

Highlights of Consolidated Financial Results for the Year Ended March 31, 2021 (IFRS)

April 30, 2021
Sojitz Corporation

Results Highlights

◆ In the year ended March 31, 2021, the final year of Medium-Term Management Plan 2020, the global economy experienced a substantial slowdown due to the global COVID-19 pandemic and the impacts of measures for fighting the pandemic, such as the lockdowns, travel restrictions, and stay-at-home requests instituted in numerous countries. Governments around the world implemented fiscal and financial measures, resulting in a recovery trend that emerged around the summer. However, the later emergence of variant COVID-19 viruses caused case numbers to resume increasing. Currently, there is a sense of anticipation regarding the vaccination of populations centered on developed countries. Regardless, the COVID-19 pandemic continues to impact economic activities.

The Company's revenue for the year ended March 31, 2021, was down year on year. Factors behind the decrease in revenue include reduced revenue in the Chemicals Division, a result of lower plastic resin transactions and in the price of methanol; in the Automotive Division, a result of decreases in sales volumes in overseas automobile operations; and in the Retail & Lifestyle Business Division, a result of lower lumber transactions.

Profit for the year (attributable to owners of the Company) decreased year on year, despite the decline in non-personnel expenses and other selling, general and administrative expenses, as a result of declines in gross profit and share of profit of investments accounted for using the equity method and in other income/expenses due to the absence of gains on sales of thermal coal in the previous period.

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

Revenue 1,602.5 billion yen ((152.3) billion yen / (8.7)%)

- Decrease in revenue in the Automotive Division due to lower sales units in overseas automobile operations

- Decrease in revenue in the Chemicals Division due to declines in the price of methanol and lower transaction volumes of plastic resins

- Decrease in revenue in the Retail & Lifestyle Business Division due to lower lumber transactions

- Decrease due to rebound from the asset replacement in power generation businesses in the previous fiscal year

Gross profit 188.1 billion yen ((32.4) billion yen / (14.7)%)

- Decrease in gross profit in the Metals & Mineral Resources Division due to declines in coal prices and the sale of a portion of thermal coal interests recorded at the end of the previous fiscal year

- Decrease due to rebound from the asset replacement in power generation businesses in the previous fiscal year

- Decrease in revenue in the Automotive Division due to lower sales units in overseas automobile operations

- Decrease in revenue in the Chemicals Division due to declines in the price of methanol

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

27.0 billion yen ((33.8) billion yen / (55.6)%)

- Decrease in gross profit

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

◆ Cash dividend per share for the fiscal year ended March 31, 2021

Year-end 5.00 yen per share (Full year 10.00 yen per share)

◆ Earnings forecast for the fiscal year ending March 31, 2022

- Profit for the year (attributable to owners of the Company) 53.0 billion yen

(Assumptions)

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

◆ Cash dividend forecast for the fiscal year ending March 31, 2022

Interim : 7.00 yen per share (forecast)

Year-end : 7.00 yen per share (forecast)

At the 18th Ordinary General Shareholders' Meeting scheduled to be held on June 18, 2021, the Company intends to propose a one-for-five reverse stock split affecting shares of common stock to be conducted with an effective date of October 1, 2021. Accounting for the impacts of this reverse stock split, the Company plans to issue a year-end dividend of ¥35.00 per share.

Caution regarding forward-looking statements

This document contains forward-looking statements based on information available to the Company at the time of disclosure and certain assumptions that management believes to be reasonable. Actual results may differ materially based on various factors, including the timing at which the COVID-19 pandemic ends; changes in economic conditions in key markets, both in and outside of Japan; and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

Consolidated Statements of Profit or Loss

	FY2020		FY2019		Factors Affecting Circled Figures	(Billions of yen)	
	Results a	Results b	Results c	Difference a-b		Forecast c	Percentage Achieved a/c
Revenue	1,602.5	1,754.8	(152.3)				
Gross profit	188.1	220.5	(32.4)			200.0	94%
Selling, general and administrative expenses							
Personnel expenses	(93.5)	(97.9)	4.4				
Non-personnel expenses	(50.1)	(58.4)	8.3				
Depreciation	(17.5)	(16.6)	(0.9)				
Provision of allowance for doubtful accounts	0.0	(0.3)	0.3				
(Total selling, general and administrative expenses)	(161.1)	(173.2)	(12.1)				
Other income/expenses							
Gain/loss on sale and disposal of fixed assets, net	2.9	10.3	(7.4)		Sale of shopping mall		
Impairment loss on fixed assets	(5.5)	(2.8)	(2.7)		Impairment loss of thermal coal interests		
Gain on reorganization of subsidiaries/associates	3.9	3.4	0.5		Solar power generation business company and natural gas-fired power project company		
Loss on reorganization of subsidiaries/associates	(2.1)	(0.5)	(1.6)		Industrial machinery-related company		
Other operating income/expenses	(0.3)	(2.9)	2.6				
(Total other income/expenses)	(1.1)	7.5	(8.6)			(1.0)	
Financial income/costs							
Interest earned	5.4	6.6	(1.2)				
Interest expenses	(11.8)	(14.9)	3.1				
(Interest expenses, net)	(6.4)	(8.3)	(1.9)				
Dividends received	3.0	4.2	(1.2)				
Other financial income/costs	0.1	(0.1)	0.2				
(Financial income/costs, net)	(3.3)	(4.2)	0.9			(5.0)	
Share of profit (loss) of investments accounted for using the equity method	14.8	24.9	(10.1)		Decrease in profits from steel operating company	13.0	
Profit before tax	37.4	75.5	(38.1)			43.0	87%
Income tax expenses	(8.0)	(10.9)	2.9			(11.0)	
Profit for the year (Profit attributable to)	29.4	64.6	(35.2)			32.0	92%
Owners of the Company	27.0	60.8	(33.8)			30.0	90%
Non-controlling interests	2.4	3.8	(1.4)			2.0	
Core earnings*1	38.4	68.4	(30.0)			44.0	

*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

Comprehensive Income

	FY2020		FY2019	
	Results a	Results b	Results c	Difference a-b
Profit for the period	29.4	64.6	(35.2)	
Other comprehensive income	33.6	(66.9)	100.5	
Total comprehensive income for the period	63.0	(2.3)	65.3	
Comprehensive income attributable to:				
Owners of the Company	59.1	(4.2)	63.3	
Non-controlling interests	3.9	1.9	2.0	

Cash Flows

	FY2020		FY2019		Factors Affecting Circled Figures
	Results a	Results b	Results c	Difference a-b	
Cash flows from operating activities	85.0	40.5	44.5		Income from operating earnings and reductions in working capital
Cash flows from investing activities	(35.7)	(35.7)	0.0		Outflows due to purchase of fixed assets and investments, inflows from the sale of shopping mall
Free cash flows	49.3	4.8	44.5		
Cash flows from financing activities	(40.6)	(12.2)	(28.4)		Dividends paid and purchase of treasury stock
Core operating cash flow*2	60.2	80.2	(20.0)		
Core cash flow*3	(8.0)	1.3	(9.3)		

Consolidated Statements of Financial Position

	Mar. 31, 2021		Mar. 31, 2020		Factors Affecting Circled Figures
	d	e	d-e	f	
Current assets	1,195.4	1,217.5	(22.1)		
Cash and cash equivalents	287.6	272.7	14.9		
Time deposits	10.1	7.4	2.7		
Trade and other receivables	636.2	638.1	(1.9)		
Inventories	187.9	213.4	(25.5)		Decrease in Automotive
Other current assets	73.6	85.9	(12.3)		
Non-current assets	1,104.7	1,012.8	91.9		
Property, plant and equipment	191.3	158.0	33.3		Acquisition of solar power generation business company and railcar leasing company
Lease assets (usage rights assets)	72.8	74.1	(1.3)		
Goodwill	67.2	66.5	0.7		
Intangible assets	61.5	43.4	18.1		
Investment property	11.6	18.6	(7.0)		
Investments accounted for using the equity method	590.8	554.7	36.1		Increase due to new acquisition and rising stock prices
Other non-current assets	109.5	97.5	12.0		
Total assets	2,300.1	2,230.3	69.8		
Current liabilities	734.8	754.4	(19.6)		
Trade and other payables	476.0	481.7	(5.7)		
Lease liabilities	16.8	15.3	1.5		
Bonds and borrowings	158.6	186.8	(28.2)		Decrease in redemption of bonds and repayment of borrowings
Other current liabilities	83.4	70.6	12.8		
Non-current liabilities	910.8	854.0	56.8		
Lease liabilities	60.5	63.7	(3.2)		
Bonds and borrowings	749.7	706.5	43.2		Increase in issuance of bonds and new borrowings
Retirement benefit liabilities	21.9	22.1	(0.2)		
Other non-current liabilities	78.7	61.7	17.0		
Total liabilities	1,645.6	1,608.4	37.2		
Share capital	160.3	160.3	—		
Capital surplus	146.8	146.8	0.0		
Treasury stock	(15.9)	(10.9)	(5.0)		Repurchase of own shares
Other components of equity	77.8	49.8	28.0		Increase due to changes in stock prices and foreign exchange rates
Retained earnings	250.0	233.1	16.9		Profit for the year +27.0
Total equity attributable to owners of the Company	(619.0)	(579.1)	(39.9)		Dividends (16.4)
Non-controlling interests	35.5	42.8	(7.3)		
Total equity	654.5	621.9	32.6		
Total liabilities and equity	2,300.1	2,230.3	69.8		

* 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."

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

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

Highlights of Consolidated Financial Results for the Year Ended March 31, 2021 (IFRS) – Supplementary Materials (1)

April 30, 2021
Sojitz Corporation

(Billions of yen)

(Billions of yen)

Operating Results						Segment Performance [Gross Profit]			Segment Performance [Profit for the Year (Attributable to Owners of the Company)]						
	FY2020 Results	FY2019 Results	Difference	FY2020 Revised Forecast (Feb. 3, 2021)	Percentage Achieved		FY2020	FY2019	Difference	FY2020	FY2019	Difference	Main Factors Behind Difference	FY2020 Revised Forecast (Feb. 3, 2021)	Main Factors Behind Differences between Results and Revised Forecast for FY2020
Revenue	1,602.5	1,754.8	(152.3)	—	—										
Gross profit	188.1	220.5	(32.4)	200.0	94%	Automotive	34.3	41.2	(6.9)	1.2	2.4	(1.2)	Decreased due to reduced automobile sales as a result of the global COVID-19 pandemic	1.0	Performance in line with forecast
Selling, general and administrative expenses	(161.1)	(173.2)	+12.1	(164.0)		Aerospace & Transportation Project	13.6	15.7	(2.1)	1.8	1.8	+0.0	Relatively unchanged year on year	5.0	Lower performance than forecast due to reduced aircraft-related transactions and failure to execute planned projects
Other income/expenses	(1.1)	7.5	(8.6)	(1.0)		Machinery & Medical Infrastructure	13.4	14.7	(1.3)	4.0	4.6	(0.6)	Decreased due to impairment losses based on structural reform policies although profits increased in medical infrastructure business	5.0	Lower performance than forecast because of recording impairment loss in industrial machinery-related business based on structural reform policies
Financial income/costs	(3.3)	(4.2)	+0.9	(5.0)		Energy & Social Infrastructure	17.8	25.7	(7.9)	3.6	9.6	(6.0)	Decreased due to impairment loss on oil interests recorded based on structural reform policies and the rebound in sales of power generation businesses recorded in the previous equivalent period, despite the asset replacement in power generation businesses	4.5	Lower performance than forecast because of recording impairment loss with regards to a certain oil interests based on structural reform policies
Share of profit (loss) of investments accounted for using the equity method	14.8	24.9	(10.1)	13.0		Metals & Mineral Resources	12.4	20.4	(8.0)	(1.7)	20.1	(21.8)	Decreased due to rebound from sales of thermal coal interests in the previous year, impairment loss in overseas coal business based on structural reform policies, sluggish coal market, and decreased profits from steel operating company	1.0	Lower performance than forecast because of recording impairment loss for the earlier withdrawal from a portion of thermal coal interests based on structural reform policies
Profit before tax	37.4	75.5	(38.1)	43.0	87%	Chemicals	37.3	43.2	(5.9)	5.8	9.3	(3.5)	Decreased due to impacts from the drop in methanol prices in the first quarter as a result of the global COVID-19 pandemic	5.5	Performance in line with forecast
Profit for the year (Profit attributable to)	29.4	64.6	(35.2)	32.0	92%	Foods & Agriculture Business	18.8	14.2	+4.6	5.1	1.4	+3.7	Increased due to higher performance in overseas fertilizer businesses thanks to lower production costs and higher sales volumes	4.5	Performance in line with forecast
Owners of the Company	27.0	60.8	(33.8)	30.0	90%	Retail & Lifestyle Business	31.8	35.5	(3.7)	4.5	6.0	(1.5)	Decreased due to sluggish domestic consumption stemming from the global COVID-19 pandemic despite gains on sale of a shopping mall	4.0	Performance in line with forecast
Non-controlling interests	2.4	3.8	(1.4)	2.0		Industrial Infrastructure & Urban Development	6.0	6.0	+0.0	1.1	1.5	(0.4)	Relatively unchanged year on year	0.5	Performance in line with forecast
Core earnings*1	38.4	68.4	(30.0)	44.0		Other	2.7	3.9	(1.2)	1.6	4.1	(2.5)		(1.0)	
Comprehensive income attributable to owners of the Company	59.1	(4.2)	+63.3												
						Total	188.1	220.5	(32.4)	27.0	60.8	(33.8)		30.0	

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

(Billions of yen)

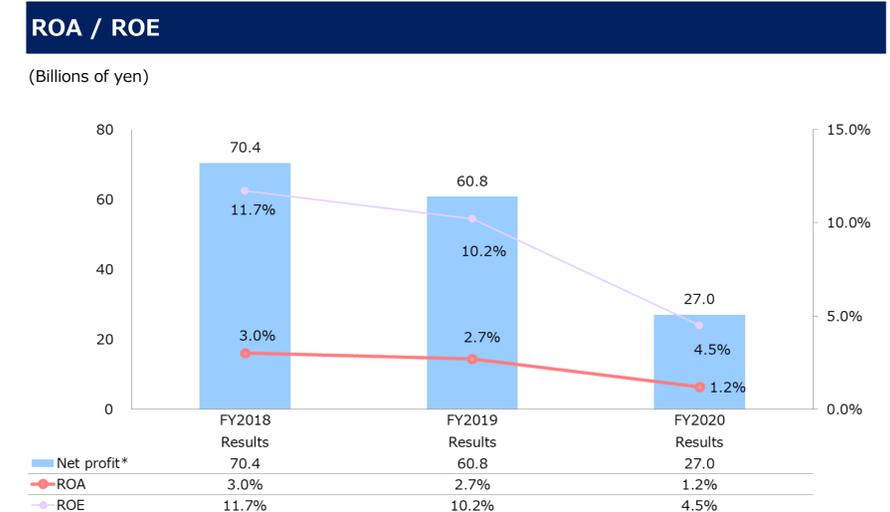
Financial Position			
	Mar. 31, 2021	Mar. 31, 2020	Difference
Total assets	2,300.1	2,230.3	+69.8
Total equity*2	619.0	579.1	+39.9
Equity ratio	26.9%	26.0%	+0.9%
Net interest-bearing debt*3	610.6	613.2	(2.6)
Net D/E ratio (times)	0.99	1.06	(0.07)
Risk assets	390.0	380.0	+10.0
Ratio of risk assets to equity (times)	0.6	0.7	(0.1)

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

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

Commodity Prices and Exchange Rates				
	FY2019 Results (Annual Avg.)	FY2020 Initial Assumption (Annual Avg.)	FY2020 Results (Annual Avg.)	FY2020 Results (Jan.-Mar. Avg.)
Crude oil (Brent)	US\$60.9/bbl	US\$25.0/bbl (1H) US\$35.0/bbl (2H)	US\$45.8/bbl	US\$61.3/bbl
Thermal coal**1	US\$70.7/t	US\$63.8/t	US\$65.6/t	US\$89.4/t
Coking coal**1	US\$163.6/t	US\$135.0/t	US\$117.9/t	US\$127.9/t
Exchange rate	¥108.9/US\$	¥108.0/US\$	¥105.9/US\$	¥107.2/US\$

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



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

Highlights of Consolidated Financial Results for the Year Ended March 31, 2021 (IFRS) — Supplementary Materials (2)

April 30, 2021

Sojitz Corporation

(Billions of yen)

Operating Results

	FY2020 Results	FY2021 Forecast	Difference
Revenue	1,602.5	—	—
Gross profit	188.1	220.0	+ 31.9
Selling, general and administrative expenses	(161.1)	(178.0)	(16.9)
Other income/expenses	(1.1)	4.0	+5.1
Financial income/costs	(3.3)	(2.0)	+1.3
Share of profit (loss) of investments accounted for using the equity method	14.8	26.0	+11.2
Profit before tax	37.4	70.0	+32.6
Profit for the year (Profit attributable to)	29.4	56.0	+26.6
Owners of the Company	27.0	53.0	+26.0
Non-controlling interests	2.4	3.0	+0.6
Core earnings*1	38.4	66.0	+27.6

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

(Billions of yen)

Financial Position

	Mar. 31, 2021	Mar. 31, 2022 Forecast	Difference
Total assets	2,300.1	2,450.0	+149.9
Total equity*1	619.0	640.0	+21.0
Equity ratio	26.9%	26.1%	(0.8)%
Net interest-bearing debt*2	610.6	780.0	+169.4
Net D/E ratio (times)	0.99	1.2	—
Risk assets	390.0	-	—
Ratio of risk assets to equity (times)	0.6	-	—

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

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

(Billions of yen)

Segment Performance [Profit for the Year]

New Structure (7 segments)	FY2020 Results	FY2021 Forecast
Automotive	1.0	5.0
Aerospace & Transportation Project	1.8	4.5
Infrastructure & Healthcare	8.2	7.5
Metals, Mineral Resources & Recycling	(1.8)	12.0
Chemicals	5.8	10.5
Consumer Industry & Agriculture Business	5.1	5.0
Retail & Consumer Service	4.5	5.0
Other	2.4	3.5
Total	27.0	53.0

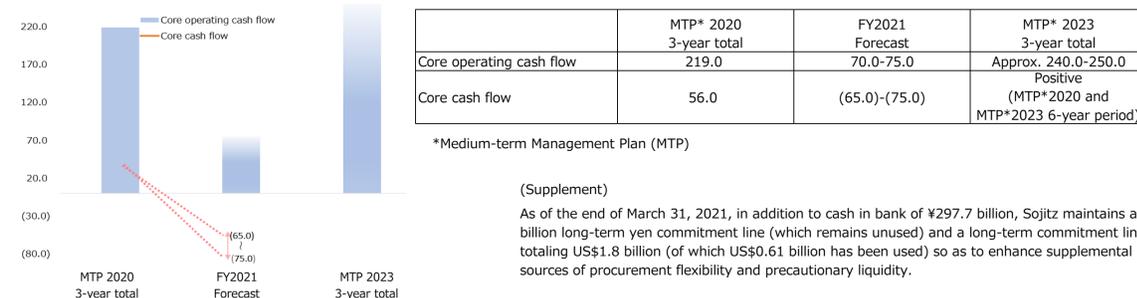
(Note) FY2020 figures for the Infrastructure & Healthcare Project, Consumer Industry & Agriculture Business and Retail & Consumer Service Division were calculated by using figures for the former organizations and adjusting them based on the organizational reforms. As a result, these figures may differ from those disclosed in the future.

FY2021 Current Position and Outlook

Automotive	Earnings contributions anticipated from investments in emerging countries along with recovery in sales in principal businesses due to demand recovery
Aerospace & Transportation Project	Earnings contributions anticipated from new agreement on aircraft-related transactions which has been signed
Infrastructure & Healthcare	Stable earnings expected from healthcare-related businesses and domestic and overseas power generation businesses
Metals, Mineral Resources & Recycling	Increased sales volume and higher sales prices expected following increased steel demand and coal market recovery
Chemicals	Earnings contributions anticipated from methanol and plastic resin businesses as a result of recovery from COVID-19 impacts
Consumer Industry & Agriculture Business	Earnings from mainstay fertilizer operations anticipated along with earnings improvement in Vietnamese papermaking business
Retail & Consumer Service	Phased recovery from COVID-19 impacts in domestic demand and earnings improvement anticipated in Asean retail business
Other	Increase following integration of machinery-related companies

(Billions of yen)

Cash Flows



Commodity Prices and Exchange Rates

	FY2021 Assumption (Annual Avg.)	Latest Data (As of Apr. 23, 2021)
Crude oil (Brent)	US\$50.0/bbl	US\$66.1/bbl
Thermal coal *1	US\$80.0/t	US\$90.9/t
Coking coal *1	US\$127.5/t	US\$110.8/t
Exchange rate *2	¥108.0/US\$	¥107.9/US\$

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

*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.5 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.25 billion annually, and total equity by approx. ¥1.5 billion annually.

Organizational Reforms

Organizational Reforms (effective as of April 1, 2021)
(Released on November 27, 2020)

