

# Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2020 (IFRS)

February 3, 2021

Sojitz Corporation

## Results Highlights

◆ In the nine-month period ended December 31, 2020, COVID-19 cases once again began to increase centered on the United States and Europe, prompting countries to place restrictions on economic activities and thereby stunting the recovery of the global economy. There is hope that future rollouts of COVID-19 vaccines and treatments could spark economic recovery, but the ongoing rise in case numbers in the United States and Europe coupled with the emergence of new strains of the COVID-19 virus has resulted in an ongoing sense of uncertainty with regard to the economy.

The Company's revenue for the nine-month period ended December 31, 2020, was down year on year. Despite the recent recovery in the price of methanol, the lingering impacts of the sluggish prices for this commodity seen in the first quarter continued to depress the revenue. Other factors behind the decrease in revenue include reduced revenue in the Chemicals Division, a result of lower plastic resin transactions in the Chemicals Division, 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 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 a shopping mall, the acquisition of an additional stake in a solar power generation business company and partial sale of a natural gas-fired power project company.

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

Revenue 1,159.7 billion yen ((158.9) billion yen / (12.1)%)

- Decrease in revenue in the Chemical Division due to declines in the price of methanol and lower transaction volumes of plastic resins
- Decrease in revenue in the Automotive Division due to lower sales units in overseas automobile operations
- Decrease in revenue in the Retail & Lifestyle Business Division due to lower lumber transactions

Gross profit 132.5 billion yen ((26.9) billion yen / (16.9)%)

- 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 fiscal year
- Decrease in revenue in the Automotive Division due to lower sales units in overseas automobile operations
- Decrease in revenue 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)  
16.7 billion yen ((20.8) billion yen / (55.4)%)

- 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

	FY2020 Revised Forecast (Aug. 4, 2020)	FY2020 Revised Forecast (Feb. 3, 2021)
Gross profit	203.0 billion yen	⇒ 200.0 billion yen
Profit before tax	44.0 billion yen	⇒ 43.0 billion yen
Profit for the year (attributable to owners of the Company)	30.0 billion yen	⇒ 30.0 billion yen

(Assumptions)

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

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

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

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

\*2 Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flow calculated for accounting purposes

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

Caution regarding forward-looking statements

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

## Consolidated Statements of Profit or Loss

						(Billions of yen)	
	FY2020 9-month			FY2019 9-month		FY2020 Revised Forecast c	Percentage Achieved a/c
	Results a	1H Results	3Q Results	Results b	Difference a-b		
<b>Revenue</b>	1,159.7	744.6	415.1	1,318.6	(158.9)		
<b>Gross profit</b>	132.5	84.5	48.0	159.4	(26.9)	200.0	66%
<b>Selling, general and administrative expenses</b>							
Personnel expenses	(70.3)	(47.0)	(23.3)	(73.2)	2.9		
Non-personnel expenses	(36.4)	(23.5)	(12.9)	(44.1)	7.7		
Depreciation	(12.9)	(8.6)	(4.3)	(12.3)	(0.6)		
Provision of allowance for doubtful accounts	0.1	0.1	0.0	(0.3)	0.4		
<u>(Total selling, general and administrative expenses)</u>	<u>(119.5)</u>	<u>(79.0)</u>	<u>(40.5)</u>	<u>(129.9)</u>	<u>10.4</u>	<u>(164.0)</u>	
<b>Other income/expenses</b>							
Gain/loss on sale and disposal of fixed assets, net	2.9	2.1	0.8	2.7	0.2		
Impairment loss on fixed assets	0.0	0.0	0.0	(0.5)	0.5		
Gain on reorganization of subsidiaries/associates	3.9	2.2	1.7	0.9	3.0		
Loss on reorganization of subsidiaries/associates	(0.3)	(0.1)	(0.2)	(0.2)	(0.1)		
Other operating income/expenses	(0.5)	(0.5)	0.0	(1.6)	1.1		
<u>(Total other income/expenses)</u>	<u>6.0</u>	<u>3.7</u>	<u>2.3</u>	<u>1.3</u>	<u>4.7</u>	<u>(1.0)</u>	
<b>Financial income/costs</b>							
Interest earned	4.2	3.0	1.2	5.1	(0.9)		
Interest expenses	(9.1)	(6.2)	(2.9)	(11.2)	2.1		
<u>(Interest expenses, net)</u>	<u>(4.9)</u>	<u>(3.2)</u>	<u>(1.7)</u>	<u>(6.1)</u>	<u>1.2</u>		
Dividends received	2.3	1.5	0.8	3.6	(1.3)		
Other financial income/costs	(0.2)	(0.1)	(0.1)	0.0	(0.2)		
<u>(Financial income/costs, net)</u>	<u>(2.8)</u>	<u>(1.8)</u>	<u>(1.0)</u>	<u>(2.5)</u>	<u>(0.3)</u>	<u>(5.0)</u>	
<b>Share of profit (loss) of investments accounted for using the equity method</b>	7.9	4.6	3.3	18.5	(10.6)	13.0	
<b>Profit before tax</b>	24.1	12.0	12.1	46.8	(22.7)	43.0	56%
<b>Income tax expenses</b>	(5.4)	(1.5)	(3.9)	(6.0)	0.6	(11.0)	
<b>Profit for the period (Profit attributable to)</b>	18.7	10.5	8.2	40.8	(22.1)	32.0	58%
<b>Owners of the Company</b>	16.7	9.1	7.6	37.5	(20.8)	30.0	56%
Non-controlling interests	2.0	1.4	0.6	3.3	(1.3)	2.0	
<b>Core earnings*1</b>	18.2	8.3	9.9	45.8	(27.6)	44.0	

## Consolidated Statements of Financial Position

				(Billions of yen)	
	Dec. 31, 2020 d	Mar. 31, 2020 e	Difference d-e	Factors Affecting Circled Figures	
<b>Current assets</b>	1,167.1	1,217.5	(50.4)		
Cash and cash equivalents	265.7	272.7	(7.0)		
Time deposits	18.1	7.4	10.7		
Trade and other receivables	632.0	638.1	(6.1)		
Inventories	176.3	213.4	(37.1)		Decrease in Automotive and Coal
Other current assets	75.0	85.9	(10.9)		
<b>Non-current assets</b>	1,036.3	1,012.8	23.5		
Property, plant and equipment	176.6	158.0	18.6		Solar power generation business company
Lease assets (usage rights assets)	69.6	74.1	(4.5)		
Goodwill	66.9	66.5	0.4		
Intangible assets	59.4	43.4	16.0		Solar power generation business company
Investment property	11.7	18.6	(6.9)		
Investments accounted for using the equity method	555.1	554.7	0.4		
Other non-current assets	97.0	97.5	(0.5)		
<b>Total assets</b>	2,203.4	2,230.3	(26.9)		
<b>Current liabilities</b>	715.6	754.4	(38.8)		
Trade and other payables	482.7	481.7	1.0		
Lease liabilities	15.2	15.3	(0.1)		
Bonds and borrowings	140.8	186.8	(46.0)		Decrease in redemption of bonds and repayment of borrowings
Other current liabilities	76.9	70.6	6.3		
<b>Non-current liabilities</b>	870.2	854.0	16.2		
Lease liabilities	58.7	63.7	(5.0)		
Bonds and borrowings	719.5	706.5	13.0		Increase in issuance of bonds and new borrowings
Retirement benefit liabilities	22.5	22.1	0.4		
Other non-current liabilities	69.5	61.7	7.8		
<b>Total liabilities</b>	1,585.8	1,608.4	(22.6)		
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	52.2	49.8	2.4		
Retained earnings	235.3	233.1	2.2		Profit for the period +16.7 Dividends (16.4)
<u>Total equity attributable to owners of the Company</u>	<u>578.7</u>	<u>579.1</u>	<u>(0.4)</u>		
Non-controlling interests	38.9	42.8	(3.9)		
<b>Total equity</b>	617.6	621.9	(4.3)		
<b>Total liabilities and equity</b>	2,203.4	2,230.3	(26.9)		
Gross interest-bearing debt*	860.3	893.3	(33.0)		
Net interest-bearing debt*	576.5	613.2	(36.7)		
Net debt/equity ratio (times)**	1.00	1.06	(0.06)		
Equity ratio**	26.3%	26.0%	0.3ppt		
Current ratio	163.1%	161.4%	1.7ppt		
Long-term debt ratio	83.6%	79.1%	4.5ppt		

\* 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

						(Billions of yen)	
	FY2020 9-month			FY2019 9-month		Results a	Difference a-b
	Results a	1H Results	3Q Results	Results b	Difference a-b		
<b>Profit for the period</b>	18.7	10.5	8.2	40.8	(22.1)		
<b>Other comprehensive income</b>	3.9	(3.8)	7.7	(19.8)	23.7		
<b>Total comprehensive income for the period</b>	22.6	6.7	15.9	21.0	1.6		
<b>Comprehensive income attributable to:</b>							
<b>Owners of the Company</b>	20.7	5.7	15.0	17.5	3.2		
Non-controlling interests	1.9	1.0	0.9	3.5	(1.6)		

## Cash Flows

				(Billions of yen)	
	FY2020 9-month Results a	FY2019 9-month Results b	Difference a-b	Factors Affecting Circled Figures	
<b>Cash flows from operating activities</b>	81.5	54.5	27.0		Reductions in working capital, inflows from business earnings and dividend income
<b>Cash flows from investing activities</b>	(20.2)	(35.2)	15.0		Outflows due to purchase of fixed assets and investments, inflows from the sale of shopping mall
<b>Free cash flows</b>	61.3	19.3	42.0		
<b>Cash flows from financing activities</b>	(69.6)	(30.6)	(39.0)		Outflows due to repayment of borrowings
<b>Core operating cash flow*2</b>	39.2	58.9	(19.7)		
<b>Core cash flow*3</b>	5.2	(1.5)	6.7		