

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			
Revenue	1,754.8	1,856.2	(101.4)	Revenue: change in segment Chemicals (58.7) Metals & Mineral Resources (32.7) Automotive (17.2)		
Gross profit	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%
Selling, general and administrative expenses						
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			
(Total selling, general and administrative expenses)	(173.2)	(173.4)	0.2			
Other income/expenses						
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			
(Total other income/expenses)	7.5	2.4	5.1		6.0	
Financial income/costs						
Interest earned	6.6	7.1	(0.5)			
Interest expenses	(14.9)	(15.3)	0.4			
(Interest expenses, net)	(8.3)	(8.2)	(0.1)			
Dividends received	4.2	5.2	(1.0)			
Other financial income/costs	(0.1)	0.1	(0.2)			
(Financial income/costs, net)	(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)	Lower profit from ferroalloy producing company and steel operating company	26.0	
Profit before tax	75.5	94.9	(19.4)		82.0	92%
Income tax expenses	(10.9)	(19.7)	8.8		(12.0)	
Profit for the year	64.6	75.2	(10.6)		70.0	92%
(Profit attributable to)						
Owners of the Company	60.8	70.4	(9.6)		66.0	92%
Non-controlling interests	3.8	4.8	(1.0)		4.0	
Core earnings*1	68.4	93.2	(24.8)		76.0	

Consolidated Statements of Financial Position

	(Billions of yen)			Reasons for the Difference
	Mar. 31, 2020 d	Mar. 31, 2019 e	Difference d-e	
Current assets	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	
Non-current assets	1,012.8	1,029.4	(16.6)	
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)	
Total assets	2,230.3	2,297.1	(66.8)	
Current liabilities	754.4	807.2	(52.8)	
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)	
Non-current liabilities	854.0	828.4	25.6	
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)	
Total liabilities	1,608.4	1,635.6	(27.2)	
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)	
Total equity	621.9	661.5	(39.6)	
Total liabilities and equity	2,230.3	2,297.1	(66.8)	
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."

Comprehensive Income

	(Billions of yen)		
	FY2019 Results a	FY2018 Results b	Difference a-b
Profit for the period	64.6	75.2	(10.6)
Other comprehensive income	(66.9)	(20.2)	(46.7)
Total comprehensive income for the period	(2.3)	55.0	(57.3)
Comprehensive income attributable to:			
Owners of the Company	(4.2)	51.0	(55.2)
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	
Cash flows from operating activities	40.5	96.5	(56.0)	Income from business earnings and reductions in working capital
Cash flows from investing activities	(35.7)	(42.2)	6.5	Outflows for investment in Telecommunication Infrastructure Business in Myanmar and Australian coking coal interests
Free cash flows	4.8	54.3	(49.5)	
Cash flows from financing activities	(12.2)	(74.9)	62.7	Outflows due to dividends paid and purchase of treasury stock
Core operating cash flow*2	80.2	79.1	1.1	
Core cash flow*3	1.3	63.1	(61.8)	

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
Revenue	1,754.8	1,856.2	(101.4)	—	—
Gross profit	220.5	241.0	(20.5)	230.0	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	
Profit before tax	75.5	94.9	(19.4)	82.0	92%
Profit for the year (Profit attributable to)	64.6	75.2	(10.6)	70.0	92%
Owners of the Company	60.8	70.4	(9.6)	66.0	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
Automotive	41.2	42.3	(1.1)
Aerospace & Transportation Project	15.7	15.5	+0.2
Machinery & Medical Infrastructure	14.7	13.6	+1.1
Energy & Social Infrastructure	25.7	18.7	+7.0
Metals & Mineral Resources	20.4	37.6	(17.2)
Chemicals	43.2	46.4	(3.2)
Foods & Agriculture Business	14.2	16.4	(2.2)
Retail & Lifestyle Business	35.5	38.7	(3.2)
Industrial Infrastructure & Urban Development	6.0	7.0	(1.0)
Other	3.9	4.8	(0.9)
Total	220.5	241.0	(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
Automotive	2.4	6.4	(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	2.0	Performance as generally forecast
Aerospace & Transportation Project	1.8	4.0	(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	5.0	Performance lower than forecast due to impairment losses on Company-owned ships and delays in aircraft business projects
Machinery & Medical Infrastructure	4.6	2.8	+1.8	Increased due to higher sales volumes from medical infrastructure business and industrial machinery transactions	4.5	Performance as generally forecast
Energy & Social Infrastructure	9.6	5.8	+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	8.0	Performance higher than forecast as a result of on-schedule progress in asset replacement and tax breaks for U.S. subsidiaries
Metals & Mineral Resources	20.1	30.5	(10.4)	Decreased due to fall in sales prices in overseas coal business	21.5	Performance lower than forecast, despite sale of overseas thermal coal interests conducted as planned, as a result of bearish steel demand
Chemicals	9.3	9.0	+0.3	Relatively unchanged year on year	9.5	Performance as generally forecast
Foods & Agriculture Business	1.4	2.3	(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	2.0	Performance as generally forecast
Retail & Lifestyle Business	6.0	5.7	+0.3	Relatively unchanged year on year	7.5	Performance lower than forecast due to delays in planned asset replacement activities
Industrial Infrastructure & Urban Development	1.5	1.1	+0.4	Increased due to higher number of overseas industrial parks delivered	1.0	Performance higher than forecast due to increase in numbers of overseas industrial parks delivered
Other	4.1	2.8	+1.3		5.0	
Total	60.8	70.4	(9.6)		66.0	

(Billions of yen)

Financial Position

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

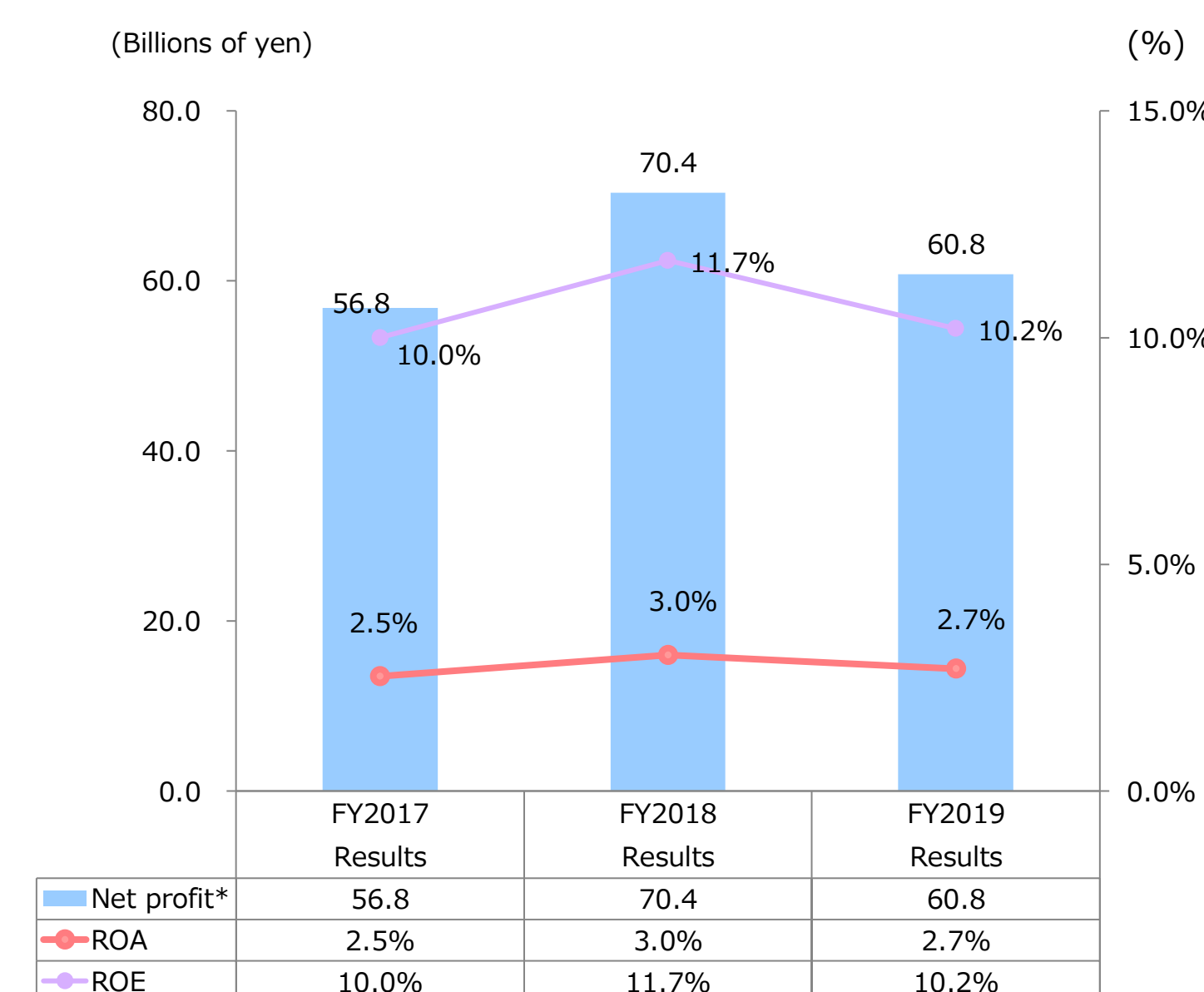
Commodity Prices and Exchange Rates

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



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
Revenue	1,754.8	—	—
Gross profit	220.5	210.0	(10.5)
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)
Profit before tax	75.5	56.0	(19.5)
Profit for the year (Profit attributable to)	64.6	42.0	(22.6)
Owners of the Company	60.8	40.0	(20.8)
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
Total assets	2,230.3	2,300.0	+69.7
Total equity*1	579.1	600.0	+20.9
Equity ratio	26.0%	26.1%	+ 0.1%
Net interest-bearing debt*2	613.2	680.0	+66.8
Net D/E ratio (times)	1.06	1.1	—
Risk assets	380.0	—	—
Ratio of risk assets to equity (times)	0.7	—	—

*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.

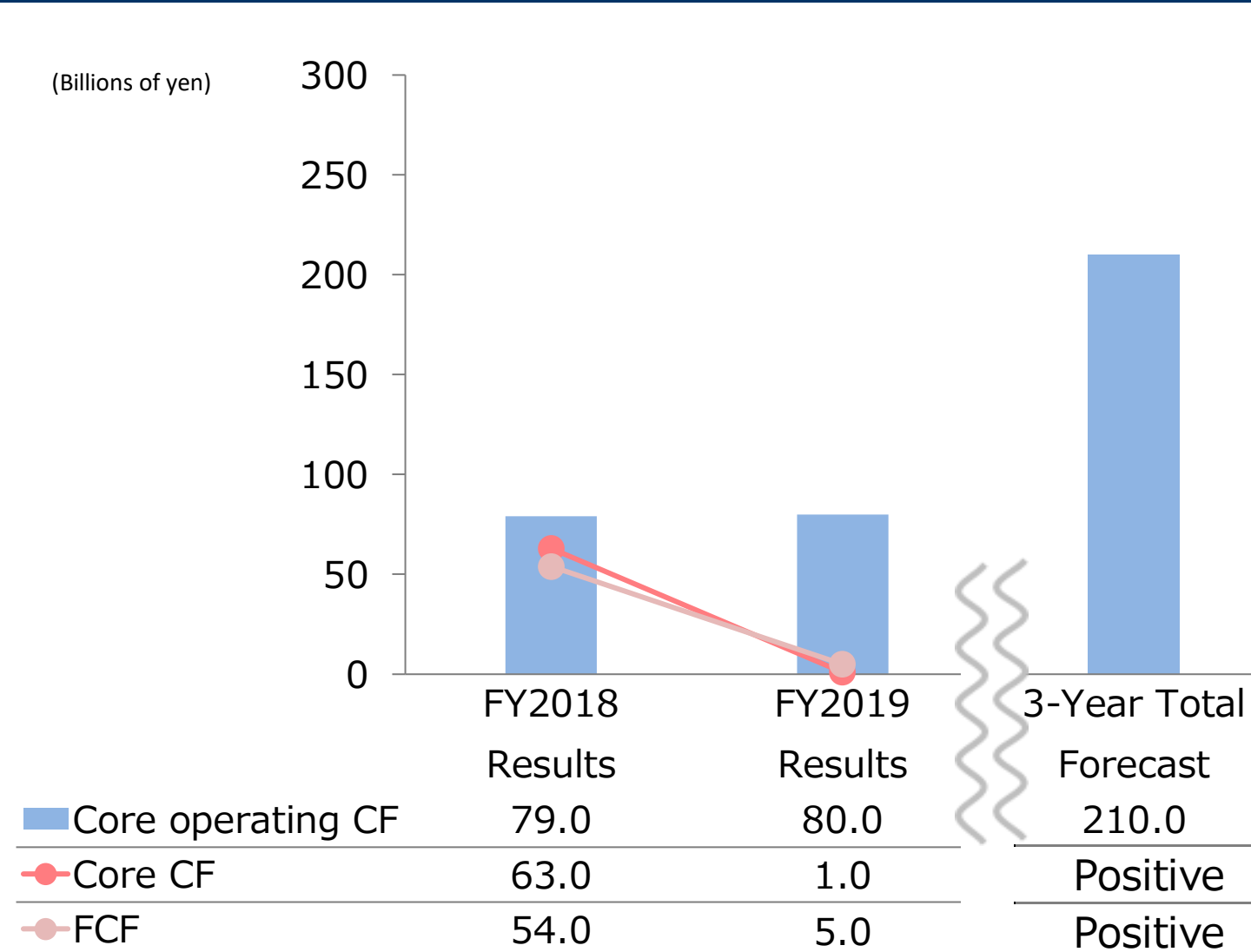
(Billions of yen)

Segment Performance [Profit for the Year]

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

(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

Automotive	Ongoing stagnancy in automobile sales and shipments projected following reductions in demand and temporary halts in operation
Aerospace & Transportation Project	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
Machinery & Medical Infrastructure	Decrease due to reduced global demand for machinery transactions and domestic and overseas associates
Energy & Social Infrastructure	Decrease due to reduced crude oil price and rebound from asset replacement activities conducted in previous fiscal year
Metals & Mineral Resources	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
Chemicals	Decrease greatly due to poor market conditions and reduced sales volumes for chemical products
Foods & Agriculture Business	Increase, despite ongoing stagnancy in overseas fertilizer businesses, as a result of absence of one-time losses recorded in the previous fiscal year
Retail & Lifestyle Business	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
Industrial Infrastructure & Urban Development	Decrease in turn overs of overseas industrial parks and domestic real estate held for sales purposes
Other	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)	
Crude oil (Brent)	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.
Thermal coal *1	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.
Coking coal *1	US\$135.0/t	US\$115.4/t	
Exchange rate *2	¥108.0/US\$	¥107.6/US\$	

Financial Results for the Year Ended March 31, 2020

April 30, 2020
Sojitz Corporation

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FY2019 Financial Results and Progress of Medium-Term Management Plan 2020 ~Commitment to Growth~

【Supplemental Data】

- I . Financial Results for the Year Ended March 31,2020
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- III . Summary of Financial Results

Caution regarding Forward-looking Statements

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FY2019 Financial Results and
Progress of Medium-Term Management Plan 2020
~Commitment to Growth~



Progress of Medium-Term Management Plan 2020

- FY2019 performance impacted by global economic slowdown stemming from U.S.-China trade friction and slowdown in Chinese economy
- FY2020 forecasts project massive deterioration of economic conditions and need for ongoing vigilance in face of COVID-19 pandemic
- Steady growth to be pursued by producing earnings through investments and loans in preparation for the next medium-term management plan

Medium-Term Management Plan 2020
Financial Targets

Profit growth of approx. 10% from the previous year	Profit for the year: ¥75.0 billion or more
ROA: 3% or above	ROE: 10% or above
Positive core cash flow over medium-term management plan period	NET DER: 1.5 times or lower



Progress in the second year of
Medium-term Management Plan 2020

Unachieved	Profit for the year: ¥60.8 billion
ROA 2.7%	ROE 10.2%
Investments and loans: As planned Core cash flow : Positive	Net DER 1.06 times

- FY2019 year end dividend of ¥8.5 (annual dividend of ¥17)
(will be determined at general shareholders' meeting in June, 2020)

FY2019 Summary

- Profit for the year down ¥60.8 billion due to global economic slowdown and market condition deterioration
- Earnings contributions realized through non-resource and other new investments and loans, exhaustive cost reviews implemented, and steady progress made in asset replacements

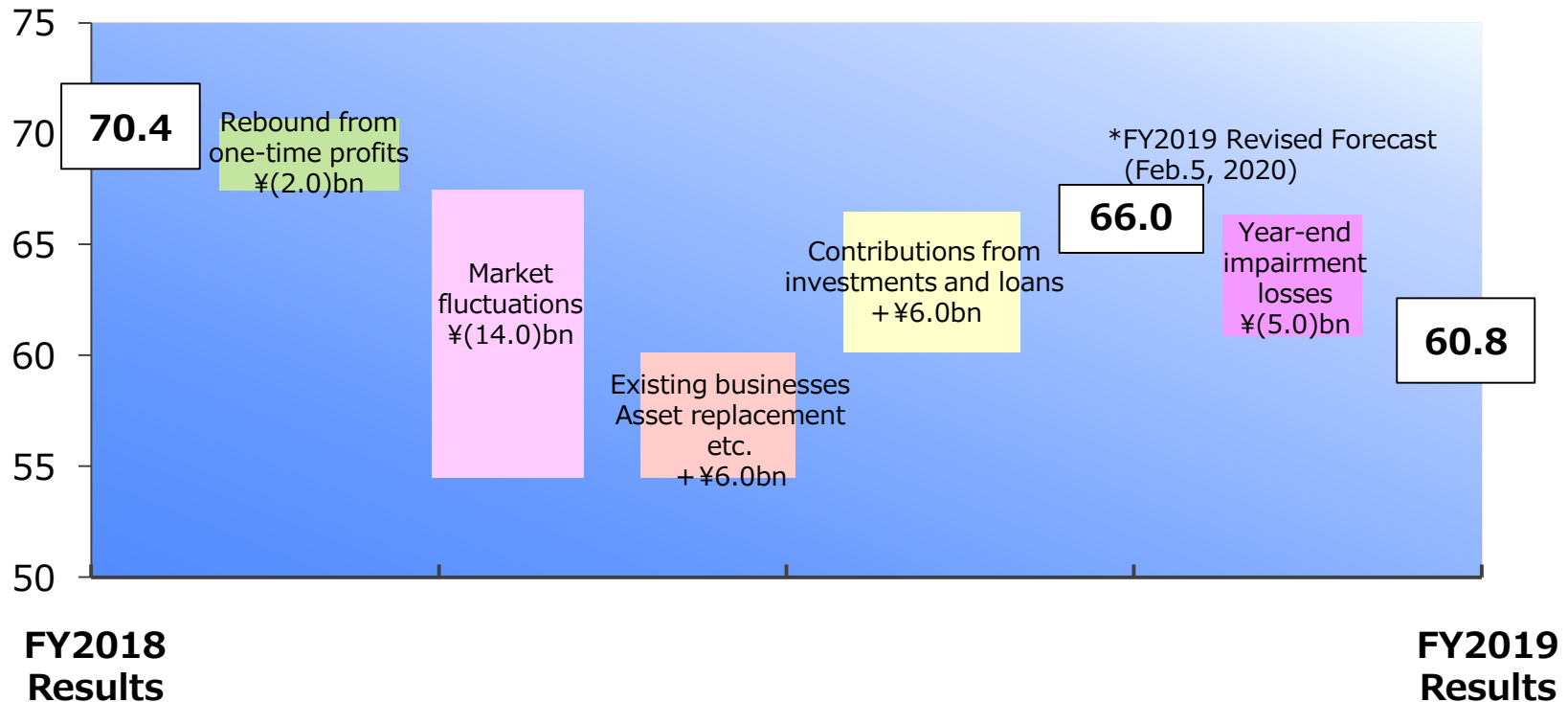
	FY2018 Results	FY2019 Results	Difference
Profit for the year (attributable to owners of the Company)	¥70.4bn	¥60.8bn	¥(9.6)bn
ROA	3.0%	2.7%	(0.3)%
ROE	11.7%	10.2%	(1.5)%
Dividend	¥17	¥17	—
Total Equity	¥618.2bn	¥579.1bn	¥(39.1)bn
Net DER (times)	0.95	1.06	+0.11
Investment and Loans	¥91.0bn	¥81.0bn	¥(10.0)bn

(Billions of Yen)	FY2018 Results	FY2019 Results
Automotive	6.4	2.4
Aerospace & Transportation Project	4.0	1.8
Machinery & Medical Infrastructure	2.8	4.6
Energy & Social Infrastructure	5.8	9.6
Metals & Mineral Resources	30.5	20.1
Chemicals	9.0	9.3
Foods & Agriculture Business	2.3	1.4
Retail & Lifestyle Business	5.7	6.0
Industrial Infrastructure & Urban Development	1.1	1.5
Other	2.8	4.1
Total	70.4	60.8

FY2019 Results

- In line with revised forecast of ¥66.0 billion when excluding extraordinary factors
- Profit for the year approx. 8% lower than forecast due to impairment losses recorded following year-end market deterioration

(Billions of Yen) Note: Profit for the year (attributable to owners of the Company)



FY2020 Forecast ①

- Global economic slowdown anticipated due to unprecedented COVID-19 impact and other factors
- Formulation forecasts assuming that the current conditions will continue for another 3 months (until the end of June, 2020)
- Structural reform expenses of ¥(5.0) billion incorporated into forecasts
- Steady progress in investment and loan value improvement and asset replacement

	FY2019 Results	FY2020 Forecast	Difference
Profit for the year*	¥60.8bn	¥40.0bn	¥(20.8)bn
ROA	2.7%	1.8%	(0.9)%
ROE	10.2%	6.8%	(3.4)%
Dividend	¥17	Undecided	

(*)Profit attributable to owners of the Company

Commodity Prices and Interest Rate

	FY2019 Results	FY2020 Forecast
Exchange rate	¥108.9/US\$	¥108.0/US\$
Thermal coal	US\$70.7/t	US\$63.8/t
Interest rate (Tibor)	0.07%	0.10%

Profit for the year by segment

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

Structural reform expenses of ¥(5.0) billion 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

- 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

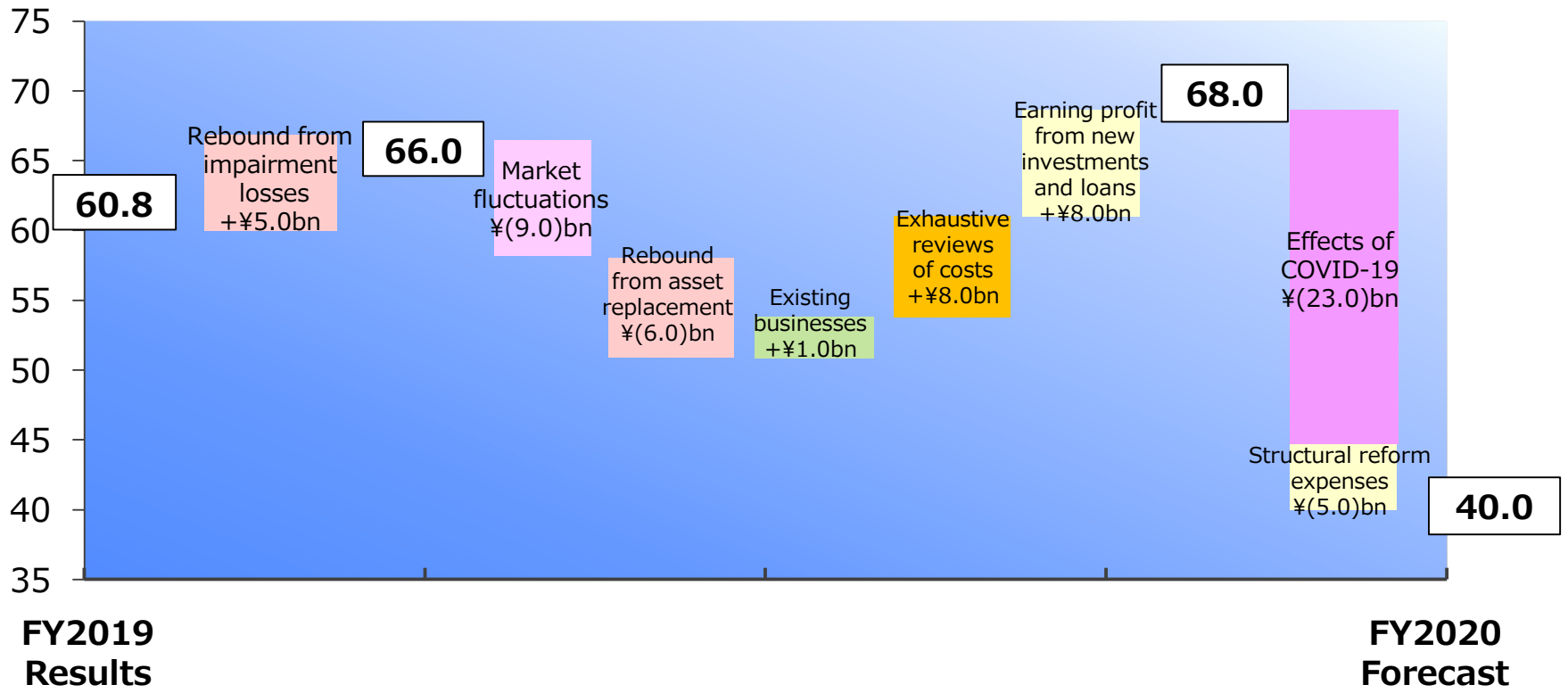
Main Businesses	Current Condition	Assumptions Underpinning Performance Forecasts
Automotive	Temporary store closures resulting from lockdowns and stay-at-home requests seen worldwide	<ul style="list-style-type: none"> • Ongoing halts to shipments and sales • Exhaustive SG&A expense reviews, inventory adjustments, etc. • Preparations for future resumptions in shipments and sales
Material (Steel·Chemicals)	Declines in material-related demand following industry stagnancy	
Retail (Consumer Products etc.)	Closures of commercial facilities and stores and consumption downturns as a result of stay -at-home requests seen worldwide	

- Surgical mask production system comprised of domestic subsidiaries developed as form of social contribution, mask currently being used in certain facilities constructed through overseas hospital projects

FY2020 Forecast ②

Exhaustive cost reductions and improvement of value of investments, loans, and other assets achieved despite difficult operating environment

(Billions of Yen) Note: Profit for the year (attributable to owners of the Company)

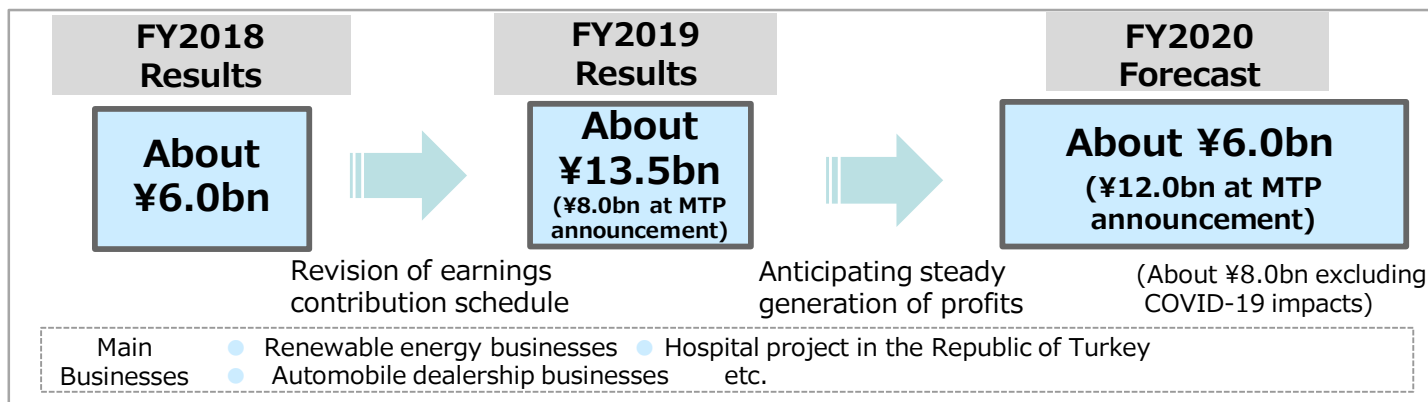
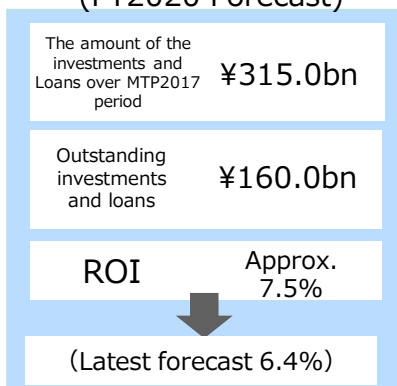


Earning Contributions from Investments and Loans

Continued growth of investments and loans despite impacts of delays in earnings contribution

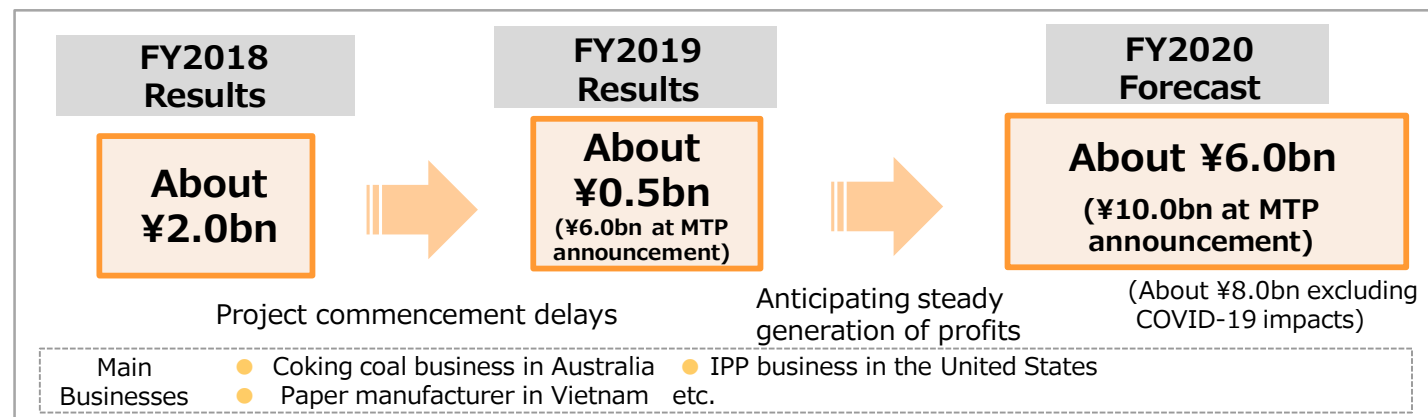
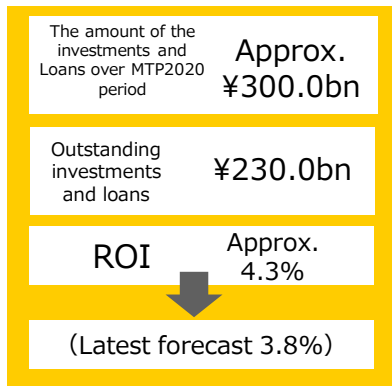
Medium-Term Management Plan 2017

(FY2020 Forecast)



Medium-Term Management Plan 2020

(FY2020 Forecast)



Cash Flow Management

**Positive three-year aggregate FCF and core cash flow
Funding to be secured using on-hand funds as well as long-term
commitment lines denominated in yen and other currencies**

	FY2018 Results	FY2019 Results	MTP 2020 3-year total (FY2018–FY2020)
Core operating cash flow (*1)	¥79.0bn	¥80.0bn	About ¥210.0bn
Asset Replacement (Investment recovery)	¥92.0bn	¥35.0bn	About ¥190.0bn
New investments and loans others	¥(91.0)bn	¥(81.0)bn	About ¥(270.0) bn
Shareholder Returns others (*2)	¥(17.0)bn	¥(33.0)bn	—
Core cash flow (*3)	¥63.0bn	¥1.0bn	Positive
Free cash flow	¥54.0bn	¥5.0bn	Positive

*1. Core operating cash flow = Net cash provided by (used in) operating activities – Changes in working capital

*2. 3-year total and FY2019 results include acquisition of treasury stock.

No figure is provided for the three-year total as the forecast for the FY2020 dividend has yet to be decided.

*3. Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement)
– Dividends paid – Purchase of treasury stock

Initiatives for Sustainability

Long-Term Vision : Sustainability Challenges

We aim to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and by responding to human rights issues, including those within our supply chains.

Position Medium-Term Management Plan 2020 as a period for preparing to address sustainability challenges and grow business to contribute to the realization of a low-carbon society over the next decade while stepping up initiatives to guarantee human rights are always respected

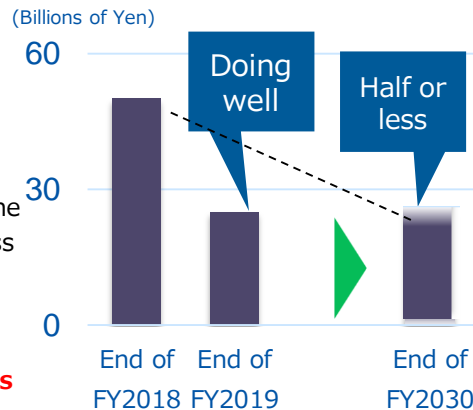
Progress of Sustainability Challenges

Policies for initiatives related to the coal equity business and the coal-fired power generation business

- ✓ Reducing the assets of our thermal coal equity to **half or less by 2030**
- ✓ In principle, **not acquiring new thermal coal equity**
- ✓ Not undertaking new initiatives in the coal-fired power generation business (we have no current projects)

→ **Sold a part of thermal coal interests on the basis of this policies**

Progress (Change in Thermal Coal Interests Assets)



ESG Rating

Major Indexes

- ✓ Sojitz was selected as a constituent of the “DJSI” and “FTSE”, both internationally-recognized, for second consecutive years.
- ✓ Sojitz has been selected for a Silver Class Sustainability Award by USA company S&P Global for the second consecutive years.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



FTSE4Good

SAM
Sustainability Award Silver Class 2020



FTSE Blossom Japan

empowering women in the workplace

- ✓ Nadeshiko Brand : First Trading Company to be selected for Fourth Consecutive Year
- ✓ MSCI Japan Empowering WIN : Selected for Third Consecutive Year



MSCI Japan Empowering Women Index (WIN)

Strengthening Our Governance Systems

■ Basic Concept

Sojitz strives to improve its corporate value over the medium to long term based on the “Sojitz Group Statement.” In order to materialize this, based on its belief that the enhancement of its corporate governance is an important issue of management, Sojitz has built the following corporate governance structure in its effort to establish a highly sound, transparent and effective management structure, while also working toward the fulfillment of its management responsibilities and accountability to its shareholders and other stakeholders.

Example of efforts in Medium-Term Management Plan 2020

FY2018~FY2019

➤ Introduction of performance-linked share remuneration for corporate officers

→ Highly transparent compensation systems to increase willingness to increase corporate value and commitment to improving the company’s medium and long-term results



FY2020

(at the end of Shareholder’s Meeting)

➤ Increase Outside Directors

Inside	Outside	→	Inside	Outside
4	2		4	3
(1 Woman)			(2 Woman)	

(※will be submitted to general shareholders’ meeting on 18 June, 2020)

→ Improvement of managerial transparency and enhancement of corporate governance

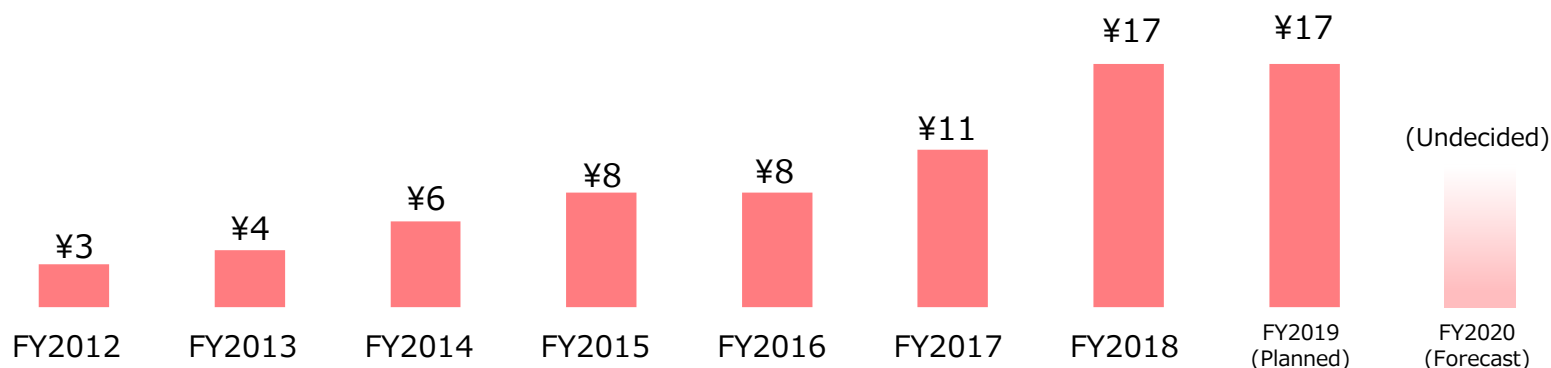
Dividend Policy

■ 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 MTP2020, our basis policy will be to target a consolidated payout ratio of about 30%.

- Sojitz has chosen not to announce dividend forecast for the year ending March 31, 2021 in light of the following consolidated performance forecasts. Based on basic policy, prompt notification will be provided when the dividend forecast for the year ending March 31, 2021, is decided based on the timing at the COVID-19 pandemic ends and business progress.




Profit for the year (attributable to owners of the Company)	¥13.4bn	¥27.3bn	¥33.1bn	¥36.5bn	¥40.8bn	¥56.8bn	¥70.4bn	¥60.8bn	¥40.0bn
Consolidated payout ratio	28%	18%	23%	27%	25%	24%	30.2%	34.5%	Approx. 30.0%

MTP 2014
payout ratio of about 20%

MTP 2017
payout ratio of about 25%

MTP 2020
payout ratio of about 30%

【Supplemental Data】

- I . Financial Results for the Year Ended March 31,2020
 - Financial Forecast for the Year Ended March 31,2021
- 

Summary of Profit or Loss

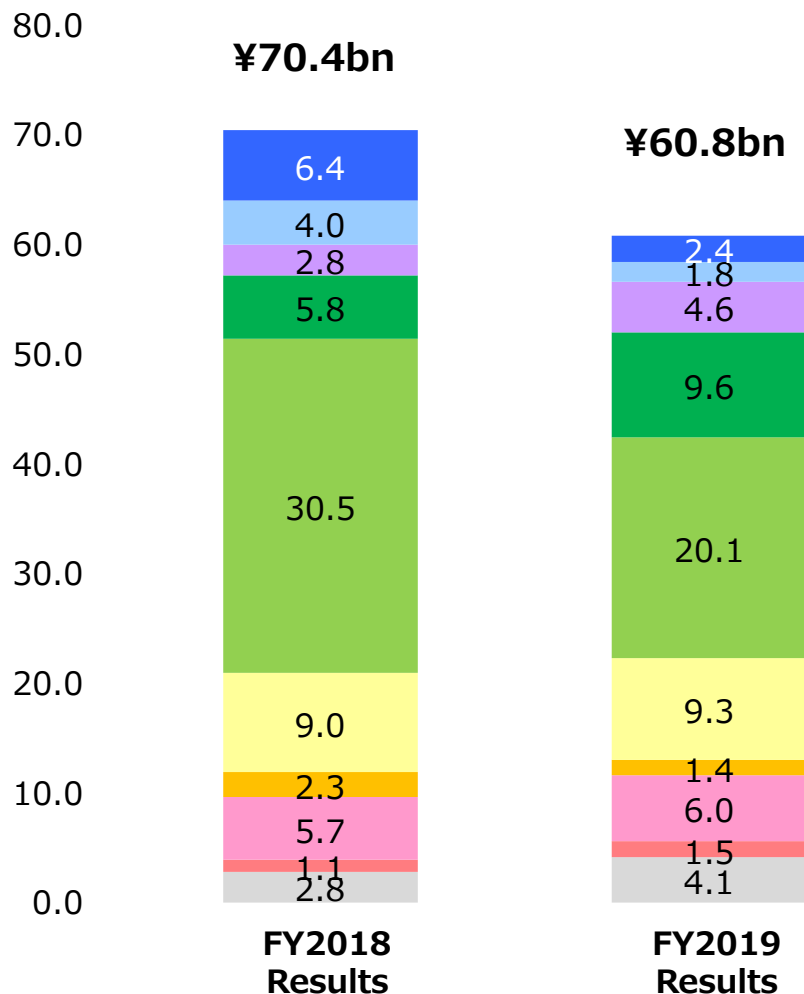
(Billions of yen)	FY2018 Results	FY2019 Results	Difference	FY2019 Revised Forecast (Feb. 5, 2020)	Achieved	FY2020 Forecast
Revenue	1,856.2	1,754.8	(101.4)	—	—	—
Gross profit	241.0	220.5	(20.5)	230.0	96%	210.0
Selling, general and administrative expenses	(173.4)	(173.2)	+0.2	(175.0)	—	(165.0)
Share of profit (loss) of investments accounted for using the equity method	27.8	24.9	(2.9)	26.0	96%	18.0
Profit before tax	94.9	75.5	(19.4)	82.0	92%	56.0
Profit for the Year Attributable to Owners of the Company	70.4	60.8	(9.6)	66.0	92%	40.0
Core earnings	93.2	68.4	(24.8)	76.0	92%	58.0

Summary of Profit or Loss

Profit for the Year by Segment

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

(Billions of Yen)



Factor behind year on year change in earnings

- Automotive ¥ 2.4 billion (down ¥(4.0) billion YoY)**
 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
- Aerospace & Transportation Project ¥ 1.8 billion (down ¥(2.2) billion YoY)**
 Decreased due to impairment losses on Company-owned ships and rebound from gains on sales of aircrafts recorded in the previous fiscal year
- Machinery & Medical Infrastructure ¥ 4.6billion (up ¥ 1.8 billion YoY)**
 Increased due to higher sales volumes from medical infrastructure business and industrial machinery transactions
- Energy & Social Infrastructure ¥ 9.6billion (up ¥ 3.8 billion YoY)**
 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.
- Metals & Mineral Resource ¥ 20.1 billion (down ¥(10.4) billion YoY)**
 Decreased due to fall in sales prices in overseas coal business
- Chemicals ¥ 9.3billion (up ¥ 0.3 billion YoY)**
 Relatively unchanged year on year
- Foods & Agriculture Business ¥ 1.4 billion (down ¥(0.9) billion YoY)**
 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
- Retail & Lifestyle Business ¥ 6.0billion (up ¥ 0.3 billion YoY)**
 Relatively unchanged year on year
- Industrial Infrastructure & Urban Development ¥ 1.5 billion (up ¥ 0.4 billion YoY)**
 Increased due to higher number of overseas industrial parks delivered
- Other ¥ 4.1 billion (up ¥ 1.3 billion YoY)**

FY2020 Forecast

Profit for the Year by Segment

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

Progress Overview

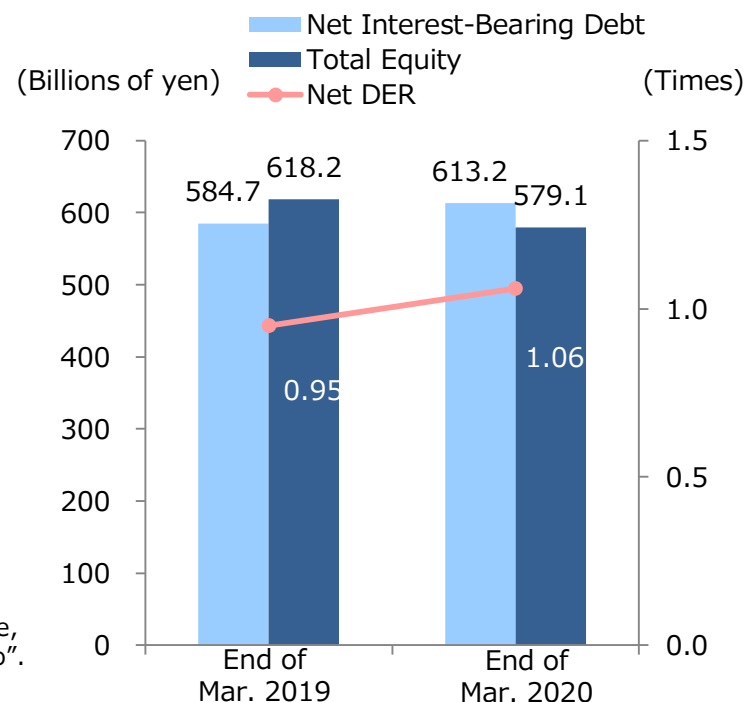
- Automotive ¥ 1.0 billion**
 Ongoing stagnancy in automobile sales and shipments projected following reductions in demand and temporary halts in operation
- Aerospace & Transportation Project ¥ 6.0 billion**
 Increase due to benefits of large-scale aircraft business projects delayed from the previous fiscal year and absence of impairment losses recorded on Company-owned ships in the previous fiscal year
- Machinery & Medical Infrastructure ¥ 3.5 billion**
 Decrease due to reduced global demand for machinery transactions and domestic and overseas associates
- Energy & Social Infrastructure ¥ 3.5 billion**
 Decrease due to reduced crude oil price and rebound from asset replacement activities conducted in previous fiscal year
- Metals & Mineral Resource ¥ 13.0 billion**
 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
- Chemicals ¥ 5.0 billion**
 Decrease greatly due to poor market conditions and reduced sales volumes for chemical products
- Foods & Agriculture Business ¥ 3.0 billion**
 Increase, despite ongoing stagnancy in overseas fertilizer businesses, as a result of absence of one-time losses recorded in the previous fiscal year
- Retail & Lifestyle Business ¥ 5.5 billion**
 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
- Industrial Infrastructure & Urban Development ¥ 0.5 billion**
 Decrease in turn overs of overseas industrial parks and domestic real estate held for sales purposes

Summary of Balance Sheets

(Billions of Yen)	End of Mar. 2019	End of Mar. 2020	Difference
Total Assets	2,297.1	2,230.3	(66.8)
Total equity*1	618.2	579.1	(39.1)
Equity Ratio	26.9%	26.0%	(0.9)%
Net interest-bearing debt	584.7	613.2	+28.5
Net DER (Times)	0.95	1.06	+0.11
Risk Assets vs. Total equity	360.0 0.6 times	380.0 0.7times	+20.0 +0.1times
Current Ratio	157.1%	161.4%	+4.3%
Long-term debt ratio	82.9%	79.1%	(3.8)%

Changes in Total Equity (End of Mar. 2019 vs. End of Mar. 2020, Breakdown)

- Profit for the period attributable to owners of the Company +¥60.8bn
- Dividends paid ¥(22.5)bn
- Purchase of treasury stock ¥(10.0)bn
- Change in foreign exchange rates and stock price ¥(57.8)bn

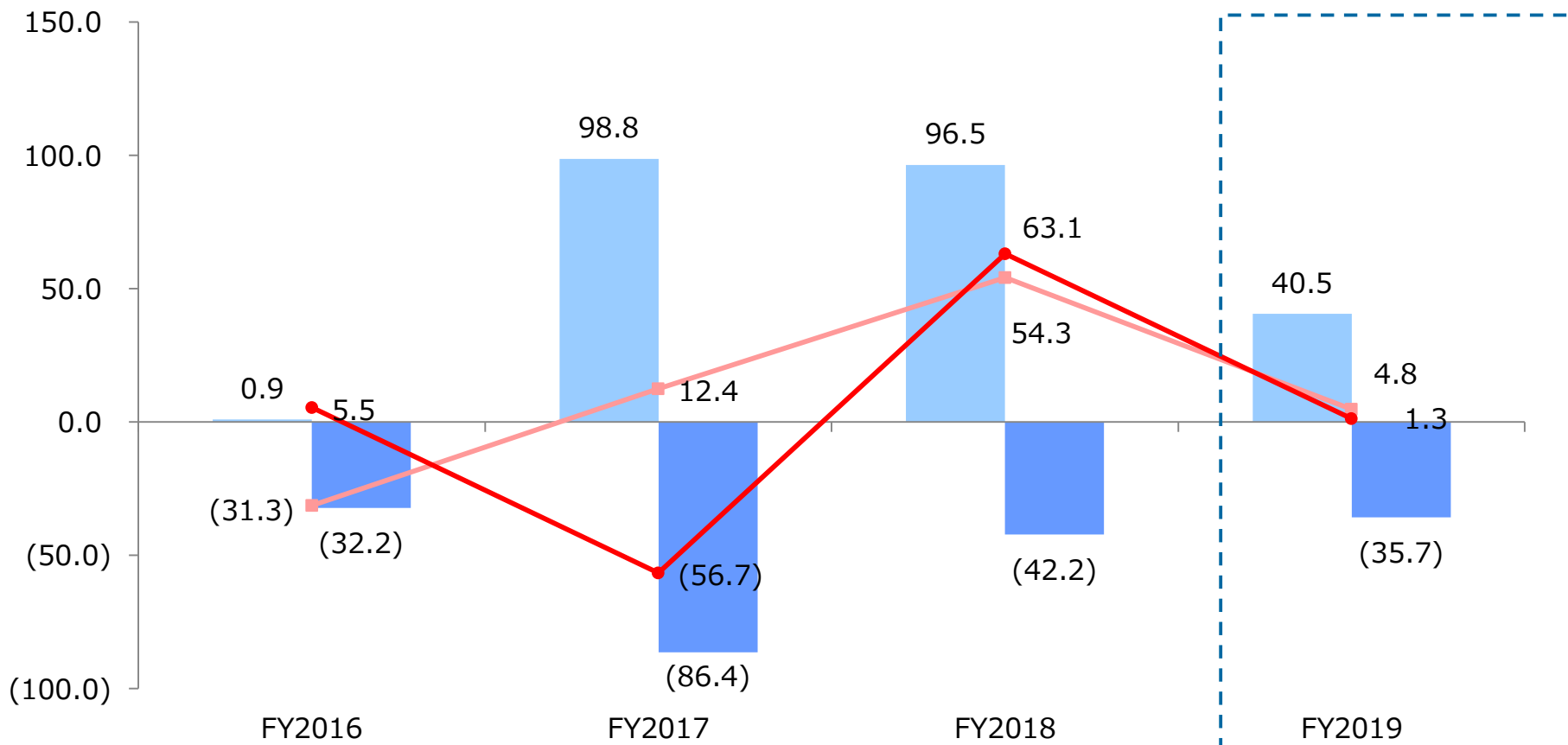


(*1) "Total equity attributable to owners of the Company" is recognized as "Total equity" above, and is also used in the denominator of the "Net DER" and the numerator of the "Equity ratio".

Summary of Free Cash Flows

(Billions of Yen)

Operating Cash Flow Investing Cash Flow FCF Core Cash Flow



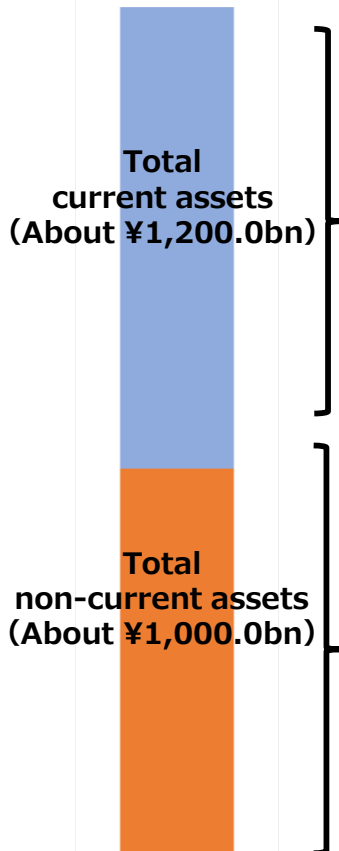
※Core cash flow = Core operating cash flow + Post-adjustment net cash provided by (used in) investing activities – Dividends paid – Purchase of treasury stock (Post-adjustment net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for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

Investments and Loans and Asset Replacement for FY2019

FY2019 Results	Main Businesses
Investments and Loans	<ul style="list-style-type: none"> ■ Telecommunication infrastructure business in Myanmar ■ Offshore wind power generation operations in Taiwan ■ IPP business in the United States ■ Auto self-financing operations in Mexico ■ Investment in and operation of shopping centers in Japan ■ CAPEX <p style="text-align: right;">etc.</p>
Investments and Loans Results	Approx. ¥81.0bn
Asset Replacement	<ul style="list-style-type: none"> ■ Sales of Australian thermal coal interests ■ Sales of domestic power generation business ■ Recovery of investment in IPP business in the United States ■ Sales of aircraft ■ Sales of domestic real estate <p style="text-align: right;">etc.</p>
Asset Replacement Results	Approx. ¥35.0bn

Breakdown of Assets

**FY2019
Total Assets
About ¥2,200.0bn**



Trade and other receivables
(About ¥640.0bn)

Inventory
(About ¥210.0bn)

Cash in bank, Other
(About ¥350.0bn)

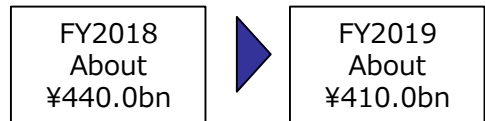
About ¥410.0bn
(Resource interests,
Fixed assets, Goodwill)

About ¥590.0bn
(Share of investments
accounted for using the
equity method*,
Leased assets, etc.)

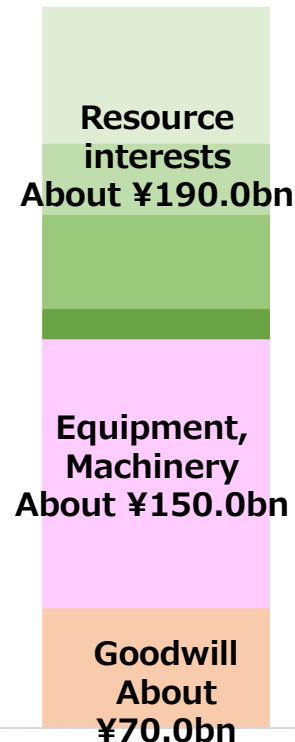
* Except for Resource interests

**Major breakdown
as right**

**Balance of
Fixed assets and Goodwill**



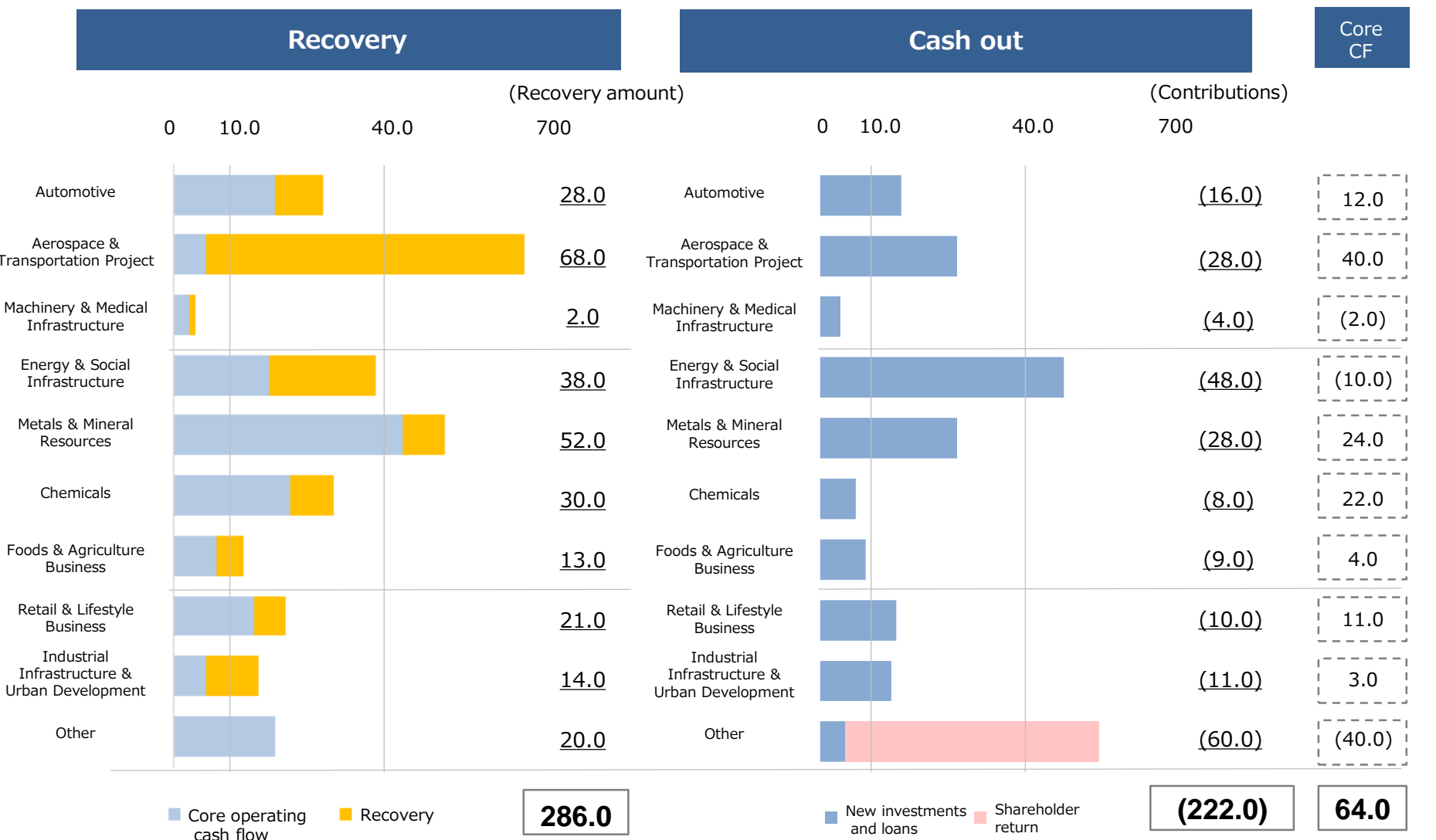
**FY2019
Total
About ¥410.0bn**



Ferroalloys and non-ferrous metals	¥75.0bn
Coal	¥40.0bn
LNG	¥55.0bn
Oil and Gas	¥20.0bn
Equipment, Machinery	¥150.0bn
Goodwill	¥70.0bn

Balance Sheet and Cash Flow Management

(Billions of yen)



Major One-time Gain/Loss for the Year

	FY2018 Results		FY2019 Results	
Non-Resource	¥ 1.5 billion	<ul style="list-style-type: none"> • Sale of automobile-related companies • Sales of aircraft <p>etc.</p>	¥ (1.5) billion	<ul style="list-style-type: none"> • Impairment loss on Company-owned ships • Impairment loss on domestic marine products business • Gain on sales of domestic real estate • Gain on sales of overseas power generation project <p>etc.</p>
Resource	¥ 0.4 billion	<ul style="list-style-type: none"> • Sale of oil and gas interests <p>etc.</p>	¥ 3.0 billion	<ul style="list-style-type: none"> • Gain on sales of Australian thermal coal interests • Gain on exit of oil and gas interests • Impairment loss on oil and Gas interests <p>etc.</p>
Total (After income tax expenses)	¥ 1.9 billion		¥ 1.5 billion	

Resource and Non-Resource Profit

(Billions of yen)	FY2018 Results	FY2019 Results	Difference	Medium-Term Management Plan 2017		
				FY2015 Results	FY2016 Results	FY2017 Results
① Profit for the year (attributable to Owners of the Company)	70.4	60.8	(9.6)	36.5	40.8	56.8
(② Total one-time income movements)	1.9	1.5	(0.4)	0.0	(6.0)	(7.0)
① - ② Profit for the year [(attributable to owners of the Company)] (Excluding one-time income movements)	68.5	59.3	(9.2)	36.5	46.8	63.8
Resource	25.3	10.4	(14.9)	(0.5)	0.3	13.8
Non-Resource	43.2	48.9	+5.7	37.0	46.5	50.0

Commodity Prices, Foreign Exchange, and Interest Rate

	FY2018 Results (Annual Avg.)	FY2019 Results (Annual Avg.)	FY2020 Initial Assumptions (Annual Avg.)	Latest Data (As of April 27, 2020)
Crude oil (Brent)	US\$70.8/bbl	US\$60.9/bbl	US\$25.0/bbl (1H) US\$35.0/bbl (2H)	US\$20.0/bbl
Thermal Coal*1	US\$105.8/t	US\$70.7/t	US\$63.8/t	US\$49.4/t
Coking Coal*1	US\$202.2/t	US\$163.6/t	US\$135.0/t	US\$115.4/t
Exchange Rate *2	¥111.1/US\$	¥108.9/US\$	¥108.0/US\$	¥107.6/US\$
Interest rate (TIBOR)	0.07%	0.07%	0.10%	0.07%

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

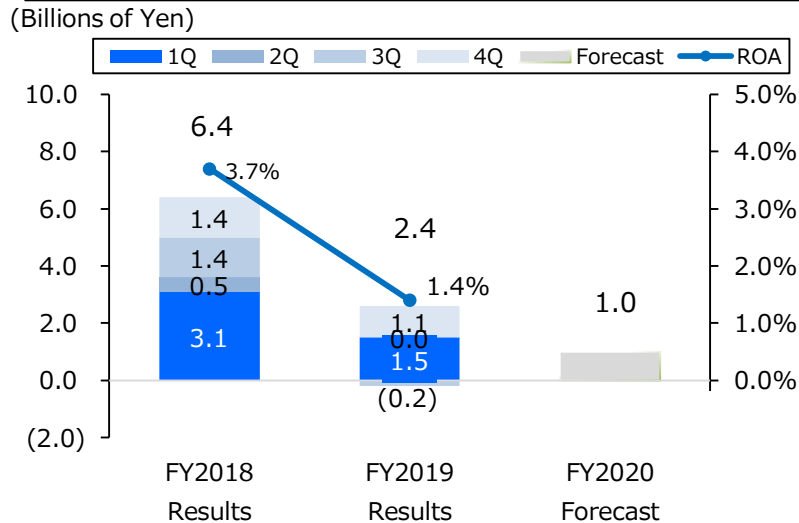
*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.4 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.15 billion annually, and total equity by approx. ¥2.0 billion.

【Supplemental Data】

Ⅱ . Segment Information

Automotive

Profit for the year (attributable to owners of the Company)/ROA



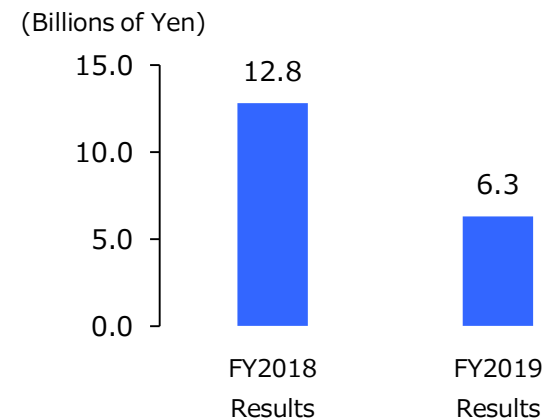
【Factor behind year on year change in earnings】

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

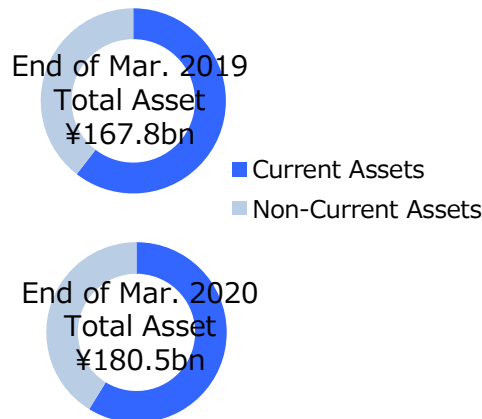
【FY2020 Outlook】

Ongoing stagnancy in automobile sales and shipments projected following reductions in demand and temporary halts in operation

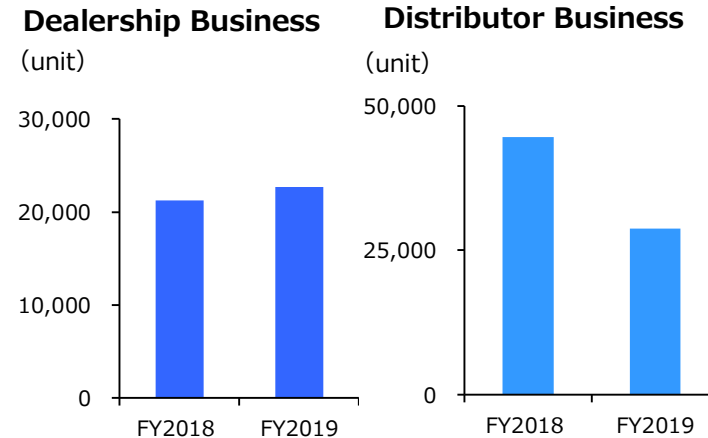
Core operating cash flow



Asset Structure



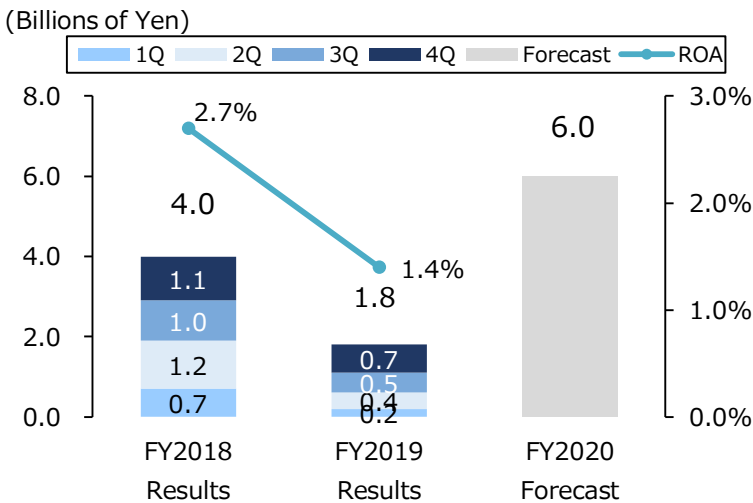
Vehicle Sales



Aerospace & Transportation Project



Profit for the year (attributable to owners of the Company)/ROA



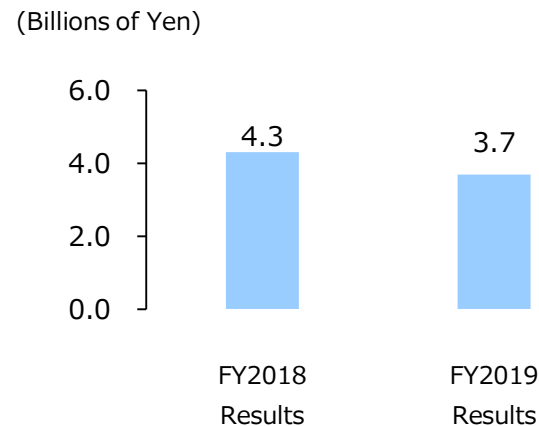
【Factor behind year on year change in earnings】

Decreased due to impairment losses on Company-owned ships and rebound from gains on sales of aircraft recorded in the previous fiscal year

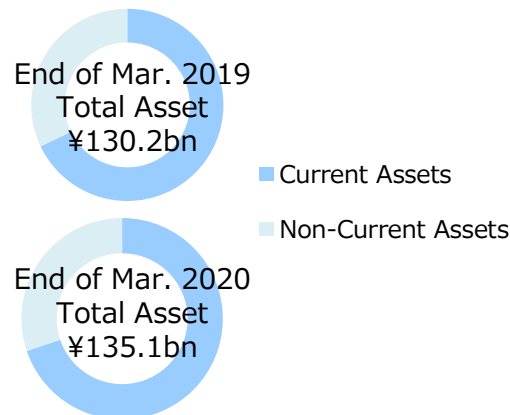
【FY2020 Outlook】

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

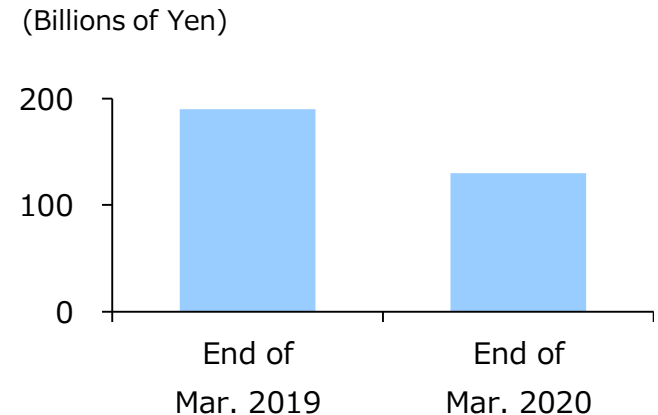
Core operating cash flow



Asset Structure



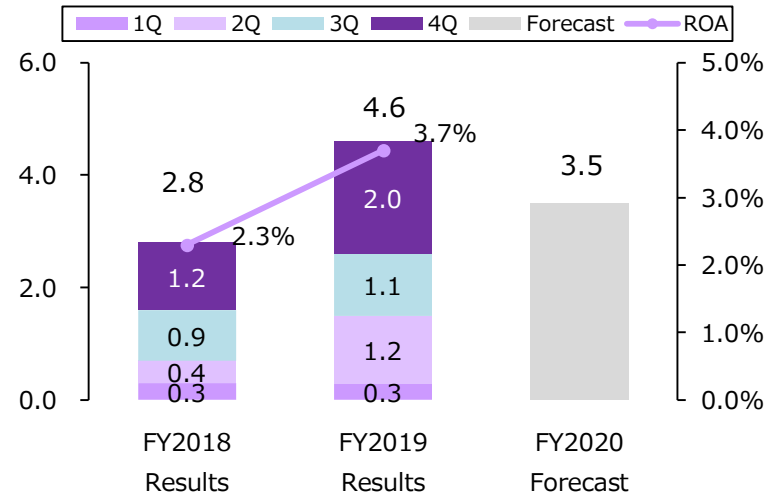
Order Backlog for Railways in India



Machinery & Medical Infrastructure

Profit for the year (attributable to owners of the Company)/ROA

(Billions of Yen)



【Factor behind year on year change in earnings】

Increased due to higher sales volumes from medical infrastructure business and industrial machinery transactions

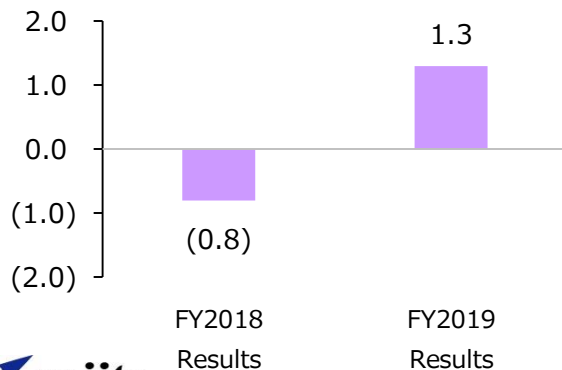
【Progress Overview】

Decrease due to reduced global demand for machinery transactions and domestic and overseas associates

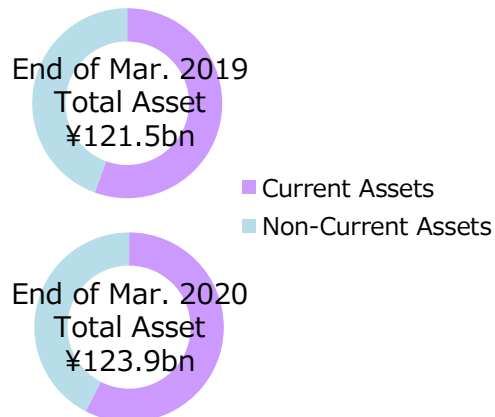


Core operating cash flow

(Billions of Yen)



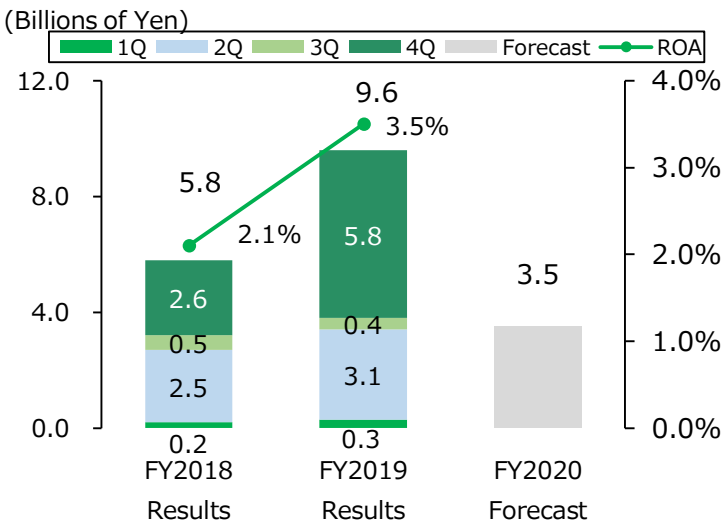
Asset Structure



▶ Smoothly progressing construction project at site of hospital in Turkey
(Completion of construction and start of operations now scheduled for the end of June 2020)

Energy & Social Infrastructure

Profit for the year (attributable to owners of the Company)/ROA



【Factor behind year on year change in earnings】

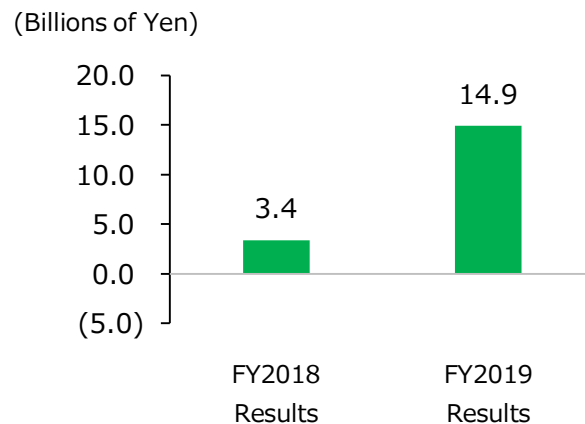
Despite year-end impairment losses of oil and gas interests, increased due to gains on asset replacement in power generation businesses and tax breaks for U.S. subsidiaries

【Progress Overview】

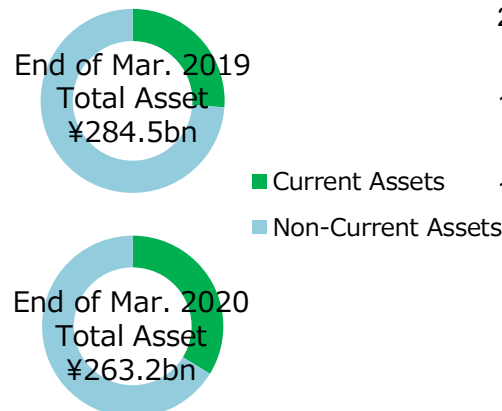
Decrease due to reduced crude oil price and rebound from asset replacement activities conducted in previous fiscal year



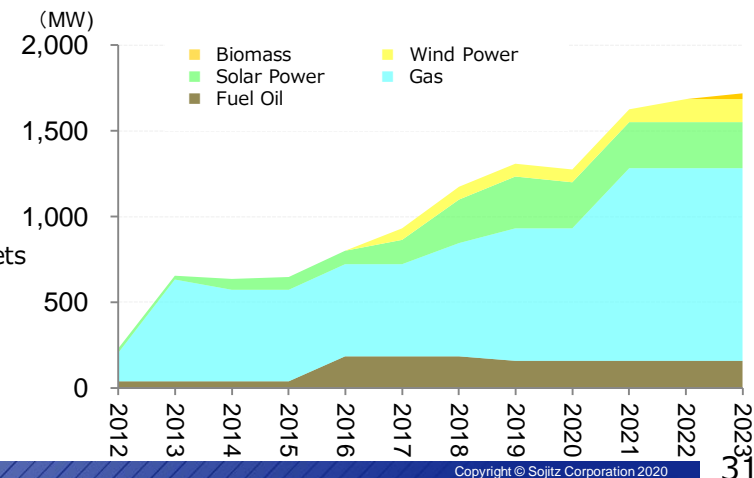
Core operating cash flow



Asset Structure

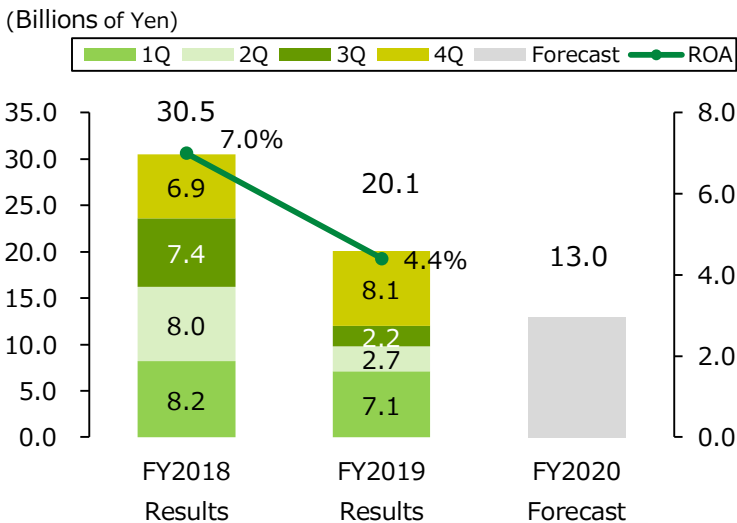


Change in Net Power-Generation Capacity



Metals & Mineral Resources

Profit for the year (attributable to owners of the Company)/ROA



【Factor behind year on year change in earnings】

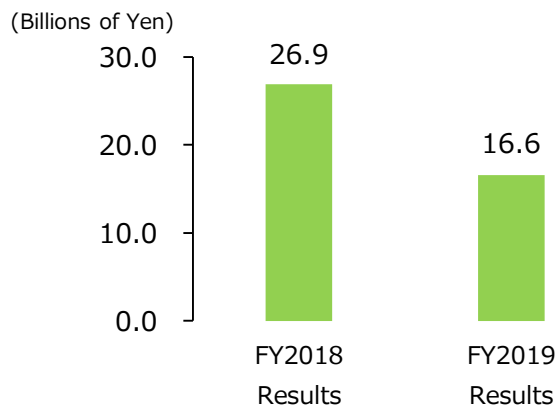
Decreased due to fall in sales prices in overseas coal business

【Progress Overview】

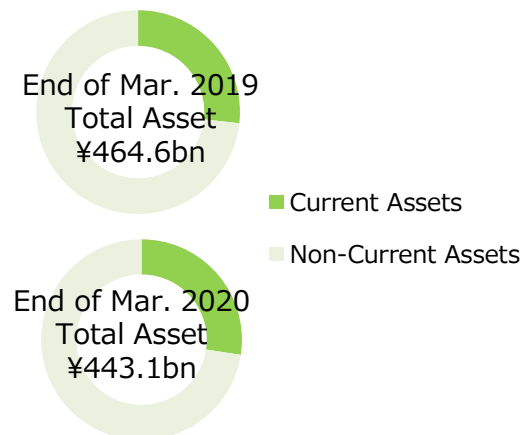
Decrease due to sluggish steel demand, poor coal market conditions, and absence of gains on sales of overseas coal assets recorded in the previous fiscal year



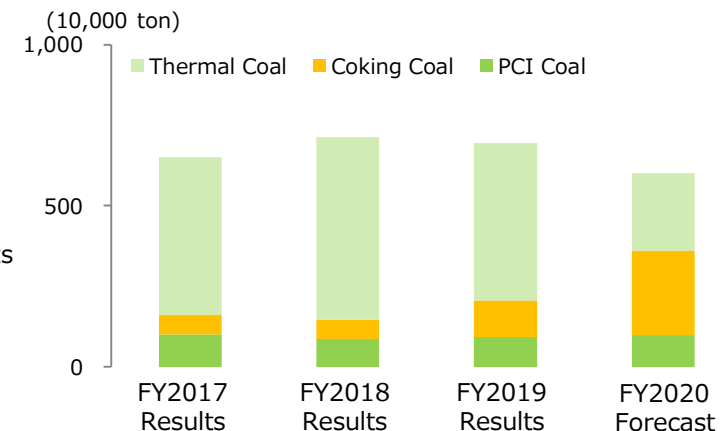
Core operating cash flow



Asset Structure



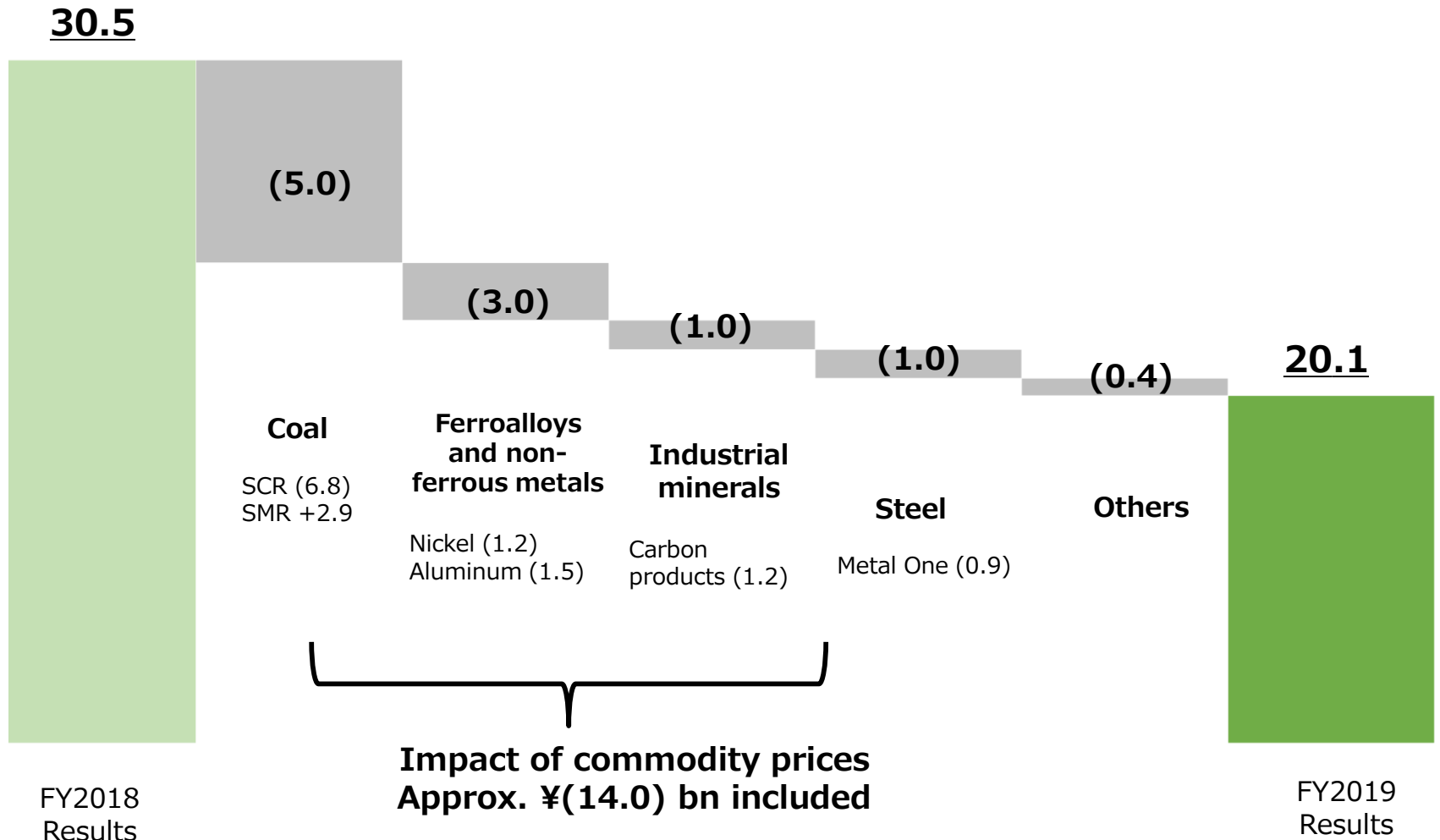
Change in Coal Sales Volume



Metals & Mineral Resources

Year on Year Main Factors Behind Difference

(Billions of Yen)



Chemicals

Profit for the year (attributable to owners of the Company)/ROA



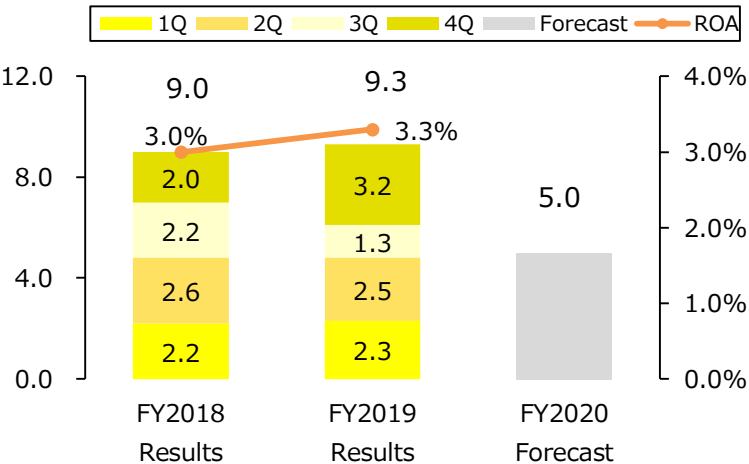
【Factor behind year on year change in earnings】

Relatively unchanged year on year

【Progress Overview】

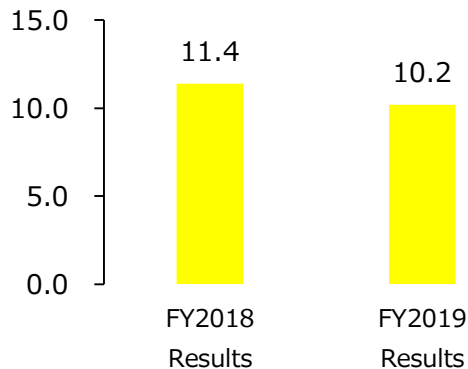
Decrease greatly due to poor market conditions and reduced sales volumes for chemical products

(Billions of Yen)

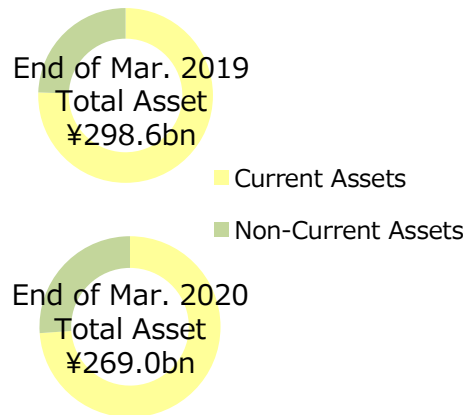


Core operating cash flow

(Billions of Yen)

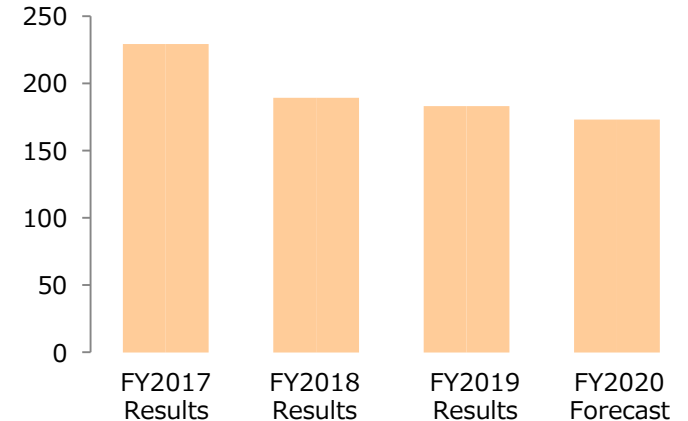


Asset Structure



Sales Volume for Methanol

(10,000 ton)



Foods & Agriculture Business

Profit for the year (attributable to owners of the Company)/ROA



【Factor behind year on year change in earnings】

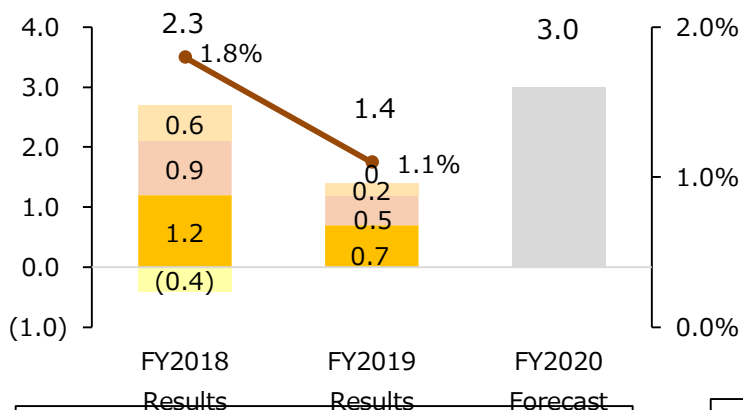
Decreased due to impairment loss on domestic marine products business and lower sales volumes in overseas fertilizer businesses stemming from unseasonable weather and reduced demand

【Progress Overview】

Increase, despite ongoing stagnancy in overseas fertilizer businesses, as a result of absence of one-time losses recorded in the previous fiscal year

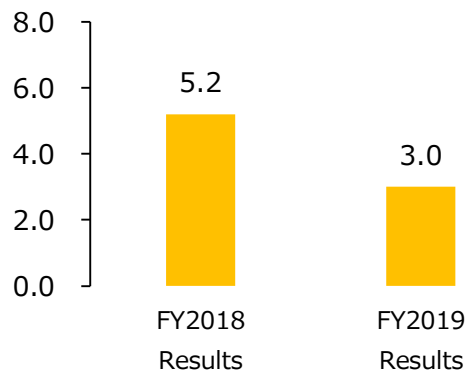
(Billions of Yen)

1Q 2Q 3Q 4Q Forecast ROA

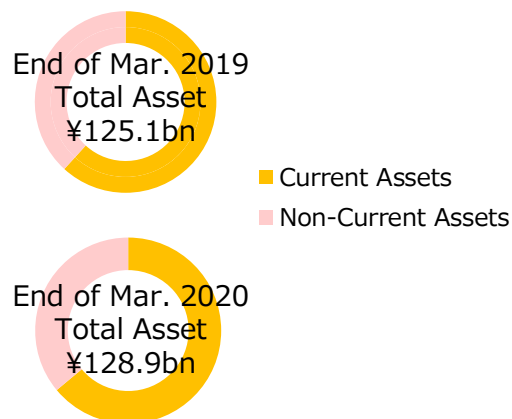


Core operating cash flow

(Billions of Yen)



Asset Structure



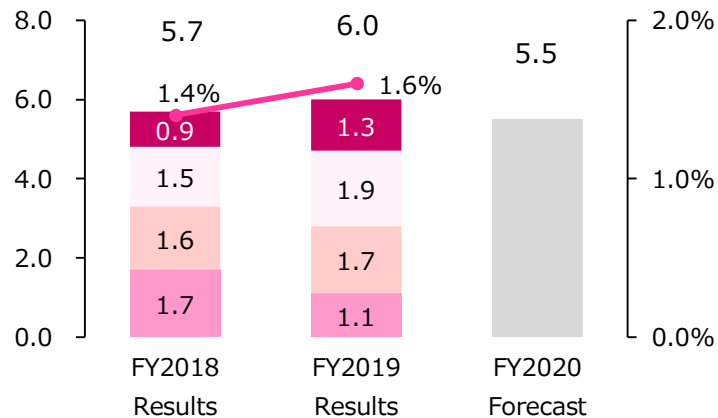
Retail & Lifestyle Business



Profit for the year (attributable to owners of the Company)/ROA

(Billions of Yen)

1Q 2Q 3Q 4Q Forecast ROA



【Factor behind year on year change in earnings】

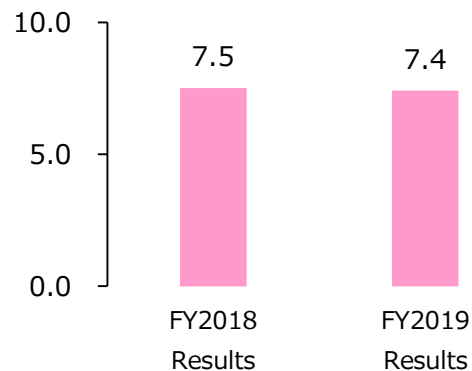
Relatively unchanged year on year

【Progress Overview】

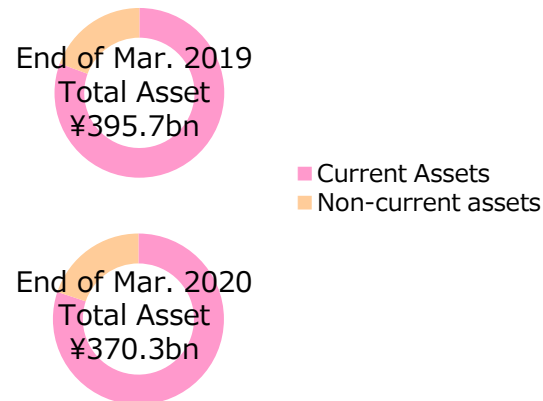
Earnings projected to be generated by domestic and overseas subsidiaries despite halted operation of certain commercial facilities and reduced demand in textile and other businesses

Core operating cash flow

(Billions of Yen)

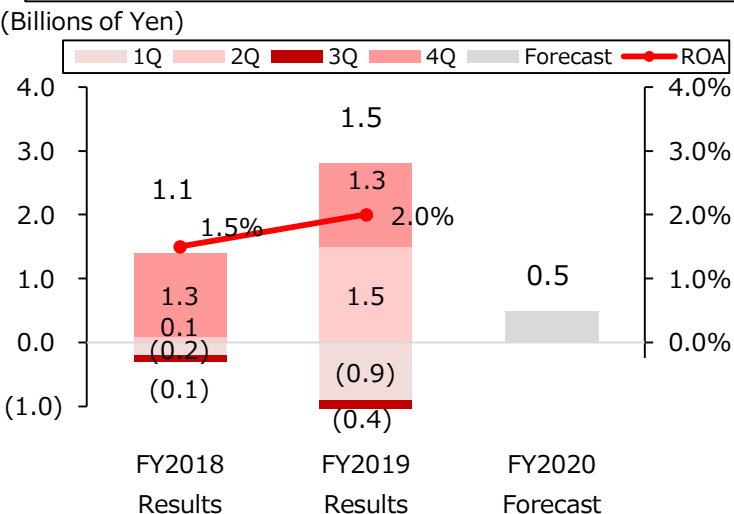


Asset Structure



Industrial Infrastructure & Urban Development

Profit for the year(attributable to owners of the Company)/ROA



【Factor behind year on year change in earnings】

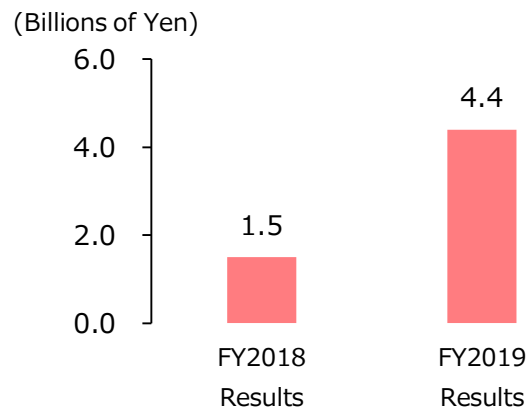
Increased due to higher number of overseas industrial parks delivered

【Progress Overview】

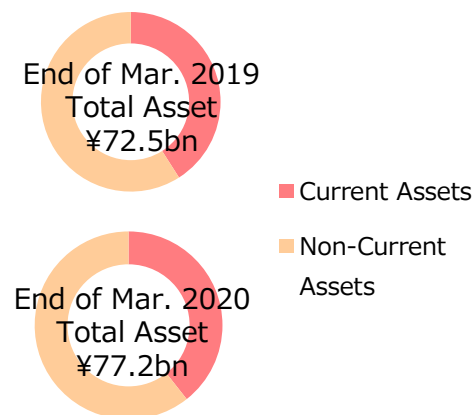
Decrease in turn overs of overseas industrial parks and domestic real estate held for sales purposes



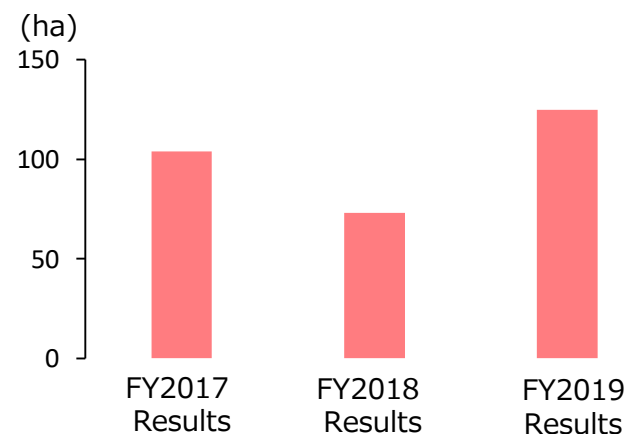
Core operating cash flow



Asset Structure



Area of Turned Over Industrial Parks



Profit or Loss of Major Subsidiaries and Associates

(Billions of Yen)

Segment	Company	Subsidiary/ Associate	FY2018	FY2019	Difference
■ Automotive	Sojitz Autrans Corporation	Subsidiary	0.5	0.7	0.2
■ Automotive	Sojitz Automotive Group, Inc	Subsidiary	1.1	1.2	0.1
■ Automotive	Sojitz de Puerto Rico Corporation	Subsidiary	1.6	0.9	(0.7)
■ Automotive	Subaru Motor LLC	Subsidiary	(0.1)	(0.2)	(0.1)
■ Automotive	Sojitz Quality, Inc	Subsidiary	0.4	0.1	(0.3)
■ Aerospace & Transportation Project	Sojitz Aerospace Corporation	Subsidiary	1.0	1.1	0.1
■ Aerospace & Transportation Project	Sojitz Marine & Engineering Corporation	Subsidiary	0.6	0.6	0.0
■ Machinery & Medical Infrastructure	Sojitz Machinery Corporation	Subsidiary	1.2	1.5	0.3
■ Machinery & Medical Infrastructure	Sojitz Hospital PPP Investment B.V.	Subsidiary	2.0	3.5	1.5
■ Machinery & Medical Infrastructure	First Technology China Ltd.	Subsidiary	0.5	0.5	0.0
■ Energy & Social Infrastructure	Nissho Electronics Corporation	Subsidiary	1.2	1.2	0.0
■ Energy & Social Infrastructure	Tokyo Yuso Corporation	Subsidiary	0.3	0.4	0.1
■ Energy & Social Infrastructure	LNG Japan Corporation	Associate	4.0	3.9	(0.1)
■ Metals & Mineral Resources	Sojitz Coal Resources Pty. Ltd.	Subsidiary	8.3	1.5	(6.8)
■ Metals & Mineral Resources	Sojitz Moolarben Resources Pty. Ltd.	Subsidiary	4.0	6.8	2.8
■ Metals & Mineral Resources	Sojitz Resources (Australia) Pty. Ltd.	Subsidiary	1.6	0.3	(1.3)
■ Metals & Mineral Resources	Japan Alumina Associates (Australia) Pty. Ltd.	Associate	0.6	0.4	(0.2)
■ Metals & Mineral Resources	Metal One Corporation	Associate	10.1	9.2	(0.9)

*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	FY2019	Difference
Chemicals	Sojitz Pla-Net Corporation	Subsidiary	1.4	1.0	(0.4)
Chemicals	PT. Kaltim Methanol Industri	Subsidiary	4.8	3.3	(1.5)
Chemicals	solvadis deutschland gmbh	Subsidiary	0.4	0.5	0.1
Foods & Agriculture Business	Atlas Fertilizer Corporation	Subsidiary	0.5	0.7	0.2
Foods & Agriculture Business	Japan Vietnam Fertilizer Company	Subsidiary	0.4	0.2	(0.2)
Retail & Lifestyle Business	Sojitz Building Materials Corporation	Subsidiary	0.4	0.1	(0.3)
Retail & Lifestyle Business	Sojitz Foods Corporation	Subsidiary	2.4	2.3	(0.1)
Retail & Lifestyle Business	Sojitz Fashion Co., Ltd.	Subsidiary	0.7	0.7	0.0
Industrial Infrastructure & Urban	Sojitz New Urban Development Corporation	Subsidiary	0.5	0.5	0.0

*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】
Ⅲ. 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
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	1,754.8
Gross profit	235.6	178.2	192.7	217.1	187.2	198.2	197.7	180.7	200.7	232.4	241.0	220.5
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	24.9
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	75.5
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	60.8
Core earnings	48.3	14.4	41.9	65.8	38.5	68.0	66.3	41.6	54.2	90.8	93.2	68.4
ROA	0.8%	0.4%	0.7%	(0.0)%	0.6%	1.2%	1.5%	1.7%	1.9%	2.5%	3.0%	2.7%
ROE	4.8%	2.6%	4.7%	(0.3)%	3.8%	6.5%	6.5%	6.8%	7.6%	10.0%	11.7%	10.2%

(*) The Group adopted IFRSs from the fiscal year ended March 31, 2013. The figures above are based on Japanese GAAP for FY2008 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 Mar. 2020
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	2,230.3
Total equity	319.0	352.4	330.0	330.0	382.6	459.9	550.9	520.3	550.5	586.4	618.2	579.1
Equity ratio	13.8%	16.3%	15.6%	15.1%	17.8%	20.7%	24.0%	25.3%	25.7%	25.0%	26.9%	26.0%
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	613.2
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	1.1
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	380.0 0.7
Current ratio	141.7%	152.7%	142.2%	142.5%	152.1%	162.8%	169.5%	170.1%	171.3%	162.7%	157.1%	161.4%
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%	79.1%

(*) The Group adopted IFRSs from the fiscal year ended March 31, 2013. The figures above are based on Japanese GAAP for End of Mar. 2009 through 2011. Under JGAAP, Total equity is calculated as Total net assets – Minority interests.

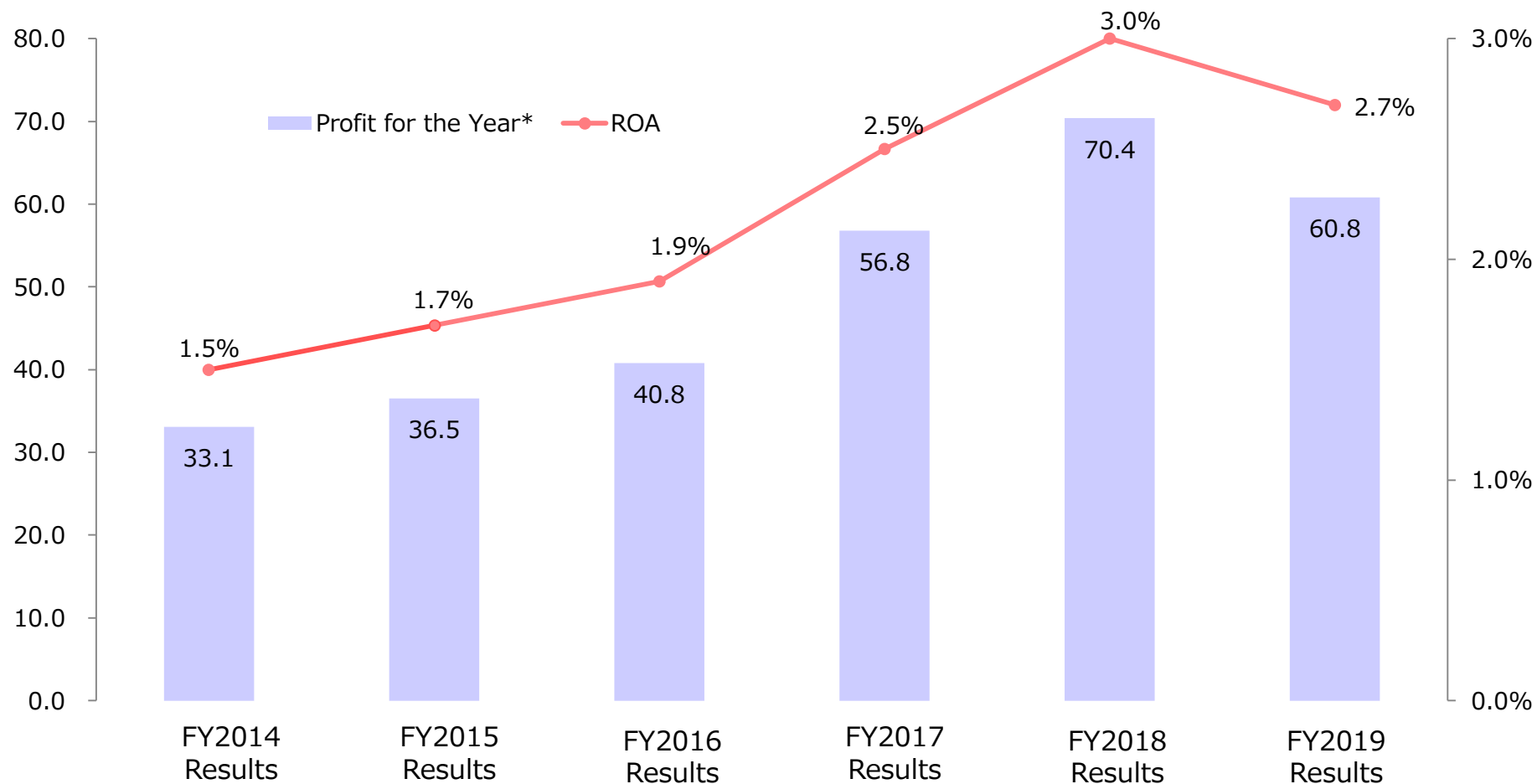
Summary of Cash Flow (Results)

(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 Mar. 2020
Core cash flow	-	-	-	-	-	-	-	18.3	5.5	(56.7)	63.1	1.3
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	4.8
Core operating cash flow	-	-	-	-	-	-	-	60.0	59.4	82.9	79.1	80.2
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	40.5
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)	(35.7)
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)	(12.2)
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	81.0

※ Core cash flow = Core operating cash flow + Investing cash flow (including asset replacement) – 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.)

Summary of Profit or Loss

(Billions of Yen)

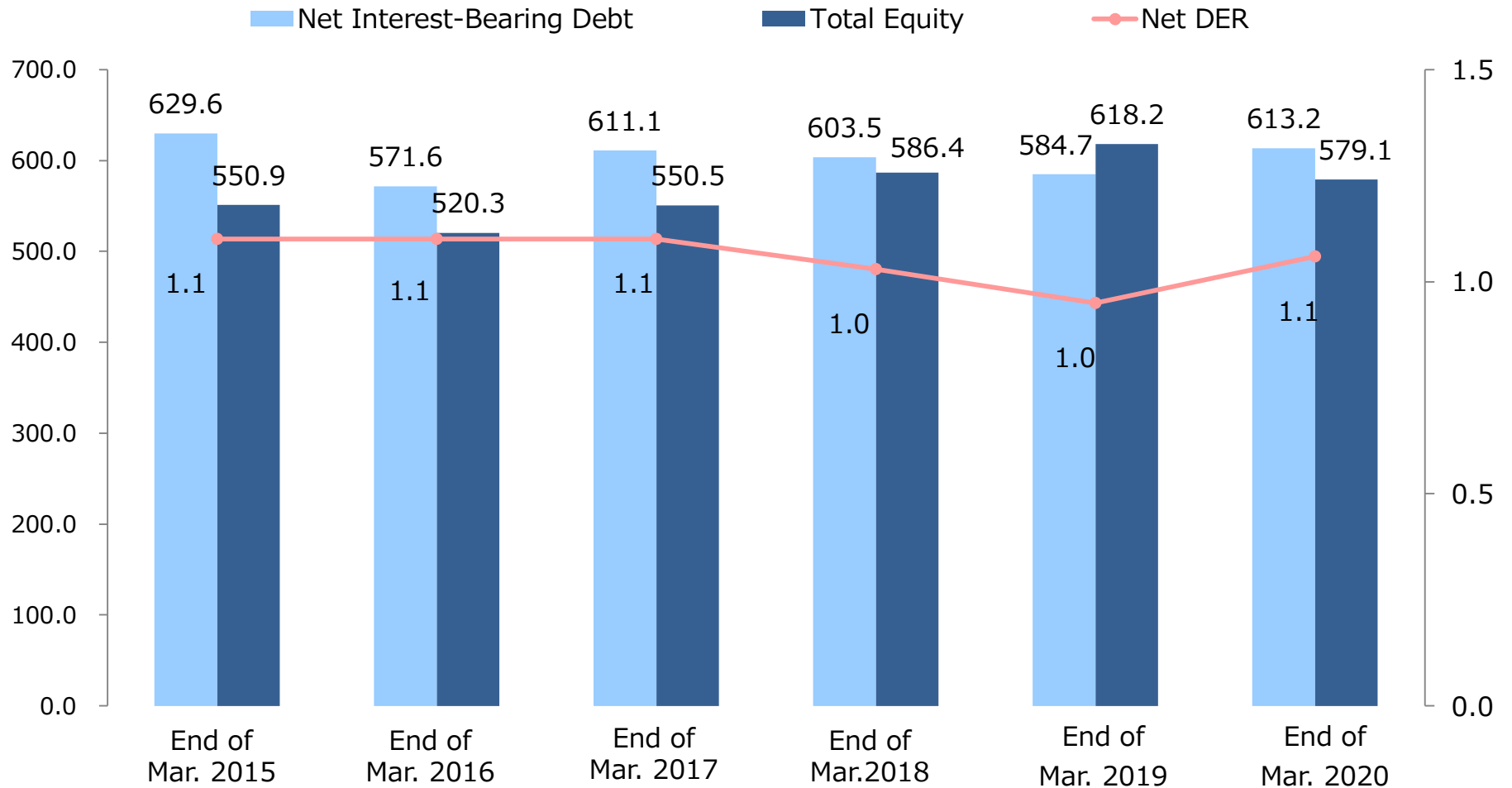


* Attributable to owners of the Company

Summary of Balance Sheets

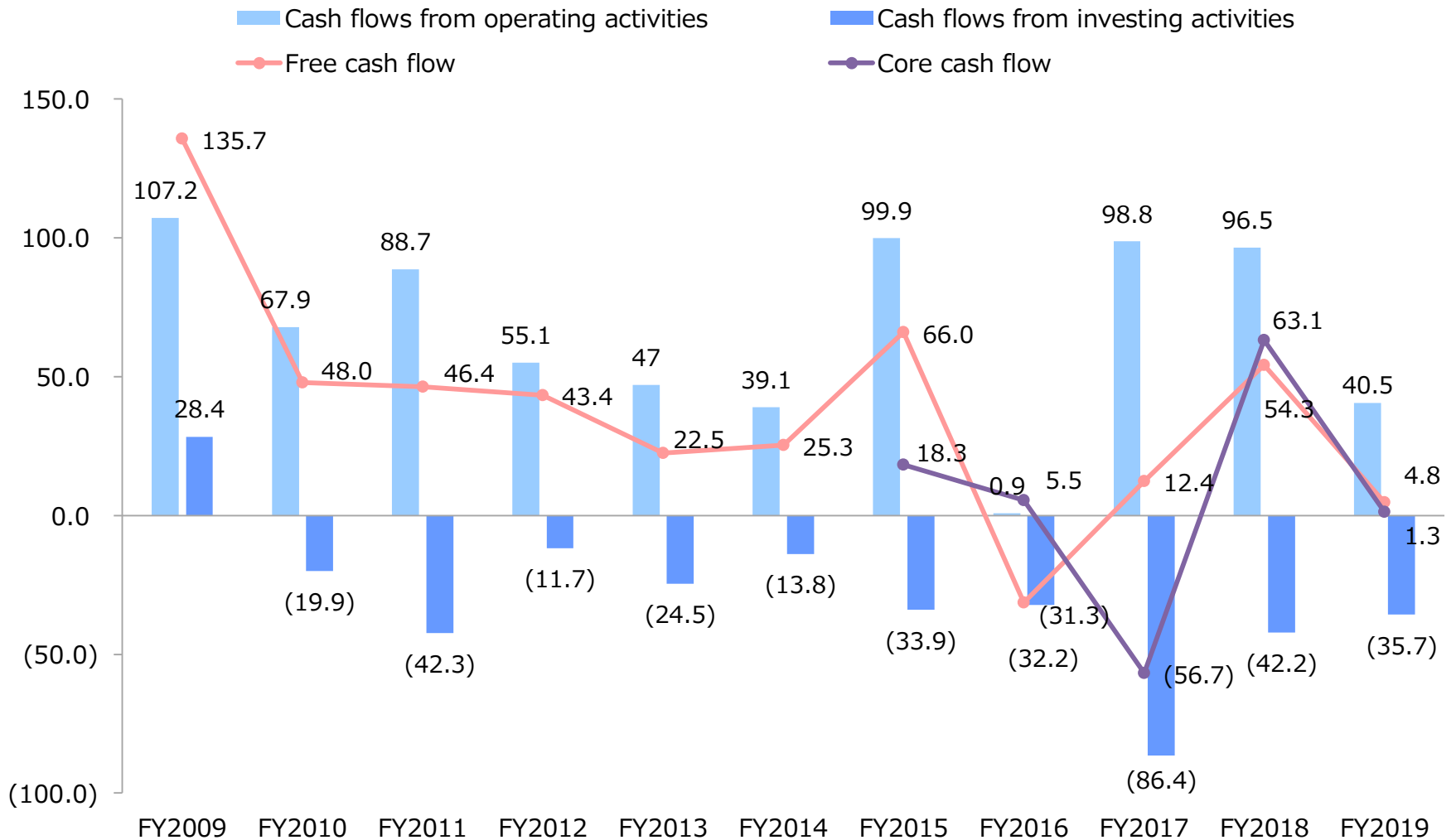
(Billions of Yen)

(Times)



Summary of Cash Flow

(Billions of Yen)





sojitz

New way, New value

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

April 30, 2020

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 date of Ordinary General Shareholders' Meeting: June 18, 2020

Scheduled filing date of financial report: June 18, 2020

Scheduled date of delivery of dividends: June 19, 2020

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 Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(1) Consolidated Operating Results

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

	Revenue		Profit before tax		Profit for the year		Profit attributable to owners of the Company		Total comprehensive income for the year	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the year ended										
March 31, 2020	1,754,825	(5.5)	75,528	(20.4)	64,573	(14.2)	60,821	(13.6)	(2,361)	-
March 31, 2019	1,856,190	2.2	94,882	18.1	75,219	21.9	70,419	23.9	54,948	7.1

	Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the Company	Profit before tax ratio to total assets
	Yen	Yen	%	%
For the year ended				
March 31, 2020	48.91	48.91	10.2	3.3
March 31, 2019	56.34	56.34	11.7	4.1

Note : Share of profit (loss) of investments accounted for using the equity method

March 31, 2020 : 24,908 millions of yen

March 31, 2019 : 27,779 millions of yen

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	Total equity per share attributable to owners of the Company
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of					
March 31, 2020	2,230,285	621,898	579,123	26.0	474.97
March 31, 2019	2,297,059	661,607	618,295	26.9	494.94

(3) Consolidated Statements of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash & cash equivalents at the end of the year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
For the year ended				
March 31, 2020	40,510	(35,669)	(12,164)	272,651
March 31, 2019	96,476	(42,200)	(74,907)	285,687

2. Cash Dividends

	Cash divided per share					Total amount of cash dividends (annual)	Consolidated payout ratio	Dividend on total equity attributable to owners of the Company (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
For the year ended	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
March 31, 2019	-	7.50	-	9.50	17.00	21,266	30.2	3.5
March 31, 2020	-	8.50	-	8.50	17.00	21,011	34.8	3.5
March 31, 2021 (forecast)	-	-	-	-	-	-	-	-

Note : 1. Changes in cash dividend forecast : No

2. As described in "Dividend Policy*," the Company has a basic policy of targeting a consolidated payout ratio of around 30% under Medium-Term Management Plan 2020. The Company has chosen not to announce a dividend forecast for the year ending March 31, 2021, in light of the following consolidated performance forecasts. Prompt notification will be provided when the dividend forecast for the year ending March 31, 2021, has been decided based on business trends.

Please refer to "Dividend Policy and Fiscal 2019-2020 Dividend under "1. Analysis of Business Results" of this document.

3. Consolidated Earnings Forecast for the Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

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, 2021			
Full-year	40,000	(34.2)	33.34

Note : 1. Basic earnings per share is calculated based on profit for the year (attributable to owners of the Company) and accounts for the acquisition of treasury stock completed on April 23, 2020, in accordance with a resolution made at the Board of Directors meeting held on March 27, 2020.

2. Based on the information available as of March 31, 2020, the Company projects that the current situation surrounding the global COVID-19 pandemic will continue until the end of June, 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.

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 stock):

As of March 31, 2020: 1,251,499,501 As of March 31, 2019: 1,251,499,501

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

As of March 31, 2020 : 32,204,257 As of March 31, 2019 : 2,260,444

3. Average number of outstanding shares during the periods:

For the Year ended March 31, 2020(accumulative): 1,243,634,792

For the Year ended March 31, 2019 (accumulative): 1,249,847,151

Notes: For information on the number of shares used to calculate consolidated earnings per share, please refer to "(Earnings per share)" under "5. Consolidated Financial Statements" of this document.

The above figures for treasury shares do not include shares held as part of mutual holdings with investments accounted for using the equity method

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 stock of the Company's stock, which are treated as treasury stock; 1,667,211 stocks in the financial year ended March 2020 and 1,727,600 stocks in the financial year ended March 2019.

* This summary of consolidated financial results is not subject to audits.

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

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

1. Analysis of Business Results

(1) Overview of Fiscal 2019 (April 1, 2019 — March 31, 2020)

Economic Environment

In the year ended March 31, 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.

Despite the anticipated recovery of growth in the United States in light of factors such as a trade agreement with China, a sharp dip was seen in the growth of the U.S. economy as the COVID-19 pandemic brought consumption and corporate activities to a halt.

Meanwhile, Europe faces mounting uncertainty with regard to the outlook for both economic and political trends. Economic growth struggled due to sluggish demand from China and other countries outside of the region and the uncertainty surrounding the United Kingdom's withdrawal from the European Union. Meanwhile, the sense of cohesion within the European Union was diminished in the face of the COVID-19 pandemic.

In China, economic slowdown became more pronounced, with the GDP growth rate dropping into the negative for first time. This outcome was a result of the COVID-19 pandemic, which halted production and other supply-side activities while diminishing demand by restricting the movement of people.

Growth in Asia has previously been supported by exports and private consumption. However, there is now a sense of concern regarding the possibility of future growth being stifled by global economic slowdown, supply chain disruptions, and limited consumer spending as the COVID-19 pandemic affects countries throughout the region.

Japan, meanwhile, experienced a modest growth trend. However, the Japanese economy took a quick downturn after the COVID-19 pandemic resulted in sluggish external demand and limited consumer spending.

Financial Performance

Sojitz Corporation's consolidated business results for the year ended March 31, 2020 are presented below.

Revenue	Revenue was down 5.5% year on year, to ¥1,754,825 million, due to lower revenue in the Chemicals Division, a result of declines in the transaction volumes of plastic resins and in the price of methanol, and in the Metals & Mineral Resources Division, a result of fall in sales prices in overseas coal businesses.
Gross profit	Gross profit decreased ¥20,462 million year on year, to ¥220,494 million, due to decrease in revenue.
Profit before tax	Profit before tax decreased ¥19,354 million year on year, to ¥75,528 million, as the declines in gross profit and share of profit of investments accounted for using the

	equity method outweighed the benefits of the improved balance of other income and expenses stemming from the sale of thermal coal interests.
Profit for the year	After deducting income tax expenses of ¥10,954 million from profit before tax of ¥75,528 million, profit for the year amounted to ¥64,573 million, down ¥10,646 million year on year. Profit for the year (attributable to owners of the Company) decreased ¥9,598 million year on year, to ¥60,821 million.
Comprehensive income for the year	Comprehensive loss for the year was recorded ¥2,361 million, decreased ¥57,309 million year on year, compared with comprehensive income for the year of ¥54,948 million in the previous fiscal year, following a decline in financial assets at fair value through foreign currency translation differences for foreign operations and other comprehensive income along with lower profit for the period. Comprehensive loss for the year (attributable to owners of the Company) was recorded, ¥4,220 million decreased ¥55,158 million year on year, compared with comprehensive income for the year (attributable to owners of the Company) ¥50,938 million in the previous fiscal year.

Results for the year ended March 31, 2020, are summarized by segment below.

Automotive

Revenue was down 7.1% year on year, to ¥225,276 million, as the acquisition of domestic and overseas automobile dealership businesses were counterbalanced by lower sales volumes in overseas automobile distributor businesses. Profit for the year (attributable to owners of the Company) decreased ¥4,029 million, to ¥2,380 million, following a decline in the net of other income and expenses in reaction to the sale of automobile-related company in the previous fiscal year.

Aerospace & Transportation Project

Revenue was up 28.1% year on year, to ¥35,631 million, as a result of higher income in aircraft-related transactions. Profit for the year (attributable to owners of the Company) decreased ¥2,168 million, to ¥1,794 million, due to a decline in other income stemming from impairment losses on Company-owned ships.

Machinery & Medical Infrastructure

Revenue was up 15.6% year on year, to ¥123,725 million, as a result of an increase in industrial machinery transactions. Profit for the year (attributable to owners of the Company) rose ¥1,804 million, to 4,567 million, due to higher gross profit and an increase in share of profit of investments accounted for using the equity method.

Energy & Social Infrastructure

Revenue was up 9.7% year on year, to ¥82,009 million, as a result of an increase in income from overseas gas-fired power generation businesses. Profit for the year (attributable to owners of the Company) rose ¥3,846 million, to ¥9,632 million, as an increase in gross profit counteracted the impacts of a decline in other income due to impairment losses on oil and gas interests.

Metals & Mineral Resources

Revenue was down 8.5% year on year, to ¥350,519 million, as a result of fall in sales prices in overseas coal businesses. Profit for the year (attributable to owners of the Company) decreased ¥10,359 million, to ¥20,104 million, as the declines in gross profit and share of profit of investments accounted for using the equity method

outweighed the benefits of the improved balance of other income and expenses stemming from the sale of thermal coal interests.

Chemicals

Revenue was down 11.6% year on year, to ¥446,429 million, as a result of lower transaction volumes of plastic resins and declines in the price of methanol. Profit for the year (attributable to owners of the Company) increased ¥285 million, to ¥9,269 million as the decline in gross profit was compensated for by lower selling, general and administrative expenses.

Foods & Agriculture Business

Revenue was down 10.2% year on year, to ¥115,219 million, following lower transactions volumes in overseas fertilizer businesses. Profit for the year (attributable to owners of the Company) decreased ¥915 million, to ¥1,365 million, as a result of a decline in gross profit and impairment loss of fixed assets on domestic marine products business.

Retail & Lifestyle Business

Revenue was down 2.2% year on year, at ¥310,274 million, as the impacts of lower lumber and textile transactions were heavier than the gains from higher meat transactions. Profit for the year (attributable to owners of the Company) increased ¥239 million, to ¥5,963 million as an increase in other income due to the sale of real estate counteracted the impacts of a decline in gross profit.

Industrial Infrastructure & Urban Development

Revenue was up 3.6% year on year, to ¥34,480 million, because of an increase in real estate transactions. Profit for the year (attributable to owners of the Company) increased ¥387 million, to ¥1,474 million, as a result of an increase in share of profit of investments accounted for using the equity method.

(2) Financial Position

Consolidated Balance Sheet

Total assets on March 31, 2020, stood at ¥2,230,285 million, down ¥66,774 million from March 31, 2019.

This decrease was primarily a result of a decline in trade and other receivables under current assets associated with tobacco and chemical product receivables, which offset the increase in usage right assets stemming from the application of IFRS 16—Leases.

Total liabilities at March 31, 2020, amounted to ¥1,608,387 million, down ¥27,064 million from March 31, 2019, largely due to a decline in trade and other payables under current liabilities associated with tobacco and chemical product transactions, a factor that counterbalanced an increase in lease liabilities following the application of IFRS 16—Leases.

Total equity attributable to owners of the Company was ¥579,123 million on March 31, 2020, down ¥39,172 million from March 31, 2019. This decline was largely due to a decrease in other components of equity resulted primarily from foreign exchange rate and stock price fluctuations as well as to acquisition of treasury stock.

Sojitz consequently, on March 31, 2020, the current ratio was 161.4%, the long-term debt ratio was 79.1%, and the equity ratio* was 26.0%. Net interest-bearing debt (total interest-bearing debt less cash and cash equivalents and time deposits) totaled ¥613,174 million on March 31, 2020, ¥28,463 million increase from March 31, 2019. This resulted in the Company's net debt equity ratio* equaling 1.06 times at March 31, 2020. 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 continued to advance financial strategies in accordance with the basic policy of maintaining and enhancing the stability of its capital structure. In addition, Sojitz has been endeavored to maintain a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment and by keeping the long-term debt ratio at its current level.

As one source of long term funding, Sojitz issued straight bonds in the amount of 10 billion in November 2019. Sojitz will continue to closely monitor interest rates and market conditions and will consider 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\$1.6 billion (of which US\$0.26 billion has been used).

(3) Consolidated Cash Flows

In the year ended March 31, 2020, operating activities provided net cash flow of ¥40,510 million, investing activities used net cash of ¥35,669 million, and financing activities used net cash of ¥12,164 million. Sojitz ended the year with cash and cash equivalents of ¥272,651 million, adjusted to reflect foreign currency translation adjustments related to cash and cash equivalents.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥40,510 million, consisted of business earnings and dividends received, etc. It was down ¥55,966 million year on year.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥35,669 million, down ¥6,531 million year on year. Investment outflows for the acquisition of coking coal interests in Australia and investment for telecommunication infrastructure business in Myanmar exceeded inflows from the sales of investments.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥12,164 million, largely as a result of dividends paid and purchase of treasury stock. It was down ¥62,743 million year on year.

(4) Consolidated Earnings Forecast

Current forecast fiscal 2020 which the Company projects that the current situation surrounding the global COVID-19 pandemic will continue until the end of June, 2020, is as follows.

Profit for the year (Attributable to owners of the Company)	¥40.0 billion
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The above forecast assumes a yen/dollar rate of ¥108/US\$

***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..

(5) Dividend Policy and Fiscal 2019-20 Dividends

In addition to paying stable dividends to shareholders on an ongoing basis, Sojitz is also committed to enhancing shareholder value and improving its competitiveness by accumulating and effectively utilizing retained earnings. This endeavor has positioned as a basic policy and a top management priority. In accordance with this basic policy, the Company will target a consolidated payout ratio of around 30% under Medium-term Management Plan 2020.

• Year-End Dividend

The year-end dividend for the year ended March 31, 2020, to be decided as follows based on a comprehensive evaluation business results, total equity, and other factors.

1) Type of property to be distributed as dividend

Cash

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

¥8.5 per share of Sojitz common stock, ¥10,378 million in total Including the interim dividend of ¥8.5 per share on December 2, 2019, fiscal 2019 dividends will total ¥17 per share or ¥21,011 million in aggregate.

3) Effective date of dividends from surplus

June 19, 2020

• FY2020 Dividends

Sojitz will target a consolidated payout ratio of around 30% under Medium-term Management Plan 2020 under the basic policy. Dividends for the year ending March 31, 2021, fiscal 2020 dividends has been undecided at present considering "(4) Consolidated Earnings Forecast" of this document.

(6) Business Risks

Among the business risks facing the Sojitz Group, disaster risks are as follows.

• Natural disaster and calamity risks

The Group could be directly or indirectly affected in the event of an earthquake, flood, storm, or other natural disaster or by a widespread pandemic that damages offices or other facilities or impacts employees and/or their family members. The Group has prepared disaster and pandemic response manuals, conducts disaster response drills, and has established an employee safety confirmation system and a business continuity plan, but it cannot completely avoid the risk of damage from natural disasters. The Group's operating performance and/or financial condition could therefore be adversely affected by natural disasters and widespread pandemics.

The Sojitz Group has taken various measures to combat the global COVID-19 pandemic based on government policies, action plans, and requests. These measures have prioritized preventing the spread of the virus inside and outside of the organization and protecting the safety of employees and other Group stakeholders. Specific measures have included staggering workhours; promoting teleworking; encouraging employees to take paid vacation days; instituting more rigorous regulations related to business trips, meetings, and events; requesting that individuals coming to Japan from overseas stay at home; spreading understanding of office infection prevention methods; tracking and managing employee health through the Health Support Office; and disseminating information on the steps to be taken should an individual become infected with COVID-19. In addition, the Group is tracking the state of this pandemic through its global network, issuing evacuation and other instructions based on by-region conditions, and helping distribute surgical masks on a global level.

2. Group Business Operations

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

The Group consists of 430 consolidated subsidiaries and equity method associates, including 300 consolidated subsidiaries and 130 equity method associates. (Of these, the Company directly performs consolidation accounting for a total of 258 companies consisting of 182 consolidated subsidiaries and 76 equity method associates.)

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

As of March 31, 2020

Segment	Main products and services	Main subsidiaries and associates (Main business; Status within consolidated group)
Automotive Number of consolidated subsidiaries : 28 Number of equity method associates: 5	Trading of completed automobiles; assembly and sales; retail; automobile and motorcycle parts, simply parts assembly; supply chain management; automotive parts quality inspection operations; financing; sales and service operations incorporating digital technologies	- Sojitz Autrans Corporation. (automobile and motorcycle components; tire sales; Subsidiary) - Subaru Motor LLC (Import and exclusive distribution of Subaru automobiles in Russia; Subsidiary)
Aerospace & Transportation Project Number of consolidated subsidiaries : 36 Number of equity method associates: 12	Aero business (Commercial aircraft, defense and related equipment agency and sales, business jets, used aircraft and part-out business, airport business); Transformation and social infrastructure projects (transformation projects; airport, port, and other social infrastructure projects); Marine business (New building, second-hand ships, ship chartering, ship equipment, ship owning)	- Sojitz Aerospace Corporation (Import, export and sale of aero-related and defense-related equipment; Subsidiary) - Sojitz Marine & Engineering Corporation (Sale, purchase and charter brokerage of ships, ship operation management, domestic sale and import/export of marine-related equipment and materials; Subsidiary)
Machinery & Medical Infrastructure Number of consolidated subsidiaries : 14 Number of equity method associates: 11	Plant Projects (Fertilizer & chemical, energy, infrastructure and environmental projects); Industrial Machinery (Industrial machinery, surface-mounting machines, start-ups); Forefront Industry businesses; Bearings; Medical Infrastructure(Hospital PPP, Medical-related service, healthcare new technology)	- Sojitz Machinery Corporation (Trading and sale of general industrial machinery; Subsidiary) - Sojitz Hospital PPP Investment B.V. (Investment in hospital PPP business; Subsidiary) - First Technology China Ltd. (Sales and service of surface-mounting machines and semiconductor-related equipment; Subsidiary)
Energy & Social Infrastructure Number of consolidated subsidiaries : 41 Number of equity method associates: 30	Infrastructure & Environment (Renewable energy, IPP projects); Power-related projects(IPP and IWP projects, power plant EPC business); Energy (Oil and gas; petroleum products; LNG and LNG-related business); Nuclear power related business(nuclear fuels; nuclear power-related equipment and machinery); Social infrastructure projects (telecommunications infrastructure projects; energy management; next-generation infrastructure projects utilizing IoT, AI, and big data); Sales and maintenance of communications and IT equipment; systems integration, software development and sales, cloud services, and managed services	- Nissho Electronics Corporation (IT systems, network services; Subsidiary) - Tokyo Yuso Co., Ltd. (Stockpiling of petroleum products etc., storage, logistics; Subsidiary) - Blue Horizon Power International Ltd. (Investment in power generation projects; Subsidiary) - Sojitz Global Investment B. V. (Investment in power generation projects; Subsidiary) - LNG Japan Corporation (LNG business and related investments and loans; Equity method associate) - SAKURA Internet Inc. (cloud services and internet data center operator; Equity method associate) *1
Metals & Mineral Resources Number of consolidated subsidiaries : 28 Number of equity method associates: 16	Coal; iron ore; ferroalloys (nickel, chromium, nickel), ores, alumina, aluminum, copper, zinc, tin, precious metals, ceramics and minerals; coke; carbon products; infrastructure businesses; steel-related business	- Sojitz Ject Corporation (Coke, carbon products, trading in various minerals; Subsidiary) - Sojitz Coal Resources Pty Ltd. (Investment in coal mines; Subsidiary) - Sojitz Resources (Australia) Pty. Ltd. (Production of alumina; Subsidiary) - Sojitz Moolarben Resources, Pty. Ltd. (Investment in coal mines; Subsidiary) - Sojitz Moly Resources, Inc. (Investment in molybdenum mines; Subsidiary) - Metal One Corporation (Import, export, and sale of, and domestic and foreign trading in, steel-related products; Equity method associate) - Coral Bay Nickel Corporation (Production and sale of nickel and cobalt mixed sulfide; Equity method associate) - Japan Alumina Associates (Australia) Pty. Ltd. (Production of alumina; Equity method associate) - Cariboo Copper Corporation (Investment in copper mine; Equity method associate)
Chemicals Number of consolidated subsidiaries : 31 Number of equity method associates: 13	Organic chemicals; inorganic chemicals; functional chemicals; fine chemicals; industrial salt; healthcare and natural products; rare earths; commodity resins; advanced resins; environmentally friendly resins; packaging materials for industry and foodstuffs; advanced film; plastic molding machines; other plastic products; electronics materials including liquid crystals and electrolytic copper foil; printed circuit board electronics materials; fiber materials and products for use in industrial	- Sojitz Pla-Net Corporation (Trading and sale of plastics and related products; Subsidiary) - Pla Matels Corporation (Trading and sale of plastics and related products; Subsidiary) *1 - P.T. Kaltim Methanol Industri (Manufacture and sale of methanol; Subsidiary) - solvadis deutschland gmbh (Trading and sale of chemical products ; Subsidiary)
Foods & Agriculture Business Number of consolidated subsidiaries : 18 Number of equity method associates: 9	Grains; flour; oils and fats; oil stuff; feed materials; marine products; processed seafood; sweets; raw ingredients for sweets; coffee beans; sugar; other foodstuffs and raw ingredients; compound chemical fertilizers	- Thai Central Chemical Public Co., Ltd (Manufacture and sale of compound chemical fertilizers; sale of imported fertilizer products; Subsidiary) - Atlas Fertilizer Corporation (Manufacture and sale of compound chemical fertilizers; sale of imported fertilizer products; Subsidiary) - Fuji Nihon Seito Corporation (Manufacture, refining, processing and sale of sugar; Equity method associate) *1
Retail & Lifestyle Business Number of consolidated subsidiaries : 28 Number of equity method associates: 15	Cotton and synthetic fabrics; knitted fabrics and products; clothing; medical material; construction materials; imported timber; timber products such as lumber, plywood, and laminated lumber; housing materials; manufacture and sale of wood chips; imported tobacco; livestock and aquaculture products; processed livestock and aquaculture products; fruits and vegetables; frozen vegetables; frozen foods; sweets; raw ingredients for sweets; sugar; other foodstuffs and raw ingredients; administration of shopping centers; bedclothes and home fashion-related products; general commodities; household- and industrial-use paper; processing and production of prepared food; wholesale food; convenience store business	- Sojitz Building Materials Corporation (Sale of construction materials; Subsidiary, construction planning, research, design, supervision and contracting) - Sojitz Foods Corporation (Sale of sugar, dairy products, farmed and marine products, processed foods, and other foodstuffs; Subsidiary) - Daiichibo Co., Ltd. (Manufacture and sale of textiles, storage distribution, shopping center management; Subsidiary) - Sojitz Fashion Co., Ltd. (Processing and sale of fabrics; Subsidiary) - Sojitz Infinity Inc. (Planning, manufacture, and sale of apparel; Subsidiary) - Sojitz General Merchandise Corporation (Import, export and domestic wholesale of general commodities; Subsidiary) - Saigon Paper Corporation (Manufacture and sale of household and industrial paper and other paper products; Subsidiary) - JALUX Inc. (Logistics and services in the in-flight, airport retail, lifestyle-related, and customer service business fields; Equity method associate) *1 - Tri-Stage inc. (Direct marketing support operations; Equity method associate) *1
Industrial Infrastructure & Urban Development Number of consolidated subsidiaries : 10 Number of equity method associates: 3	Real estate development, consignment sales, rent, administration and management businesses(industrial park, housing, office, etc.)	- Sojitz New Urban Development Corporation (Development and consignment sales of newly constructed condominiums, real estate brokerage, development and ownership of rental apartments, sale of residential-related products ; Subsidiary) - Sojitz General Property Management Corporation (Condominium and office building management, real estate agency services : Subsidiary) - PT. Puradelta Lestari Tbk (New city development including industrial parks; Equity method associate)
Other Number of consolidated subsidiaries : 20 Number of equity method associates: 2	Administration, domestic branches, logistics and insurance services	- Sojitz Kyushu Corporation (Domestic regional operating company; Subsidiary) - Sojitz Logistics Corporation (Logistic services; land, sea and air cargo handling; international non vessel operating common carrier (NVOCC) transportation; Subsidiary) - Sojitz Insurance Agency Corporation (Insurance agency services; Subsidiary) - Sojitz Tourist Corporation (Travel agency; Subsidiary) - Sojitz Shared Service Corporation (Shared services and consulting regarding HR, accounting and finance; temporary staffing services; Subsidiary) - Sojitz Research Institute (Research and consulting; Subsidiary)
Overseas branches Number of consolidated subsidiaries : 46 Number of equity method associates: 14	We are engaged in wide range of activities as a general trading company, trading in thousands of products overseas.	- Sojitz Corporation of America (Subsidiary) - Sojitz Europe plc (Subsidiary) - Sojitz Asia Pte. Ltd (Subsidiary) - Sojitz (Hong Kong) Ltd. (Subsidiary) - Sojitz (China) Co., Ltd. (Subsidiary)

(*1) The following five companies are listed in the Japanese stock market as of March 31, 2020: SAKURA Internet Inc. (TSE 1st section), JALUX Inc. (TSE 1st section), Fuji Nihon Seito Corporation (TSE 2nd section), Tri-Stage inc. (Mothers) and Pla Matels Corporation (JASDAQ).

3. Management Policies

(1) Fundamental Policy

Based on the articles of Sojitz Group Statement and the Sojitz Group Slogan, the Sojitz Group is committed to maximizing two types of value: “value for Sojitz,” which contributes to the fortification of our business foundation and to ongoing growth, and “value for society,” which contributes to economic development on regional and national scales and to human rights and environmental awareness.

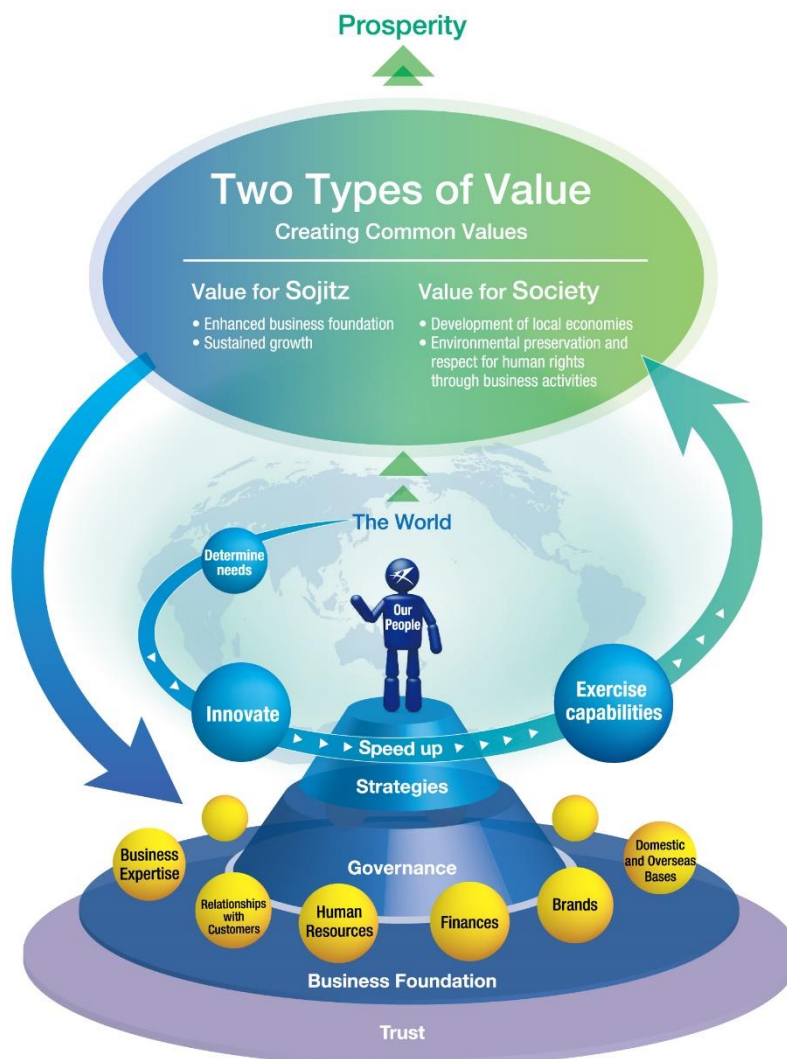
Sojitz Group Statement

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

Sojitz Group Slogan

New way, New value

Sojitz's Value Creation Model



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

Medium-Term Management Plan 2020

Medium-Term Management Plan 2020—Commitment to Growth—is the three-year plan established by the Sojitz Group started in April 2018. Initiatives are currently being implemented to accomplish the goals of this plan.

Under this plan, the Sojitz Group will pursue steady growth by increasing the value of its assets while managing cash flows to continue conducting disciplined investments and loans (total of ¥300.0 billion over the three-year period of the medium-term management plan).

Our target for profit for the year (attributable to owners of the Company) in the final year of the plan will be ¥75.0 billion or more, which is to be achieved through average annual growth of approx.10% over the plan period from the previous year. More information on Medium-Term Management Plan 2020 can be found on Sojitz's corporate website (<https://www.sojitz.com/en/>).

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

Performance Indicator	Target
ROA	3% or above
ROE	10% or above
Net D/E ratio	1.5 times or lower
Dividend payout ratio	Approximately 30%

Based on the Company's shareholders equity costs of approximately 7% to 8%, targets for the management indicator of return on equity (ROE) have been set. In addition, Companywide targets have been formulated for return on assets (ROA) along with segment ROA targets for the final year of the medium-term management plan to facilitate efforts to achieve the ROE targets.

In the year ended March 31, 2020, the second year of Medium-Term Management Plan 2020, economic growth in developed countries continues to decelerate as a result of the trade friction between the United States and China, the economic slowdown in China, and geopolitical risks. Furthermore, the global COVID-19 pandemic that began in 2020 has diminished demand and greatly reduced sales in various industries, thus having a massive impact on the economy. In this environment, profit for the year (attributable to owners of the Company) amounted to ¥60.8 billion in the year ended March 31, 2020. This outcome was due to lower sales in the Chemicals Division, a

result of reductions in plastic resin transactions and in methanol prices, and in the Metals & Mineral Resources Division, a result of falling sales prices in overseas coal businesses. Another factor was sluggish sales in automotive and retail businesses.

In order to achieve the sustainable growth described in Medium-Term Management Plan 2020, the Sojitz Group will continue to adhere to its policy of conducting approximately 300.0 billion of new investments and loans. By enacting this policy, we will surely accumulate quality assets. Investments and loans in the year ended March 31, 2020, amounted to around ¥80.0 billion. Targets of this investment included automobile consumer finance companies; solar power, offshore wind power, and other renewable energy projects; communications towers and other infrastructure; airports; and shopping centers.

Furthermore, the Sojitz Group is advancing initiatives targeting future growth. For example, a corporate venture capital fund was established to invest in start-ups in countries around the world and measures are being implemented to create innovation and acquire and reinforce functions.

Through the implementation of the Medium-Term Management Plan, the Company seeks to accomplish the goals of the Sojitz Group Statement and achieve ongoing growth. To this end, we are increasing our focus on sustainability in management and furnishing foundations and systems based on our six Key Sustainability Issues (Materiality) and on our policy of incorporating the resolution of environmental and social issues into Sojitz's business. In addition, sustainability challenges have been established as a long-term vision to define the Sojitz Group's stance toward long-term initiatives for addressing climate change, human rights, and other global social issues.

For the year ending March 31, 2021, the Company projects profit for the year (attributable to owners of the Company) of ¥40.0 billion, return on assets of 1.8%, and return on equity of 6.8%. This forecast is based on the assumption that the global economy will experience slowdown as a result of the COVID-19 pandemic and that the current conditions will continue until the end of June, 2020.

In this situation, Sojitz intends to conduct investments and loans in promising projects with the potential to generate significant earnings in this fiscal year and beyond. These investments and loans will be carried about while being mindful of the need to control cash flows and to disburse business portfolios and risks on a Companywide basis. At the same time, Sojitz will endeavor to increase the values of businesses and assets in which investments and loans have already been executed. In this manner, it will conduct investments and loans and accumulate a portfolio of quality assets in pursuit of ongoing growth.

Medium-Term Management Plan 2020

~ Commitment to Growth ~

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

Achieve steady growth

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

Challenge for future growth

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

Disciplined Balance Sheet and Cash Flow Management

Maximization of human resources capabilities

Risk Management Strategies

Corporate Governance

Improvement of procurement quality

Exercise comprehensive strength and strengthen competitiveness

Achievement of continuous growth

Establishment of sustainable growth

Establish business domains and foundations of strength

Further growth and challenge

4. Basic Policy Regarding Selection of Accounting Standards

Sojitz Corporation has adopted International Financial Reporting Standards (IFRS) to improve the convenience and international comparability of its financial information and to standardize accounting treatments within the Group.

5. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(In millions of Yen)

	FY 2018 (As of March 31, 2019)	FY 2019 (As of March 31, 2020)
Assets		
Current assets		
Cash and cash equivalent	285,687	272,651
Time deposits	2,922	7,433
Trade and other receivables	690,678	638,207
Derivatives	2,060	5,055
Inventories	220,621	213,385
Income tax receivables	6,714	3,956
Other current assets	58,965	64,455
Subtotal	1,267,650	1,205,145
Assets as held for sale	—	12,318
Total current assets	1,267,650	1,217,464
Non-current assets		
Property, plant and equipment	192,902	157,995
Usage rights assets	—	74,136
Goodwill	66,198	66,496
Intangible assets	49,145	43,366
Investment property	20,875	18,602
Investments accounted for using the equity method	424,152	413,740
Trade and other receivables	84,145	78,352
Other investments	173,066	140,975
Derivatives	46	173
Other non-current assets	12,683	11,680
Deferred tax assets	6,192	7,300
Total non-current assets	1,029,409	1,012,821
Total assets	2,297,059	2,230,280
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	582,296	481,768
Lease liabilities	—	15,317
Bonds and borrowings	149,695	186,767
Derivatives	2,511	5,257
Income tax payables	10,775	6,572
Provisions	1,026	1,956
Other current liabilities	60,793	56,716
Subtotal	807,098	754,354
Liabilities directly related to assets as held for sale	—	1
Total current liabilities	807,098	754,356
Non-current liabilities		
Lease liabilities	—	63,666
Bonds and borrowings	723,625	706,491
Trade and other payables	12,563	9,738
Derivatives	2,693	763
Retirement benefits liabilities	22,139	22,077
Provisions	36,292	31,102
Other non-current liabilities	11,235	8,943
Deferred tax liabilities	19,802	11,247
Total non-current liabilities	828,353	854,030
Total liabilities	1,635,451	1,608,387
Equity		
Share capital	160,339	160,339
Capital surplus	146,645	146,756
Treasury stock	(865)	(10,901)
Other components of equity	107,576	49,777
Retained earnings	204,600	233,151
Total equity attributable to owners of the Company	618,295	579,123
Non-controlling interests	43,312	42,774
Total equity	661,607	621,898
Total liabilities and equity	2,297,059	2,230,285

(2) Consolidated Statements of Profit or Loss

(In millions of Yen)

	FY 2018 (From April 1, 2018 to March 31, 2019)	FY 2019 (From April 1, 2019 to March 31, 2020)
Revenue		
Sale of goods	1,749,319	1,651,592
Sales of service and others	106,870	103,233
Total revenue	1,856,190	1,754,825
Cost of sales	(1,615,233)	(1,534,330)
Gross profit	240,956	220,494
Selling, general and administrative expenses	(173,433)	(173,243)
Other income(expenses)		
Gain(loss) on sale and disposal of fixed assets, net	1,764	10,274
Impairment loss on fixed assets	(509)	(2,833)
Gain on sale of subsidiaries/associates	8,039	3,415
Loss on reorganization of subsidiaries/associates	(3,099)	(545)
Other operating income	5,113	5,800
Other operating expenses	(8,832)	(8,580)
Total other income/expenses	2,476	7,530
Financial income		
Interests earned	7,084	6,565
Dividends received	5,167	4,228
Other financial income	143	—
Total financial income	12,395	10,794
Financial costs		
Interest expenses	(15,290)	(14,908)
Other financial costs	—	(47)
Total financial cost	(15,290)	(14,956)
Share of profit(loss) of investments accounted for using the equity method	27,779	24,908
Profit before tax	94,882	75,528
Income tax expenses	(19,662)	(10,954)
Profit for the year	75,219	64,573
Profit attributable to:		
Owners of the Company	70,419	60,821
Non-controlling interests	4,799	3,752
Total	75,219	64,573

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

(In millions of Yen)

	FY 2018 (From April 1, 2018 to March 31, 2019)	FY 2019 (From April 1, 2019 to March 31, 2020)
Profit for the year	75,219	64,573
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(10,751)	(21,936)
Remeasurements of defined benefit pension plans	(365)	(435)
Share of other comprehensive income of investments accounted for using the equity method	4,391	(5,731)
Total items that will not be reclassified to profit or loss	(6,725)	(28,103)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(8,975)	(24,518)
Cash flow hedges	(189)	(1,092)
Share of other comprehensive income of investments accounted for using the equity method	(4,380)	(13,220)
Total items that may be reclassified subsequently to profit or loss	(13,545)	(38,831)
Other comprehensive income for the year, net of tax	(20,270)	(66,934)
Total comprehensive income for the year	54,948	(2,361)
Total comprehensive income attributable to:		
Owners of the Company	50,938	(4,220)
Non-controlling interests	4,010	1,859
Total	54,948	(2,361)

(4) Consolidated Statements of Changes in Equity

(In Millions of Yen)

	Attributable to owners of the Company					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 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 year						
Other comprehensive income				(12,847)	(6,167)	(79)
Total comprehensive income for the year	—	—	—	(12,847)	(6,167)	(79)
Purchase of treasury stock		(0)	(691)			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control						
Reclassification from other components of equity to retained earnings					2,321	
Share remuneration transaction		132				
Other changes						
Total contributions by and distributions to owners of the Company	—	132	(691)	—	2,321	—
Balance as of March 31, 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 year						
Other comprehensive income				(34,835)	(27,526)	(2,248)
Total comprehensive income for the year	—	—	—	(34,835)	(27,526)	(2,248)
Purchase of treasury stock		(5)	(10,059)			
Disposal of treasury stock		(24)	24			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control				(2)		0
Reclassification from other components of equity to retained earnings					6,812	
Share remuneration transaction		140				
Other changes						
Total contributions by and distributions to owners of the Company	—	110	(10,035)	(2)	6,812	0
Balance as of March 31, 2020	160,339	146,756	(10,901)	(29,975)	86,513	(6,760)

(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	586,020	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 year			70,419	70,419	4,799	75,219
Other comprehensive income	(386)	(19,481)		(19,481)	(789)	(20,270)
Total comprehensive income for the year	(386)	(19,481)	70,419	50,938	4,010	54,948
Purchase of treasury stock				(691)		(691)
Dividends			(16,888)	(16,888)	(3,381)	(20,269)
Change in ownership interests in subsidiaries without loss/acquisition of control			(62)	(62)	2,871	2,808
Reclassification from other components of equity to retained earnings	386	2,708	(2,708)	—		—
Share remuneration transaction				132		132
Other changes			(1,153)	(1,153)	1,152	(0)
Total contributions by and distributions to owners of the Company	386	2,708	(20,812)	(18,663)	643	(18,020)
Balance as of March 31, 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 year			60,821	60,821	3,752	64,573
Other comprehensive income	(432)	(65,042)		(65,042)	(1,892)	(66,934)
Total comprehensive income for the year	(432)	(65,042)	60,821	(4,220)	1,859	(2,361)
Purchase of treasury stock				(10,064)		(10,064)
Disposal of treasury stock				—		—
Dividends			(22,517)	(22,517)	(4,217)	(26,735)
Change in ownership interests in subsidiaries without loss/acquisition of control		(1)	(193)	(195)	2,776	2,581
Reclassification from other components of equity to retained earnings	432	7,245	(7,245)	—		—
Share remuneration transaction				140		140
Other changes			89	89	(956)	(867)
Total contributions by and distributions to owners of the Company	432	7,243	(29,867)	(32,548)	(2,396)	(34,944)
Balance as of March 31, 2020	—	49,777	233,151	579,123	42,774	621,898

(5) Consolidated Statements of Cash Flows

(In millions of Yen)

	FY 2018 (From April 1, 2018 to March 31, 2019)	FY 2019 (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit for the year	75,219	64,573
Depreciation and amortization	21,297	33,106
Impairment loss of fixed assets	509	2,833
Finance (income) costs	2,895	4,162
Share of (profit)loss of investments accounted for using the equity method	(27,779)	(24,908)
(Gain) loss on sale of fixed assets, net	(1,764)	(10,274)
Income tax expenses	19,662	10,954
(Increase)decrease in trade and other receivables	77,093	66,718
(Increase)decrease in inventories	(39,968)	901
Increase (decrease) in trade and other payables	(74,708)	(94,951)
Changes in other assets and liabilities	54,962	(12,389)
Increase (decrease) in retirement benefits liabilities	(179)	(628)
Others	(543)	(2,241)
Subtotal	106,696	37,857
Interests earned	5,163	4,362
Dividends received	23,951	26,194
Interests paid	(15,138)	(14,370)
Income taxes paid	(24,197)	(13,533)
Net cash provided (used) by/in operating activities	96,476	40,510
Cash flows from investing activities		
Purchase of property, plant and equipment	(30,832)	(24,665)
Proceeds from sale of property, plant and equipment	5,963	9,009
Purchase of intangible assets	(7,113)	(6,903)
(Increase)decrease in short-term loans receivable	5,899	(391)
Payment for long-term loans receivable	(7,802)	(251)
Collection of long-term loans receivable	7,740	1,943
Proceeds from (payments for) acquisition of subsidiaries	(3,753)	(4,809)
Proceeds from (payments for) sale of subsidiaries	1,468	3,251
Purchase of investments	(32,721)	(20,998)
Proceeds from sale of investments	17,393	9,794
Others	1,556	(1,646)
Net cash provided (used) by/in investing activities	(42,200)	(35,669)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	24,999	32,786
Proceeds from long-term borrowings	82,636	384,500
Repayment of long-term borrowings	(162,353)	(383,777)
Proceeds from issuance of bonds	—	9,940
Redemption of bonds	(42)	(10,019)
Repayment of lease liabilities	—	(12,747)
Payment for acquisition of subsidiary's interests from non-controlling interests	(1,195)	(115)
Proceeds from non-controlling interest holders	3,873	3,408
Sales of treasury stock	—	6
Purchase of treasury stock	(691)	(10,059)
Dividends paid	(16,888)	(22,517)
Dividends paid to non-controlling interest holders	(3,139)	(3,662)
Others	(2,106)	91
Net cash provided (used) by/in financing activities	(74,907)	(12,164)
Net increase (decrease) in cash and cash equivalents	(20,631)	(7,324)
Cash and cash equivalents at the beginning of the year	305,241	285,687
Effect of exchange rate changes on cash and cash equivalents	1,076	(5,711)
Cash and cash equivalents at the end of the year	285,687	272,651

(6) Changes in Accounting Policies and Accounting Estimates 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 year ended March 31, 2020, 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 Year Ended March 31, 2020

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 year ended March 31, 2020, was minimal.

(7) Segment information

Information regarding reportable segments

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

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

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

For the year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & Transportation Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	242,499	27,811	107,010	74,791	383,170	505,101	128,293
Inter-segment revenue	—	0	131	1,944	—	11	11
Total revenue	242,499	27,812	107,142	76,736	383,170	505,112	128,305
Gross profit	42,330	15,463	13,642	18,681	37,638	46,366	16,404
Share of profit (loss) of investments accounted for using the equity method	298	1,016	904	5,694	17,680	931	243
Profit attributable to owners of the Company	6,409	3,962	2,763	5,786	30,463	8,984	2,280
Segment assets	167,777	130,181	121,496	284,473	464,565	298,574	125,116
Others:							
Investment accounted for using the equity method	4,450	9,193	9,437	101,469	239,828	11,367	11,594
Capital expenditure	2,391	2,173	126	7,950	14,194	1,597	2,537

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	317,373	33,267	1,819,319	36,871	—	1,856,190
Inter-segment revenue	55	368	2,524	314	(2,838)	—
Total revenue	317,428	33,636	1,821,843	37,185	(2,838)	1,856,190
Gross profit	38,661	6,957	236,145	5,427	(616)	240,956
Share of profit (loss) of investments accounted for using the equity method	(74)	889	27,584	195	(0)	27,779
Profit attributable to owners of the Company	5,724	1,087	67,462	440	2,517	70,419
Segment assets	395,738	72,543	2,060,467	144,710	91,881	2,297,059
Others:						
Investment accounted for using the equity method	17,303	15,575	420,219	4,046	(114)	424,152
Capital expenditure	923	2,577	34,471	1,453	—	35,925

Reconciliation of segment profit of 2,517 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 (698) million yen, and unallocated dividend income and others of 1,819 million yen.

The reconciliation amount of segment assets of 91,881 million yen includes elimination of inter-segment transactions or the like amounting to (130,375) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 222,256 million yen, which mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

	Reportable segments						
	Automotive	Aerospace & Transportation Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	225,276	35,631	123,725	82,009	350,519	446,429	115,219
Inter-segment revenue	—	23	58	1,859	—	12	11
Total revenue	225,276	35,655	123,783	83,869	350,519	446,441	115,230
Gross profit	41,150	15,651	14,673	25,749	20,410	43,201	14,240
Share of profit (loss) of investments accounted for using the equity method	(401)	1,060	2,005	5,662	12,471	680	528
Profit attributable to owners of the Company	2,380	1,794	4,567	9,632	20,104	9,269	1,365
Segment assets	180,528	135,099	123,891	263,172	443,113	269,031	128,896
Others:							
Investment accounted for using the equity method	5,284	9,726	10,649	95,172	233,290	11,512	12,384
Capital expenditure	11,233	357	407	6,316	11,674	2,890	1,546

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	310,274	34,480	1,723,566	31,259	—	1,754,825
Inter-segment revenue	53	365	2,384	162	(2,546)	—
Total revenue	310,328	34,845	1,725,950	31,421	(2,546)	1,754,825
Gross profit	35,456	6,025	216,559	5,479	(1,544)	220,494
Share of profit (loss) of investments accounted for using the equity method	391	2,350	24,748	162	(2)	24,908
Profit attributable to owners of the Company	5,963	1,474	56,552	(609)	4,878	60,821
Segment assets	370,325	77,175	1,991,235	201,627	37,423	2,230,285
Others:						
Investment accounted for using the equity method	17,210	14,564	409,794	4,060	(114)	413,740
Capital expenditure	2,702	3,610	40,739	11,052	—	51,792

Reconciliation of segment profit of 4,878 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 4,119 million yen, and unallocated dividend income and others of 759 million yen.

The reconciliation amount of segment assets of 37,423 million yen includes elimination of inter-segment transactions or the like amounting to (164,661) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 202,085 million yen, which mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

Capital expenditure includes amount related to usage rights assets.

(Earnings per share)

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

	FY 2018 (From April 1, 2018 to March 31, 2019)	FY 2019 (From April 1, 2019 to March 31, 2020)
Basic earnings per share (yen)	56.34	48.91
Diluted earnings per share (yen)	56.34	48.91

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

	FY 2018 (From April 1, 2018 to March 31, 2019)	FY 2019 (From April 1, 2019 to March 31, 2020)
Profit used to calculate basic and diluted earnings per share		
Profit for the year, attributable to owners of the Company (In millions of yen)	70,419	60,821
Amount not attributable to the ordinary shareholders of the Company (In millions of yen)	—	—
Profit used to calculate basic earnings per share (In millions of yen)	70,419	60,821
Profit adjustment amount		
Adjustment amount concerning share options to be issued by associates (In millions of yen)	—	—
Profit used to calculate diluted earnings per share (In millions of yen)	70,419	60,821
Weighted average number of ordinary shares to be used to calculate basic and diluted earnings per share		
Weighted average number of ordinary shares to be used to calculate basic earnings per share (In thousands of shares)	1,249,847	1,243,634
Effects of dilutive latent ordinary shares (In thousands of shares)	—	—
Weighted average number of ordinary shares used to calculate diluted earnings per share (In thousands of shares)	1,249,847	1,243,634