

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

(Billions of yen)					
	FY2020 Results a	FY2019 Results b	Difference a-b	Factors Affecting Circled Figures	FY2020 Forecast c
Revenue	1,602.5	1,754.8	(152.3)	Revenue: change in segment Automotive (39.9) Chemicals (39.6) Retail & Lifestyle Business (28.3) Energy & Social Infrastructure (24.7)	
Gross profit	188.1	220.5	(32.4)	Gross profit: change in segment Metals & Mineral Resources (8.0) Energy & Social Infrastructure (7.9) Automotive (6.9) Chemicals (5.9)	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)		(164.0)
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
Income tax expenses	(8.0)	(10.9)	2.9		(11.0)
Profit for the year	29.4	64.6	(35.2)		32.0
(Profit attributable to)					92%
Owners of the Company	27.0	60.8	(33.8)		30.0
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

(Billions of yen)			
	FY2020 Results a	FY2019 Results b	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

(Billions of yen)			
	FY2020 Results a	FY2019 Results b	Difference a-b
Cash flows from operating activities	85.0	40.5	44.5
Cash flows from investing activities	(35.7)	(35.7)	0.0
Free cash flows	49.3	4.8	44.5
Cash flows from financing activities	(40.6)	(12.2)	(28.4)
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

(Billions of yen)			
	Mar. 31, 2021 d	Mar. 31, 2020 e	Difference d-e
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)
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
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
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)
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
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)
Other components of equity	77.8	49.8	28.0
Retained earnings	250.0	233.1	16.9
Total equity attributable to owners of the Company	(619.0)	(579.1)	(39.9)
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
Gross interest-bearing debt*	908.3	893.3	+15.0
Net interest-bearing debt*	610.6	613.2	(2.6)
Net debt/equity ratio (times)**	0.99	1.06	(0.07)
Equity ratio**	26.9%	26.0%	+0.9%
Current ratio	162.7%	161.4%	+1.3%
Long-term debt ratio	82.5%	79.1%	+3.4%

\* 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.)