

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2021 (IFRS)

February 2, 2022
Sojitz Corporation

Results Highlights

◆ In the nine-month period ended December 31, 2021, the global number of COVID-19 infections remained around the same level, and the economy began to recover. However, COVID-19 cases have once again begun increasing due to the emergence of Omicron and other COVID-19 variants. There is thus a need to carefully monitor the potential market repercussions from factors such as prolonged global supply shortages, inflation, and currency devaluation that may stem from capital outflows in emerging nations due to the monetary tightening measures of central banks such as the FRB.

The Company's revenue for the nine-month period ended December 31, 2021 was up year on year due to higher revenue in the Metals, Mineral Resources & Recycling Division, a result of higher prices for coal and precious metals; in the Chemicals Division, a result of growth in plastic resin transactions and higher methanol prices; and in the Automotive Division, a result of increased sales volumes in overseas automotive businesses.

Despite the increase in SG&A expenses and other expenses, profit for the period (attributable to owners of the Company) increased year on year following higher gross profit and a rise in share of profit of investments accounted for using the equity method attributable to earnings growth at a steel operating company.

(Figures in parentheses are YoY changes)

Revenue 1,548.6 bn yen (+388.9 bn yen / +33.5%)

- Increase in the Metals, Mineral Resources & Recycling Div. due to higher coal prices, and an increase in prices and transaction volumes of precious metals
- Increase in the Chemicals Div. due to higher transaction volumes of plastic resin and a price increase in methanol
- Increase in the Automotive Div. due to higher sales volumes in overseas automotive operations

Gross profit 190.7 bn yen (+58.2 bn yen / +43.9%)

- Increase in the Metals, Mineral Resources & Recycling Div. due to an increase in coal prices
- Increase in the Chemicals Div. due to the higher price of methanol and higher transaction volumes of plastic resin
- Increase in the Automotive Div. due to higher sales volumes in overseas automotive operations

Profit for the period (attributable to owners of the Company) 62.0 bn yen (+45.3 bn yen / +271.0%)

- Increase in gross profit
- Increase in share of profit of investments accounted for using the equity method

Earnings forecast for the year ending March 31, 2022

Full-year earnings forecasts were revised as follows.

| | Revised Forecast (Nov. 2, 2021) | Revised Forecast (Feb. 2, 2022) |
|---|------------------------------------|------------------------------------|
| Gross profit | 240.0 bn yen | ⇒ 260.0 bn yen |
| Profit before tax | 95.0 bn yen | ⇒ 108.0 bn yen |
| Profit for the year (attributable to owners of the Company) | 70.0 bn yen | ⇒ 80.0 bn yen |

(Initial Assumptions)

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

Cash dividends per share for the year ending March 31, 2022

The end-of-year dividend has been revised from a planned 45.00 yen per share to a planned 58.00 yen per share.

| | |
|---------------------|---------------------|
| Interim | 9.00 yen per share |
| Year-end (forecast) | 58.00 yen per share |

The Company conducted a five-for-one share consolidation of common shares of stock effective October 1, 2021. The interim dividend reflecting this share consolidation would be 45.00 yen.

*1 Core earnings = Gross profit + SG&A expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method

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

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

Caution regarding forward-looking statements:

This document contains forward-looking statements based on information available to the Company at the time of disclosure and certain assumptions that management believes to be reasonable. 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

| | FY2021 9-month | | | FY2020 9-month | | Factors Affecting Circled Figures | FY2021 (Revised) | |
|---|----------------|---------------|---------------|----------------|---------------|---|--------------------|---------------------|
| | Results | H1 | Q3 | Results | Difference | | Full-year Forecast | Percentage Achieved |
| | a | | | b | a-b | | c | a/c |
| Revenue | 1,548.6 | 1,000.7 | 547.9 | 1,159.7 | 388.9 | | | |
| | | | | | | Revenue: segment changes | | |
| | | | | | | Metals, Mineral Resources & Recycling | +158.4 | |
| | | | | | | Chemicals | +109.2 | |
| | | | | | | Automotive | +51.4 | |
| Gross profit | 190.7 | 117.7 | 73.0 | 132.5 | 58.2 | | | |
| | | | | | | Gross profit: segment changes | | |
| | | | | | | Metals, Mineral Resources & Recycling | +28.2 | |
| | | | | | | Chemicals | +12.0 | 260.0 |
| | | | | | | Automotive | +9.9 | 73% |
| SG&A expenses | | | | | | | | |
| Personnel expenses | (74.5) | (47.7) | (26.8) | (70.3) | (4.2) | | | |
| Non-personnel expenses | (41.0) | (26.3) | (14.7) | (36.4) | (4.6) | | | |
| Depreciation | (13.8) | (9.1) | (4.7) | (12.9) | (0.9) | | | |
| Provision of allowance for doubtful accounts | (0.8) | (0.7) | (0.1) | 0.1 | (0.9) | | | |
| (Total SG&A expenses) | (130.1) | (83.8) | (46.3) | (119.5) | (10.6) | | | (180.0) |
| Other income/expenses | | | | | | | | |
| Gain/loss on sale and disposal of fixed assets, net | 0.1 | 0.1 | 0.0 | 2.9 | (2.8) | Sale of shopping mall | | |
| Impairment loss on fixed assets | (1.4) | (0.2) | (1.2) | 0.0 | (1.4) | | | |
| Gain on reorganization of subsidiaries/associates | 2.4 | 2.3 | 0.1 | 3.9 | (1.5) | Solar power generation business company and natural gas-fired power project company Industrial machinery-related company | | |
| Loss on reorganization of subsidiaries/associates | (3.6) | (0.7) | (2.9) | (0.3) | (3.3) | Non-ferrous smelting and refining company | | |
| Other operating income/expenses | (0.1) | 0.4 | (0.5) | (0.5) | 0.4 | | | |
| (Total other income/expenses) | (2.6) | 1.9 | (4.5) | 6.0 | (8.6) | | | (7.0) |
| Financial income/costs | | | | | | | | |
| Interest earned | 5.3 | 3.2 | 2.1 | 4.2 | 1.1 | | | |
| Interest expenses | (8.3) | (5.5) | (2.8) | (9.1) | 0.8 | | | |
| (Interest expenses, net) | (3.0) | (2.3) | (0.7) | (4.9) | 1.9 | | | |
| Dividends received | 4.1 | 1.9 | 2.2 | 2.3 | 1.8 | | | |
| Other financial income/costs | 0.5 | 0.2 | 0.3 | (0.2) | 0.7 | | | |
| (Financial income/costs, net) | 1.6 | (0.2) | 1.8 | (2.8) | 4.4 | | | 1.0 |
| Share of profit (loss) of investments accounted for using the equity method | 25.4 | 16.9 | 8.5 | 7.9 | 17.5 | Increase in profit from steel operating company | 34.0 | |
| Profit before tax | 85.0 | 52.5 | 32.5 | 24.1 | 60.9 | | 108.0 | 79% |
| Income tax expenses | (19.9) | (11.0) | (8.9) | (5.4) | (14.5) | | (25.0) | |
| Profit for the period (Profit attributable to) | 65.1 | 41.5 | 23.6 | 18.7 | 46.4 | | 83.0 | 78% |
| Owners of the Company | 62.0 | 39.4 | 22.6 | 16.7 | 45.3 | | 80.0 | 78% |
| Non-controlling interests | 3.1 | 2.1 | 1.0 | 2.0 | 1.1 | | 3.0 | |
| Core earnings *1 | 87.9 | 51.1 | 36.8 | 18.2 | 69.7 | | 115.0 | |

Comprehensive Income

| | FY2021 9-month | | | FY2020 9-month | | Factors Affecting Circled Figures |
|--|----------------|-------------|-------------|----------------|-------------|-----------------------------------|
| | Results | H1 | Q3 | Results | Difference | |
| | a | | | b | a-b | |
| Profit for the period | 65.1 | 41.5 | 23.6 | 18.7 | 46.4 | |
| Other comprehensive income | 28.2 | 19.2 | 9.0 | 3.9 | 24.3 | |
| Total comprehensive income for the period | 93.3 | 60.7 | 32.6 | 22.6 | 70.7 | |
| Comprehensive income attributable to: | | | | | | |
| Owners of the Company | 89.0 | 58.3 | 30.7 | 20.7 | 68.3 | |
| Non-controlling interests | 4.3 | 2.4 | 1.9 | 1.9 | 2.4 | |

Consolidated Statements of Financial Position

| | Dec. 31, 2021 | | | Mar. 31, 2021 | | Factors Affecting Circled Figures |
|---|----------------|----------------|--------------|---------------|------------|--|
| | 2021 | 2021 | Difference | 2021 | Difference | |
| | d | e | d-e | | | |
| Current assets | 1,287.9 | 1,195.4 | 92.5 | | | |
| Cash and cash equivalents | 233.6 | 287.6 | (54.0) | | | |
| Time deposits | 15.4 | 10.1 | 5.3 | | | |
| Trade and other receivables | 721.2 | 636.2 | 85.0 | | | Increase in chemicals and tobacco |
| Inventories | 225.4 | 187.9 | 37.5 | | | Increase in chemicals and real estate held for sale |
| Other current assets | 92.3 | 73.6 | 18.7 | | | |
| Non-current assets | 1,221.3 | 1,104.7 | 116.6 | | | |
| Property, plant and equipment | 194.8 | 191.3 | 3.5 | | | |
| Lease assets (usage rights assets) | 67.0 | 72.8 | (5.8) | | | |
| Goodwill | 84.5 | 67.2 | 17.3 | | | |
| Intangible assets | 64.4 | 61.5 | 2.9 | | | |
| Investment property | 13.3 | 11.6 | 1.7 | | | |
| Investments accounted for using the equity method | 629.4 | 590.8 | 38.6 | | | Increase due to new acquisition and accumulation of share of profit of investments accounted for using the equity method |
| Other non-current assets | 167.9 | 109.5 | 58.4 | | | Increase due to aircraft-related businesses |
| Total assets | 2,509.2 | 2,300.1 | 209.1 | | | |
| Current liabilities | 796.8 | 734.8 | 62.0 | | | |
| Trade and other payables | 543.5 | 476.0 | 67.5 | | | Increase in tobacco and chemicals |
| Lease liabilities | 15.3 | 16.8 | (1.5) | | | |
| Bonds and borrowings | 139.3 | 158.6 | (19.3) | | | |
| Other current liabilities | 98.7 | 83.4 | 15.3 | | | |
| Non-current liabilities | 1,003.4 | 910.8 | 92.6 | | | |
| Lease liabilities | 56.8 | 60.5 | (3.7) | | | |
| Bonds and borrowings | 835.1 | 749.7 | 85.4 | | | Increase due to new borrowings |
| Retirement benefit liabilities | 22.0 | 21.9 | 0.1 | | | |
| Other non-current liabilities | 89.5 | 78.7 | 10.8 | | | |
| Total liabilities | 1,800.2 | 1,645.6 | 154.6 | | | |
| Share capital | 160.3 | 160.3 | - | | | |
| Capital surplus | 147.0 | 146.8 | 0.2 | | | |
| Treasury stock | (30.9) | (15.9) | (15.0) | | | Purchase of treasury stock |
| Other components of equity | 103.0 | 77.8 | 25.2 | | | Increase due to changes in foreign exchange rates and stock prices |
| Retained earnings | 295.3 | 250.0 | 45.3 | | | Profit for the period +62.0 Dividends paid (16.4) |
| Total equity attributable to owners of the Company | 674.7 | 619.0 | 55.7 | | | |
| Non-controlling interests | 34.3 | 35.5 | (1.2) | | | |
| Total equity | 709.0 | 654.5 | 54.5 | | | |
| Total liabilities and equity | 2,509.2 | 2,300.1 | 209.1 | | | |
| Gross interest-bearing debt* | 974.4 | 908.3 | +66.1 | | | |
| Net interest-bearing debt* | 725.4 | 610.6 | +114.8 | | | |
| Net debt/equity ratio (times)** | 1.08 | 0.99 | +0.09 | | | |
| Equity ratio** | 26.9% | 26.9% | 0.0 ppt | | | |
| Current ratio | 161.6% | 162.7% | (1.1) ppt | | | |
| Long-term debt ratio | 85.7% | 82.5% | +3.2 ppt | | | |

* Lease liabilities (under current liabilities and non-current liabilities) have been excluded from the 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 when calculating "Equity ratio."

Cash Flows

| | FY2021 9-month | | | FY2020 9-month | | Factors Affecting Circled Figures |
|---|----------------|-------------|----------------|----------------|------------|---|
| | Results | Results | Difference | Results | Difference | |
| | a | b | a-b | | | |
| Cash flows from operating activities | 42.2 | 81.5 | (39.3) | | | Inflows from business earnings and dividend income |
| Cash flows from investing activities | (104.2) | (20.2) | (84.0) | | | Outflows due to aircraft-related businesses and investments |
| FCF | (62.0) | 61.3 | (123.3) | | | |
| Cash flows from financing activities | 6.3 | (69.6) | 75.9 | | | Inflows from new borrowings and outflows due to dividends paid and purchase of treasury stock |
| Core operating cash flow*2 | 81.3 | 39.2 | 42.1 | | | |
| Core cash flow*3 | (8.9) | 5.2 | (14.1) | | | |

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2021 (IFRS) — Supplementary Materials

February 2, 2022
Sojitz Corporation

| (BN JPY) | | | | | | | | | (BN JPY) | | | | | | | | |
|---|-----------------|-----------------|------------|--|---|---|-----------------|-----------------|---|---|-----------------|-----------------|------------|--|--|--|---|
| Operating Results | | | | | Segment Performance [Gross Profit] | | | | Segment Performance [Profit for the Period (Attributable to Owners of the Company)] | | | | | | | | |
| | FY21 9-month | FY20 9-month | Difference | FY21 Revised Forecast (Feb. 2, 2022) | Percentage Achieved (Against Revised Forecast) | | FY21 9-month | FY20 9-month | Difference | FY21 Revised Forecast (Feb. 2, 2022) | FY21 9-month | FY20 9-month | Difference | Main Factors Behind Difference | FY21 Revised Forecast (Feb. 2, 2022) | Progress Overview | (Reference) FY21 Revised Forecast (Nov. 2, 2021) |
| Revenue | 1,548.6 | 1,159.7 | +388.9 | - | - | | | | | | | | | | | | |
| Gross profit | 190.7 | 132.5 | +58.2 | 260.0 | 73% | Automotive | 33.1 | 23.2 | +9.9 | 43.5 | 5.9 | (0.4) | +6.3 | Increased due to higher sales volumes in overseas automotive operations | 6.5 | Upward revision based on steady progress seen in overseas automotive businesses leading up to Q3 | 5.5 |
| SG&A expenses | (130.1) | (119.5) | (10.6) | (180.0) | - | Aerospace & Transportation Project | 10.7 | 7.4 | +3.3 | 16.5 | 2.3 | (0.1) | +2.4 | Increased due to higher transaction volumes in aircraft- and marine vessel-related businesses | 4.0 | Accumulation of profits anticipated from aircraft- and marine vessel-related businesses | 4.0 |
| Other income/expenses | (2.6) | 6.0 | (8.6) | (7.0) | - | Infrastructure & Healthcare | 12.7 | 12.1 | +0.6 | 20.0 | 2.8 | 3.5 | (0.7) | Decreased due to absence of gains from asset replacement in power generation businesses recorded in the previous equivalent period | 6.5 | Earnings contributions anticipated from LNG-related businesses | 6.5 |
| Financial income/costs | 1.6 | (2.8) | +4.4 | 1.0 | - | Metals, Mineral Resources & Recycling | 35.1 | 6.9 | +28.2 | 57.0 | 28.3 | (2.5) | +30.8 | Increased due to higher profits from rise in coal market conditions as well as higher profits from steel operating company thanks to recovery of steel demand | 44.0 | Upward revision in reflection of current coal market conditions | 31.0 |
| Share of profit (loss) of investments accounted for using the equity method | 25.4 | 7.9 | +17.5 | 34.0 | - | Chemicals | 38.8 | 26.8 | +12.0 | 48.0 | 11.2 | 3.7 | +7.5 | Increased due to recovery of methanol prices and higher transaction volumes of plastic resin | 12.0 | Performance generally as forecast | 12.0 |
| Profit before tax | 85.0 | 24.1 | +60.9 | 108.0 | 79% | Consumer Industry & Agriculture Business | 25.3 | 21.1 | +4.2 | 29.0 | 6.8 | 3.7 | +3.1 | Increased due to rise in market conditions of imported plywood | 5.0 | Upward revision, despite impacts of high resource prices in fertilizer businesses and struggling Southeast Asian businesses, based on progress seen in lumber businesses | 4.0 |
| Profit for the period (Profit attributable to) | 65.1 | 18.7 | +46.4 | 83.0 | 78% | Retail & Consumer Service | 22.5 | 20.9 | +1.6 | 30.0 | 3.1 | 4.6 | (1.5) | Decreased, despite higher sales volumes of food-related company, due to absence of gains from sale of shopping mall recorded in the previous equivalent period | 4.0 | Performance generally as forecast | 4.0 |
| Owners of the Company | 62.0 | 16.7 | +45.3 | 80.0 | 78% | Others | 12.5 | 14.1 | (1.6) | 16.0 | 1.6 | 4.2 | (2.6) | | (2.0) | Structural reform expenses included | 3.0 |
| Non-controlling interests | 3.1 | 2.0 | +1.1 | 3.0 | - | | | | | | | | | | | | |
| Core earnings*1 | 87.9 | 18.2 | +69.7 | 115.0 | - | | | | | | | | | | | | |
| Comprehensive income attributable to owners of the Company | 89.0 | 20.7 | +68.3 | | | | | | | | | | | | | | |
| | | | | | | Total | 190.7 | 132.5 | +58.2 | 260.0 | 62.0 | 16.7 | +45.3 | | 80.0 | | 70.0 |

*1 Core earnings = Gross profit + SG&A 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

| (BN JPY) | | | | |
|---|----------------|----------------|------------|---|
| Financial Position | | | | |
| | Dec. 31, 2021 | Mar. 31, 2021 | Difference | Mar. 31, 2022 Revised Forecast (Feb. 2, 2022) |
| Total assets | 2,509.2 | 2,300.1 | +209.1 | 2,550.0 |
| Total equity*2 | 674.7 | 619.0 | +55.7 | 690.0 |
| Equity ratio | 26.9% | 26.9% | 0.0 ppt | 27.1% |
| Net interest-bearing debt*3 | 725.4 | 610.6 | +114.8 | 760.0 |
| Net D/E ratio (Times) | 1.08 | 0.99 | +0.09 | 1.1 |
| Risk assets | 410.0 | 390.0 | +20.0 | - |
| Ratio of risk assets to equity (Times) | 0.6 | 0.6 | 0.0 | - |

*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.

| (BN JPY) | | | | |
|--------------------------|---|----------------------------|---|--|
| Cash Flows | | | | |
| | MTP* 2020 3-year Results (Aggregate) | FY21 9-month Results | FY21 Revised Forecast (Feb. 2, 2022) | MTP 2023 3-Year Target (Aggregate) |
| Core operating cash flow | 219.0 | 81.3 | 90.0-95.0 | Approx. 240.0-250.0 |
| Core cash flow | 56.0 | (8.9) | (20.0)-(30.0) | Positive over the six-year period of MTP 2020 and MTP 2023 |
| FCF | 108.0 | (62.0) | (70.0) | - |

* Medium-Term Management Plan (MTP)

Note: As of the end of December 31, 2021, in addition to cash in bank of ¥233.6 bn, Sojitz maintains a ¥120.0 bn long-term commitment line (which remains unused) and a US\$1.8 bn long-term commitment line (of which US\$1.31 bn has been used).

| Commodity Prices and Exchange Rates | | | | |
|-------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| | FY20 Results (Apr.-Dec. '20 Avg.) | FY21 Assumption (Annual Avg.) | FY21 Results (Apr.-Dec. '21 Avg.) | Latest Data (As of Jan. 27, 2022) |
| Coking coal**1 | US\$113.3/t | US\$127.5/t | US\$278.0/t | US\$445.5/t |
| Thermal coal**1 | US\$60.1/t | US\$80.0/t | US\$163.9/t | US\$262.6/t |
| Crude oil (Brent) | US\$41.3/bbl | US\$50.0/bbl | US\$74.0/bbl | US\$89.3/bbl |
| Exchange rate**2 | ¥105.5/US\$ | ¥108.0/US\$ | ¥111.5/US\$ | ¥114.6/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 bn annually, profit for the year (attributable to owners of the Company) by approx. ¥0.25 bn annually, and total equity by approx. ¥1.5 bn annually.