

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

February 3, 2021

Sojitz Corporation

(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 3Q Results	FY2019 3Q Results	Difference	FY2020 Revised Forecast (Feb. 3, 2021)	Percentage Achieved		FY2020 3Q	FY2019 3Q	Difference	FY2020 Revised Forecast (Feb. 3, 2021)	FY2020 3Q	FY2019 3Q	Difference	Main Factors Behind Difference	FY2020 Revised Forecast (Feb. 3, 2021)	Progress Overview	(Reference) FY2020 Revised Forecast (Oct. 30, 2020)
Revenue	1,159.7	1,318.6	(158.9)	-	-												
Gross profit	132.5	159.4	(26.9)	200.0	66%	Automotive	24.4	30.8	(6.4)	35.0	(0.4)	1.3	(1.7)	Decreased due to reduced automobile sales as a result of the global COVID-19 pandemic	1.0	Performance expected to be in line with forecasts as demand is on recovery track	1.0
Selling, general and administrative expenses	(119.5)	(129.9)	+10.4	(164.0)		Aerospace & Transportation Project	8.2	10.8	(2.6)	18.0	(0.1)	1.1	(1.2)	Decreased due to reduced aircraft-related transactions as a result of the global COVID-19 pandemic	5.0	Earnings contributions anticipated from aircraft-related businesses in fourth quarter	5.0
Other income/expenses	6.0	1.3	+4.7	(1.0)		Machinery & Medical Infrastructure	9.7	10.1	(0.4)	14.0	3.4	2.6	+0.8	Increased due to higher returns from medical infrastructure business	5.0	Upward revision based on steady progress of industrial machinery transactions	4.5
Financial income/costs	(2.8)	(2.5)	(0.3)	(5.0)		Energy & Social Infrastructure	11.0	14.4	(3.4)	20.0	2.2	3.8	(1.6)	Decreased, despite the asset 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	4.5	Upward revision to forecasts in reflection of nine-month performance and accumulation of profits from affiliates	3.5
Share of profit (loss) of investments accounted for using the equity method	7.9	18.5	(10.6)	13.0		Metals & Mineral Resources	6.9	16.0	(9.1)	10.0	(2.4)	12.0	(14.4)	Decreased due to steel demand declines and coal market stagnated as a result of the global COVID-19 pandemic	1.0	Downward revision to forecasts based on third-quarter performance in coal businesses	3.0
Profit before tax	24.1	46.8	(22.7)	43.0	56%	Chemicals	26.8	32.0	(5.2)	39.0	3.7	6.1	(2.4)	Decreased due to impacts from the drop in methanol prices as a result of the global COVID-19 pandemic	5.5	Upward revision to forecasts in reflection of strong performance based on steady progress of plastic resin transactions in China	5.0
Profit for the period (Profit attributable to)	18.7	40.8	(22.1)	32.0	58%	Foods & Agriculture Business	14.7	11.3	+3.4	18.0	4.3	1.4	+2.9	Increased due to higher profitability in overseas fertilizer businesses from lower production costs and higher sales volumes	4.5	Performance generally as forecast	4.5
Owners of the Company	16.7	37.5	(20.8)	30.0	56%	Retail & Lifestyle Business	24.2	26.8	(2.6)	35.0	4.2	4.7	(0.5)	Decreased, despite gains on sale of a shopping mall, due to sluggish domestic consumption as a result of the global COVID-19 pandemic	4.0	Forecasts left unchanged to account for concern over domestic consumption stagnation	4.0
Non-controlling interests	2.0	3.3	(1.3)	2.0		Industrial Infrastructure & Urban Development	4.4	4.1	+0.3	6.0	(0.6)	0.2	(0.8)	Decreased due to lower number of overseas industrial parks delivered	0.5	Performance generally as forecast	0.5
Core earnings*1	18.2	45.8	(27.6)	44.0		Other	2.2	3.1	(0.9)	5.0	2.4	4.3	(1.9)		(1.0)		(1.0)
Comprehensive income attributable to owners of the Company	20.7	17.5	+3.2	-		Total	132.5	159.4	(26.9)	200.0	16.7	37.5	(20.8)		30.0		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

Financial Position

(Billions of yen)

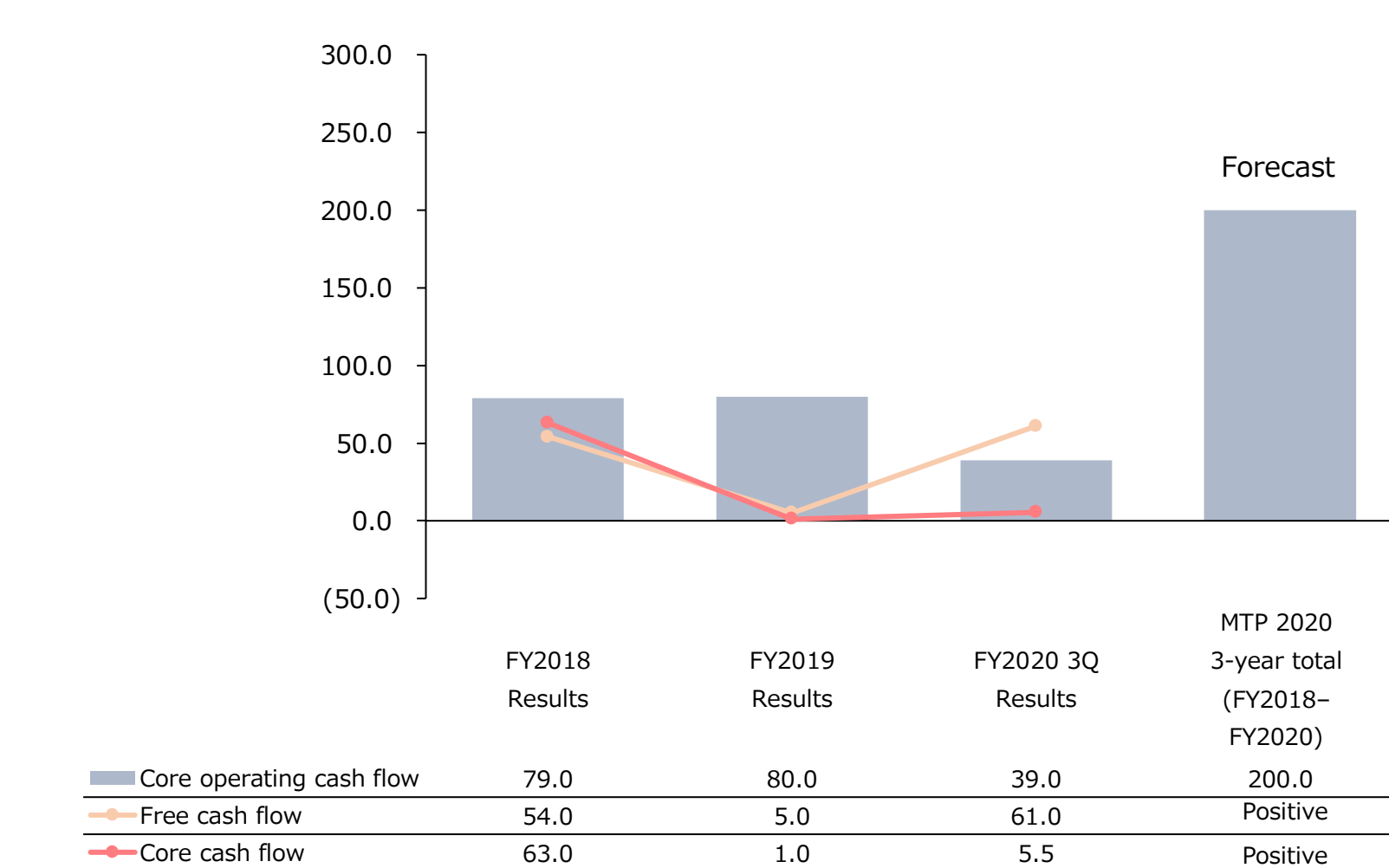
	Dec. 31, 2020	Mar. 31, 2020	Difference	Mar. 31, 2021 Forecast (Oct. 30, 2020)
Total assets	2,203.4	2,230.3	(26.9)	2,250.0
Total equity*2	578.7	579.1	(0.4)	600.0
Equity ratio	26.3%	26.0%	+0.3ppt	26.7%
Net interest-bearing debt*3	576.5	613.2	(36.7)	650.0
Net D/E ratio (times)	1.00	1.06	(0.06)	1.1
Risk assets	360.0	380.0	(20.0)	-
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.

Cash Flow

(Billions of yen)



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\$0.24 billion has been used). The amount of the U.S. dollar-denominated commitment line was increased by US\$0.2 billion in the previous quarter, ended September 30, 2020.

Commodity Prices and Exchange Rates

	FY2019 Results (Apr.-Dec. '19 Avg.)	FY2020 Results (Apr.-Dec. '20 Avg.)	FY2020 Assumption (Aug.4,20) ⇒FY2020 4Q Assumption (Feb. 3, 2021)	Latest Data (As of January 28, 2021)
Crude oil (Brent)	US\$64.3/bbl	US\$41.3/bbl	US\$35.0/bbl(2H) ⇒US\$51.0/bbl(4Q)	US\$55.5/bbl
Thermal coal**1	US\$71.7/t	US\$60.1/t	US\$58.0/t(FY20) ⇒US\$89.0/t(4Q)	US\$90.1/t
Coking coal**1	US\$167.4/t	US\$113.3/t	US\$125.0/t(FY20) ⇒US\$126.5/t(4Q)	US\$161.5/t
Exchange rate**2	¥108.9/US\$	¥105.5/US\$	¥108.0/US\$ (Initial assumption)	¥104.3/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 (Review)

·Forecast for full-year profit for the year initially set at ¥40.0 billion to account for a ¥23.0 billion reduction in profit anticipated to result from massive restrictions on the movement of people and commodities projected to continue until June 2020

·Forecast for full-year profit for the year revised to ¥30.0 billion after the first quarter to account for an additional ¥10.0 billion reduction in profit to stem from lower steel demand and sluggish prices of coal and other resources; a ¥3.0 billion reduction to result from stagnant consumption due to store and commercial facility closures following worldwide lockdowns; and a ¥3.0 billion increase in profit from cost reductions, earnings improvements, and asset replacement

·Forecast for full-year profit for the year not revised after second quarter, despite an additional ¥4.0 billion reduction in profit anticipated to occur due to prolonged domestic consumption stagnancy, out of consideration for improved earnings from fertilizer businesses

·Despite anticipated impacts of reductions in customer numbers at certain stores and commercial facilities due to resumed rises in COVID-19 case numbers, improvement in nine-month profit seen as a result of a recovery in industrial machinery transactions