

Highlights of Consolidated Financial Results for the First Half Ended September 30, 2020 (IFRS)

October 30, 2020  
Sojitz Corporation

Results Highlights

◆ In the six-month period ended September 30, 2020, some of the restrictions placed on the movement of people and commodities in response to the global COVID-19 pandemic were lifted, resulting in the resumption of economic activities. However, conditions have not recovered to the level seen before the pandemic, and there are moves to tighten restrictions in certain regions following resurgences of infections while concern regarding the possibility of further stagnation due to a potential second wave of infections remains constant.

The Company's revenue for the six-month period ended September 30, 2020, was down due to reduced revenue in the Automotive Division, a result of decreases in sales volumes in overseas automobile operations; in the Chemicals Division, a result of lower plastic resin transactions and falling methanol prices; and in the Metals & Mineral Resources Division, a result of declines in coal prices and sold a part of coal interests recorded at the end of the previous equivalent period.

Profit for the period (attributable to owners of the Company) decreased year on year as a result of declines in gross profit and share of profit of investments accounted for using the equity method.

The impact of these declines could not be offset by the benefits of reductions in non-personnel expenses and other selling, general and administrative expenses and an improved balance of other income and expenses due to the sale of shopping mall and partial sale of a natural gas-fired power project company.

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

Revenue 744.6 billion yen ((149.2) billion yen / (16.7)%)

- Decrease in revenue in the Automotive Division due to lower sales volumes in overseas automobile operations
- Decrease in revenue in the Chemical 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 declines in coal prices and sold a part of coal interests recorded at the end of the previous equivalent period

Gross profit 84.5 billion yen ((25.2) billion yen / (23.0)%)

- Decrease in revenue in the Automotive Division due to lower sales volumes in overseas automobile operations
- Decrease in gross profit in the Metals & Mineral Resources Division due to declines in coal prices and sold a part of coal interests recorded at the end of the previous equivalent period
- Decrease in gross profit in the Chemical Division due to declines in the price of methanol and lower transaction volumes of plastic resins

Profit for the period (attributable to owners of the Company)  
9.1 billion yen ((20.4) billion yen / (69.0)%)

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

◆ Earnings forecast for the fiscal year ending March 31, 2021  
Full-year earnings forecasts were revised as follows.  
(August 4, 2020)

Gross profit 203.0 billion yen  
Profit before tax 44.0 billion yen  
Profit for the year 30.0 billion yen

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

◆ Cash dividends per share for the fiscal year ending March 31, 2021

Interim : 5.00 yen per share  
Year-end : 5.00 yen per share (forecast)

- \*1 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method
- \*2 Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flows calculated for accounting purposes
- \*3 Core cash flow = Core operating cash flow + Post-adjustment net cash provided by (used in) investing activities - Dividends paid  
(Post-adjustment net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)

Caution regarding forward-looking statements  
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. 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

	FY2020 1H			FY2019 1H		Reasons for the Difference	FY2020 Forecast	Percentage Achieved
	Results	1Q Results	2Q Results	Results	Difference			
	a			b	a-b			
<b>Revenue</b>	744.6	349.3	395.3	893.8	(149.2)			
<b>Gross profit</b>	84.5	39.0	45.5	109.7	(25.2)		203.0	42%
<b>Selling, general and administrative expenses</b>								
Personnel expenses	(47.0)	(23.4)	(23.6)	(48.4)	1.4			
Non-personnel expenses	(23.5)	(11.2)	(12.3)	(29.0)	5.5			
Depreciation	(8.6)	(4.3)	(4.3)	(8.0)	(0.6)			
Provision of allowance for doubtful accounts	(0.1)	(0.1)	(0.0)	(0.2)	0.3			
<b>(Total selling, general and administrative expenses)</b>	<b>(79.0)</b>	<b>(38.8)</b>	<b>(40.2)</b>	<b>(85.6)</b>	<b>6.6</b>		<b>(165.0)</b>	
<b>Other income/expenses</b>								
Gain/loss on sale and disposal of fixed assets, net	2.1	0.0	2.1	0.4	1.7	Sale of shopping mall		
Impairment loss on fixed assets	0.0	0.0	0.0	(0.5)	0.5			
Gain on reorganization of subsidiaries/associates	2.2	2.2	0.0	0.8	1.4	Partial sale of a natural gas-fired power project company		
Loss on reorganization of subsidiaries/associates	(0.1)	0.0	(0.1)	(0.2)	0.1			
Other operating income/expenses	(0.5)	(0.6)	0.1	(0.4)	(0.1)			
<b>(Total other income/expenses)</b>	<b>3.7</b>	<b>1.6</b>	<b>2.1</b>	<b>0.1</b>	<b>3.6</b>		<b>(2.0)</b>	
<b>Financial income/costs</b>								
Interest earned	3.0	1.2	1.8	3.7	(0.7)			
Interest expenses	(6.2)	(3.2)	(3.0)	(7.7)	1.5			
<b>(Interest expenses, net)</b>	<b>(3.2)</b>	<b>(2.0)</b>	<b>(1.2)</b>	<b>(4.0)</b>	<b>0.8</b>			
Dividends received	1.5	1.1	0.4	2.0	(0.5)			
Other financial income/costs	(0.1)	0.0	(0.1)	(0.1)	0.0			
<b>(Financial income/costs, net)</b>	<b>(1.8)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(2.1)</b>	<b>0.3</b>		<b>(5.0)</b>	
<b>Share of profit (loss) of investments accounted for using the equity method</b>	<b>4.6</b>	<b>1.7</b>	<b>2.9</b>	<b>13.2</b>	<b>(8.6)</b>	Lower profit from steel operating company	13.0	
<b>Profit before tax</b>	<b>12.0</b>	<b>2.6</b>	<b>9.4</b>	<b>35.3</b>	<b>(23.3)</b>		<b>44.0</b>	<b>27%</b>
<b>Income tax expenses</b>	<b>(1.5)</b>	<b>0.1</b>	<b>(1.6)</b>	<b>(3.7)</b>	<b>2.2</b>		<b>(12.0)</b>	
<b>Profit for the period (Profit attributable to)</b>	<b>10.5</b>	<b>2.7</b>	<b>7.8</b>	<b>31.6</b>	<b>(21.1)</b>		<b>32.0</b>	<b>33%</b>
<b>Owners of the Company</b>	<b>9.1</b>	<b>2.4</b>	<b>6.7</b>	<b>29.5</b>	<b>(20.4)</b>		<b>30.0</b>	<b>30%</b>
Non-controlling interests	1.4	0.3	1.1	2.1	(0.7)		2.0	
<b>Core earnings*1</b>	<b>8.3</b>	<b>0.9</b>	<b>7.4</b>	<b>35.5</b>	<b>(27.2)</b>		<b>46.0</b>	

Comprehensive Income

	FY2020 1H			FY2019 1H	
	Results	1Q Results	2Q Results	Results	Difference
	a			b	a-b
<b>Profit for the period</b>	10.5	2.7	7.8	31.6	(21.1)
<b>Other comprehensive income</b>	(3.8)	1.6	(5.4)	(36.9)	33.1
<b>Total comprehensive income for the period</b>	<b>6.7</b>	<b>4.3</b>	<b>2.4</b>	<b>(5.3)</b>	<b>12.0</b>
<b>Comprehensive income attributable to:</b>					
<b>Owners of the Company</b>	<b>5.7</b>	<b>3.2</b>	<b>2.5</b>	<b>(6.6)</b>	<b>12.3</b>
Non-controlling interests	1.0	1.1	(0.1)	1.3	(0.3)

Consolidated Statements of Financial Position

	Sep. 30, 2020			Mar. 31, 2020		Reasons for the Difference
	2020	2020	Difference	2020	Difference	
	d	e	d-e		d-e	
<b>Current assets</b>						
Cash and cash equivalents	315.4	272.7	42.7			
Time deposits	15.1	7.4	7.7			
Trade and other receivables	564.6	638.1	(73.5)			Decrease in Chemicals and Automotive
Inventories	183.8	213.4	(29.6)			Decrease in Automotive
Other current assets	72.1	85.9	(13.8)			
<b>Non-current assets</b>	<b>1,003.7</b>	<b>1,012.8</b>	<b>(9.1)</b>			
Property, plant and equipment	162.8	158.0	4.8			
Lease assets (usage rights assets)	71.0	74.1	(3.1)			
Goodwill	66.7	66.5	0.2			
Intangible assets	47.4	43.4	4.0			
Investment property	13.1	18.6	(5.5)			
Investments accounted for using the equity method	545.4	554.7	(9.3)			
Other non-current assets	97.3	97.5	(0.2)			
<b>Total assets</b>	<b>2,154.7</b>	<b>2,230.3</b>	<b>(75.6)</b>			
<b>Current liabilities</b>						
Trade and other payables	444.2	481.7	(37.5)			Decrease in Chemicals and Machinery
Lease liabilities	15.1	15.3	(0.2)			
Bonds and borrowings	141.8	186.8	(45.0)			Decrease in repayment of borrowings
Other current liabilities	79.0	70.6	8.4			
<b>Non-current liabilities</b>	<b>867.2</b>	<b>854.0</b>	<b>13.2</b>			
Lease liabilities	60.0	63.7	(3.7)			
Bonds and borrowings	720.2	706.5	13.7			Increase in issuance of bonds and new borrowings
Retirement benefit liabilities	22.1	22.1	0.0			
Other non-current liabilities	64.9	61.7	3.2			
<b>Total liabilities</b>	<b>1,547.3</b>	<b>1,608.4</b>	<b>(61.1)</b>			
<b>Equity</b>						
Share capital	160.3	160.3	-			
Capital surplus	146.8	146.8	0.0			
Treasury stock	(15.9)	(10.9)	(5.0)			Purchase of treasury stock
Other components of equity	45.5	49.8	(4.3)			
Retained earnings	232.8	233.1	(0.3)			Profit for the period +9.1 Dividends (10.4)
<b>Total equity attributable to owners of the Company</b>	<b>569.5</b>	<b>579.1</b>	<b>(9.6)</b>			
Non-controlling interests	37.9	42.8	(4.9)			
<b>Total equity</b>	<b>607.4</b>	<b>621.9</b>	<b>(14.5)</b>			
<b>Total liabilities and equity</b>	<b>2,154.7</b>	<b>2,230.3</b>	<b>(75.6)</b>			
Gross interest-bearing debt*	862.0	893.3	(31.3)			
Net interest-bearing debt*	531.5	613.2	(81.7)			
Net debt/equity ratio (times)**	0.93	1.06	(0.13)			
Equity ratio**	26.4%	26.0%	0.4ppt			
Current ratio	169.2%	161.4%	7.8ppt			
Long-term debt ratio	83.5%	79.1%	4.4ppt			

\* 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."

Cash Flows

	FY2020 1H			FY2019 1H	
	Results	1Q Results	2Q Results	Results	Difference
	a			b	a-b
<b>Cash flows from operating activities</b>	<b>96.9</b>			61.4	35.5
<b>Cash flows from investing activities</b>	<b>(4.3)</b>			(21.3)	17.0
<b>Free cash flows</b>	<b>92.6</b>			40.1	52.5
<b>Cash flows from financing activities</b>	<b>(50.5)</b>			(26.7)	(23.8)
<b>Core operating cash flow*2</b>	<b>20.9</b>			44.6	(23.7)
<b>Core cash flow*3</b>	<b>9.9</b>			8.6	1.3

Factors Affecting Circled Figures

- Reductions in working capital, inflows from business earnings and dividend income
- Outflows due to acquisition of fixed assets and inflows from the sale of shopping mall
- Outflows due to repayment of borrowings

# Highlights of Consolidated Financial Results for the First Half Ended September 30, 2020 (IFRS) – Supplementary Materials

October 30, 2020  
Sojitz Corporation

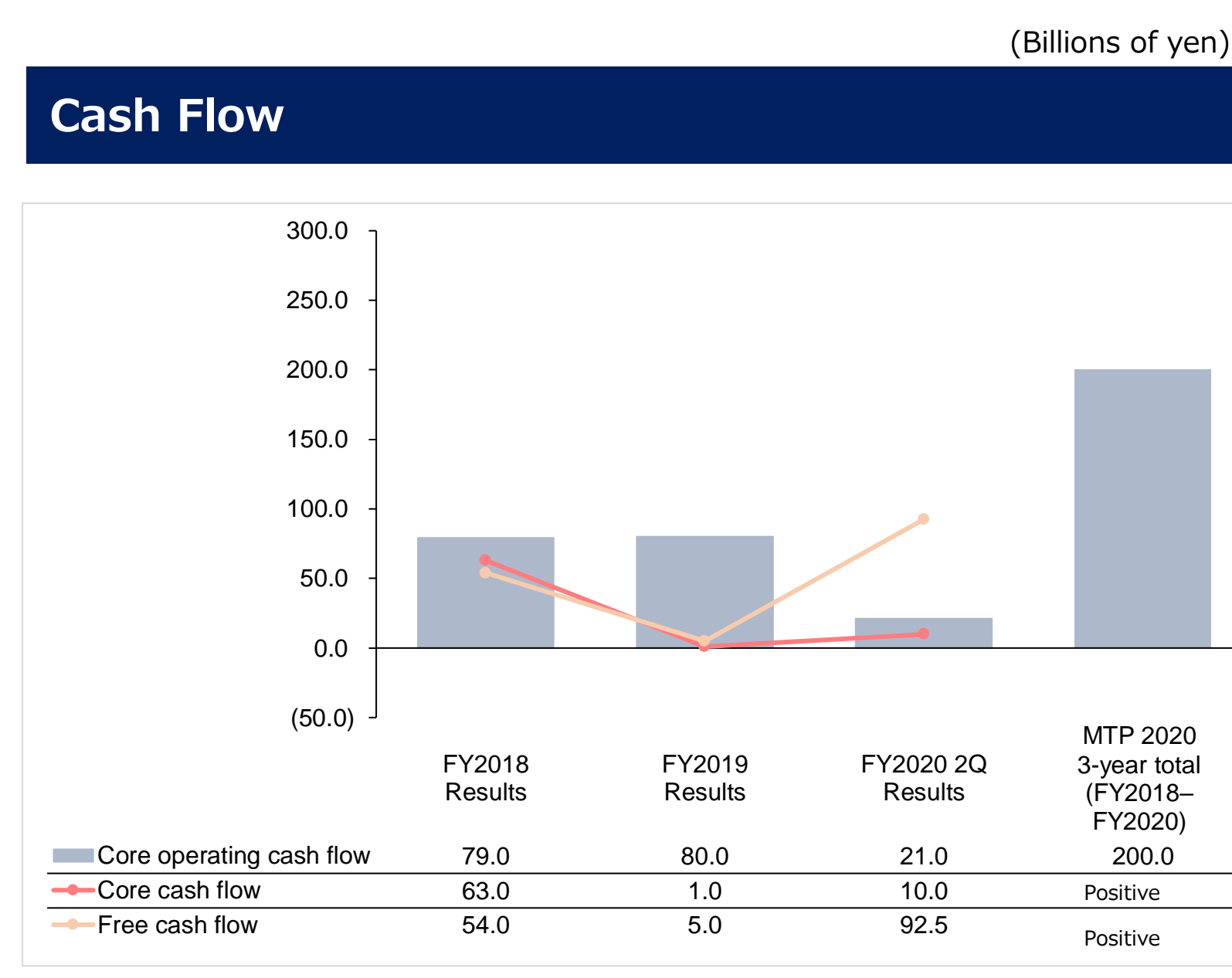
(Billions of yen)					(Billions of yen)				(Billions of yen)									
Operating Results					Segment Performance [Gross Profit]				Segment Performance [Profit for the Period (Attributable to Owners of the Company)]									
	FY2020 1H Results	FY2019 1H Results	Difference	FY2020 Revised Forecast (Aug. 4, 2020)	Percentage Achieved		FY2020 1H	FY2019 1H	Difference	FY2020 Revised Forecast (Oct. 30, 2020)	FY2020 1H	FY2019 1H	Difference	Main Factors Behind Difference	FY2020 Revised Forecast (Oct. 30, 2020)	Progress Overview	(Reference) FY2020 Revised Forecast (Aug. 4, 2020)	
<b>Revenue</b>	<b>744.6</b>	<b>893.8</b>	(149.2)	-	-													
<b>Gross profit</b>	<b>84.5</b>	<b>109.7</b>	(25.2)	<b>203.0</b>	42%	<b>Automotive</b>	<b>13.7</b>	20.9	(7.2)	<b>35.0</b>	<b>(1.6)</b>	1.5	(3.1)	Decreased due to reduced automobile sales as a result of the global COVID-19 pandemic	<b>1.0</b>	Performance expected to be in line with forecasts as demand is on recovery track	<b>1.0</b>	
Selling, general and administrative expenses	(79.0)	(85.6)	+6.6	(165.0)		<b>Aerospace &amp; Transportation Project</b>	<b>5.1</b>	6.6	(1.5)	<b>18.0</b>	<b>(0.3)</b>	0.6	(0.9)	Decreased due to reduced aircraft and marine vessels related transactions	<b>5.0</b>	Downward revision to forecasts due to lower air travel-related demand and delays in railroad construction projects because of lockdown	<b>6.0</b>	
Other income/expenses	3.7	0.1	+3.6	(2.0)		<b>Machinery &amp; Medical Infrastructure</b>	<b>6.2</b>	6.9	(0.7)	<b>14.0</b>	<b>2.2</b>	1.5	+0.7	Increased due to higher returns from medical infrastructure business	<b>4.5</b>	Upward revision based on industrial machinery transactions stemming from economic recovery in China and steady progress in first half	<b>3.5</b>	
Financial income/costs	(1.8)	(2.1)	+0.3	(5.0)		<b>Energy &amp; Social Infrastructure</b>	<b>6.7</b>	10.0	(3.3)	<b>20.0</b>	<b>1.7</b>	3.4	(1.7)	Decreased, despite the assets replacement in power generation businesses, due to deterioration of crude oil market conditions and the absence of gains on sales of power generation businesses and oil interests recorded in the previous equivalent period	<b>3.5</b>	Higher earnings projected from domestic and overseas renewable energy businesses and from associates	<b>3.5</b>	
Share of profit (loss) of investments accounted for using the equity method	4.6	13.2	(8.6)	13.0		<b>Metals &amp; Mineral Resources</b>	<b>4.8</b>	11.8	(7.0)	<b>13.0</b>	<b>(2.0)</b>	9.8	(11.8)	Decreased due to steel demand declines and coal market stagnated as a result of the global COVID-19 pandemic	<b>3.0</b>	Ongoing cost reductions and earnings from advancement of sales measures with gradual recovery of steel demand. Need for ongoing caution with regard to sluggish coal market	<b>3.0</b>	
<b>Profit before tax</b>	<b>12.0</b>	<b>35.3</b>	(23.3)	<b>44.0</b>	27%	<b>Chemicals</b>	<b>16.6</b>	22.4	(5.8)	<b>39.0</b>	<b>1.3</b>	4.8	(3.5)	Decreased due to impacts from the drop in methanol prices as a result of the global COVID-19 pandemic	<b>5.0</b>	Methanol price recovery and steady progress in Chinese economic conditions anticipated, performance in line with forecasts	<b>5.0</b>	
<b>Profit for the period</b> (Profit attributable to)	<b>10.5</b>	<b>31.6</b>	(21.1)	<b>32.0</b>	33%	<b>Foods &amp; Agriculture Business</b>	<b>11.8</b>	8.2	+3.6	<b>18.0</b>	<b>4.3</b>	1.2	+3.1	Increased due to higher profitability in overseas fertilizer businesses from lower production costs and higher sales volumes and the absence of losses on domestic marine products business recorded in the previous equivalent period	<b>4.5</b>	Upward revision to forecasts in reflection of strong performance based on steady progress of overseas fertilizer businesses in first half	<b>3.0</b>	
<b>Owners of the Company</b>	<b>9.1</b>	<b>29.5</b>	(20.4)	<b>30.0</b>	30%	<b>Retail &amp; Lifestyle Business</b>	<b>15.5</b>	18.1	(2.6)	<b>35.0</b>	<b>2.6</b>	2.8	(0.2)	Decreased, despite gains on sales of shopping mall, due to sluggish domestic consumption as a result of the global COVID-19 pandemic	<b>4.0</b>	Downward revision to forecasts in reflection of stagnation in domestic consumption	<b>5.5</b>	
Non-controlling interests	1.4	2.1	(0.7)	2.0		<b>Industrial Infrastructure &amp; Urban Development</b>	<b>2.8</b>	2.8	+0.0	<b>6.0</b>	<b>(0.6)</b>	0.6	(1.2)	Decreased due to lower number of overseas industrial parks delivered	<b>0.5</b>	Turn overs of industrial parks scheduled, performance in line with forecasts	<b>0.5</b>	
Core earnings*1	8.3	35.5	(27.2)	46.0		<b>Other</b>	<b>1.3</b>	2.0	(0.7)	<b>5.0</b>	<b>1.5</b>	3.3	(1.8)		<b>(1.0)</b>		<b>(1.0)</b>	
Comprehensive income attributable to owners of the Company	5.7	(6.6)	+12.3	-		<b>Total</b>	<b>84.5</b>	109.7	(25.2)	<b>203.0</b>	<b>9.1</b>	29.5	(20.4)		<b>30.0</b>		<b>30.0</b>	

\*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				
	Sep. 30, 2020	Mar. 31, 2020	Difference	Mar. 31, 2021 Forecast (Oct. 30, 2020)
<b>Total assets</b>	<b>2,154.7</b>	<b>2,230.3</b>	(75.6)	<b>2,250.0</b>
<b>Total equity*2</b>	<b>569.5</b>	<b>579.1</b>	(9.6)	<b>600.0</b>
<b>Equity ratio</b>	<b>26.4%</b>	<b>26.0%</b>	+0.4ppt	<b>26.7%</b>
<b>Net interest-bearing debt*3</b>	<b>531.5</b>	<b>613.2</b>	(81.7)	<b>650.0</b>
<b>Net D/E ratio (times)</b>	<b>0.93</b>	<b>1.06</b>	(0.13)	<b>1.1</b>
<b>Risk assets</b>	<b>360.0</b>	<b>380.0</b>	(20.0)	-
<b>Ratio of risk assets to equity (times)</b>	<b>0.6</b>	<b>0.7</b>	(0.1)	-

\*2 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net D/E ratio" and the numerator when calculating "Equity ratio."

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



Note: As supplemental sources of procurement flexibility and precautionary liquidity, Sojitz maintains a ¥100 billion long-term yen commitment line (which remains unused) and a long-term commitment line totaling US\$1.8 billion (of which US\$0.17 billion has been used). The amount of the U.S. dollar-denominated commitment line was increased by US\$0.2 billion in the six-month period ended September 30, 2020.

Commodity Prices and Exchange Rates				
	FY2019 Results (Apr.-Sep. '19 Avg.)	FY2020 Assumption (Annual Avg.) ⇒ Revised Forecast (Aug. 4, 2020)	FY2020 Results (Apr.-Sep. '20 Avg.)	Latest Data (As of October 26, 2020)
<b>Crude oil (Brent)</b>	US\$65.2/bbl	US\$25.0/bbl (1H) US\$35.0/bbl (2H)	US\$36.7/bbl	US\$40.5/bbl
<b>Thermal coal**1</b>	US\$73.9/t	US\$63.8/t ⇒ US\$58.0/t	US\$53.1/t	US\$60.4/t
<b>Coking coal**1</b>	US\$180.8/t	US\$135.0/t ⇒ US\$125.0/t	US\$117.4/t	US\$106.3/t
<b>Exchange rate**2</b>	¥108.7/US\$	¥108.0/US\$	¥106.3/US\$	¥104.7/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. ¥0.2 billion annually, and total equity by approx. ¥2.0 billion annually.

Effects of COVID-19 Pandemic (Update)	
<b>[Assumptions at the beginning of FY2020]</b>	Limitations on movements of people and commodities as a result of the global COVID-19 pandemic to continue for three months (until June 2020).
<b>[Current conditions]</b>	<ul style="list-style-type: none"> <li>Modest recovery in steel demand, but ongoing need for caution with regard to sluggish coal market conditions</li> <li>Movement restrictions, project delays, and weak domestic consumption due to lockdowns in various countries</li> <li>All other segments are generally in line with our expectations, although there have been increases and decreases by region and business.</li> <li>Need for ongoing monitoring of potential impacts on global economic trends and Sojitz's business from developments such as second wave of COVID-19 infections</li> </ul>