160,339	160,339
Capital surplus	146,645	146,677
Treasury stock	(865)	(858)
Other components of equity	107,576	90,414
Retained earnings	204,600	205,152
Total equity attributable to owners of the Company	618,295	601,725
Non-controlling interests	43,312	43,891
Total equity	661,607	645,617
Total liabilities and equity	2,297,059	2,348,493

## (2) Consolidated Statements of Profit or Loss

(In millions of Yen)

	FY 2018 First Quarter (From April 1, 2018 To June 30, 2018)	FY 2019 First Quarter (From April 1, 2019 To June 30, 2019)
Revenue		
Sale of goods	442,558	413,366
Sales of service and others	25,351	24,060
Total revenue	467,910	437,426
Cost of sales	(408,041)	(382,539)
Gross profit	59,868	54,887
Selling, general and administrative expenses	(42,726)	(42,821)
Other income(expenses)		
Gain(loss) on sale and disposal of fixed assets, net	370	(37)
Impairment loss on fixed assets	(65)	(0)
Gain on reorganization of subsidiaries/associates	6,101	30
Loss on reorganization of subsidiaries/associates	(891)	(1)
Other operating income	1,394	1,368
Other operating expenses	(1,984)	(1,491)
Total other income/expenses	4,924	(132)
Financial income		
Interests earned	1,741	1,762
Dividends received	1,874	1,634
Other financial income	122	—
Total financial income	3,738	3,396
Financial costs		
Interest expenses	(4,176)	(3,887)
Other financial costs	—	(106)
Total financial cost	(4,176)	(3,993)
Share of profit(loss) of investments accounted for using the equity method	5,639	6,796
Profit before tax	27,269	18,133
Income tax expenses	(5,856)	(2,775)
Profit for the period	21,412	15,357
Profit attributable to:		
Owners of the Company	19,759	14,258
Non-controlling interests	1,652	1,098
Total	21,412	15,357

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

(In millions of Yen)

	FY 2018 First Quarter (From April 1, 2018 To June 30, 2018)	FY 2019 First Quarter (From April 1, 2019 To June 30, 2019)
Profit for the period	21,412	15,357
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets at fair value through other comprehensive income	1	(5,780)
Remeasurements of defined benefit pension plans	(75)	(181)
Share of other comprehensive income of investments accounted for using the equity method	4,195	(2,497)
Total items that will not be reclassified to profit or loss	4,121	(8,459)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(7,914)	(6,299)
Cash flow hedges	(249)	(502)
Share of other comprehensive income of investments accounted for using the equity method	(4,745)	(1,714)
Total items that may be reclassified subsequently to profit or loss	(12,908)	(8,516)
Other comprehensive income for the year, net of tax	(8,786)	(16,975)
Total comprehensive income for the year	12,625	(1,618)
Total comprehensive income attributable to:		
Owners of the Company	11,220	(2,387)
Non-controlling interests	1,405	769
Total	12,625	(1,618)

## (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 at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2018	160,339	146,512	(174)	17,709	111,072	(4,432)
Impact of change in accounting policies						
Balance as of April 1, 2018 (Revised)	160,339	146,512	(174)	17,709	111,072	(4,432)
Profit for the period						
Other comprehensive income				(12,943)	4,195	272
Total comprehensive income for the period	—	—	—	(12,943)	4,195	272
Purchase of treasury stock		(0)	(0)			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control						
Reclassification from other components of equity to retained earnings					(18)	
Other changes						
Total contributions by and distributions to owners of the Company	—	(0)	(0)	—	(18)	—
Balance as of June 30, 2018	160,339	146,512	(174)	4,765	115,250	(4,160)

Balance as of April 1, 2019	160,339	146,645	(865)	4,861	107,226	(4,512)
Impact of change in accounting policies						
Balance as of April 1, 2019 (Revised)	160,339	146,645	(865)	4,861	107,226	(4,512)
Profit for the period						
Other comprehensive income				(7,398)	(8,548)	(802)
Total comprehensive income for the period	—	—	—	(7,398)	(8,548)	(802)
Purchase of treasury stock		(0)	(0)			
Disposition of treasury stock		(7)	7			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control				0		0
Reclassification from other components of equity to retained earnings					(413)	
Share-based payment transaction		39				
Other changes						
Total contributions by and distributions to owners of the Company	—	32	6	0	(413)	0
Balance as of June 30, 2019	160,339	146,677	(858)	(2,536)	98,264	(5,314)

(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, 2018	—	124,348	155,437	586,464	38,659	625,124
Impact of change in accounting policies			(444)	(444)		(444)
Balance as of April 1, 2018 (Revised)	—	124,348	154,993	586,020	38,659	624,679
Profit for the period			19,759	19,759	1,652	21,412
Other comprehensive income	(65)	(8,539)		(8,539)	(247)	(8,786)
Total comprehensive income for the period	(65)	(8,539)	19,759	11,220	1,405	12,625
Purchase of treasury stock				(0)		(0)
Dividends			(7,505)	(7,505)	(1,051)	(8,556)
Change in ownership interests in subsidiaries without loss/acquisition of control					1,304	1,304
Reclassification from other components of equity to retained earnings	65	46	(46)	—		—
Other changes			(139)	(139)	26	(113)
Total contributions by and distributions to owners of the Company	65	46	(7,692)	(7,645)	279	(7,366)
Balance as of June 30, 2018	—	115,855	167,060	589,594	40,344	629,938

Balance as of April 1, 2019	—	107,576	204,600	618,295	43,312	661,607
Impact of change in accounting policies			(2,402)	(2,402)		(2,402)
Balance as of April 1, 2019 (Revised)	—	107,576	202,197	615,892	43,312	659,205
Profit for the period			14,258	14,258	1,098	15,357
Other comprehensive income	102	(16,646)		(16,646)	(329)	(16,975)
Total comprehensive income for the period	102	(16,646)	14,258	(2,387)	769	(1,618)
Purchase of treasury stock				(0)		(0)
Disposal of treasury stock				—		—
Dividends			(11,884)	(11,884)	(1,069)	(12,953)
Change in ownership interests in subsidiaries without loss/acquisition of control		0	(7)	(6)	766	759
Reclassification from other components of equity to retained earnings	(102)	(515)	515	—		—
Share-based payment transaction				39		39
Other changes			72	72	112	184
Total contributions by and distributions to owners of the Company	(102)	(515)	(11,303)	(11,779)	(190)	(11,969)
Balance as of June 30, 2019	—	90,414	205,152	601,725	43,891	645,617

## (5) Consolidated Statements of Cash Flows

(In millions of Yen)

	FY 2018 First Quarter (From April 1, 2018 To June 30, 2018)	FY 2019 First Quarter (From April 1, 2019 To June 30, 2019)
Cash flows from operating activities		
Profit for the period	21,412	15,357
Depreciation and amortization	5,524	7,918
Impairment loss of fixed assets	65	0
Finance (income) costs	438	596
Share of (profit)loss of investments accounted for using the equity method	(5,639)	(6,796)
(Gain) loss on sale of fixed assets, net	(370)	37
Income tax expenses	5,856	2,775
(Increase) decrease in trade and other receivables	(16,511)	1,915
(Increase) decrease in inventories	(13,575)	(1,386)
Increase (decrease) in trade and other payables	(90,105)	(12,029)
Changes in other assets and liabilities	1,137	(4,408)
Increase (decrease) in retirement benefits liabilities	(161)	70
Others	(6,663)	(42)
Subtotal	(98,592)	4,009
Interests earned	1,324	1,218
Dividends received	13,416	11,547
Interests paid	(3,844)	(3,725)
Income taxes paid	(10,593)	(6,712)
Net cash provided (used) by/in operating activities	(98,289)	6,337
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,322)	(5,007)
Proceeds from sale of property, plant and equipment	4,342	193
Purchase of intangible assets	(857)	(754)
(Increase) decrease in short-term loans receivable	341	122
Payment for long-term loans receivable	(431)	(57)
Collection of long-term loans receivable	2,184	381
Proceeds from (payments for) acquisition of subsidiaries	(3,135)	(525)
Proceeds from (payments for) sale of subsidiaries	1,418	—
Purchase of investments	(11,561)	(6,990)
Proceeds from sale of investments	10,260	2,142
Others	(1,637)	767
Net cash provided (used) by/in investing activities	(8,398)	(9,727)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	32,580	34,981
Proceeds from long-term borrowings	62,888	15,994
Repayment of long-term borrowings	(8,502)	(17,249)
Redemption of bonds	—	(10,000)
Repayment of lease liabilities	—	(2,987)
Proceeds from non-controlling interest holders	1,115	645
Sales of treasury stock	—	6
Purchase of treasury stock	(0)	(0)
Dividends paid	(7,505)	(11,884)
Dividends paid to non-controlling interest holders	(1,051)	(774)
Others	(154)	2
Net cash provided (used) by/in financing activities	79,370	8,733
Net increase (decrease) in cash and cash equivalents	(27,316)	5,342
Cash and cash equivalents at the beginning of the year	305,241	285,687
Effect of exchange rate changes on cash and cash equivalents	125	(1,859)
Cash and cash equivalents at the end of the period	278,050	289,170



## **(6) Changes in Accounting Policies Based on Requirements of International Financial Reporting Standards**

With the exception of the following policies, the accounting policies applied to the consolidated financial statements for the three-month period ended June 30, 2019, are the same as those applied to consolidated financial statements for the year ended March 31, 2019.

Effective April 1, 2019, the Company has applied the following mandatory standards.

Standard	Name	New / revised policies
IFRS 16	Leases	Revision of definition, accounting treatment, and disclosure method of leases

Effective April 1, 2019, the Company applied IFRS 16—Leases.

IFRS 16 does not categorize leases as finance leases or operating leases, but rather entails introduction of a uniform accounting model. Under this model, in principle, all leases are accounted for by recognizing right-of-use assets representing the right to use the underlying leased asset over the lease period and lease liabilities representing the obligation to make lease payments. As a result of recognizing right-of-use assets and lease liabilities, the Company must also recognize depreciation on the right-of-use assets and interest expenses on the lease liabilities.

For lessors, the standards under IFRS 16 are relatively unchanged from the prior standards. Accordingly, lessors continue to categorize leases as operating leases or finance leases.

In regard to leases as the lessee, the Company recognizes right-of-use assets and lease liabilities on the commencement day of the lease period. Lease liabilities are recognized by first measuring the total outstanding amount of the lease at discounted present value. After recognition, the book value of the lease liabilities is adjusted to reflect interest associated with the lease and lease payments made. Right-of-use assets are first recognized by measuring the acquisition cost by adjusting the initially measured value for the initial direct costs. After recognition, the value is measured by deducting accumulated

depreciation and accumulated impairment losses. Depreciation of right-of-use assets is performed using the straight-line method over the shorter of the lease period and the usable life of the lease assets. Lease payments for short-term leases and small-sum asset leases are recognized as expenses using the straight-line method over the lease period.

The application of IFRS 16 has had the following effects on the Company.

#### 1. Transition Approach

The Company used the modified retrospective approach to transition to IFRS 16. Accordingly, past figures have not been restated, and retained earnings at April 1, 2019, were adjusted by the aggregate amount of impact of applying IFRS 16.

#### 2. Lease Definition

The Company has chosen to apply the practical expedient that allows it to continue using prior judgments of whether or not a transaction constitutes a lease. For this reason, IFRS 16 will only be applied to arrangements previously recognized as leases. Arrangements previously not recognized as leases in accordance with IAS 17—Leases and IFRIC 4—Determining whether an Arrangement Contains a Lease are not reassessed to determine whether they constitute leases under IFRS 16. Accordingly, the definition of leases based on IFRS 16 are only applied to such arrangements formed or amended after April 1, 2019.

#### 3. Leases as Lessee

With regard to leases previously classified as operating leases under IAS 17, right-of-use assets and lease liabilities have been recognized as of the date of initial application of IFRS 16. The Company measured lease liabilities at the present value of the total remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The right-of-use assets at the time of transition are recognized using either of the following methods:

- Recognized at book value assuming that IFRS 16 had been applied at the start of the lease period, but discounted using the lessee's incremental borrowing rate at the date of initial application
- Recognized as an amount equal to lease liabilities adjusted by the amount of any prepaid or accrued lease payments

With regard to leases previously classified as operating leases under IAS 17, the following practical expedients were used in applying IFRS 16.

- Dependence on evaluations of disadvantage of leases by applying IAS 37—Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to impairment reviews
- Application of the exemption of not recognizing right-of-use assets or lease liabilities for leases for which the period ends within 12 months of the date of initial application
- Exclusion of initial direct costs from measurements of right-of-use assets at the date of initial application
- Use of post-fact judgments for calculating lease period, etc. for leases for which agreements include extension or cancellation options

#### 4. Impact on Consolidated Financial Statements for the Three-Month Period Ended June 30, 2019

As a result of the application of IFRS 16, ¥68,720 million in additional lease-related assets, including right-of-use assets, and ¥70,498 million in additional lease liabilities were recognized on the consolidated statements of financial position on the date of initial application.

In addition, the method of accounting for operating lease payments as lessees recorded on the consolidated statements of profit or loss as expenses at time of incurring under the previously applied IAS 17 have changed to recognize these payments as depreciation on right-of-use assets and as interest expenses on lease liabilities. Accordingly, the method recognition for these payments on the consolidated statements of cash flows have changed from recognition as a net cash outflow from operating activities to recognition as repayment of lease liabilities which account for a net cash outflows from financing activities. The impact of these changes on [profit and loss items / the consolidated statements of profit or loss] in the three-month period ended June 30, 2019, was minimal.

## (7) Segment information

For the first quarter ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(In Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & Transportaion Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	57,926	6,259	20,625	17,851	108,149	126,916	35,102
Inter-segment revenue	—	—	31	469	—	3	2
Total revenue	57,926	6,259	20,656	18,321	108,149	126,919	35,105
Segment profit (loss)	3,085	737	279	219	8,179	2,248	1,241

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	79,108	6,366	458,306	9,603	—	467,910
Inter-segment revenue	13	91	612	69	(681)	—
Total revenue	79,122	6,458	458,918	9,672	(681)	467,910
Segment profit (loss)	1,702	(206)	17,487	935	1,337	19,759

Reconciliation of segment profit of 1,337 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 928 million yen, and unallocated dividend income and others of 409 million yen.

For the first quarter ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(In Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & Transportaion Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	60,311	5,718	22,746	13,996	93,361	115,543	32,628
Inter-segment revenue	—	0	13	434	—	4	2
Total revenue	60,311	5,718	22,759	14,431	93,361	115,547	32,631
Segment profit (loss)	1,509	242	255	254	7,073	2,307	651

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	79,126	6,336	429,769	7,657	—	437,426
Inter-segment revenue	13	91	560	40	(601)	—
Total revenue	79,139	6,427	430,329	7,698	(601)	437,426
Segment profit (loss)	1,100	(858)	12,536	243	1,478	14,258

Reconciliation of segment profit of 1,478 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 1,122 million yen, and unallocated dividend income and others of 355 million yen.