

# Highlights of Consolidated Financial Results for the Year Ended March 31, 2020 (IFRS)

April 30, 2020  
Sojitz Corporation

## Results Highlights

◆ In the year ended March 31, 2020, the second year of Medium-Term Management Plan 2020, substantial economic slowdown was seen across the world. Factors behind this slowdown included trade friction between the United States and China, deceleration in the economic growth of China, unclear progress regarding the United Kingdom's withdrawal from the European Union, and conditions in the Middle East. Another major factor was the COVID-19 pandemic, which resulted in massive restrictions being placed on the movement of people and goods. Governments worldwide are taking steps to minimize the impacts of this pandemic and bring about a quick conclusion, including countermeasures for combating the spread of the virus as well as financial and fiscal measures.

In this environment, the Company's revenue for the year ended March 31, 2020, was down year on year due to lower revenue in the Chemicals Division, a result of lower transaction volumes of plastic resins and declines in the price of methanol, and in the Metals & Mineral Resources Division, a result of fall in sales prices in overseas coal businesses.

Profit for the year (attributable to owners of the Company) decreased year on year as a decline in gross profit and share of profit of investments accounted for using the equity method outweighed the benefits of the improved balance of their income and expense stemming from the sale of thermal coal interest.

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

Revenue 1,754.8 billion yen ((101.4) billion yen / (5.5)%)  
Gross profit 220.5 billion yen ((20.5) billion yen / (8.5)%)

- Decrease in revenue in the Chemicals Division due to lower transaction volumes of plastic resins and declines in the price of methanol
- Decrease in revenue in the Metals & Mineral Resources Division due to fall in sales prices in overseas coal businesses

Profit for the year (attributable to owners of the Company)  
60.8 billion yen ((9.6) billion yen / (13.6)%)

- Decrease in gross profit
- Decrease in Share of profit (loss) of investments accounted for using the equity method

(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).

◆ Cash dividend per share for the fiscal year ended March 31, 2020  
Year-end 8.50 yen per share (Full year 17.00 yen per share)

◆ Earnings forecast for the fiscal year ending March 31, 2021  
Assuming that the global COVID-19 pandemic will continue until the end of June, 2020

- Profit for the year (attributable to owners of the Company) 40.0 billion yen

(Assumptions)  
Exchange rate (annual average: JPY/US\$) : 108

- Cash dividend forecast : Undecided

Sojitz has chosen not to announce dividend forecast for the year ending March 31, 2021 at present. Under MTP2020, our basic policy will be to target a consolidated payout ratio of about 30%.

\*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 - Purchase of treasury stock (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

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. Based on the information available as of March 31, 2020, the Company assumes that the current situation surrounding the global COVID-19 pandemic will continue until the end of June, 2020, and forward-looking statements are founded on this assumption. Actual results may differ materially based on various factors including the timing at which the COVID-19 pandemic ends; changes in economic conditions in key markets, both in and outside of Japan; and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

## Consolidated Statements of Profit or Loss

	(Billions of yen)			Reasons for the Difference	FY2019 Forecast c	Percentage Achieved a/c
	FY2019 Results a	FY2018 Results b	Difference a-b			
<b>Revenue</b>	1,754.8	1,856.2	(101.4)	Revenue: change in segment Chemicals (58.7) Metals & Mineral Resources (32.7) Automotive (17.2)		
<b>Gross profit</b>	220.5	241.0	(20.5)	Gross profit: change in segment Metals & Mineral Resources (17.2) Chemicals (3.2) Retail & Lifestyle Business (3.2) Energy & Social Infrastructure +7.0	230.0	96%
<b>Selling, general and administrative expenses</b>						
Personnel expenses	(97.9)	(96.7)	(1.2)	Effect of application of new IFRS standard (Leases)		
Non-personnel expenses	(58.4)	(69.3)	10.9			
Depreciation	(16.6)	(6.6)	(10.0)			
Provision of allowance for doubtful accounts	(0.3)	(0.8)	0.5			
<b>(Total selling, general and administrative expenses)</b>	<b>(173.2)</b>	<b>(173.4)</b>	<b>0.2</b>			
<b>Other income/expenses</b>						
Gain/loss on sale and disposal of fixed assets, net	10.3	1.8	8.5	Sales of thermal coal interests		
Impairment loss on fixed assets	(2.8)	(0.5)	(2.3)	Impairment losses related to oil and gas interests and Company-owned ships		
Gain on reorganization of subsidiaries/associates	3.4	8.0	(4.6)			
Loss on reorganization of subsidiaries/associates	(0.5)	(3.1)	2.6			
Other operating income/expenses	(2.9)	(3.8)	0.9			
<b>(Total other income/expenses)</b>	<b>7.5</b>	<b>2.4</b>	<b>5.1</b>		6.0	
<b>Financial income/costs</b>						
Interest earned	6.6	7.1	(0.5)			
Interest expenses	(14.9)	(15.3)	0.4			
<b>(Interest expenses, net)</b>	<b>(8.3)</b>	<b>(8.2)</b>	<b>(0.1)</b>			
Dividends received	4.2	5.2	(1.0)			
Other financial income/costs	(0.1)	0.1	(0.2)			
<b>(Financial income/costs, net)</b>	<b>(4.2)</b>	<b>(2.9)</b>	<b>(1.3)</b>		(5.0)	
<b>Share of profit (loss) of investments accounted for using the equity method</b>	<b>24.9</b>	<b>27.8</b>	<b>(2.9)</b>	Lower profit from ferroalloy producing company and steel operating company	26.0	
<b>Profit before tax</b>	<b>75.5</b>	<b>94.9</b>	<b>(19.4)</b>		82.0	92%
<b>Income tax expenses</b>	<b>(10.9)</b>	<b>(19.7)</b>	<b>8.8</b>		(12.0)	
<b>Profit for the year</b>	<b>64.6</b>	<b>75.2</b>	<b>(10.6)</b>		70.0	92%
<b>(Profit attributable to)</b>						
<b>Owners of the Company</b>	<b>60.8</b>	<b>70.4</b>	<b>(9.6)</b>		66.0	92%
Non-controlling interests	3.8	4.8	(1.0)		4.0	
<b>Core earnings*1</b>	<b>68.4</b>	<b>93.2</b>	<b>(24.8)</b>		76.0	

## Comprehensive Income

	(Billions of yen)		
	FY2019 Results a	FY2018 Results b	Difference a-b
<b>Profit for the period</b>	64.6	75.2	(10.6)
<b>Other comprehensive income</b>	(66.9)	(20.2)	(46.7)
<b>Total comprehensive income for the period</b>	<b>(2.3)</b>	<b>55.0</b>	<b>(57.3)</b>
<b>Comprehensive income attributable to:</b>			
<b>Owners of the Company</b>	<b>(4.2)</b>	<b>51.0</b>	<b>(55.2)</b>
Non-controlling interests	1.9	4.0	(2.1)

## Cash Flows

	(Billions of yen)			Factors Affecting Circled Figures
	FY2019 Results a	FY2018 Results b	Difference a-b	
<b>Cash flows from operating activities</b>	40.5	96.5	(56.0)	Income from business earnings and reductions in working capital
<b>Cash flows from investing activities</b>	(35.7)	(42.2)	6.5	Outflows for investment in Telecommunication Infrastructure Business in Myanmar and Australian coking coal interests
<b>Free cash flows</b>	4.8	54.3	(49.5)	
<b>Cash flows from financing activities</b>	(12.2)	(74.9)	62.7	Outflows due to dividends paid and purchase of treasury stock
<b>Core operating cash flow*2</b>	80.2	79.1	1.1	
<b>Core cash flow*3</b>	1.3	63.1	(61.8)	

## Consolidated Statements of Financial Position

	(Billions of yen)			Reasons for the Difference
	Mar. 31, 2020 d	Mar. 31, 2019 e	Difference d-e	
<b>Current assets</b>	1,217.5	1,267.7	(50.2)	
Cash and cash equivalents	272.7	285.7	(13.0)	
Time deposits	7.4	2.9	4.5	
Trade and other receivables	638.1	690.7	(52.6)	Decrease in tobacco and chemicals
Inventories	213.4	220.6	(7.2)	
Other current assets	85.9	67.8	18.1	
<b>Non-current assets</b>	<b>1,012.8</b>	<b>1,029.4</b>	<b>(16.6)</b>	
Property, plant and equipment	158.0	192.9	(34.9)	
Lease assets (usage rights assets)	74.1	-	74.1	Increase due to application of new IFRS standard (Leases)
Goodwill	66.5	66.2	0.3	
Intangible assets	43.4	49.1	(5.7)	
Investment property	18.6	20.9	(2.3)	
Investments accounted for using the equity method	554.7	597.3	(42.6)	Decrease due to change in foreign exchange rates and stock prices
Other non-current assets	97.5	103.0	(5.5)	
<b>Total assets</b>	<b>2,230.3</b>	<b>2,297.1</b>	<b>(66.8)</b>	
<b>Current liabilities</b>	<b>754.4</b>	<b>807.2</b>	<b>(52.8)</b>	
Trade and other payables	481.7	582.4	(100.7)	Decrease in tobacco and chemicals
Lease liabilities	15.3	-	15.3	Increase due to application of new IFRS standard (Leases)
Bonds and borrowings	186.8	149.7	37.1	
Other current liabilities	70.6	75.1	(4.5)	
<b>Non-current liabilities</b>	<b>854.0</b>	<b>828.4</b>	<b>25.6</b>	
Lease liabilities	63.7	-	63.7	Increase due to application of new IFRS standard (Leases)
Bonds and borrowings	706.5	723.6	(17.1)	
Retirement benefit liabilities	22.1	22.1	0.0	
Other non-current liabilities	61.7	82.7	(21.0)	
<b>Total liabilities</b>	<b>1,608.4</b>	<b>1,635.6</b>	<b>(27.2)</b>	
Share capital	160.3	160.3	-	
Capital surplus	146.8	146.6	0.2	
Treasury stock	(10.9)	(0.9)	(10.0)	Purchase of treasury stock
Other components of equity	49.8	107.6	(57.8)	Decrease due to change in foreign exchange rates and stock prices
Retained earnings	233.1	204.6	28.5	Profit for the year +60.8
Total equity attributable to owners of the Company	579.1	618.2	(39.1)	Dividends (22.5)
Non-controlling interests	42.8	43.3	(0.5)	
<b>Total equity</b>	<b>621.9</b>	<b>661.5</b>	<b>(39.6)</b>	
<b>Total liabilities and equity</b>	<b>2,230.3</b>	<b>2,297.1</b>	<b>(66.8)</b>	
Gross interest-bearing debt*	893.3	873.3	+20.0	
Net interest-bearing debt*	613.2	584.7	+28.5	
Net debt/equity ratio (times)**	1.06	0.95	+0.11	
Equity ratio**	26.0%	26.9%	(0.9)ppt	
Current ratio	161.4%	157.1%	+4.3ppt	
Long-term debt ratio	79.1%	82.9%	(3.8)ppt	

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

\*\* "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."

# Highlights of Consolidated Financial Results for the Year Ended March 31, 2020 (IFRS) — Supplementary Materials (1)

April 30, 2020

Sojitz Corporation

(Billions of yen)

## Operating Results

	FY2019	FY2018	Difference	FY2019 Revised Forecast (Feb. 5, 2020)	Percentage Achieved
<b>Revenue</b>	<b>1,754.8</b>	<b>1,856.2</b>	(101.4)	—	—
<b>Gross profit</b>	<b>220.5</b>	<b>241.0</b>	(20.5)	<b>230.0</b>	96%
Selling, general and administrative expenses	(173.2)	(173.4)	+0.2	(175.0)	
Other income/expenses	7.5	2.4	+5.1	6.0	
Financial income/costs	(4.2)	(2.9)	(1.3)	(5.0)	
Share of profit (loss) of investments accounted for using the equity method	24.9	27.8	(2.9)	26.0	
<b>Profit before tax</b>	<b>75.5</b>	<b>94.9</b>	(19.4)	<b>82.0</b>	92%
<b>Profit for the year (Profit attributable to)</b>	<b>64.6</b>	<b>75.2</b>	(10.6)	<b>70.0</b>	92%
Owners of the Company	<b>60.8</b>	<b>70.4</b>	(9.6)	<b>66.0</b>	92%
Non-controlling interests	3.8	4.8	(1.0)	4.0	
Core earnings*1	68.4	93.2	(24.8)	76.0	
Comprehensive income attributable to owners of the Company	(4.2)	51.0	(55.2)		

\*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)

## Segment Performance [Gross Profit]

	FY2019	FY2018	Difference
<b>Automotive</b>	<b>41.2</b>	<b>42.3</b>	(1.1)
<b>Aerospace &amp; Transportation Project</b>	<b>15.7</b>	<b>15.5</b>	+0.2
<b>Machinery &amp; Medical Infrastructure</b>	<b>14.7</b>	<b>13.6</b>	+1.1
<b>Energy &amp; Social Infrastructure</b>	<b>25.7</b>	<b>18.7</b>	+7.0
<b>Metals &amp; Mineral Resources</b>	<b>20.4</b>	<b>37.6</b>	(17.2)
<b>Chemicals</b>	<b>43.2</b>	<b>46.4</b>	(3.2)
<b>Foods &amp; Agriculture Business</b>	<b>14.2</b>	<b>16.4</b>	(2.2)
<b>Retail &amp; Lifestyle Business</b>	<b>35.5</b>	<b>38.7</b>	(3.2)
<b>Industrial Infrastructure &amp; Urban Development</b>	<b>6.0</b>	<b>7.0</b>	(1.0)
<b>Other</b>	<b>3.9</b>	<b>4.8</b>	(0.9)
<b>Total</b>	<b>220.5</b>	<b>241.0</b>	(20.5)

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

	FY2019	FY2018	Difference	Main Factors Behind Differences	FY2019 Revised Forecast (Feb. 5, 2020)	Main Factors Behind Differences between Results and Revised Forecast for FY2019
<b>Automotive</b>	<b>2.4</b>	<b>6.4</b>	(4.0)	Decreased due to absence of gain on sales of automotive business company in the previous fiscal year coupled with decreases in the sales of overseas automotive business companies	<b>2.0</b>	Performance as generally forecast
<b>Aerospace &amp; Transportation Project</b>	<b>1.8</b>	<b>4.0</b>	(2.2)	Decreased due to impairment losses on Company-owned ships and rebound from gains on sales of aircraft recorded in the previous fiscal year	<b>5.0</b>	Performance lower than forecast due to impairment losses on Company-owned ships and delays in aircraft business projects
<b>Machinery &amp; Medical Infrastructure</b>	<b>4.6</b>	<b>2.8</b>	+1.8	Increased due to higher sales volumes from medical infrastructure business and industrial machinery transactions	<b>4.5</b>	Performance as generally forecast
<b>Energy &amp; Social Infrastructure</b>	<b>9.6</b>	<b>5.8</b>	+3.8	Despite year-end impairment losses of oil and gas interests, increased due to gains on asset replacement in power generation businesses and tax breaks for U.S. subsidiaries	<b>8.0</b>	Performance higher than forecast as a result of on-schedule progress in asset replacement and tax breaks for U.S. subsidiaries
<b>Metals &amp; Mineral Resources</b>	<b>20.1</b>	<b>30.5</b>	(10.4)	Decreased due to fall in sales prices in overseas coal business	<b>21.5</b>	Performance lower than forecast, despite sale of overseas thermal coal interests conducted as planned, as a result of bearish steel demand
<b>Chemicals</b>	<b>9.3</b>	<b>9.0</b>	+0.3	Relatively unchanged year on year	<b>9.5</b>	Performance as generally forecast
<b>Foods &amp; Agriculture Business</b>	<b>1.4</b>	<b>2.3</b>	(0.9)	Decreased due to impairment loss on domestic marine products business and lower sales volumes in overseas fertilizer businesses stemming from unseasonable weather and reduced demand	<b>2.0</b>	Performance as generally forecast
<b>Retail &amp; Lifestyle Business</b>	<b>6.0</b>	<b>5.7</b>	+0.3	Relatively unchanged year on year	<b>7.5</b>	Performance lower than forecast due to delays in planned asset replacement activities
<b>Industrial Infrastructure &amp; Urban Development</b>	<b>1.5</b>	<b>1.1</b>	+0.4	Increased due to higher number of overseas industrial parks delivered	<b>1.0</b>	Performance higher than forecast due to increase in numbers of overseas industrial parks delivered
<b>Other</b>	<b>4.1</b>	<b>2.8</b>	+1.3		<b>5.0</b>	
<b>Total</b>	<b>60.8</b>	<b>70.4</b>	(9.6)		<b>66.0</b>	

(Billions of yen)

## Financial Position

	Mar. 31, 2020	Mar. 31, 2019	Difference
<b>Total assets</b>	<b>2,230.3</b>	<b>2,297.1</b>	(66.8)
<b>Total equity*2</b>	<b>579.1</b>	<b>618.2</b>	(39.1)
<b>Equity ratio</b>	<b>26.0%</b>	<b>26.9%</b>	(0.9)ppt
<b>Net interest-bearing debt*3</b>	<b>613.2</b>	<b>584.7</b>	+28.5
<b>Net D/E ratio (times)</b>	<b>1.06</b>	<b>0.95</b>	0.11
<b>Risk assets</b>	<b>380.0</b>	<b>360.0</b>	+20.0
<b>Ratio of risk assets to equity (times)</b>	<b>0.7</b>	<b>0.6</b>	+0.1

\*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.

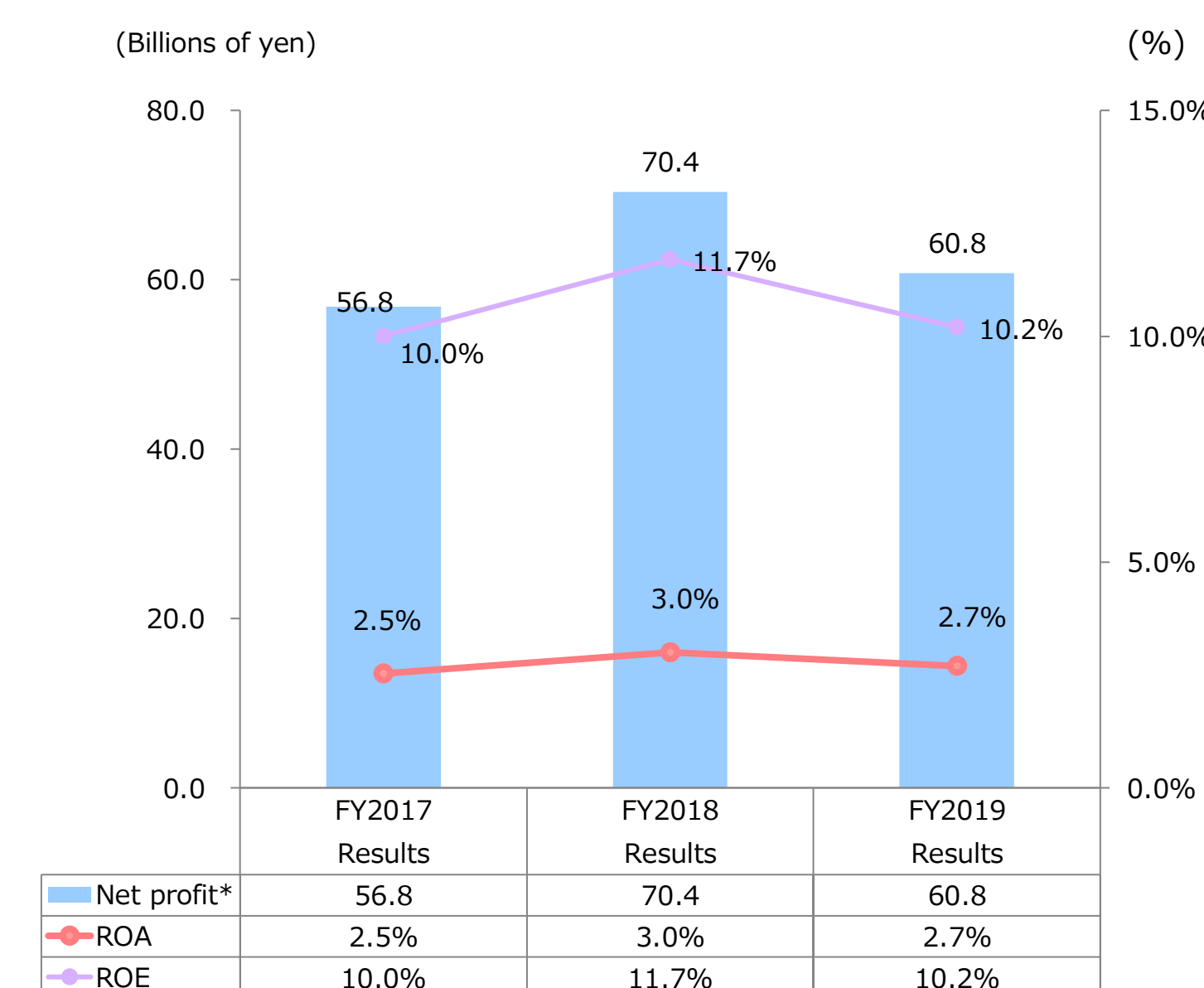
## Commodity Prices and Exchange Rates

	FY2018 Results (Annual Avg.)	FY2019 Assumption (Annual Avg.)	FY2019 Results (Annual Avg.)	FY2019 Results (Jan.-Mar. Avg.)
<b>Crude oil (Brent)</b>	US\$70.8/bbl	US\$60.0/bbl	US\$60.9/bbl	US\$50.8/bbl
<b>Thermal coal **1</b>	US\$105.8/t	US\$80.0/t	US\$70.7/t	US\$67.6/t
<b>Coking coal**1</b>	US\$202.2/t	US\$180.0/t (1H) US\$170.0/t (2H)	US\$163.6/t	US\$155.0/t
<b>Exchange rate**2</b>	¥111.1/US\$	¥110.0/US\$	¥108.9/US\$	¥109.1/US\$

\*\*1 Coal prices are based on standard market prices and therefore differ from the Company's selling 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.

## ROA and ROE



\*Profit for the year (attributable to owners of the Company)

# Highlights of Consolidated Financial Results for the Year Ended March 31, 2020 (IFRS) — Supplementary Materials (2)

April 30, 2020  
Sojitz Corporation

(Billions of yen)

## Operating Results

	FY2019	FY2020 Forecast	Difference
<b>Revenue</b>	<b>1,754.8</b>	<b>—</b>	<b>—</b>
<b>Gross profit</b>	<b>220.5</b>	<b>210.0</b>	<b>(10.5)</b>
Selling, general and administrative expenses	(173.2)	(165.0)	+8.2
Other income/expenses	7.5	(2.0)	(9.5)
Financial income/costs	(4.2)	(5.0)	(0.8)
Share of profit (loss) of investments accounted for using the equity method	24.9	18.0	(6.9)
<b>Profit before tax</b>	<b>75.5</b>	<b>56.0</b>	<b>(19.5)</b>
<b>Profit for the year</b> (Profit attributable to)	<b>64.6</b>	<b>42.0</b>	<b>(22.6)</b>
<b>Owners of the Company</b>	<b>60.8</b>	<b>40.0</b>	<b>(20.8)</b>
Non-controlling interests	3.8	2.0	(1.8)
Core earnings*1	68.4	58.0	(10.4)

\*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

	Mar. 31, 2020	Mar. 31, 2021 Forecast	Difference
<b>Total assets</b>	<b>2,230.3</b>	<b>2,300.0</b>	<b>+69.7</b>
<b>Total equity*1</b>	<b>579.1</b>	<b>600.0</b>	<b>+20.9</b>
<b>Equity ratio</b>	<b>26.0%</b>	<b>26.1%</b>	<b>+ 0.1%</b>
<b>Net interest-bearing debt*2</b>	<b>613.2</b>	<b>680.0</b>	<b>+66.8</b>
<b>Net D/E ratio (times)</b>	<b>1.06</b>	<b>1.1</b>	<b>—</b>
<b>Risk assets</b>	<b>380.0</b>	<b>—</b>	<b>—</b>
<b>Ratio of risk assets to equity (times)</b>	<b>0.7</b>	<b>—</b>	<b>—</b>

\*1 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net D/E ratio" and the numerator when calculating "Equity ratio."

\*2 Net interest-bearing debt does not include impact of lease liabilities.

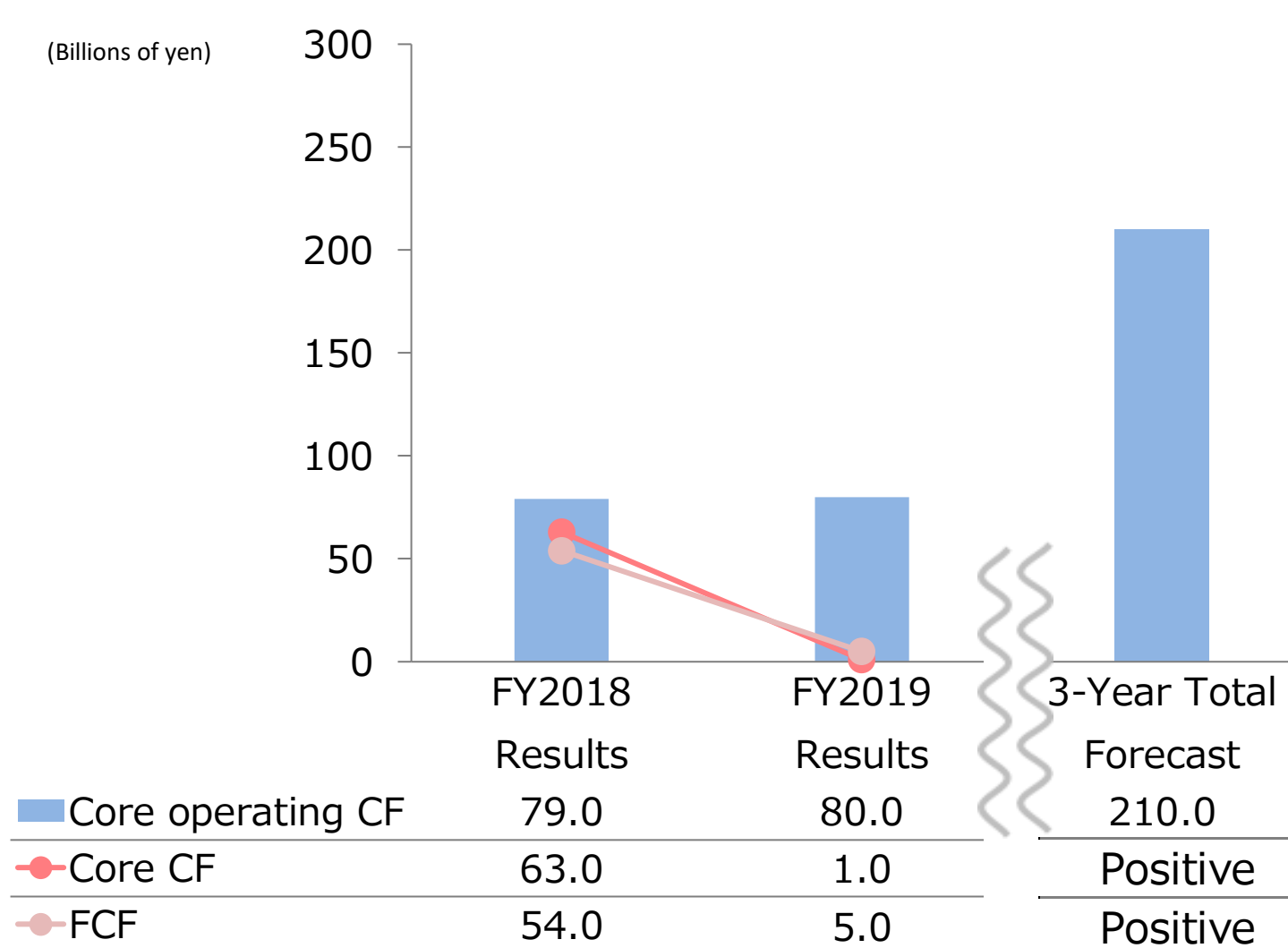
(Billions of yen)

## Segment Performance [Profit for the Year]

	FY2019 Results	FY2020 Forecast
<b>Automotive</b>	2.4	1.0
<b>Aerospace &amp; Transportation Project</b>	1.8	6.0
<b>Machinery &amp; Medical Infrastructure</b>	4.6	3.5
<b>Energy &amp; Social Infrastructure</b>	9.6	3.5
<b>Metals &amp; Mineral Resources</b>	20.1	13.0
<b>Chemicals</b>	9.3	5.0
<b>Foods &amp; Agriculture Business</b>	1.4	3.0
<b>Retail &amp; Lifestyle Business</b>	6.0	5.5
<b>Industrial Infrastructure &amp; Urban Development</b>	1.5	0.5
<b>Other</b>	4.1	(1.0)
<b>Total</b>	<b>60.8</b>	<b>40.0</b>

(Billions of yen)

## Cash Flows



(Supplement)

As of the end of March 31, 2020, in addition to cash in bank of ¥280 billion, Sojitz maintains a ¥100 billion long-term yen commitment line (which remains unused) and long-term commitment line totaling US\$1.6 billion (of which US\$0.26 billion has been used) so as to enhance supplemental sources of procurement flexibility and precautionary liquidity.

## FY2020 Current Position and Outlook

<b>Automotive</b>	Ongoing stagnancy in automobile sales and shipments projected following reductions in demand and temporary halts in operation
<b>Aerospace &amp; Transportation Project</b>	Increase due to benefits of large-scale aircraft business projects delayed from the previous fiscal year and absence of impairment losses recorded on Company-owned ships in the previous fiscal year
<b>Machinery &amp; Medical Infrastructure</b>	Decrease due to reduced global demand for machinery transactions and domestic and overseas associates
<b>Energy &amp; Social Infrastructure</b>	Decrease due to reduced crude oil price and rebound from asset replacement activities conducted in previous fiscal year
<b>Metals &amp; Mineral Resources</b>	Decrease due to sluggish steel demand, poor coal market conditions, and absence of gains on sales of overseas coal assets recorded in the previous fiscal year
<b>Chemicals</b>	Decrease greatly due to poor market conditions and reduced sales volumes for chemical products
<b>Foods &amp; Agriculture Business</b>	Increase, despite ongoing stagnancy in overseas fertilizer businesses, as a result of absence of one-time losses recorded in the previous fiscal year
<b>Retail &amp; Lifestyle Business</b>	Earnings projected to be generated by domestic and overseas subsidiaries despite halted operation of certain commercial facilities and reduced demand in textile and other businesses
<b>Industrial Infrastructure &amp; Urban Development</b>	Decrease in turn overs of overseas industrial parks and domestic real estate held for sales purposes
<b>Other</b>	Structural reform expenses incorporated into forecasts

## Effects of COVID-19 Pandemic

- Current conditions arising from COVID-19 projected to continue until the end of June, 2020, reducing Sojitz's earnings by ¥23.0 billion
- Structural reform expenses of ¥5.0 billion incorporated into forecasts to reflect reviews of underperforming businesses and measures to improve resilience to volatility
- Full-year forecasts for FY2020 calling for 20% of sales to be generated in first half of fiscal year and 80% to be generated in second half
- In addition to the above, downward pressure on earnings of ¥8.0 billion should current conditions continue for an additional month
- Need for continued focus on global environmental trends and impacts on Sojitz's business stemming from COVID-19 pandemic

## Commodity Prices and Exchange Rates

	FY2020 Assumption (Annual Avg.)	Latest Data (As of Apr. 27, 2020)	
<b>Crude oil (Brent)</b>	US\$25.0/bbl (1H) US\$35.0/bbl (2H)	US\$20.0/bbl	*1 Coal prices are based on standard market prices and therefore differ from the Company's selling prices.
<b>Thermal coal *1</b>	US\$63.8/t	US\$49.4/t	*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.4 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.15 billion annually, and total equity by approx. ¥2.0 billion annually.
<b>Coking coal *1</b>	US\$135.0/t	US\$115.4/t	
<b>Exchange rate *2</b>	¥108.0/US\$	¥107.6/US\$	