Summary of Results Briefing
for the Three-Month Period Ended June 30, 2017 (August 2, 2017)

Operating Environment

Conditions in the global economy were firm overall in the three-month period ended June 30, 2017. Emerging economies recovered amidst stable resource prices and a moderate change in financial policies by the United States. These positive trends were seen despite the uncertainty resulted from political risks in various countries and geopolitical risks in certain regions. Performance in the Metals & Coal Division was supported by stable resource prices. The Automotive Division benefited from favorable overseas automobile sales. Meanwhile, the Chemicals Division enjoyed strong performance due to higher prices of methanol and naphtha as well as increased plastic resin transactions in Asia. In this manner, Sojitz got off to a smooth start in the three-month period ended June 30, 2017.

Consolidated Statements of Profit or Loss

Net sales (JGAAP) in the three-month period ended June 30, 2017, were up ¥104.4 billion year on year, to ¥1,000.7 billion. This increase was due to the benefits of higher coal prices in the Metals & Coal Division, the new acquisition of a European chemical distributor and marketing company and increased plastic resin transactions in the Chemicals Division, a rise in sales of heat-not-burn cigarettes in the Retail & Lifestyle Business Division, and favorable overseas automobile sales in the Automotive Division.

Gross profit increased ¥4.8 billion year on year, to ¥51.6 million. The factors that buoyed net sales also boosted gross profit. However, gross profit was adversely affected by the absence of sales of a shopping center in Japan recorded in the Retail & Lifestyle Business Division during the previous equivalent period.

Selling, general, and administrative expenses increased ¥0.8 billion year on year, to ¥38.5 billion. This increase was primarily a result of the rise in expenses related to the new consolidation of a European chemical distributor and marketing company.

Net other income of ¥1.0 billion was recorded, compared with net other expenses of ¥0.5 billion in the previous equivalent period. This outcome was largely a result of reevaluation gains accompanying a change in holding purpose for automotive parts operations.

Operating profit rose ¥5.5 billion year on year, to ¥14.1 billion.

Net financial costs decreased ¥0.7 billion year on year, to ¥0.9 billion, following an improved balance of financial income and outlays and a slight rise in dividends received.

Share of profit of investments accounted for using the equity method increased ¥3.3 billion year on year, to ¥5.9 billion. This increase was largely a result of higher earnings at a steel operating company following recovery in steel product market conditions as well as earning contributions from an LNG business company.

Profit before tax was up ¥9.5 billion year on year, at ¥19.1 billion.

Profit for the period (attributable to owners of the Company) increased ¥6.2 billion year on year, to ¥14.6 billion.

Core earnings rose ¥7.7 billion year on year, to ¥17.9 billion, as a result of higher gross profit and increased share of profit of investments accounted for using the equity method.

Consolidated Statements of Financial Position

Total assets on June 30, 2017, stood at ¥2,190.6 billion, up ¥52.1 billion from March 31, 2017. This increase was mainly attributable to the expansion of inventories following higher sales of tobacco and growth in sales at overseas automobile sales companies as well as a rise in other current assets associated with higher aircraft-related transactions.

Total liabilities at June 30, 2017, amounted to ¥1,598.1 billion, up ¥37.6 billion from March 31, 2017, following an increase in interest-bearing debt.

Total equity attributable to owners of the Company was ¥565.0 billion on June 30, 2017, up ¥14.5 billion from March 31, 2017. After issuing dividend payments from profit for the period (attributable to owners of the Company) of ¥14.6, retained earnings was up ¥10.0 billion year on year. In addition, revaluation gains were recorded under other components of equity due to stock price increases.

Consolidated Statements of Cash Flows

Net cash used in operating activities was ¥29.9 billion while net cash used in investing activities was ¥10.2 billion, making for negative free cash flow of ¥40.1 billion. If cash flows of an investment nature included in operating cash flows are transferred to investing cash flows, it will make for net cash provided by operating activities of ¥7.0 billion and net cash used in investing activities of ¥47.0 billion. Specific items transferred in this calculation include funds associated with aircraft-related transactions in the aircraft part-out business and cash used for the acquisition of domestic commercial facilities. If changes in working capital are excluded, core operating cash flow was a positive ¥18.0 billion.

Performance by Segment

Profit for the period (attributable to owners of the Company) in the Automotive Division was ¥2.8 billion, representing progress of 70% toward our full-year forecast. Even when the benefits of the reevaluation gains accompanying a change in holding purpose for automotive parts operations are excluded, progress was 50%. Regardless, we have chosen not to revise the forecast as we have deemed it necessary to adopt a conservative outlook in relation to automotive sales trends in emerging countries.

In the Aerospace & IT Business Division, profit for the period (attributable to owners of the Company) of ¥0.3 billion was recorded, compared with loss for the period (attributable to owners of the Company) of ¥0.3 billion in the three-month period ended June 30, 2016, when impairment losses on Company-owned ships were incurred. Although this figure represented low progress toward the full-year forecast of only 6%, we still anticipate that this forecast will be met as military- and IT-related projects will be turned over predominately during the second half of the fiscal year.

The Infrastructure & Environment Business Division posted profit for the period (attributable to owners of the Company) of ¥0.7 billion. Progress toward the full-year forecast was low at 14%. However, the conclusion of contracts for projects currently underway and the closing of deals are more or less on schedule, and we project that a large portion of this division’s earnings will be concentrated in the second half of the fiscal year.

Loss for the period (attributable to owners of the parent) improved ¥1.1 billion year on year to ¥0.4 billion in the Energy Division, thanks to increases in the prices of oil and gas and the disposal of unprofitable interests. Earnings contributions from investments accounted for using the equity method will largely be concentrated in the second half of the fiscal year. We therefore feel it is entirely possible that we will be able to achieve our full-year forecast of profit for the year (attributable to owners of the parent) of ¥1.0 billion.

In the Metals & Coal Division, strong progress toward the full-year forecast for profit for the year (attributable to owners of the parent) of 32% was achieved thanks to an increase in coal prices and the recovery of performance at a steel operating company. However, we have chosen to maintain the current forecast of ¥13.0 billion for this item as it is difficult to accurately project future coal demand and market conditions.

Profit for the period (attributable to owners of the Company) was ¥2.3 billion in the Chemicals Division, representing strong progress of 30% toward the full-year forecast. This forecast has not been revised as the prices of methanol and naphtha are currently a little bit lower than had been assumed.

The Foods & Agriculture Business Division achieved exceptionally strong performance representing progress of 42% toward its full-year forecast for profit for the year (attributable to owners of the Company). This impressive performance came because the three-month period ended June 30, 2017, coincides with the season in which fertilizer is used, resulting in brisk sales for overseas chemical fertilizer manufacture and sales businesses.

The Retail & Lifestyle Business Division saw profit for the period (attributable to owners of the Company) decrease ¥2.3 billion, to ¥1.6 billion, due to the absence of sales of a shopping center in Japan recorded in the previous equivalent period. However, progress toward the full-year forecast was 32% as performance was driven by apparel OEM and other businesses. We expect strong performance to continue throughout the remainder of the fiscal year.

Loss for the period (attributable to owners of the Company) of ¥0.4 billion was recorded in the Industrial Infrastructure & Urban Development Division, in comparison with profit for the period (attributable to owners of the Company) of ¥0.8 billion in the three-month period ended June 30, 2016. This outcome was primarily a result of the absence of gains on sales of real estate recorded during the previous equivalent period.

Nevertheless, we expect to achieve our full-year forecast of ¥2.0 billion as turn overs in the mainstay overseas industrial park business and the domestic condominium business will be concentrated in the second half of the fiscal year.