

# 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 the 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)

## Consolidated Statements of Profit or Loss

	FY2020 1H			FY2019 1H		Reasons for the Difference	(Billions of yen)	
	Results a	1Q Results	2Q Results	Results b	Difference a-b		FY2020 Forecast c	Percentage Achieved a/c
<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)		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			Partial sale of a natural gas-fired power project company
Gain on reorganization of subsidiaries/associates	2.2	2.2	0.0	0.8	1.4			
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>			<b>13.0</b>
<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>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</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>(Profit attributable to)</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>
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>

## Consolidated Statements of Financial Position

	Sep. 30, 2020			Mar. 31, 2020		Reasons for the Difference	(Billions of yen)	
	d	e	Difference d-e	d	e		Difference d-e	
<b>Current assets</b>	<b>1,151.0</b>	<b>1,217.5</b>	<b>(66.5)</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>	<b>680.1</b>	<b>754.4</b>	<b>(74.3)</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>					
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</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."

## Comprehensive Income

	FY2020 1H			FY2019 1H		Difference a-b
	Results a	1Q Results	2Q Results	Results b	Difference a-b	
<b>Profit for the period</b>	<b>10.5</b>	<b>2.7</b>	<b>7.8</b>	<b>31.6</b>	<b>(21.1)</b>	
<b>Other comprehensive income</b>	<b>(3.8)</b>	<b>1.6</b>	<b>(5.4)</b>	<b>(36.9)</b>	<b>33.1</b>	
<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)	

## Cash Flows

	FY2020 1H			FY2019 1H		Difference a-b	Factors Affecting Circled Figures
	Results a	Results b	Results c	Results d	Difference a-b		
<b>Cash flows from operating activities</b>	<b>96.9</b>	<b>61.4</b>	<b>35.5</b>				Reductions in working capital, inflows from business earnings and dividend income
<b>Cash flows from investing activities</b>	<b>(4.3)</b>	<b>(21.3)</b>	<b>17.0</b>				Outflows due to acquisition of fixed assets and inflows from the sale of shopping mall
<b>Free cash flows</b>	<b>92.6</b>	<b>40.1</b>	<b>52.5</b>				
<b>Cash flows from financing activities</b>	<b>(50.5)</b>	<b>(26.7)</b>	<b>(23.8)</b>				Outflows due to repayment of borrowings
<b>Core operating cash flow*2</b>	<b>20.9</b>	<b>44.6</b>	<b>(23.7)</b>				
<b>Core cash flow*3</b>	<b>9.9</b>	<b>8.6</b>	<b>1.3</b>				

\*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.

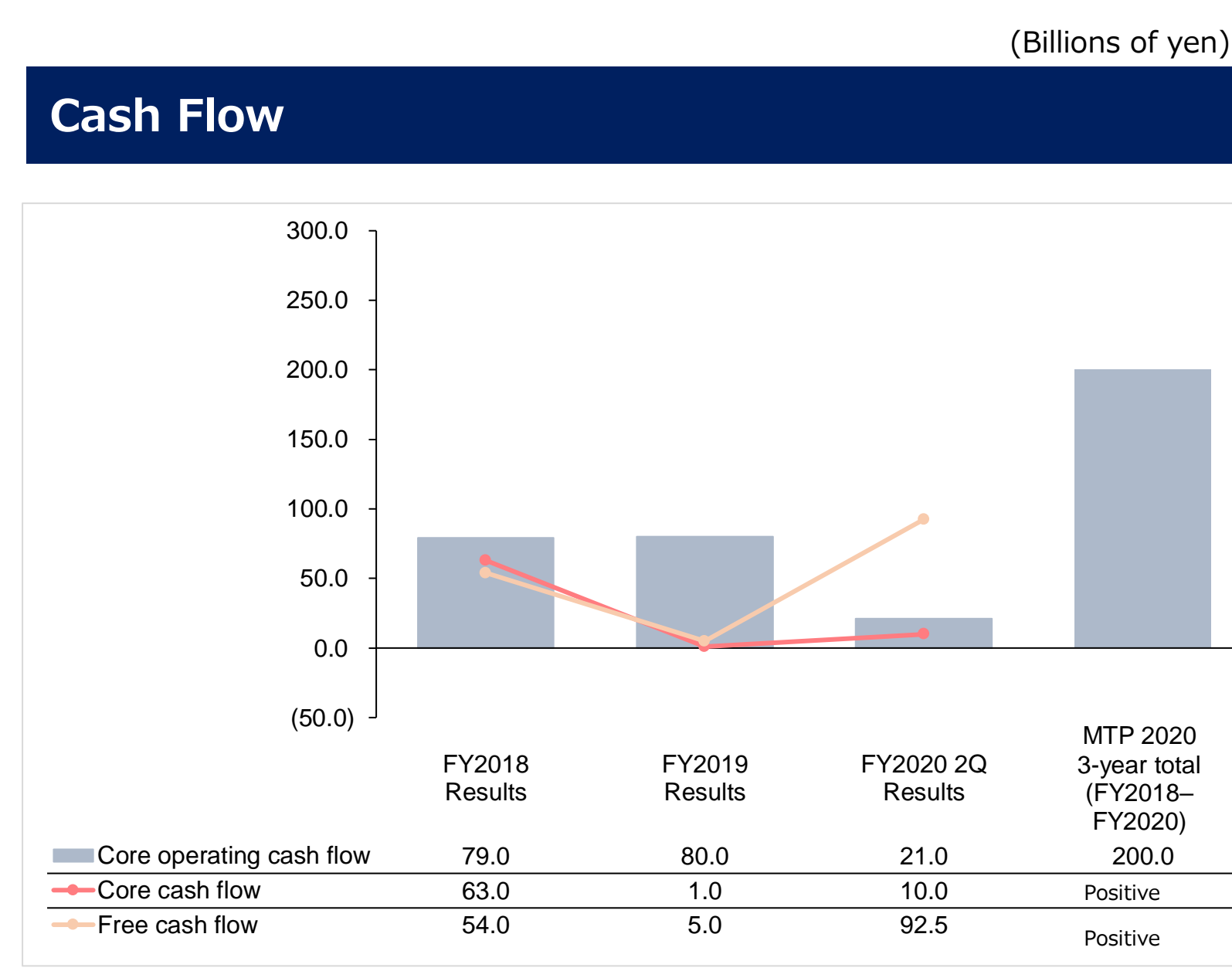
# Highlights of Consolidated Financial Results for the First Half Ended September 30, 2020 (IFRS) – Supplementary Materials

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	-													
*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																	
					<b>Total</b>												
					<b>84.5</b>				<b>203.0</b>				<b>30.0</b>				
					109.7				9.1				29.5				
					(25.2)				(20.4)				(1.0)				

(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.

(Billions of yen)				
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>



# **Financial Results for the First Half Ended September 30, 2020**

**October 30, 2020  
Sojitz Corporation**

# FY2020 2Q Summary

- Consistently challenging operating environment despite moves to lift restrictions on movement of people and commodities imposed in response to COVID-19 pandemic and to restart economic activities
- First half performance representing progress of 30% toward full-year forecast with degree of progress varying between segment

(Billions of Yen)	FY2019 2Q Results	FY2020 2Q Results	FY2020 Revised Forecast (Oct. 30, 2020)	Achieved
Profit for the period (attributable to owners of the Company)	60.8	9.1	30.0	30%
ROA	2.7%	-	1.3%	-
ROE	10.2%	-	5.1%	-
NET DER (times)	1.06	0.93	1.1	-

- Decided interim dividend of ¥5 per share as planned
- Unchanged annual dividend of ¥10 per share to be issued as planned
- Consolidated payout ratio of 40.0%

# Summary of Profit or Loss (Profit for the period by segment)

Revisions to full-year forecasts for Machinery & Medical Infrastructure, Foods & Agriculture Business, Aerospace & Transportation Project, Retail & Lifestyle Business Division based on the progress by the first half ended September 30, 2020

(Billions of Yen)	FY2020 2Q Results	FY2020 Revised Forecast (Aug. 4, 2020)	Achieved	FY2020 Revised Forecast (Oct. 30, 2020)	Achieved
<b>Profit for the period</b> (attributable to owners of the Company)	<b>9.1</b>	30.0	<b>30%</b>	<b>30.0</b>	<b>30%</b>
■ <b>Automotive</b>	▲1.6	1.0	-%	1.0	-%
■ <b>Aerospace &amp; Transportation Project</b>	▲0.3	6.0	-%	5.0	-%
■ <b>Machinery &amp; Medical Infrastructure</b>	2.2	3.5	63%	4.5	49%
■ <b>Energy &amp; Social Infrastructure</b>	1.7	3.5	49%	3.5	49%
■ <b>Metals &amp; Mineral Resources</b>	▲2.0	3.0	-%	3.0	-%
■ <b>Chemicals</b>	1.3	5.0	26%	5.0	26%
■ <b>Foods &amp; Agriculture Business</b>	4.3	3.0	143%	4.5	96%
■ <b>Retail &amp; Lifestyle Business</b>	2.6	5.5	47%	4.0	65%
■ <b>Industrial Infrastructure &amp; Urban Development</b>	▲0.6	0.5	-%	0.5	-%

# Effects of COVID-19

Main Businesses	Conditions Leading up to First half	Assumptions for Second half
<p><b>Automotive</b></p>	<p>Single-month profitability achieved in July 2020 Augmentation of online sales measures in U.S. automotive dealership businesses</p>	<p>Augmentation of sales activities in conjunction with gradual demand recovery</p>
<p><b>Aerospace</b></p>	<p>Reduced demand due to prolonged international travel restrictions</p>	<p>Impacts expected from lower air travel-related demand and construction delays in railroad projects stemming from lockdowns</p>
<p><b>Material (Steel)</b></p>	<p>Caution warranted with regard to coal and other resource prices, despite gradual recovery in stagnant steel demand</p>	<p>Recovery of steel demand and impacts from coal market conditions projected</p>
<p><b>Material (Chemical)</b></p>	<p>Moderate recovery in resin and methanol prices Continuation of firm economic conditions in China</p>	<p>Strong Chinese economic conditions and earnings contributions from methanol businesses anticipated</p>
<p><b>Retail (Consumer Products etc.)</b></p>	<p>Gradual recovery of demand following closures of commercial facilities and stores seen due to lockdowns seen around the world</p>	<p>Reflection of stagnation in domestic consumption</p>

# 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· FY2019 Results	FY2020 2Q Results	MTP 2020 3-year total (FY2018–FY2020)
Core operating cash flow (*1)	¥159.0 bn	<b>¥21.0 bn</b>	<b>About ¥200.0 bn</b>
Asset Replacement (Investment recovery)	¥127.0 bn	<b>¥23.5 bn</b>	<b>About ¥200.0 bn</b>
New investments and loans others	¥(172.0) bn	<b>¥(19.0) bn</b>	<b>About ¥(260.0) bn</b>
Shareholder Returns others (*2)	¥(50.0) bn	<b>¥(15.5) bn</b>	<b>About ¥(70.0) bn</b>
Core cash flow (*3)	¥64.0 bn	<b>¥10.0 bn</b>	<b>Positive</b>
Free cash flow	¥59.0 bn	<b>¥92.5 bn</b>	<b>Positive</b>

\*1. Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flows calculated for accounting purposes

\*2. Include acquisition of treasury stock

\*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

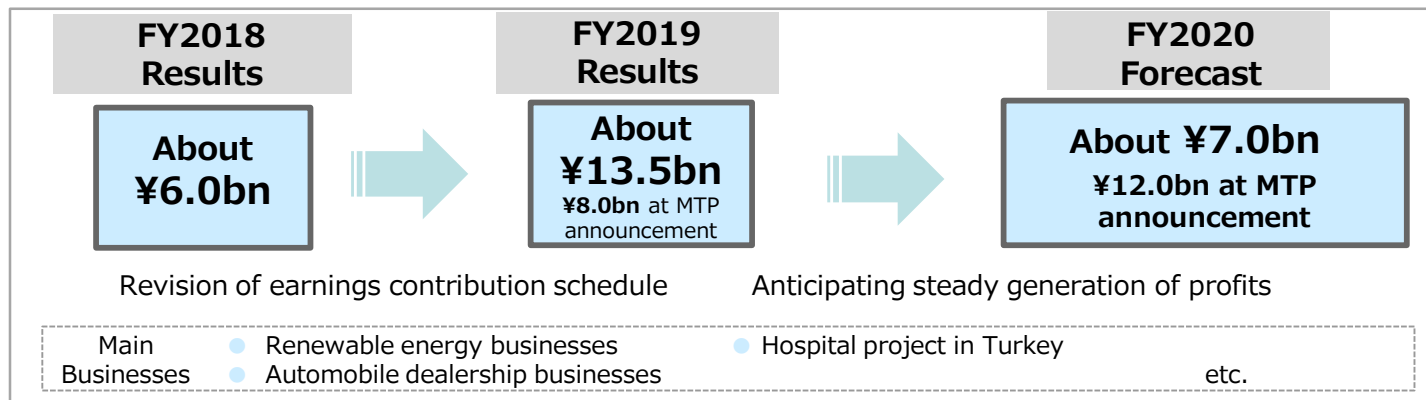
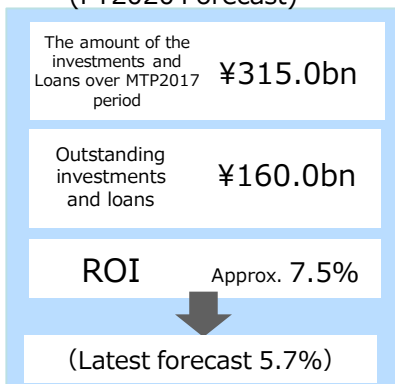
# Prior Initiatives Under MTP 2020

## Investments and Loans 1 – Earnings Contributions

Steady progress in generating profits from investments and loans, despite some delays

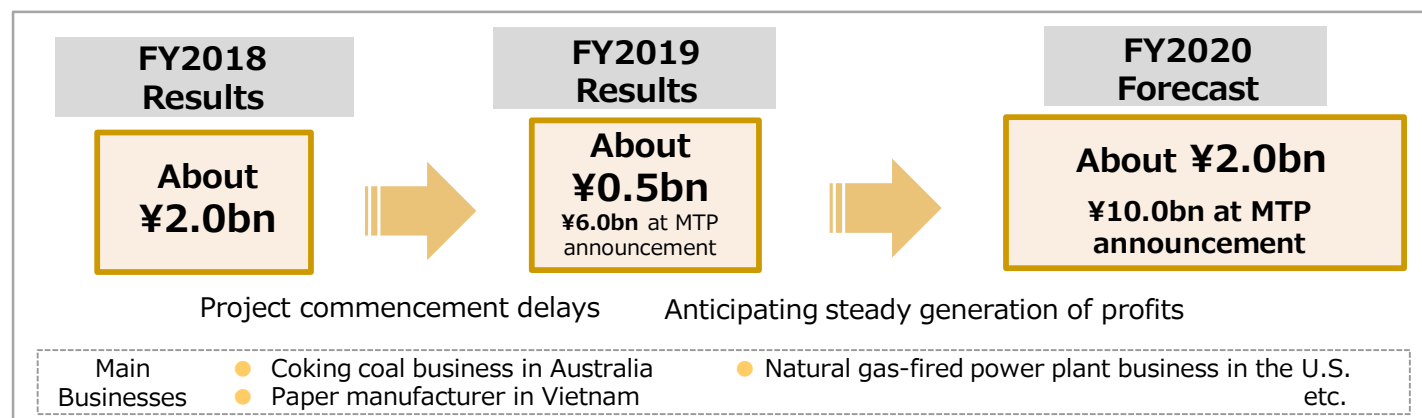
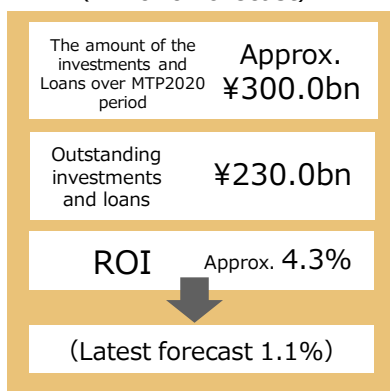
### MTP 2017

(FY2020 Forecast)



### MTP 2020

(FY2020 Forecast)





# Prior Initiatives Under MTP 2020

## Investments and Loans 2 — Earnings Contributions in Final Year of Plan

### MTP 2017

#### Earnings Contribution Amounts

**FY2020 Forecast**  
**¥7.0bn**

**¥12.0bn**  
at MTP announcement

#### Progress Overview

- **Steady earnings contributions in line with plans**

Renewable energy businesses,  
Hospital project in Turkey etc.

- \* **Assets replacement and ahead-of-schedules earnings contributions in FY2019**

ex. Partial sell-down of a domestic solar power generation operation  
Sales of a thermal coal project in Australia

#### Future Initiatives

**Steady pursuit of profitability** while **monitoring trends** in challenging operating environment

### MTP 2020

#### Earnings Contribution Amounts

**FY2020 Forecast**  
**¥2.0bn**

**¥10.0bn**  
at MTP announcement

#### Progress Overview

- **Earnings contributions to be realized during period of current MTP**

Renewable energy businesses,  
Natural gas-fired power plant business in the U.S.

- **Delays starting up projects**

- **Coking Coal Business in Australia**

- Structuring production as planned with cost reduction, poor business performance due to stagnant steel demand, and low commodity prices

- **Paper manufacturer in Vietnam**

- Cost optimization deterioration of operating environment conditions due to US-China trade friction

#### Future Initiatives

**Steady contribution of earnings from projects under operation**

- **Coking Coal Business in Australia**

Reinforcing sales while anticipating modest steel market recovery

- **Paper manufacturer in Vietnam**

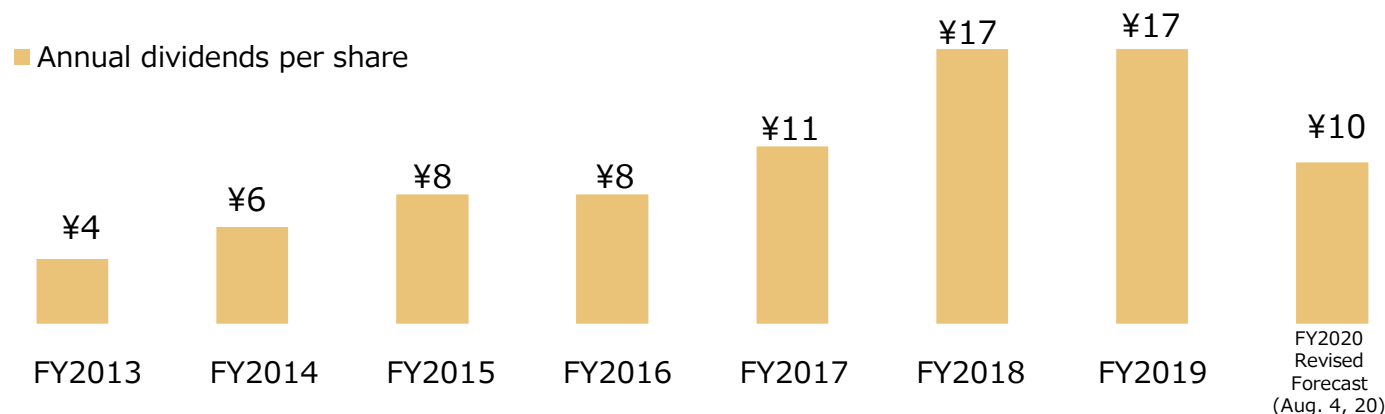
Accelerating the project generation by steadily incorporating demand

# 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%.



Profit for the year (attributable to owners of the Company)	¥27.3bn	¥33.1bn	¥36.5bn	¥40.8bn	¥56.8bn	¥70.4bn	¥60.8bn	¥30.0bn
Consolidated payout ratio	18%	23%	27%	25%	24%	30.2%	34.8%	40.0%

**MTP 2014**  
payout ratio of about 20%

**MTP 2017**  
payout ratio of about 25%

**MTP 2020**  
payout ratio of about 30%

# Forward-Looking Initiatives—Value Creation

## Function Augmentation and Other Innovation Investment Initiatives

### Acquire and Strengthen Functions

Digital transformation investments, etc.  
Utilizing digital technologies

### Expansion of New business areas

Improvement of medium-to-long term corporate value,  
development and strengthening of competitive edge

**Utilization of new technologies in response to volatile operating environment, rapid digitization, and diversification of values and needs**

Hospital project in Turkey

▶ **Telemedicine · Healthcare**

Renewable energy businesses

▶ **Decentralized energy development**



Automotive

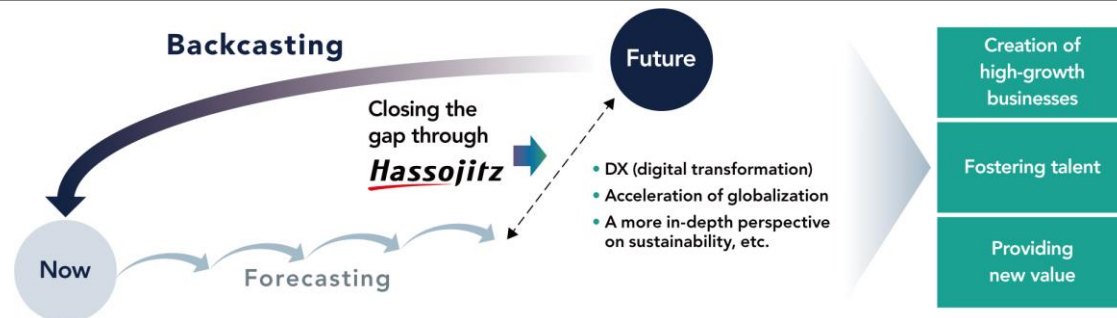
▶ **Automobile quality assurance**

Agricultural business in Vietnam

▶ **Farming Platform**

## Human Resource Investment and Value Creation Initiatives

**New value creation initiatives based on fresh ideas utilizing Backcasting approach**



# Initiatives for Sustainability

Formulating policies related to the coal interests business and the coal-fired power generation business

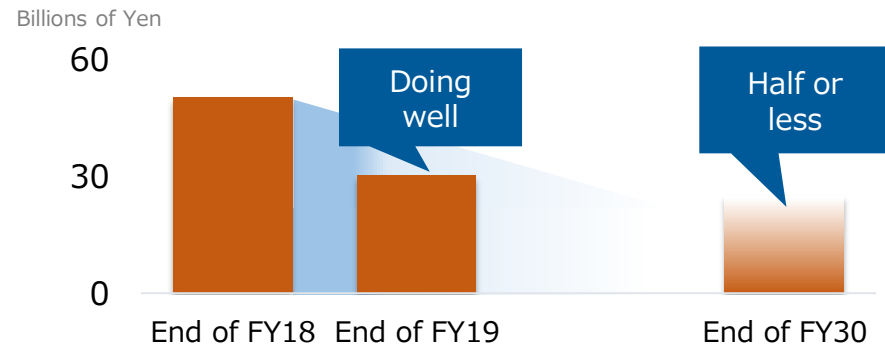
## The Policies



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

## Progress Change in Thermal Coal Interests Assets

✓ Sold a part of thermal coal interests in FY2019



## ESG Rating Inclusion in Major Indexes and Evaluations by ESG Rating Institutions



Leadership level "A-"

[2nd consecutive years]



In collaboration with



[3rd consecutive years]



FTSE Blossom Japan



FTSE4Good

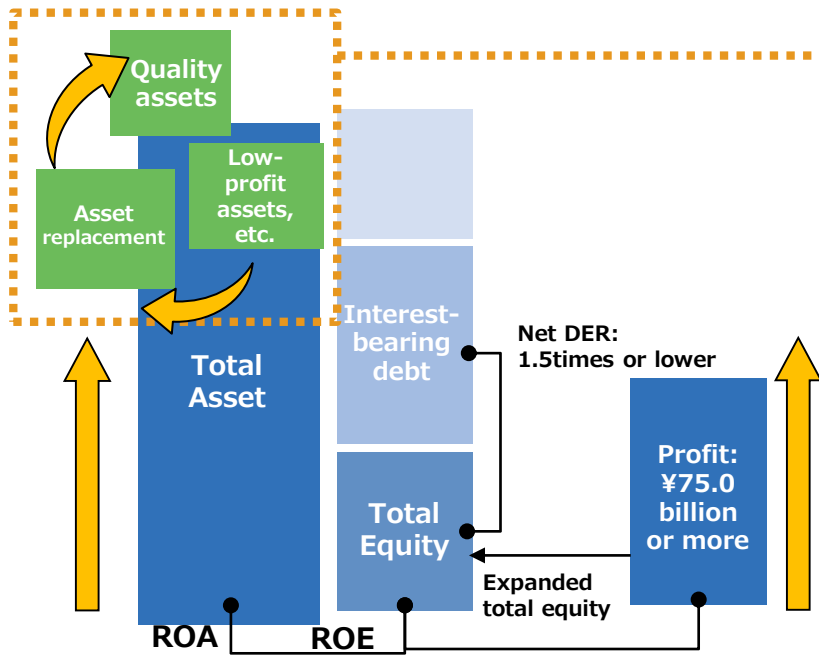
[4th consecutive years]

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



# **【Reference】 Policies of MTP2020**

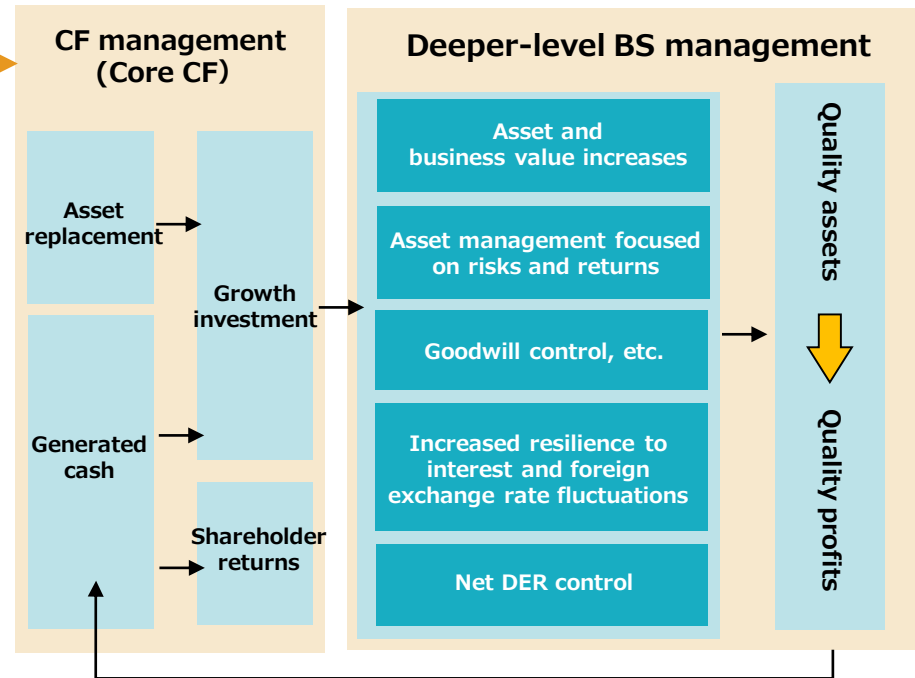
# Disciplined Balance Sheet and Cash Flow Management



- | MTP2017     | MTP2020            |
|-------------|--------------------|
| ● ROA 2.5%  | ● ROA 3% or above  |
| ● ROE 10.0% | ● ROE 10% or above |

## Basic Approach

- Improve ROA through ongoing asset replacement and accumulation of quality assets
- Expand total equity and improve ROE
- Keep net DER to below 1.5 times
- Improve ratings to enhance funding quality



## BS/CF Management

- Manage growth investments and shareholder returns with cash generated via operating activities and asset replacement (Core CF>0)
- Asset management focused on asset and business value increases, risks, and returns
- Expand total equity by controlling goodwill, etc. and increasing resilience to interest/foreign exchange rate fluctuations

➔ Create quality profits and cash flows out of quality assets via ongoing BS management and realize a growth model through effective CF management

# Examples of Value Creation

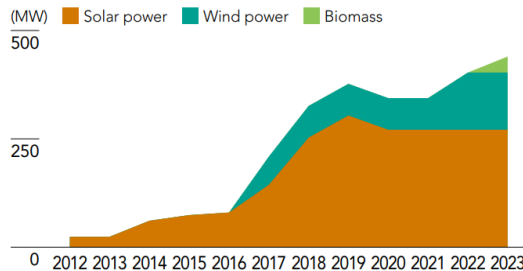
## Renewable Energy Business

The business model of Sojitz's Renewable Energy Business

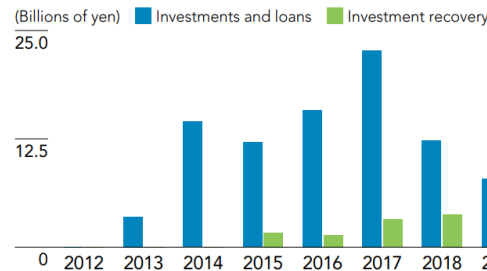


- **Stable earnings** from the energy business
- **An enhanced brand** as a stable manager
- Achieving cash flow management that will accelerate growth through the **asset turnover-oriented business model**

### Net power-generation capacity

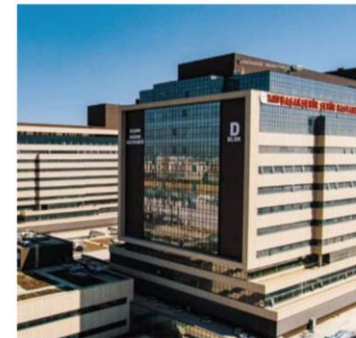


### Changes in investments and loans and Investment recovery



## Hospital Project in Turkey

**May, 2020 Opened** Deal Value: JPY30 billion  
 Contributing to improved quality of life by providing high-quality medical infrastructure



The open Basaksehir Çam & Sakura City Hospital (Turkey)

### Sojitz's Capabilities Displayed

- A project portfolio in the fields of medicine and infrastructure, both in Japan and overseas
- Business management accomplished through a combination of strong networks and expertise

**Contribution**  
(in Billion of Yen)

	FY2017	FY2018	FY2019
Contribution	0.8	2	3.5

▶ **Acquiring stable earnings**

## Existing businesses

- **Strengthening our fertilizer business and developing into surrounding areas**

We aim to expand sales by implementing detailed promotion strategies for each region and each type of agri-products in Thailand, the Philippines, and Vietnam, and by increasing exports to neighboring regions. We will also venture into agriculture-related businesses by capitalizing on the long-standing initiatives of our fertilizer business, which has firmly established roots in local areas.



## New business

- **Myanmar Telecommunication Infrastructure Business**
- **Retail business in ASEAN** (logistics, bread business)
- **AI·IoT Business**

( FinTech services (Japan) that will create opportunities for automobile financing, Connected car-related business , AI medical diagnostic support, Farming platform )





*New way, New value*

**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.





# **Appendix**

## **Supplementary Information for the First Half Ended September 30, 2020**

**October 30, 2020  
Sojitz Corporation**

## **【Supplemental Data】**

# **I . Financial Results for the First Half and Full Year Forecast of Fiscal Year Ending March 31, 2021**

# Summary of Financial Results

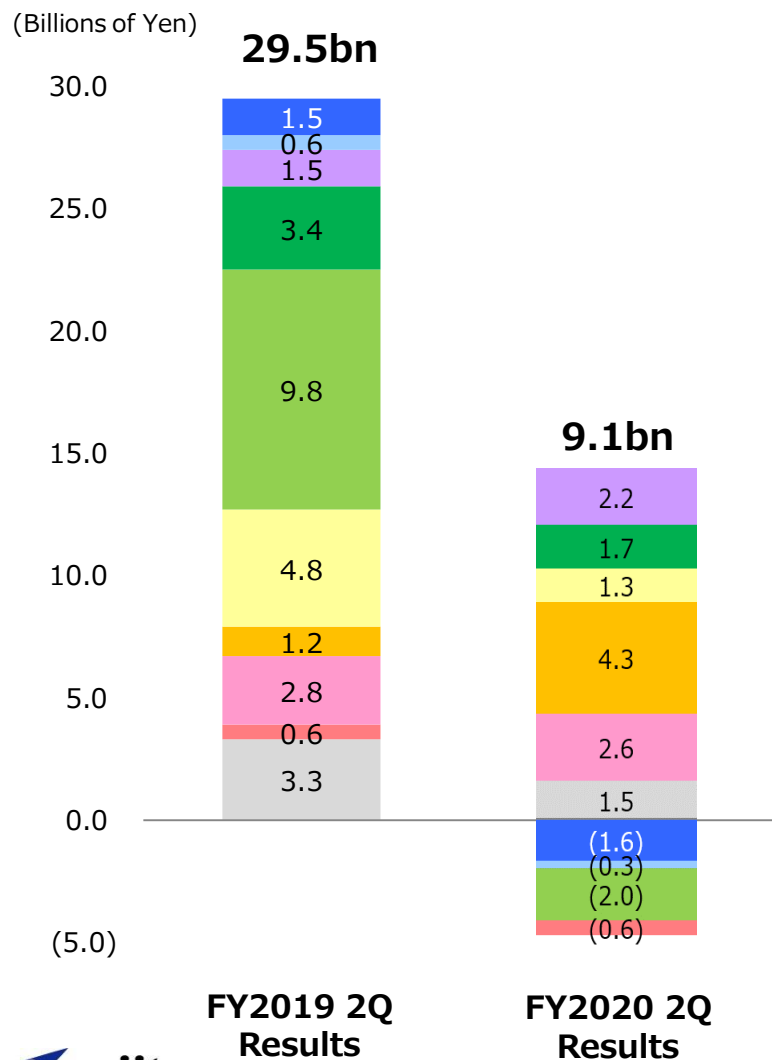
## for the First Half Ended September 30, 2020

(Billions of Yen)	FY2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Revised Forecast (Aug. 4, 2020)	Achieved
Revenue	893.8	744.6	(149.2)	-	-
Gross profit	109.7	84.5	(25.2)	203.0	42%
Selling, general and administrative expenses	(85.6)	(79.0)	+6.6	(165.0)	48%
Share of profit (loss) of investments accounted for using the equity method	13.2	4.6	(8.6)	13.0	35%
Profit before tax	35.3	12.0	(23.3)	44.0	27%
Profit for the Period Attributable to Owners of the Company	29.5	9.1	(20.4)	30.0	30%
Core earnings	35.5	8.3	(27.2)	46.0	18%

# Summary of Profit or Loss

## Profit for the Period by Segment

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



### Main Factors Behind Difference

<b>Automotive</b>	¥ (1.6) billion	(down ¥ (3.1) billion YoY)
Decreased due to reduced automobile sales as a result of the global COVID-19 pandemic		
<b>Aerospace &amp; Transportation Project</b>	¥ (0.3) billion	(down ¥ (0.9) billion YoY)
Decreased due to reduced aircraft and marine vessels related transactions		
<b>Machinery &amp; Medical Infrastructure</b>	¥ 2.2 billion	(up ¥ 0.7 billion YoY)
Increased due to higher returns from medical infrastructure business		
<b>Energy &amp; Social Infrastructure</b>	¥ 1.7 billion	(down ¥ (1.7) billion YoY)
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>Metals &amp; Mineral Resources</b>	¥ (2.0) billion	(down ¥ (11.8) billion YoY)
Decreased due to steel demand declines and coal market stagnated as a result of the global COVID-19 pandemic		
<b>Chemicals</b>	¥ 1.3 billion	(down ¥ (3.5) billion YoY)
Decreased due to impacts from the drop in methanol prices as a result of the global COVID-19 pandemic		
<b>Foods &amp; Agriculture Business</b>	¥ 4.3 billion	(up ¥ 3.1 billion YoY)
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>Retail &amp; Lifestyle Business</b>	¥ 2.6 billion	(down ¥ (0.2) billion YoY)
Decreased, despite gains on sales of shopping mall, due to sluggish domestic consumption as a result of the global COVID-19 pandemic		
<b>Industrial Infrastructure &amp; Urban Development</b>	¥ (0.6) billion	(down ¥ (1.2) billion YoY)
Decreased due to lower number of overseas industrial parks delivered		
<b>Other</b>	¥ 1.5 billion	(down ¥ (1.8) billion YoY)

# FY2020 Forecast

## Profit for the Year by Segment

(Billions of Yen)	FY2020 2Q Results	FY2020 Revised Forecast (Aug. 4, 2020)	FY2020 Revised Forecast (Oct. 30, 2020)
Automotive	(1.6)	1.0	1.0
Aerospace & Transportation Project	(0.3)	6.0	5.0
Machinery & Medical Infrastructure	2.2	3.5	4.5
Energy & Social Infrastructure	1.7	3.5	3.5
Metals & Mineral Resources	(2.0)	3.0	3.0
Chemicals	1.3	5.0	5.0
Foods & Agriculture Business	4.3	3.0	4.5
Retail & Lifestyle Business	2.6	5.5	4.0
Industrial Infrastructure & Urban Development	(0.6)	0.5	0.5
Other	1.5	(1.0)	(1.0)
<b>Total</b>	<b>9.1</b>	<b>30.0</b>	<b>30.0</b>

### Progress Overview

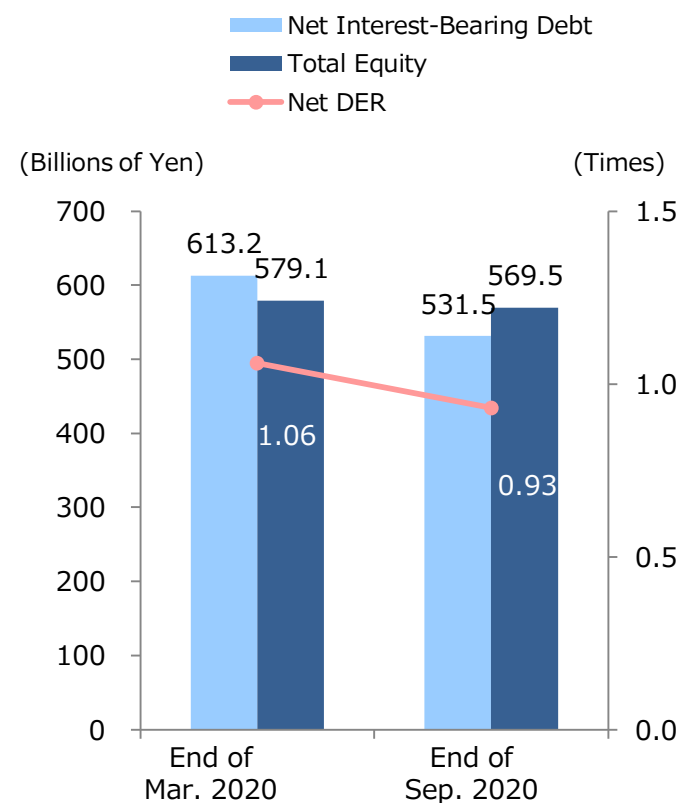
- **Automotive** ¥ (1.6) billion  
 Performance expected to be in line with forecasts as demand is on recovery track
- **Aerospace & Transportation Project** ¥ (0.3) billion  
 Downward revision to forecasts due to lower air travel-related demand and delays in railroad construction projects because of lockdown
- **Machinery & Medical Infrastructure** ¥ 2.2 billion  
 Upward revision based on industrial machinery transactions stemming from economic recovery in China and steady progress in first half
- **Energy & Social Infrastructure** ¥ 1.7 billion  
 Higher earnings projected from domestic and overseas renewable energy businesses and from associates
- **Metals & Mineral Resources** ¥ (2.0) billion  
 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
- **Chemicals** ¥ 1.3 billion  
 Methanol price recovery and steady progress in Chinese economic conditions anticipated, performance in line with forecasts
- **Foods & Agriculture Business** ¥ 4.3 billion  
 Upward revision to forecasts in reflection of strong performance based on steady progress of overseas fertilizer businesses in first half
- **Retail & Lifestyle Business** ¥ 2.6 billion  
 Downward revision to forecasts in reflection of stagnation in domestic consumption
- **Industrial Infrastructure & Urban Development** ¥ (0.6) billion  
 Turn overs of industrial parks scheduled, performance in line with forecasts

# Summary of Balance Sheets

(Billions of Yen)	End of Mar. 2020	End of Sep. 2020	Difference	End of Mar.2021 Initial Forecast	End of Mar.2021 Forecast (Oct. 30, 2020)
Total Assets	2,230.3	2,154.7	(75.6)	2,300.0	2,250.0
Total Equity*1	579.1	569.5	(9.6)	600.0	600.0
Equity Ratio	26.0%	26.4%	+ 0.4ppt	26.1%	26.7%
Net interest-bearing debt	613.2	531.5	(81.7)	680.0	650.0
Net DER (Times)	1.06	0.93	(0.13)	1.1	1.1
Risk Assets vs. Total Equity	380.0 (0.7times)	360.0 (0.6times)	(20.0) ((0.1)times)	—	—
Current Ratio	161.4%	169.2%	+ 7.8ppt	—	—
Long-term debt ratio	79.1%	83.5%	+ 4.4ppt	—	—

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

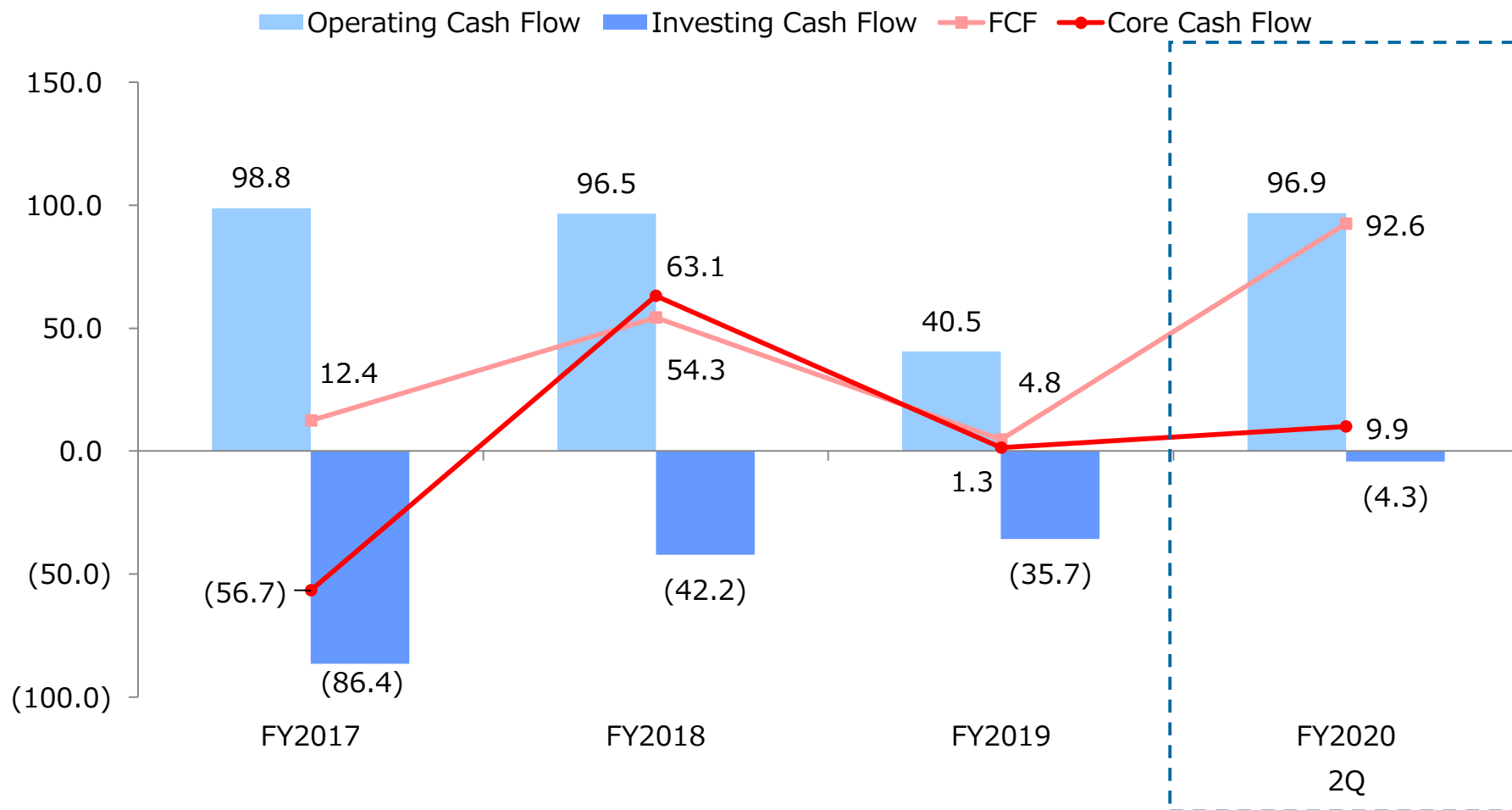
- Profit for the period attributable to owners of the Company ¥ +9.1billion
- Dividends paid ¥ (10.4) billion



(\*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)



※Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement)  
 - Dividends paid - Purchase of treasury stock

# Investments and Loans and Asset Replacement for the First Half Ended September 30, 2020

<p><b>FY2020 2Q Results</b></p>	<p><b>Main Businesses</b></p>
<p>Investments and Loans</p>	<ul style="list-style-type: none"> <li>■ Domestic solar power generation operations</li> <li>■ Innovation related investment businesses</li> <li>■ CAPEX</li> </ul> <p style="text-align: right;">etc.</p>
<p><b>Investments and Loans Results</b></p>	<p style="text-align: center;"><b>Approx. ¥19.0 bn</b></p>
<p>Asset Replacement</p>	<ul style="list-style-type: none"> <li>■ IPP business in the United States</li> <li>■ Overseas coal interests</li> <li>■ Shopping mall</li> </ul> <p style="text-align: right;">etc.</p>
<p><b>Asset Replacement Results</b></p>	<p style="text-align: center;"><b>Approx. ¥23.5 bn</b></p>



# Major One-time Gain/Loss for the First Half Ended September 30, 2020

	FY2019 2Q Results		FY2020 2Q Results	
Non-Resource	¥ (0.9) billion	<ul style="list-style-type: none"> <li>• Impairment loss on domestic marine products business</li> <li>• Gain on sales of overseas power generation project</li> </ul> etc.	¥ 2.7 billion	<ul style="list-style-type: none"> <li>• Sales of shopping mall</li> </ul> etc.
Resource	¥ 1.2 billion	<ul style="list-style-type: none"> <li>• Exit of oil and gas interests</li> </ul> etc.	¥ 0.8 billion	<ul style="list-style-type: none"> <li>• Sales of oil and gas interests</li> </ul> etc.
Total (After income tax expenses)	¥ 0.3 billion		¥ 3.5 billion	

# Resource and Non-Resource Profit

	FY2019 2Q Results	FY2020 2Q Results	Difference	FY2017 Results	FY2018 Results	FY2019 Results
(Billions of yen)						
① Profit for the year (attributable to Owners of the Company)	29.5	9.1	(20.4)	56.8	70.4	60.8
(② Total one-time income movements)	0.3	3.5	+3.2	(7.0)	1.9	1.5
① - ② Profit for the year [(attributable to owners of the Company)] (Excluding one-time income movements)	29.2	5.6	(23.6)	63.8	68.5	59.3
Resource	5.5	(1.9)	(7.4)	13.8	25.3	10.4
Non-Resource	23.7	7.5	(16.2)	50.0	43.2	48.9

# Commodity Prices, Foreign Exchange, and Interest Rate

	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\$
<b>Interest Rate (TIBOR)</b>	0.07%	0.10%	0.07%	0.08%

\*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.

# **【Supplemental Data】**

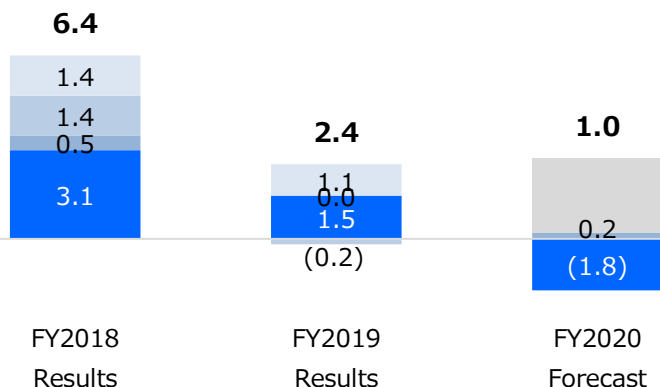
## **Ⅱ. Segment Information**

# Automotive

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

■ 1Q ■ 2Q ■ 3Q ■ 4Q ■ Forecast

(Billions of Yen)



### 【Progress Overview】

Performance expected to be in line with forecasts as demand is on recovery track

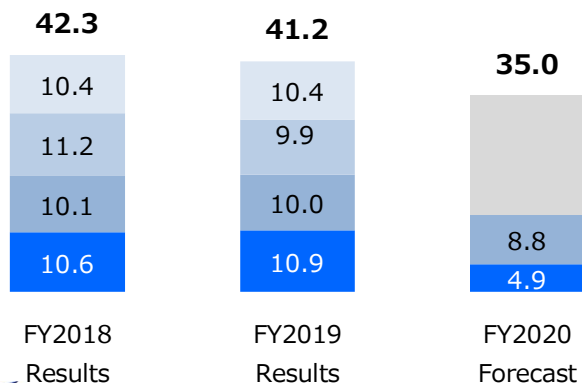


(Billions of Yen)	FY 2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Forecast
Gross profit	20.9	13.7	(7.2)	35.0
Selling, general and administrative expenses	(16.2)	(13.8)	+2.4	-
Share of profit (loss) of investments accounted for using the equity method	0.0	(0.5)	(0.5)	-
Profit for the period (attributable to owners of the Company)	1.5	(1.6)	(3.1)	1.0

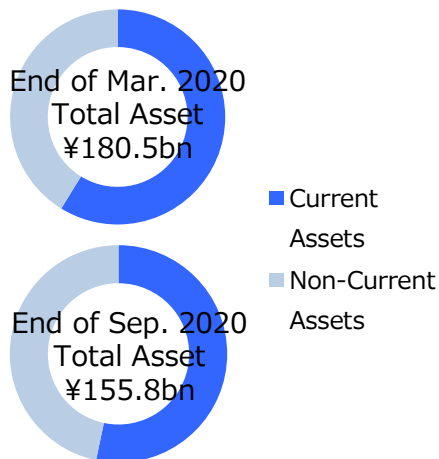
## Gross profit

(Billions of Yen)

■ 1Q ■ 2Q ■ 3Q ■ 4Q ■ Forecast

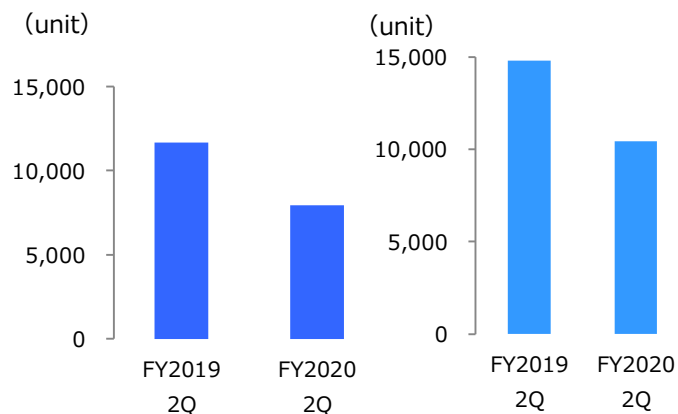


## Asset Structure



## Vehicle Sales

Dealership Business      Distributor Business



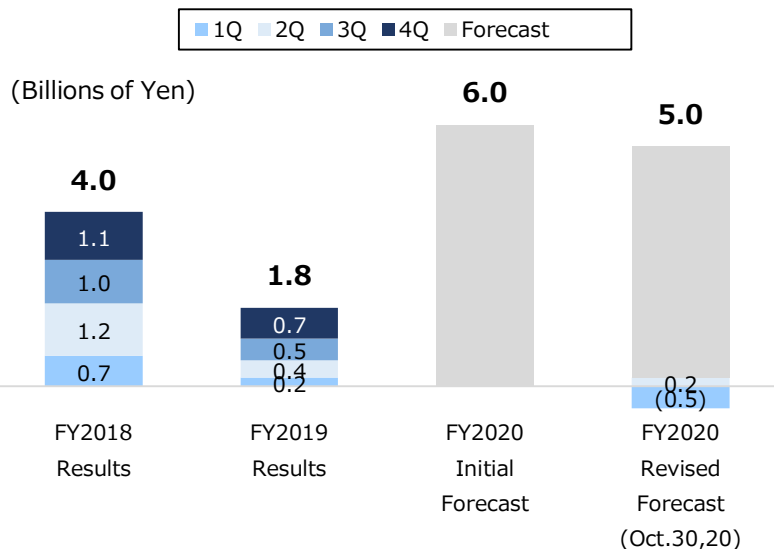
# Aerospace & Transportation Project

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



### 【Progress Overview】

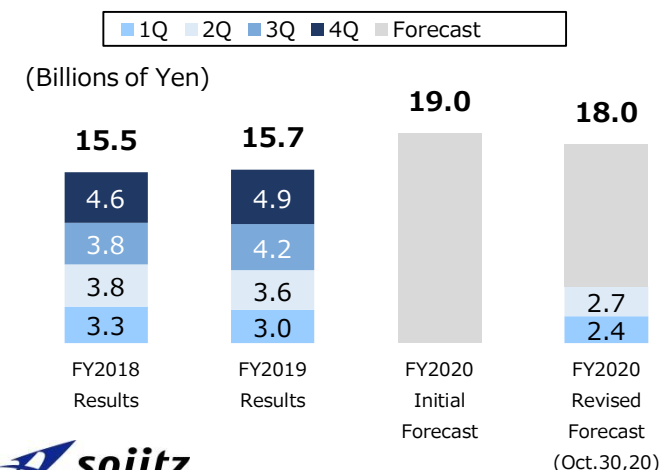
Downward revision to forecasts due to lower air travel-related demand and delays in railroad construction projects because of lockdown



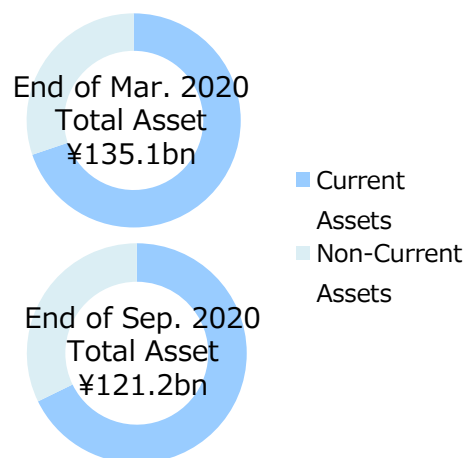
(Billions of Yen)

	FY 2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Initial Forecast	FY2020 Revised Forecast (Oct.30,2020)
Gross profit	6.6	5.1	(1.5)	19.0	18.0
Selling, general and administrative expenses	(5.2)	(5.0)	+0.2	-	-
Share of profit (loss) of investments accounted for using the equity method	0.5	(0.2)	(0.7)	-	-
Profit for the period (attributable to owners of the Company)	0.6	(0.3)	(0.9)	6.0	5.0

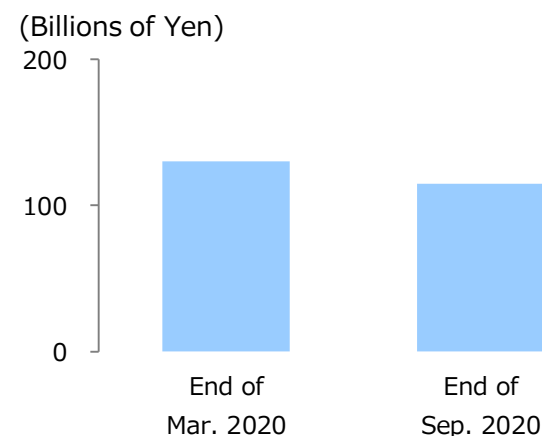
## Gross profit



## Asset Structure

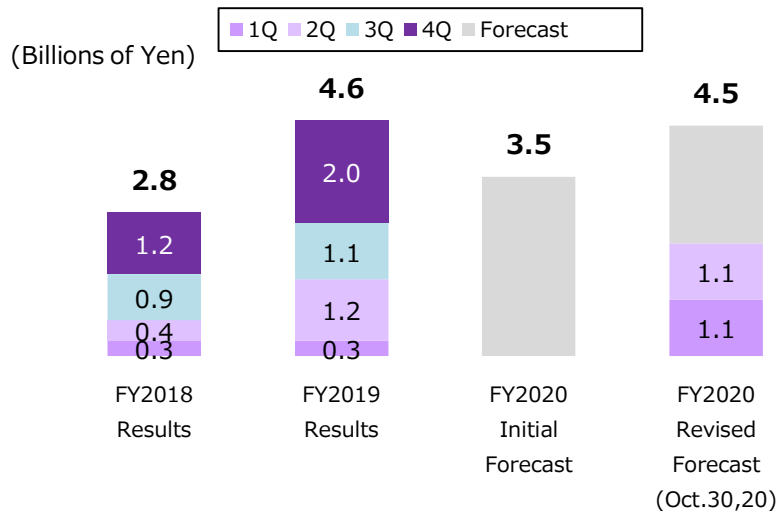


## Order Backlog for Railways in India



# Machinery & Medical Infrastructure

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



### 【Progress Overview】

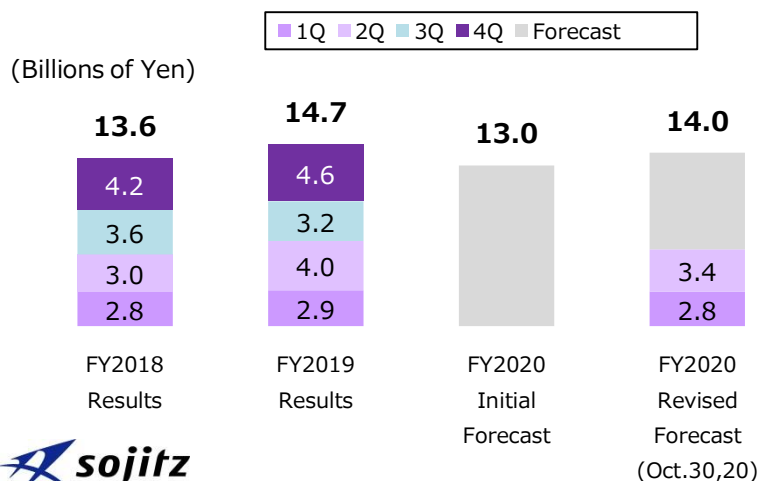
Upward revision based on industrial machinery transactions stemming from economic recovery in China and steady progress in first half



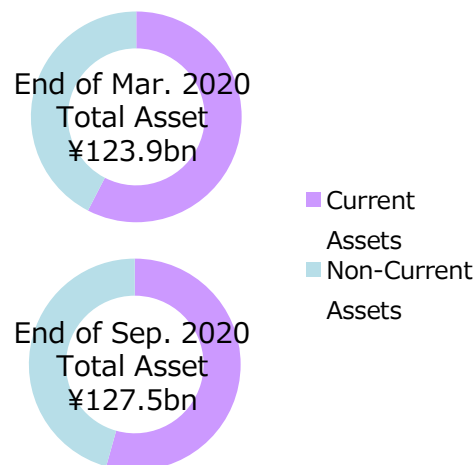
(Billions of Yen)

	FY 2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Initial Forecast	FY2020 Revised Forecast (Oct.30,2020)
Gross profit	6.9	6.2	(0.7)	13.0	14.0
Selling, general and administrative expenses	(6.0)	(5.4)	+0.6	-	-
Share of profit (loss) of investments accounted for using the equity method	0.5	1.1	+0.6	-	-
Profit for the period (attributable to owners of the Company)	1.5	2.2	+0.7	3.5	4.5

## Gross profit



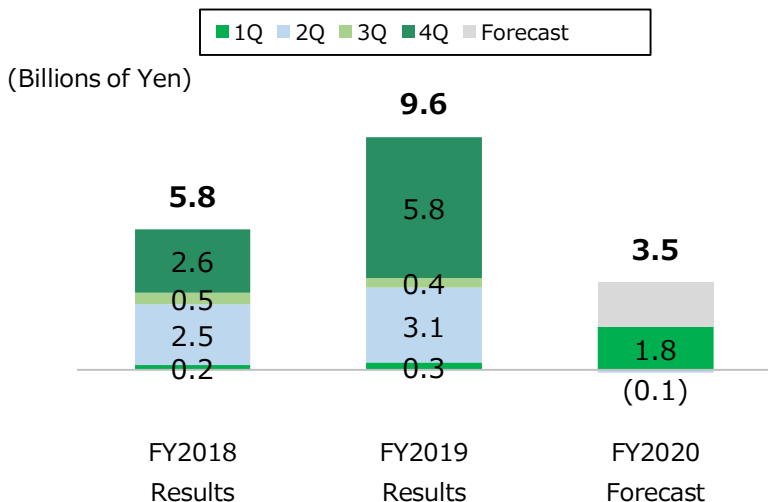
## Asset Structure



- ▶ [The Basaksehir Çam & Sakura City Hospital](#)  
One of the Turkish largest hospital complexes with 2,682 hospital beds (May, 2020 Opened)

# Energy & Social Infrastructure

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



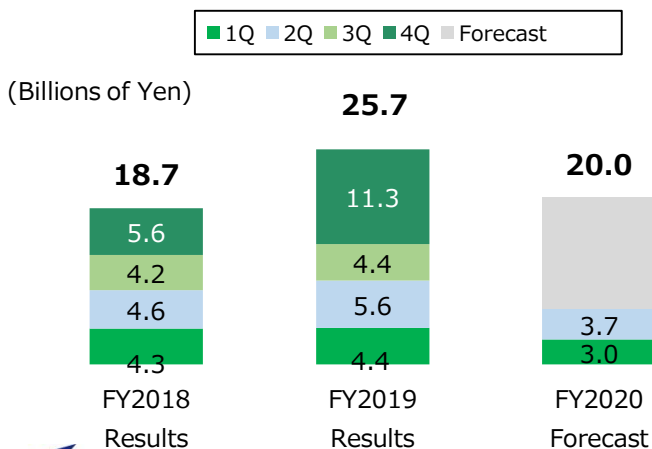
### 【Progress Overview】

Higher earnings projected from domestic and overseas renewable energy businesses and from associates

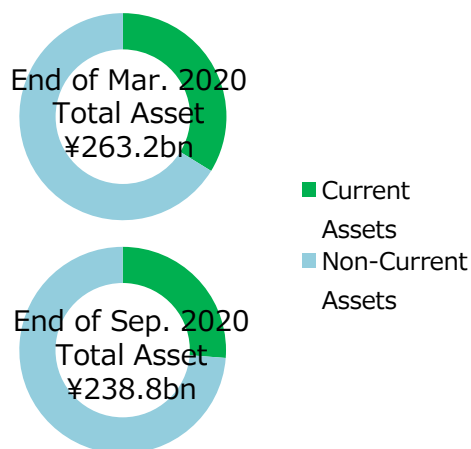


(Billions of Yen)	FY 2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Forecast
Gross profit	10.0	6.7	(3.3)	20.0
Selling, general and administrative expenses	(9.4)	(9.1)	+0.3	-
Share of profit (loss) of investments accounted for using the equity method	3.1	2.7	(0.4)	-
Profit for the period (attributable to owners of the Company)	3.4	1.7	(1.7)	3.5

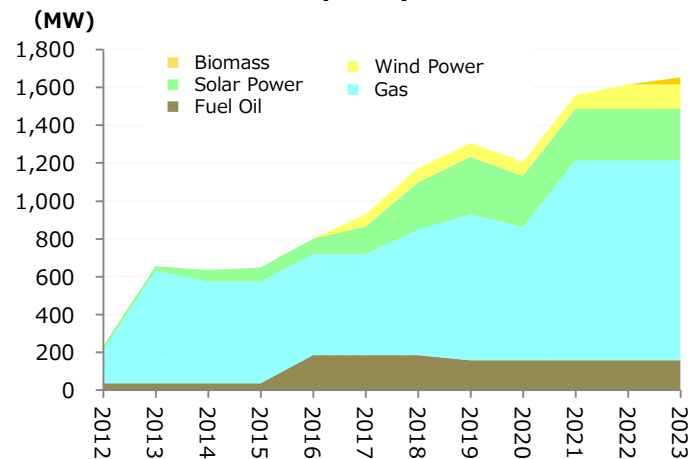
## Gross profit



## Asset Structure



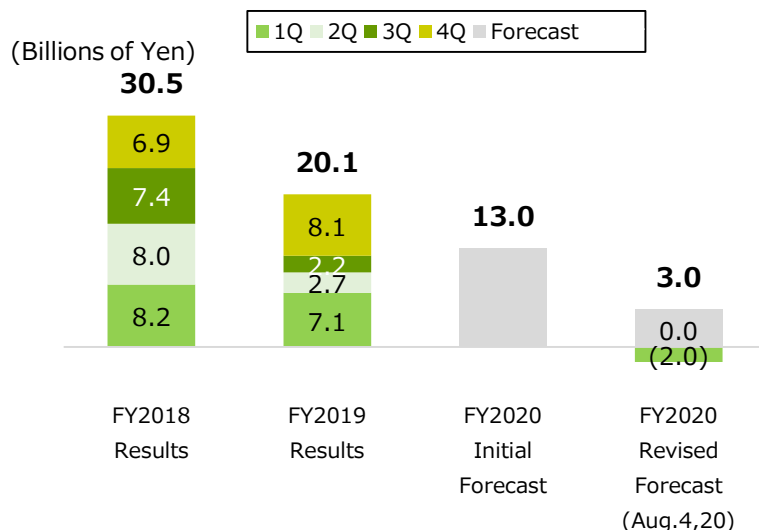
## Change in Net Power-Generation Capacity





# Metals & Mineral Resources

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



### 【Progress Overview】

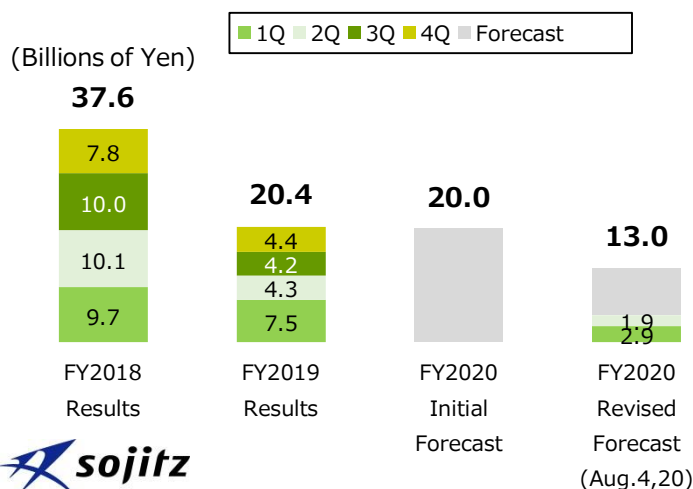
Ongoing cost reductions and earnings from advancement of sales measures with gradual recovery of steel demand.  
Need for ongoing caution with regard to sluggish coal market



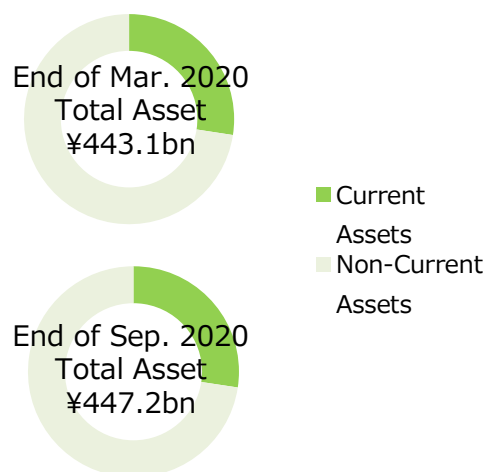
(Billions of Yen)

	FY 2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Initial Forecast	FY2020 Revised Forecast (Aug. 4, 2020)
Gross profit	11.8	4.8	(7.0)	20.0	13.0
Selling, general and administrative expenses	(6.5)	(6.1)	+0.4	-	-
Share of profit (loss) of investments accounted for using the equity method	7.3	0.8	(6.5)	-	-
Profit for the period (attributable to owners of the Company)	9.8	(2.0)	(11.8)	13.0	3.0

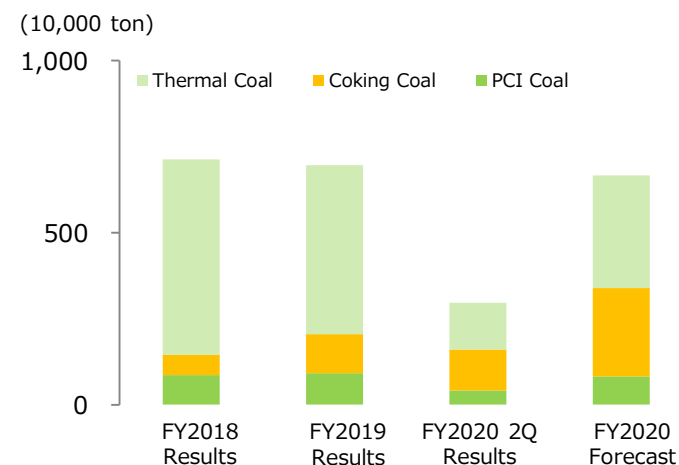
## Gross profit



## Asset Structure



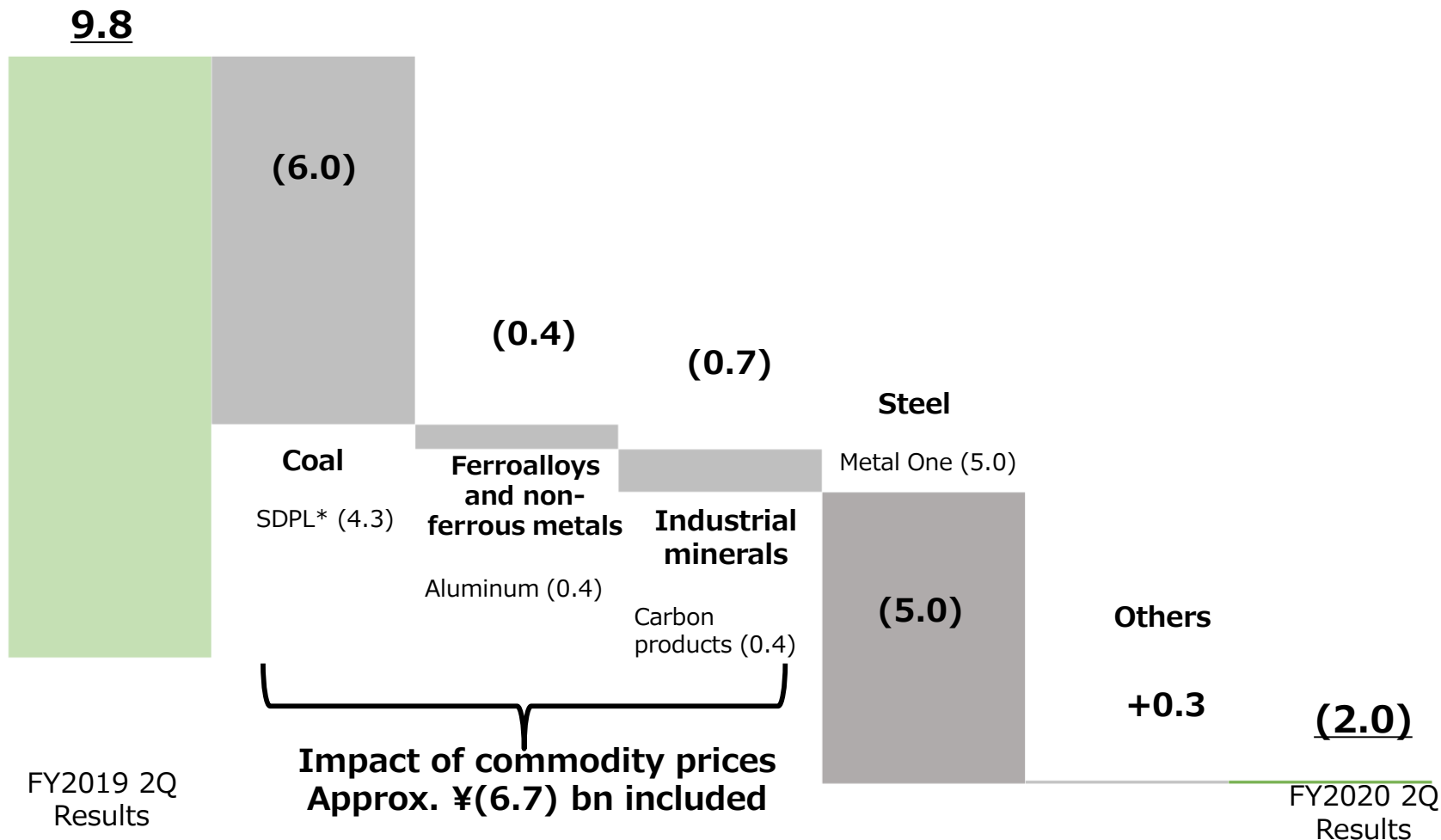
## Change in Coal Sales Volume



# Metals & Mineral Resources

## Year on Year Main Factors Behind Difference

(Billions of Yen)



\*Sojitz Development Pty. Ltd.

(Sojitz Coal Resources Pty. Ltd. is changed the name of the company Sojitz Development Pty. Ltd. from July 1,2020)

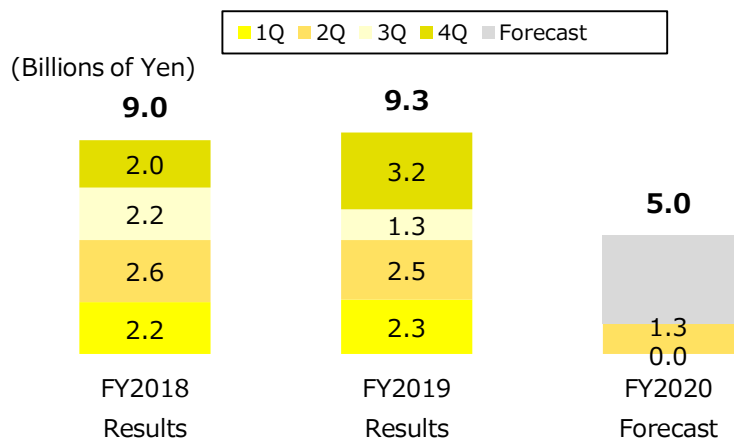
# Chemicals

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



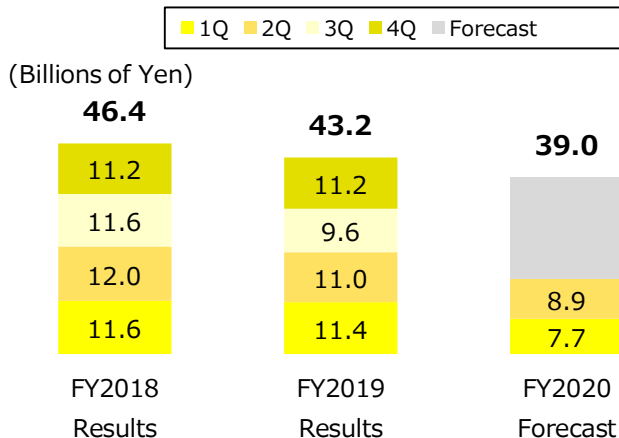
### 【Progress Overview】

Methanol price recovery and steady progress in Chinese economic conditions anticipated, performance in line with forecasts

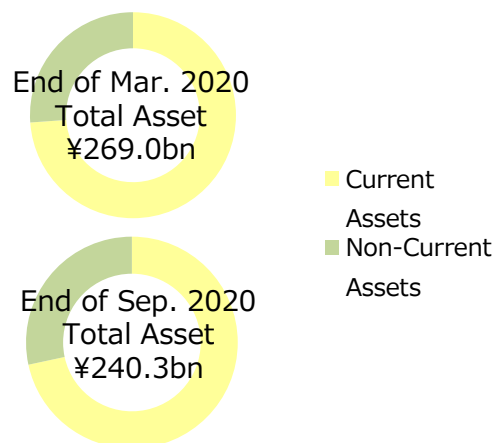


(Billions of Yen)	FY 2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Forecast
Gross profit	22.4	16.6	(5.8)	39.0
Selling, general and administrative expenses	(14.8)	(13.8)	+1.0	-
Share of profit (loss) of investments accounted for using the equity method	0.3	0.3	0.0	-
Profit for the period (attributable to owners of the Company)	4.8	1.3	(3.5)	5.0

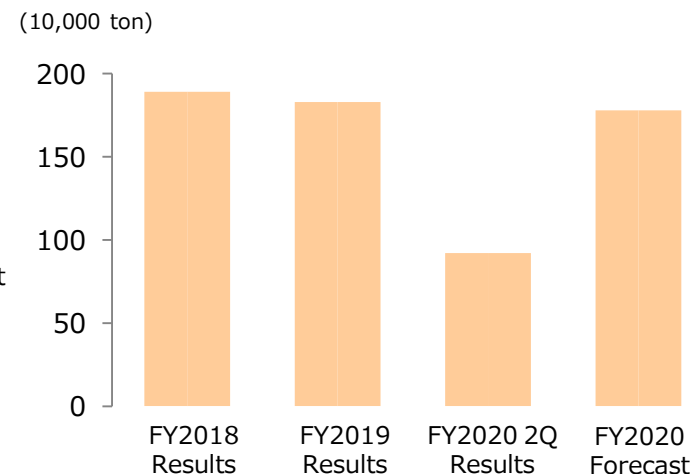
## Gross profit



## Asset Structure

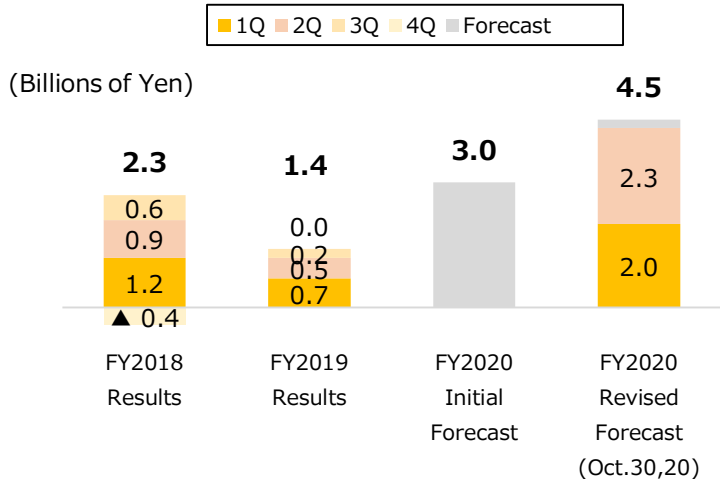


## Sales Volume for Methanol



# Foods & Agriculture Business

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



### 【Progress Overview】

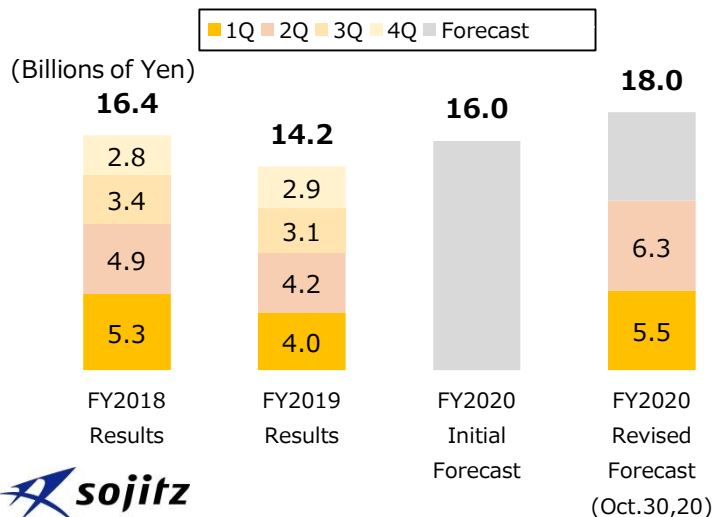
Upward revision to forecasts in reflection of strong performance based on steady progress of overseas fertilizer businesses in first half



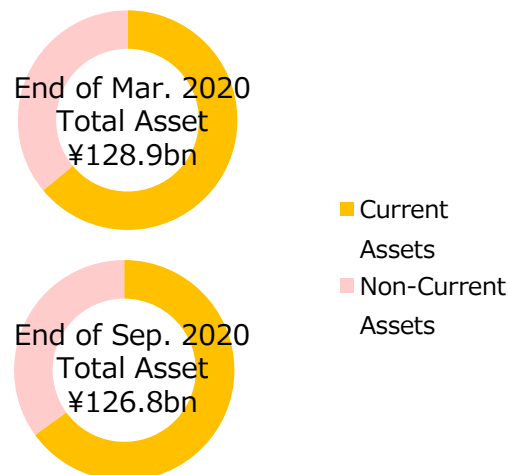
(Billions of Yen)

	FY 2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Initial Forecast	FY2020 Revised Forecast (Oct.30,2020)
Gross profit	8.2	11.8	+3.6	16.0	18.0
Selling, general and administrative expenses	(5.9)	(5.6)	+0.3	-	-
Share of profit (loss) of investments accounted for using the equity method	0.3	0.5	+0.2	-	-
Profit for the period (attributable to owners of the Company)	1.2	4.3	+3.1	3.0	4.5

## Gross profit



## Asset Structure

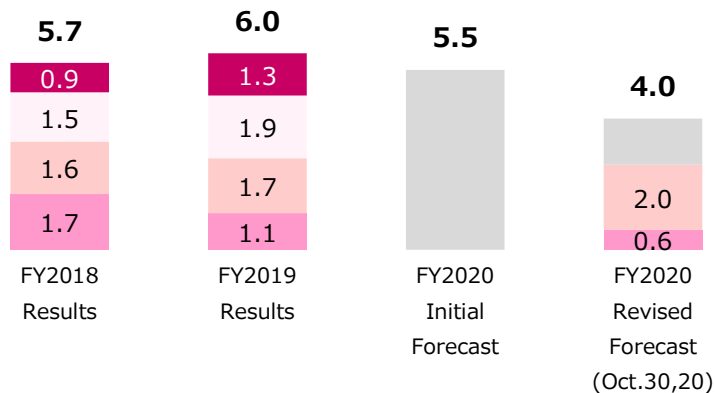


# Retail & Lifestyle Business

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

1Q 2Q 3Q 4Q Forecast

(Billions of Yen)



### 【Progress Overview】

Downward revision to forecasts in reflection of stagnation in domestic consumption

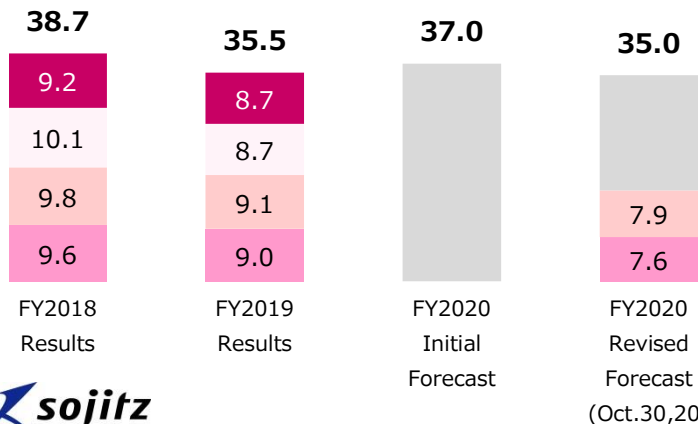


(Billions of Yen)	FY 2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Initial Forecast	FY2020 Revised Forecast (Oct.30,2020)
Gross profit	18.1	15.5	(2.6)	37.0	35.0
Selling, general and administrative expenses	(13.5)	(12.8)	+0.7	-	-
Share of profit (loss) of investments accounted for using the equity method	0.2	(0.3)	(0.5)	-	-
Profit for the period (attributable to owners of the Company)	2.8	2.6	(0.2)	5.5	4.0

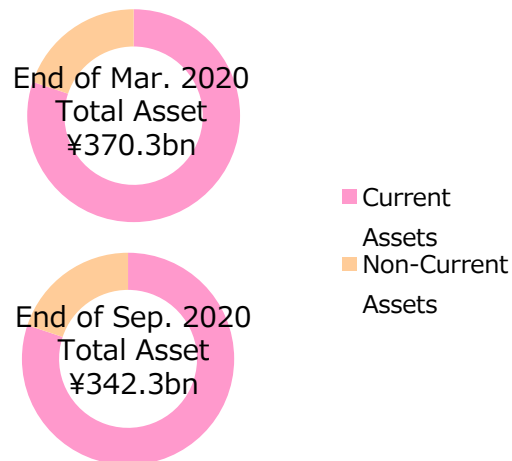
## Gross profit

1Q 2Q 3Q 4Q Forecast

(Billions of Yen)



## Asset Structure



# Industrial Infrastructure & Urban Development

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

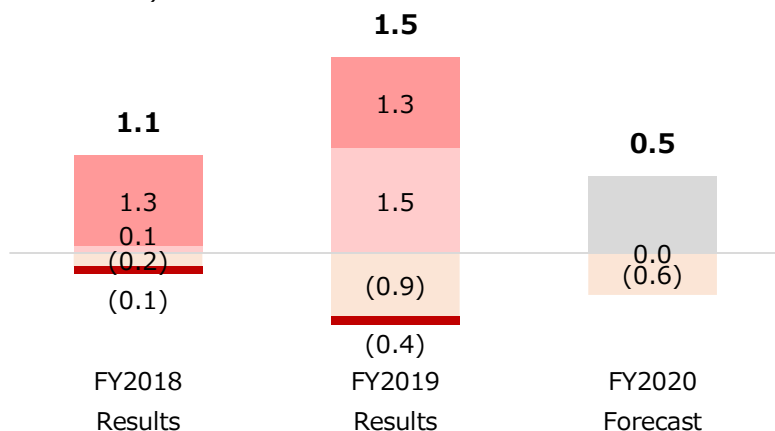


### [Progress Overview]

Turn overs of industrial parks scheduled, performance in line with forecasts

1Q 2Q 3Q 4Q Forecast

(Billions of Yen)

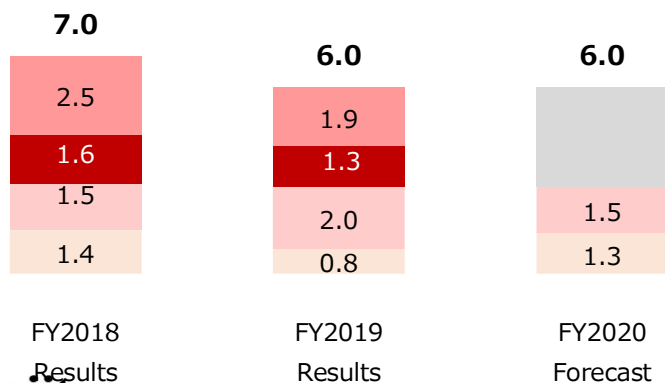


(Billions of Yen)	FY 2019 2Q Results	FY2020 2Q Results	Difference	FY2020 Forecast
Gross profit	2.8	2.8	0.0	6.0
Selling, general and administrative expenses	(2.8)	(2.5)	+0.3	-
Share of profit (loss) of investments accounted for using the equity method	1.0	0.0	(1.0)	-
Profit for the period (attributable to owners of the Company)	0.6	(0.6)	(1.2)	0.5

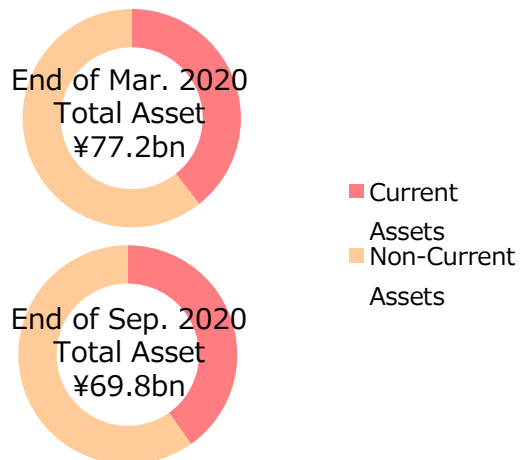
## Gross profit

1Q 2Q 3Q 4Q Forecast

(Billions of Yen)



## Asset Structure



# Profit or Loss of Major Subsidiaries and Associates

(Billions of Yen)

Segment	Company	Subsidiary/ Associate	FY2019 2Q	FY2020 2Q	Difference
■ Automotive	Sojitz Autrans Corporation	Subsidiary	0.5	0.0	(0.5)
■ Automotive	Sojitz Automotive Group, Inc	Subsidiary	0.6	0.3	(0.3)
■ Automotive	Sojitz de Puerto Rico Corporation	Subsidiary	0.6	0.0	(0.6)
■ Automotive	Subaru Motor LLC	Subsidiary	(0.2)	0.3	0.5
■ Automotive	Sojitz Quality, Inc	Subsidiary	0.1	(0.2)	(0.3)
■ Aerospace & Transportation Project	Sojitz Aerospace Corporation	Subsidiary	0.6	0.4	(0.2)
■ Aerospace & Transportation Project	Sojitz Marine & Engineering Corporation	Subsidiary	0.3	0.0	(0.3)
■ Aerospace & Transportation Project	Sojitz Transit & Railway Canada Inc.	Subsidiary	0.2	0.6	0.4
■ Machinery & Medical Infrastructure	Sojitz Machinery Corporation	Subsidiary	0.5	0.5	0.0
■ Machinery & Medical Infrastructure	Sojitz Hospital PPP Investment B.V.	Subsidiary	1.2	1.9	0.7
■ Machinery & Medical Infrastructure	First Technology China Ltd.	Subsidiary	0.4	0.4	0.0
■ Energy & Social Infrastructure	Nissho Electronics Corporation	Subsidiary	0.3	(0.1)	(0.4)
■ Energy & Social Infrastructure	Tokyo Yuso Corporation	Subsidiary	0.2	0.2	0.0
■ Energy & Social Infrastructure	LNG Japan Corporation	Associate	1.2	0.7	(0.5)
■ Metals & Mineral Resources	Sojitz Development Pty. Ltd. *	Subsidiary	2.3	(2.0)	(4.3)
■ Metals & Mineral Resources	Sojitz Resources (Australia) Pty. Ltd.	Subsidiary	0.0	(0.2)	(0.2)
■ Metals & Mineral Resources	Japan Alumina Associates (Australia) Pty. Ltd.	Associate	0.4	0.2	(0.2)
■ Metals & Mineral Resources	Metal One Corporation	Associate	5.1	0.1	(5.0)

\* Sojitz Coal Resources Pty. Ltd. is changed the name of the company Sojitz Development Pty. Ltd. from July 1, 2020

\*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	FY2019 2Q	FY2020 2Q	Difference
Chemicals	Sojitz Pla-Net Corporation	Subsidiary	0.4	0.3	(0.1)
Chemicals	PT. Kaltim Methanol Industri	Subsidiary	2.2	0.0	(2.2)
Chemicals	solvadis deutschland gmbh	Subsidiary	0.2	0.2	0.0
Foods & Agriculture Business	Atlas Fertilizer Corporation	Subsidiary	0.4	1.0	0.6
Foods & Agriculture Business	Japan Vietnam Fertilizer Company	Subsidiary	0.1	0.2	0.1
Retail & Lifestyle Business	Sojitz Building Materials Corporation	Subsidiary	0.0	0.1	0.1
Retail & Lifestyle Business	Sojitz Foods Corporation	Subsidiary	1.2	1.1	(0.1)
Retail & Lifestyle Business	Sojitz Fashion Co., Ltd.	Subsidiary	0.3	0.3	0.0
Industrial Infrastructure & Urban	Sojitz New Urban Development Corporation	Subsidiary	0.2	(0.1)	(0.3)

\*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)

<https://www.sakura.ad.jp/en/corporate/>

Chemicals Division:

•Pla Matels Corporation (consolidated subsidiary)

<https://www.plamatels.co.jp/english/>

Foods & Agriculture Business Division:

•Fuji Nihon Seito Corporation (equity-method associate)

<https://www.fnsugar.co.jp/en>

•Thai Central Chemical Public Company Limited (consolidated subsidiary)

<http://www.tcccthai.com/>

Retail & Lifestyle Business Division:

•JALUX Inc. (equity-method associate)

<https://www.jalux.com/en/profile/>

•Tri-Stage Inc. (equity-method associate)

<https://www.tri-stage.jp/en/>

Industrial Infrastructure & Urban Development Division:

•PT. Puradelta Lestari. Tbk (equity-method associate)

<https://www.kota-deltamas.com/>



# **【Supplemental Data】**

## **Ⅲ. Summary of Financial Results**

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# Summary of Profit or Loss (Results)

(Billions of Yen)	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 2Q
Net sales (JGAAP)	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	744.6
Gross profit	178.2	192.7	217.1	187.2	198.2	197.7	180.7	200.7	232.4	241.0	220.5	84.5
Operating profit	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	9.2	19.3	16.3	15.8	31.0	28.6	23.2	12.7	25.1	27.8	24.9	4.6
Profit before tax	18.9	39.3	58.5	28.1	44.0	52.6	44.3	58.0	80.3	94.9	75.5	12.0
Profit for the year attributable to owners of the Company	8.8	16.0	(1.0)	13.4	27.3	33.1	36.5	40.8	56.8	70.4	60.8	9.1
Core earnings	14.4	41.9	65.8	38.5	68.0	66.3	41.6	54.2	90.8	93.2	68.4	8.3
ROA	0.4%	0.7%	(0.0)%	0.6%	1.2%	1.5%	1.7%	1.9%	2.5%	3.0%	2.7%	–
ROE	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. 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	End of Sep. 2020
Total assets	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	2,154.7
Total equity	352.4	330.0	330.0	382.6	459.9	550.9	520.3	550.5	586.4	618.2	579.1	569.5
Equity ratio	16.3%	15.6%	15.1%	17.8%	20.7%	24.0%	25.3%	25.7%	25.0%	26.9%	26.0%	26.4%
Net interest-bearing debt	737.8	700.6	676.4	643.3	640.2	629.6	571.6	611.1	603.5	584.7	613.2	531.5
Net DER (times)	2.1	2.1	2.0	1.7	1.4	1.1	1.1	1.1	1.0	1.0	1.1	0.9
Risk assets (vs. Total equity, times)	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	360.0 0.6
Current ratio	152.7%	142.2%	142.5%	152.1%	162.8%	169.5%	170.1%	171.3%	162.7%	157.1%	161.4%	169.2%
Long-term debt ratio	74.3%	72.3%	73.3%	76.0%	78.7%	79.9%	81.8%	82.9%	87.5%	82.9%	79.1%	83.5%

(\*) 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.

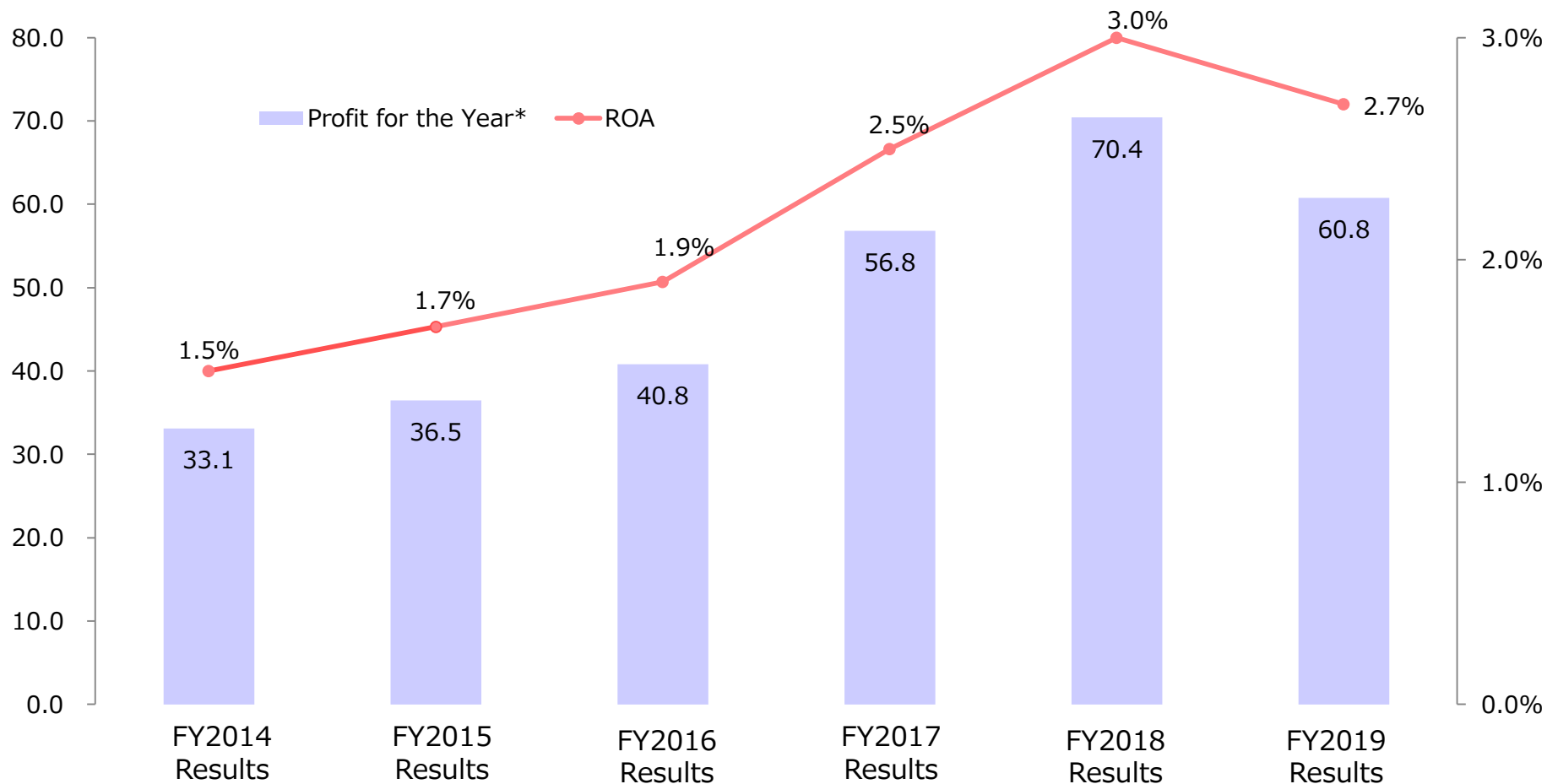
# Summary of Cash Flow (Results)

(Billions of Yen)	End of Mar. 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	End of Sep. 2020
Core cash flow	-	-	-	-	-	-	18.3	5.5	(56.7)	63.1	1.3	9.9
Free cash flow	135.7	48.0	46.4	43.4	22.5	25.3	66.0	(31.3)	12.4	54.3	4.8	92.6
Core operating cash flow	-	-	-	-	-	-	60.0	59.4	82.9	79.1	80.2	20.9
Cash flow from operating activities	107.2	67.9	88.7	55.1	47.0	39.1	99.9	0.9	98.8	96.5	40.5	96.9
Cash flow from investment activities	28.4	(19.9)	(42.3)	(11.7)	(24.5)	(13.8)	(33.9)	(32.2)	(86.4)	(42.2)	(35.7)	(4.3)
Cash flow from financing activities	(102.6)	(72.1)	(29.5)	(56.2)	(30.9)	(42.6)	(114.7)	(4.0)	(13.1)	(74.9)	(12.2)	(50.5)
Investments and loans	27.0	73.0	53.0	44.0	54.0	57.0	71.0	86.0	158.0	91.0	81.0	19.0

※Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement)  
 - Dividends paid - Purchase of treasury stock

# Summary of Profit or Loss

(Billions of Yen)



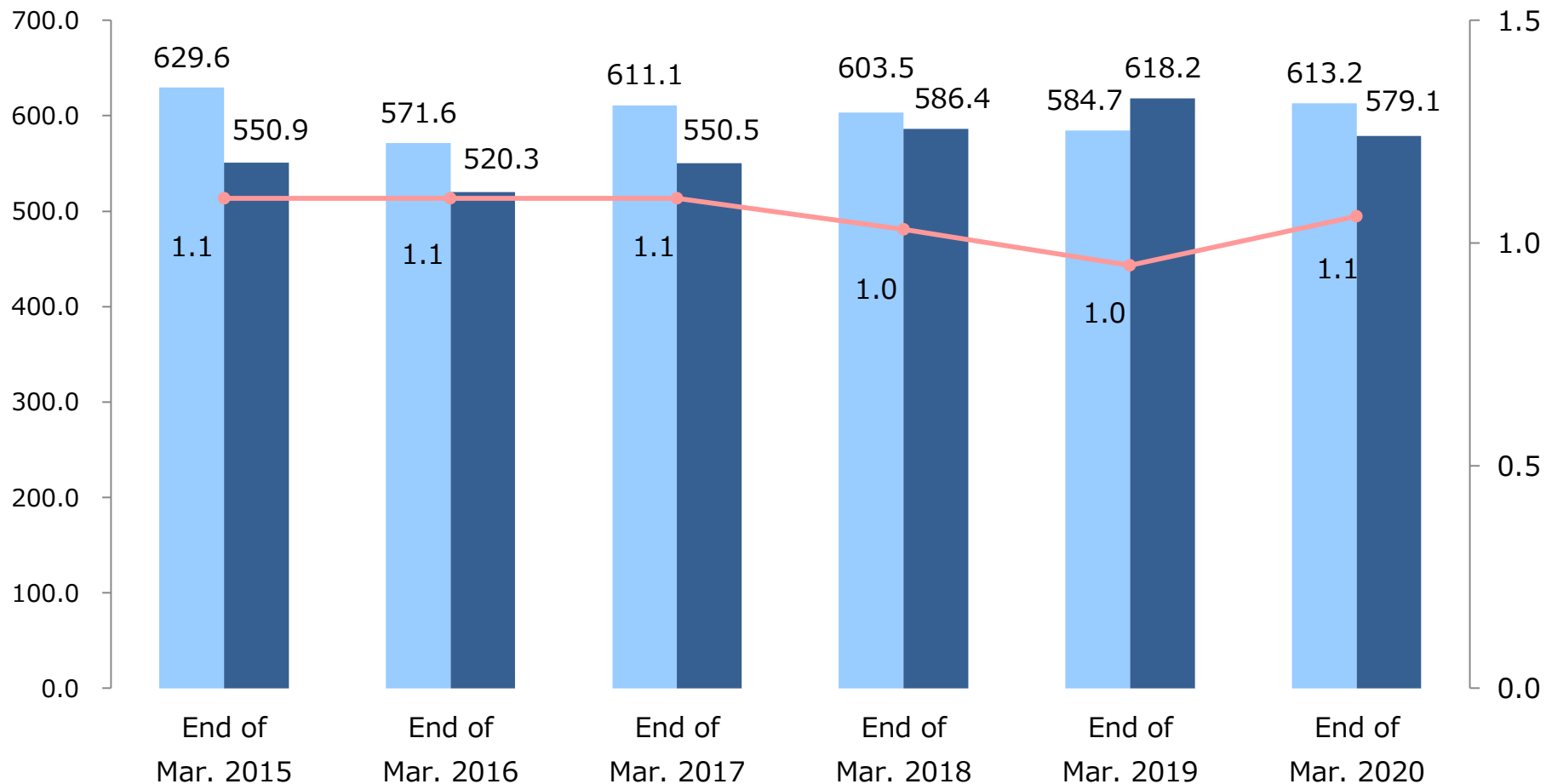
\* Attributable to owners of the Company

# Summary of Balance Sheets

(Billions of Yen)

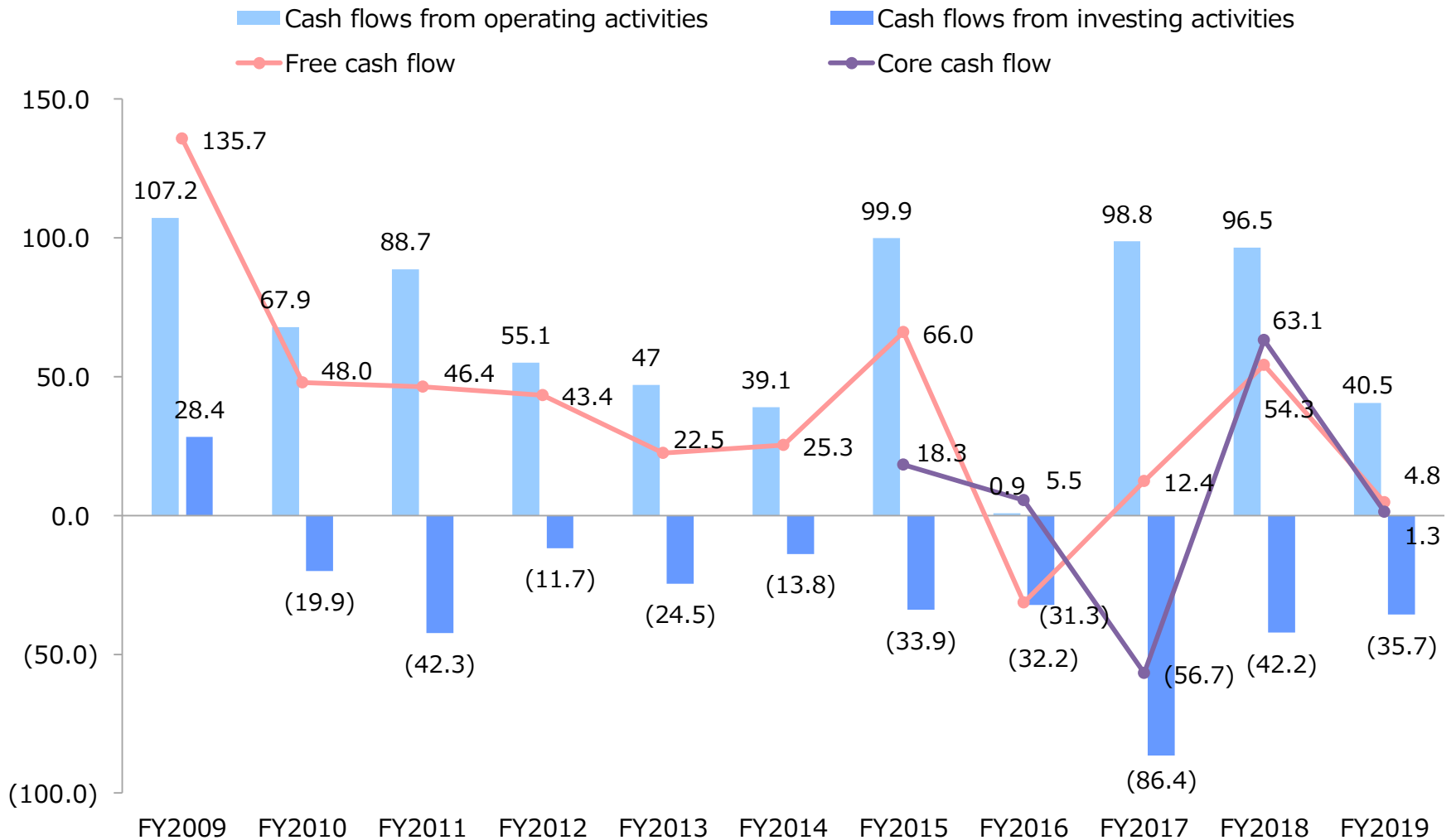
(Times)

Net Interest-Bearing Debt      Total Equity      Net DER



# Summary of Cash Flow

(Billions of Yen)





*New way, New value*

**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.



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

October 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 filing date of quarterly financial report: November 11, 2020

Scheduled date of delivery of dividends: December 1, 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 First Half Ended September 30, 2020 (April 1, 2020 - September 30, 2020)

#### (1) Consolidated Operating Results

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

	Revenue		Profit before tax		Profit for the period		Profit for the period attributable to owners of the Company		Total comprehensive income for the period	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the first half ended										
September 30, 2020	744,622	(16.7)	11,997	(66.0)	10,454	(67.0)	9,147	(69.0)	6,656	-
September 30, 2019	893,832	(5.1)	35,259	(31.5)	31,643	(20.9)	29,517	(20.5)	(5,264)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the first half ended		
September 30, 2020	7.62	7.62
September 30, 2019	23.63	23.63

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

#### (2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the Company	Total equity attributable to owners of the Company ratio
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of				
September 30, 2020	2,154,676	607,422	569,494	26.4
March 31, 2020	2,230,285	621,898	579,123	26.0

#### 2. Cash Dividends

	Cash dividend per share				
	First quarter	Second quarter	Third quarter	Year end	Annual
For the year ended					
	Yen	Yen	Yen	Yen	Yen
March 31, 2020	-	8.50	-	8.50	17.00
March 31, 2021	-	5.00	-	-	-
March 31, 2021 (forecast)	-	-	-	5.00	10.00

Note : Changes in cash dividend forecast : No

### 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, 2020			
Full-year	30,000	(50.7)	25.01

Note 1 : Changes in cash dividend forecast : No

Note 2 : Basic earnings per share is calculated based on Profit attributable to owners of the Company.

#### 4. Others

(1) Changes in major subsidiaries during the period

(Changes in specified subsidiaries accompanying changes in scope of consolidation) : No

(2) Accounting policy changes and accounting estimate changes

1. Changes in accounting policies required by IFRS : No

2. Changes due to other reasons : No

3. Accounting estimate change : No

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

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

As of September 30, 2020: 1,251,499,501 As of March 31, 2020: 1,251,499,501

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

As of September 30, 2020 : 52,402,097 As of March 31, 2020 : 32,204,257

3. Average number of outstanding shares during the periods:

For the first half ended September 30, 2020 (accumulative): 1,200,420,776

For the first half ended September 30, 2019 (accumulative): 1,249,264,273

Note: The Company established the Executive Compensation Board Incentive Plan Trust in the six-month period ended September 30, 2018. The trust account associated with this trust holds shares of the Company's stock, which are treated as treasury shares; 1,547,972 stocks in the first half ended September 30, 2020 and 1,667,211 stocks in the financial year ended March 2020.

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

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

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

# 1. Analysis of Business Results

## (1) Overview of the Six-month Period Ended September 30, 2020

### Economic Environment

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 economy in the United States bottomed out and began recovering gradually, despite the spike in COVID-19 infections after the reopening of the economy. Factors contributing to this recovery included the massive monetary easing measures rolled out by the Federal Reserve Board and the anticipation for the potential of additional economic stimulus measures. Meanwhile, there is a need to carefully monitor the economic impacts of the U.S. presidential election scheduled for November 2020 and government measures increasing radical pressure on China.

In Europe, an economic recovery trend was seen following the European Union's decision to establish a recovery fund to support the European countries that are suffering the largest damages from the COVID-19 pandemic. However, the pace of recovery is differing between countries, and it is unclear how functional the recovery will be. Factors warranting caution in Europe include the growing gap between countries in north and south Europe stemming from differences in their financial surpluses, the financial risks of high-debt countries, and the course of trade negotiations between the United Kingdom and the European Union.

In China, the National People's Congress of the People's Republic of China announced a large-scale economic stimulus package at the end of May 2020, and investment in infrastructure and real estate has been driving economic recovery since. At the same time, the clashes between China and the United States are growing more intense and there is a rising sense of tension in relation to issues surrounding Taiwan and the territorial disputes concerning the Spratly and Paracel islands. Ongoing attention is required with regard to these issues.

In Asia, the restrictions on outings and movement by people instituted in response to the COVID-19 pandemic have been gradually lifted, but there have been some resurgences of COVID-19 cases, leading to a move to reinstitute such restrictions. As a result, economic conditions in Asian countries remain challenging, and caution is required with regard to the risks associated with potential second waves of COVID-19 infections and the credit issues that could arise from the prolongation of the pandemic.

In Japan corporate finances have been supported by the efforts of the government and the Bank of Japan, causing the economy to bottom out and begin gradually recovering in the second quarter of the fiscal year. However, the recovery in economic activity has been gradual, and a full-fledged recovery has yet to be seen. There is thus a need to continue monitoring trends including the reductions to external demand stemming from the reinstatement of restrictions on economic activities in overseas markets as well as the downward pressure placed on the global economy by the intensification of the clashes between the United States and China.

### Financial Performance

Sojitz Corporation's consolidated business results for the second quarter ended September 30, 2020 are presented below.

Revenue	Revenue was down 16.7% year on year, to ¥744,622 million, 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.
Gross profit	Gross profit decreased ¥25,285 million year on year, to ¥84,452 million, due to decrease in revenue.
Profit before tax	Profit before tax decreased ¥23,262 million year on year, to ¥11,997 million, 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 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.
Profit for the period	After deducting income tax expenses of ¥1,543 million from profit before tax of ¥11,997 million, profit for the period amounted to ¥10,454 million, down ¥21,189 million year on year. Profit for the period (attributable to owners of the Company) decreased ¥20,370 million year on year, to ¥9,147 million.
Comprehensive income for the period	Comprehensive income for the period of ¥6,656 million was recorded, compared with comprehensive loss for the period of ¥5,264 million in the previous equivalent period, following an increase in financial assets at fair value through other comprehensive income along with more beneficial foreign currency translation differences for foreign operations. Comprehensive income for the period (attributable to owners of the Company) of ¥5,660 million was recorded, compared with comprehensive loss for the period of ¥6,595 million in the previous equivalent period.

Results for the six-month period ended September 30, 2020, are summarized by segment below.

#### Automotive

Revenue was down 39.0% year on year, to ¥71,774 million, as a result of decreases in sales volumes in overseas automobile operations as a result of the global COVID-19 pandemic. Loss for the period (attributable to owners of the Company) increased ¥3,165 million, to ¥1,640 million, as a result of a decline in gross profit.

#### Aerospace & Transportation Project

Revenue was down 43.9% year on year, to ¥9,955 million, due to decreases in aircraft transactions. Loss for the period (attributable to owners of the Company) increased ¥929 million, to ¥330 million, as a result of lower gross profit along with a decline in share of profit of investments accounted for using the equity method.

#### Machinery & Medical Infrastructure

Revenue was down 15.2% year on year, to ¥48,015 million due to decreases in industrial machinery transactions. Profit for the period (attributable to owners of the Company) increased ¥730 million, to 2,186 million as an increase in share of profit of investments accounted for using the equity method counteracted the impacts of a decline in gross profit.

### Energy & Social Infrastructure

Revenue was down 29.2% year on year, to ¥24,388 million, as a decrease in income from overseas natural gas-fired power generation businesses and a domestic solar power generation business company due to partial sale in the previous fiscal year. Profit for the period (attributable to owners of the Company) decreased ¥1,753 million, to ¥1,691 million, as the increase in other income and expenses stemming from a gain on the partial sale of a natural gas-fired power project company was outweighed by the impacts of a decline in gross profit.

### Metals & Mineral Resources

Revenue was down 8.7% year on year, to ¥171,073 million, as a decline in coal prices as a result of the global COVID-19 pandemic and sold a part of coal interests recorded at the end of the previous equivalent period. Loss for the period (attributable to owners of the Company) of ¥1,968 million was recorded, compared with profit for the period (attributable to owners of the Company) of ¥9,816 million in the previous equivalent period, as a result of a decline in gross profit as well as decrease in share of profit of investments accounted for using the equity method associated with lower profit of steel operating company.

### Chemicals

Revenue was down 19.1% year on year, to ¥183,474 million, as a result of declines in the price of methanol and lower transaction volumes of plastic resins as a result of the global COVID-19 pandemic. Profit for the period (attributable to owners of the Company) decreased ¥3,449 million, to ¥1,317 million as a result of a decline in gross profit.

### Foods & Agriculture Business

Revenue was up 2.2% year on year, to ¥67,051 million, as a result of the increase in transaction volumes in overseas fertilizer businesses. Profit for the period (attributable to owners of the Company) increased 3,140 million, to ¥4,337 million, as a result of higher gross profit in overseas fertilizer businesses.

### Retail & Lifestyle Business

Revenue was down 10.5% year on year, to ¥138,803 million, as a result of lower lumber and meat transactions as well as decreased revenue from textile businesses due to the global COVID-19 pandemic. Profit for the period (attributable to owners of the Company) decreased ¥200 million, to ¥2,579 million as a result of a decline in gross profit, which offset an increase in other income and expenses attributable to gains on sales of shopping mall.

### Industrial Infrastructure & Urban Development

Revenue was down 3.9% year on year, to ¥16,721 million, as a result of decrease in income from overseas industrial park operations. Loss for the year (attributable to owners of the Company) increased ¥1,182 million, to ¥598 million, as a result of lower gross profit along with a decline in share of profit of investments accounted for using the equity method.

## **(2) Financial Position**

### Consolidated Balance Sheet

Total assets on September 30, 2020, were ¥2,154,676million, down ¥75,609 million from March 31, 2020, following reductions in trade and other receivables under current assets in the Chemicals Division and the Automotive Division and decrease in inventories in the Automotive Division.

Total liabilities on September 30, 2020, stood at ¥1,547,253 million, down ¥61,134 million from March 31, 2020, as a result of declines in trade and other payables under current liabilities in the Chemicals Division and the Automotive Division and repayment of borrowings.

Total equity attributable to owners of the Company was ¥569,494 million on September 30, 2020, down ¥9,629 million from March 31, 2020. This decline was largely due to dividends paid and acquisition of treasury stock, which counteracted the increase in the accumulation of profit for the period (attributable to owners of the Company).

Consequently, on September 30, 2020, the current ratio was 169.2%, the long-term debt ratio was 83.5%, and the equity ratio\* was 26.4%. Net interest-bearing debt (total interest-bearing debt less cash and cash equivalents and time deposits) totaled ¥531,442 million on September 30, 2020, ¥81,732 million decrease from March 31, 2020. This resulted in the Company's net debt equity ratio\* equaling 0.93 times at September 30, 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 continues 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 six-month period ended September 30, 2020. However, Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever the timing and associated costs prove advantageous.

As supplemental sources of procurement flexibility and precautionary liquidity, Sojitz maintains a ¥100 billion long-term yen commitment line (which remains unused) and 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.

#### Consolidated Cash Flows

In the six-month period ended September 30, 2020, operating activities provided net cash flow of ¥96,893 million, investing activities provided net cash flow of ¥4,264 million, and financing activities provided net cash flow of ¥50,543 million. Sojitz ended the period with cash and cash equivalents of ¥315,423 million, adjusted to reflect foreign currency translation adjustments related to cash and cash equivalents.

#### (Cash flows from operating activities)

Net cash provided by operating activities in the six-month period ended September 30, 2020, was ¥96,893 million, consisted of reductions in working capital and business earnings, etc. it was rose ¥35,507 million year on year.

#### (Cash flows from investing activities)

Net cash provided by investing activities in the six-month period ended September 30, 2020, was ¥4,264 million, mainly as a result of acquisition of fixed assets counteracted the impacts of the sale of shopping mall and partial sale of a natural gas-fired power project company. it was down ¥17,070 million year on year.

#### (Cash flows from financing activities)

Net cash provided by financing activities in the six-month period ended September 30, 2020, was ¥50,543 million, up ¥23,844 million year on year. This outflow was primarily a result of dividends paid and repayment of borrowings.

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

There has been no change to the consolidated earnings forecast announced together with financial results for the three-month period ended August 4, 2020.

**\*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.

**2. Summary information (other)**

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

None

### 3. Consolidated Financial Statements

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

(In Millions of Yen)

	FY 2019 (As of March 31, 2019)	FY 2020 (As of September 30, 2020)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalent	272,651	315,423
Time deposits	7,433	15,073
Trade and other receivables	638,207	564,602
Derivatives	5,055	3,543
Inventories	213,385	183,821
Income tax receivables	3,956	4,457
Other current assets	64,455	64,054
Subtotal	1,205,145	1,150,976
Assets as held for sale	12,318	—
Total current assets	1,217,464	1,150,976
<b>Non-current assets</b>		
Property, plant and equipment	157,995	162,755
Usage rights assets	74,136	70,962
Goodwill	66,496	66,722
Intangible assets	43,366	47,420
Investment property	18,602	13,130
Investments accounted for using the equity method	413,740	402,931
Trade and other receivables	78,352	80,103
Other investments	140,975	142,483
Derivatives	173	0
Other non-current assets	11,680	11,580
Deferred tax assets	7,300	5,608
Total non-current assets	1,012,821	1,003,699
Total assets	2,230,285	2,154,676
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	481,768	444,199
Lease liabilities	15,317	15,124
Bonds and borrowings	186,767	141,762
Derivatives	5,257	3,325
Income tax payables	6,572	4,783
Provisions	1,956	1,680
Other current liabilities	56,716	69,219
Total current liabilities	754,356	680,095
<b>Non-current liabilities</b>		
Lease liabilities	63,666	59,998
Bonds and borrowings	706,491	720,176
Trade and other payables	9,738	9,351
Derivatives	763	726
Retirement benefits liabilities	22,077	22,145
Provisions	31,102	33,221
Other non-current liabilities	8,943	10,737
Deferred tax liabilities	11,247	10,800
Total non-current liabilities	854,030	867,158
Total liabilities	1,608,387	1,547,253
<b>Equity</b>		
Share capital	160,339	160,339
Capital surplus	146,756	146,765
Treasury stock	(10,901)	(15,853)
Other components of equity	49,777	45,462
Retained earnings	233,151	232,780
Total equity attributable to owners of the Company	579,123	569,494
Non-controlling interests	42,774	37,928
Total equity	621,898	607,422
Total liabilities and equity	2,230,285	2,154,676



## (2) Consolidated Statements of Profit or Loss

(In Millions of Yen)

	For the 1st Half Ended September 30, 2019 (From April 1, 2019 To September 30, 2019)	For the 1st Half Ended September 30, 2020 (From April 1, 2020 To September 30, 2020)
Revenue		
Sale of goods	844,638	704,572
Sales of service and others	49,194	40,049
Total revenue	893,832	744,622
Cost of sales	(784,095)	(660,170)
Gross profit	109,737	84,452
Selling, general and administrative expenses	(85,620)	(78,950)
Other income(expenses)		
Gain(loss) on sale and disposal of fixed assets, net	392	2,055
Impairment loss on fixed assets	(492)	—
Gain on reorganization of subsidiaries/associates	829	2,153
Loss on reorganization of subsidiaries/associates	(207)	(64)
Other operating income	2,671	3,144
Other operating expenses	(3,185)	(3,475)
Total other income/expenses	7	3,814
Financial income		
Interests earned	3,687	2,963
Dividends received	2,014	1,477
Total financial income	5,701	4,441
Financial costs		
Interest expenses	(7,683)	(6,228)
Other financial costs	(97)	(102)
Total financial cost	(7,781)	(6,330)
Share of profit(loss) of investments accounted for using the equity method	13,215	4,570
Profit before tax	35,259	11,997
Income tax expenses	(3,616)	(1,543)
Profit for the period	31,643	10,454
Profit attributable to:		
Owners of the Company	29,157	9,147
Non-controlling interests	2,125	1,306
Total	31,643	10,454

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

(In Millions of Yen)

	For the 1st Half Ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	For the 1st Half Ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Profit for the period	31,643	10,454
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(7,453)	2,315
Remeasurements of defined benefit pension plans	163	113
Share of other comprehensive income of investments accounted for using the equity method	(8,041)	(369)
Total items that will not be reclassified to profit or loss	(15,331)	2,059
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(14,162)	181
Cash flow hedges	(1,207)	2,780
Share of other comprehensive income of investments accounted for using the equity method	(6,207)	(8,820)
Total items that may be reclassified subsequently to profit or loss	(21,576)	(5,857)
Other comprehensive income for the year, net of tax	(36,907)	(3,798)
Total comprehensive income for the period	(5,264)	6,656
Total comprehensive income for the period attributable to:		
Owners of the Company	(6,595)	5,660
Non-controlling interests	1,330	995
Total	(5,264)	6,656

## (4) Consolidated Statements of Changes in Equity

(In Millions of Yen)

	Attributable to owners of the Company					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Foreign currency translation differences for foreign operations	Financial assets at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2019	160,339	146,645	(865)	4,861	107,226	(4,512)
Impact of change in accounting policies						
Balance as of April 1, 2019 (Revised)	160,339	146,645	(865)	4,861	107,226	(4,512)
Profit for the period						
Other comprehensive income				(18,833)	(15,511)	(1,964)
Total comprehensive income for the period	—	—	—	(18,833)	(15,511)	(1,964)
Purchase of treasury stock		(0)	(0)			
Disposal of treasury stock		(24)	24			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control				0		0
Reclassification from other components of equity to retained earnings					678	
Share remuneration transactions		76				
Other changes						
Total contributions by and distributions to owners of the Company	—	52	23	0	678	0
Balance as of September 30, 2019	160,339	146,698	(842)	(13,971)	92,393	(6,476)
Balance as of April 1, 2020	160,339	146,756	(10,901)	(29,975)	86,513	(6,760)
Impact of change in accounting policies						
Profit for the period						
Other comprehensive income				(3,203)	1,835	(2,247)
Total comprehensive income for the period	—	—	—	(3,203)	1,835	(2,247)
Purchase of treasury stock		(1)	(5,000)			
Disposition of treasury stock		(47)	47			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control						
Reclassification from other components of equity to retained earnings					(699)	
Share remuneration payment transaction		58				
Other changes						
Total contributions by and distributions to owners of the Company	—	9	(4,985)	—	(699)	—
Balance as of September 30, 2020	160,339	146,765	(15,853)	(33,178)	87,648	(9,007)

(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, 2019	—	107,576	204,600	618,295	43,312	661,607
Impact of change in accounting policies			(2,402)	(2,402)		(2,402)
Balance as of April 1, 2019 (Revised)	—	107,576	202,197	615,892	43,312	659,205
Profit for the period			29,517	29,517	2,125	31,643
Other comprehensive income	196	(36,113)		(36,113)	(794)	(36,907)
Total comprehensive income for the period	196	(36,113)	29,517	(6,595)	1,330	(5,264)
Purchase of treasury stock				(0)		(0)
Disposal of treasury stock				—		—
Dividends			(11,884)	(11,884)	(2,960)	(14,845)
Change in ownership interests in subsidiaries without loss/acquisition of control		0	(376)	(375)	694	319
Reclassification from other components of equity to retained earnings	(196)	481	(481)	—		—
Share remuneration transactions				76		76
Other changes			97	97	474	572
Total contributions by and distributions to owners of the Company	(196)	482	(12,644)	(12,085)	(1,791)	(13,877)
Balance as of September 30, 2019	—	71,945	219,070	597,211	42,851	640,063

Balance as of April 1, 2020	—	49,777	233,151	579,123	42,774	621,898
Profit for the period			9,147	9,147	1,306	10,454
Other comprehensive income	128	(3,487)		(3,487)	(310)	(3,798)
Total comprehensive income for the period	128	(3,487)	9,147	5,660	995	6,656
Purchase of treasury stock				(5,001)		(5,001)
Disposal of treasury stock				—		—
Dividends			(10,378)	(10,378)	(2,190)	(12,568)
Change in ownership interests in subsidiaries without loss/acquisition of control				—	96	96
Reclassification from other components of equity to retained earnings	(128)	(827)	827	—		—
Share remuneration payment transaction				58		58
Other changes			31	31	(3,748)	(3,717)
Total contributions by and distributions to owners of the Company	(128)	827	(9,518)	(15,289)	(5,842)	(21,132)
Balance as of September 30, 2020	—	45,462	232,780	569,494	37,928	607,422

## (5) Consolidated Statements of Cash Flows

(In Millions of Yen)

	For the 1st Half Ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	For the 1st Half Ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Profit for the period	31,643	10,454
Depreciation and amortization	16,319	15,674
Impairment loss of fixed assets	492	—
Finance (income) costs	2,080	1,889
Share of (profit)loss of investments accounted for using the equity method	(13,215)	(4,570)
(Gain) loss on sale of fixed assets, net	(392)	(2,055)
Income tax expenses	3,616	1,543
(Increase) decrease in trade and other receivables	22,118	73,039
(Increase) decrease in inventories	4,281	29,716
Increase (decrease) in trade and other payables	(11,766)	(34,397)
Changes in other assets and liabilities	2,192	7,591
Increase (decrease) in retirement benefits liabilities	132	105
Others	(1,104)	(4,225)
Subtotal	56,398	94,764
Interests earned	3,118	2,027
Dividends received	16,030	10,435
Interests paid	(7,628)	(6,251)
Income taxes paid	(6,531)	(4,082)
Net cash provided (used) by/in operating activities	61,386	96,893
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,319)	(8,830)
Proceeds from sale of property, plant and equipment	4,263	2,497
Purchase of intangible assets	(2,487)	(5,013)
(Increase) decrease in short-term loans receivable	130	375
Payment for long-term loans receivable	(41)	—
Collection of long-term loans receivable	1,022	218
Proceeds from (payments for) acquisition of subsidiaries	(525)	(661)
Proceeds from (payments for) sale of subsidiaries	—	6,006
Purchase of investments	(10,068)	(3,316)
Proceeds from sale of investments	5,586	3,792
Others	(7,893)	666
Net cash provided (used) by/in investing activities	(21,334)	(4,264)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	16,486	(55,421)
Proceeds from long-term borrowings	46,408	83,061
Repayment of long-term borrowings	(59,902)	(63,067)
Proceeds from issuance of bonds	—	9,940
Redemption of bonds	(10,011)	(7)
Repayment of lease liabilities	(6,106)	(7,165)
Proceeds from non-controlling interest holders	1,094	96
Sales of treasury stock	6	8
Purchase of treasury stock	(0)	(5,000)
Dividends paid	(11,884)	(10,378)
Dividends paid to non-controlling interest holders	(2,791)	(2,570)
Others	2	(40)
Net cash provided (used) by/in financing activities	(26,699)	(50,543)
Net increase (decrease) in cash and cash equivalents	13,353	42,084
Cash and cash equivalents at the beginning of the year	285,687	272,651
Effect of exchange rate changes on cash and cash equivalents	(2,434)	687
Cash and cash equivalents at the end of the period	296,606	315,423

## (7) Segment information

For the first half ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(In Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & Transportaion Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	117,706	17,747	56,593	34,464	187,360	226,713	65,625
Inter-segment revenue	—	11	26	883	—	8	5
Total revenue	117,706	17,759	56,619	35,347	187,360	226,722	65,630
Segment profit (loss)	1,525	599	1,456	3,444	9,816	4,766	1,197

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	155,070	17,392	878,673	15,159	—	893,832
Inter-segment revenue	27	189	1,152	77	(1,229)	—
Total revenue	155,097	17,581	879,826	15,236	(1,229)	893,832
Segment profit (loss)	2,779	584	26,170	254	3,093	29,517

Reconciliation of segment profit of 3,093 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 2,705 million yen, and unallocated dividend income and others of 388 million yen.

For the first half ended September 30, 2020 (April 1, 2020 – September 30, 2020)

(In Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & Transportaion Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	71,774	9,955	48,015	24,388	171,073	183,474	67,051
Inter-segment revenue	—	—	38	941	—	0	5
Total revenue	71,774	9,955	48,053	25,330	171,073	183,475	67,057
Segment profit (loss)	(1,640)	(330)	2,186	1,691	(1,968)	1,317	4,337

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	138,803	16,721	731,258	13,363	—	744,622
Inter-segment revenue	3	419	1,409	52	(1,461)	—
Total revenue	138,807	17,141	732,668	13,416	(1,461)	744,622
Segment profit (loss)	2,579	(598)	7,574	0	1,573	9,147

Reconciliation of segment profit of 1,573 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 1,386 million yen, and unallocated dividend income and others of 187 million yen.