

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2021 (IFRS)

August 3, 2021
Sojitz Corporation

Results Highlights

◆ In the three-month period ended June 30, 2021, economic recovery was witnessed in certain regions as a result of efforts for responding to the COVID-19 pandemic, including vaccine rollouts and substantial financial easing and government finance measures taken in developed countries. At the same time, there is a need for ongoing caution with regard to growing credit costs and the deterioration of performance at companies in tourism, service, and other industries.

The Company's revenue for the three-month period ended June 30, 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 higher methanol prices and growth in plastic resin transactions; and in the Automotive Division, a result of increased sales volumes in overseas automotive businesses.

Despite the increase in selling, general and administrative expenses along with a rise in non-personnel 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 steel operating company.

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

Revenue 492.8 billion yen (+143.5 billion yen / +41.1%)
 • Increase in revenue in the Metals, Mineral Resources & Recycling Division due to higher prices and transaction volumes for precious metals and higher prices for coal
 • Increase in revenue in the Chemicals Division due to the higher transaction volumes of plastic resins and the rise in the methanol prices
 • Increase in revenue in the Automotive Division due to higher sales units in overseas automobile operations

Gross profit 56.4 billion yen (+17.4 billion yen / +44.9%)
 • Increase in gross profit in the Automotive Division due to higher sales volumes in overseas automobile transactions
 • Increase in gross profit in the Chemicals Division due to the rise in methanol prices and higher transaction volumes for plastic resin businesses
 • Increase in gross profit in the Metals, Mineral Resources & Recycling Division due to higher coal prices

Profit for the period (attributable to owners of the Company) 16.9 billion yen (+14.5 billion yen / +61.0%)
 • Increase in gross profit
 • Increase in share of profit (loss) of investments accounted for using the equity method

◆ 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: ¥/US\$) : 108

◆ Cash dividends per share for the fiscal year ending March 31, 2022 (forecast)

Interim : 7.00 yen per share

Year-end : 7.00 yen per share

At the General Shareholders' Meeting held on June 18, 2021, it was resolved that the Company will perform a one-for-five share consolidation with an effective date of October 1, 2021. When calculated on a post-share consolidation basis, the year-end dividend forecast comes to 35 yen per share.

*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

*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

	(Billions of yen)			Factors Affecting Circled Figures	(Billions of yen)	
	FY2021 1Q	FY2020 1Q	Difference		FY2021	Percentage
	Results	Results			Forecast	Achieved
	a	b	a-b	c	a/c	
Revenue	492.8	349.3	143.5			
				Revenue: change in segment		
				Metals, Mineral Resources & Recycling	+45.0	
				Chemicals	+42.1	
				Automotive	+33.7	
Gross profit	56.4	39.0	17.4			
				Gross profit: change in segment		
				Automotive	+5.6	
				Chemicals	+5.4	220.0
				Metals, Mineral Resources & Recycling	+2.6	
Selling, general and administrative expenses						
Personnel expenses	(23.7)	(23.4)	(0.3)			
Non-personnel expenses	(13.1)	(11.2)	(1.9)			
Depreciation	(4.5)	(4.3)	(0.2)			
Provision of allowance for doubtful accounts	(0.5)	0.1	(0.6)			
(Total selling, general and administrative expenses)	(41.8)	(38.8)	(3.0)			(178.0)
Other income/expenses						
Gain/loss on sale and disposal of fixed assets, net	0.0	0.0	0.0			
Impairment loss on fixed assets	0.0	0.0	0.0			
Gain on reorganization of subsidiaries/associates	0.1	2.2	(2.1)	Partial sale of a natural gas-fired power project company		
Loss on reorganization of subsidiaries/associates	(0.1)	0.0	(0.1)			
Other operating income/expenses	1.1	(0.6)	1.7			
(Total other income/expenses)	1.1	1.6	(0.5)			4.0
Financial income/costs						
Interest earned	1.4	1.2	0.2			
Interest expenses	(2.6)	(3.2)	0.6			
(Interest expenses, net)	(1.2)	(2.0)	0.8			
Dividends received	1.2	1.1	0.1			
Other financial income/costs	0.0	0.0	0.0			
(Financial income/costs, net)	0.0	(0.9)	0.9			(2.0)
Share of profit (loss) of investments accounted for using the equity method	7.5	1.7	5.8	Higher profit from steel operating company		26.0
Profit before tax	23.2	2.6	20.6			70.0
Income tax expenses	(5.2)	0.1	(5.3)			(14.0)
Profit for the period	18.0	2.7	15.3			56.0
(Profit attributable to)						32%
Owners of the Company	16.9	2.4	14.5			53.0
Non-controlling interests	1.1	0.3	0.8			3.0
Core earnings*1	22.6	0.9	21.7			66.0

Consolidated Statements of Financial Position

	(Billions of yen)			Factors Affecting Circled Figures
	Jun. 30,	Mar. 31,	Difference	
	2021	2021		
	d	e	d-e	
Current assets	1,281.0	1,195.4	85.6	
Cash and cash equivalents	282.5	287.6	(5.1)	
Time deposits	8.6	10.1	(1.5)	
Trade and other receivables	683.4	636.2	47.2	Increase in wheat and iron ore
Inventories	238.5	187.9	50.6	Increase of aircraft and real estate held for resale
Other current assets	68.0	73.6	(5.6)	
Non-current assets	1,168.4	1,104.7	63.7	
Property, plant and equipment	192.7	191.3	1.4	
Lease assets (usage rights assets)	70.4	72.8	(2.4)	
Goodwill	67.5	67.2	0.3	
Intangible assets	61.9	61.5	0.4	
Investment property	11.6	11.6	0.0	
Investments accounted for using the equity method	625.4	590.8	34.6	Increase due to new acquisition and accumulation of share of profit of investments accounted for using the equity method
Other non-current assets	138.9	109.5	29.4	Increase due to aircraft-related businesses
Total assets	2,449.4	2,300.1	149.3	
Current liabilities	809.3	734.8	74.5	
Trade and other payables	520.8	476.0	44.8	Increase in wheat and iron ore
Lease liabilities	16.6	16.8	(0.2)	
Bonds and borrowings	185.2	158.6	26.6	Increase due to new borrowings
Other current liabilities	86.7	83.4	3.3	
Non-current liabilities	960.3	910.8	49.5	
Lease liabilities	57.8	60.5	(2.7)	
Bonds and borrowings	799.5	749.7	49.8	Increase due to new borrowings
Retirement benefit liabilities	21.9	21.9	0.0	
Other non-current liabilities	81.1	78.7	2.4	
Total liabilities	1,769.6	1,645.6	124.0	
Share capital	160.3	160.3	-	
Capital surplus	146.9	146.8	0.1	
Treasury stock	(21.5)	(15.9)	(5.6)	Acquisitions of treasury stock
Other components of equity	96.9	77.8	19.1	Increase due to change in foreign exchange rates and stock prices
Retained earnings	262.6	250.0	12.6	Profit for the period +16.9, Dividends (6.0)
Total equity attributable to owners of the Company	645.2	619.0	26.2	
Non-controlling interests	34.6	35.5	(0.9)	
Total equity	679.8	654.5	25.3	
Total liabilities and equity	2,449.4	2,300.1	149.3	
Gross interest-bearing debt*4	984.7	908.3	+76.4	*4 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.
Net interest-bearing debt*4	693.6	610.6	+83.0	
Net debt/equity ratio (times)*5	1.08	0.99	+0.09	
Equity ratio*5	26.3%	26.9%	(0.6%)	
Current ratio	158.3%	162.7%	(4.4%)	*5 "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."
Long-term debt ratio	81.2%	82.5%	(1.3%)	

Comprehensive Income

	(Billions of yen)		
	FY2021 1Q	FY2020 1Q	Difference
	Results	Results	
	a	b	a-b
Profit for the period	18.0	2.7	15.3
Other comprehensive income	19.6	1.6	18.0
Total comprehensive income for the period	37.6	4.3	33.3
Comprehensive income attributable to:			
Owners of the Company	36.5	3.2	33.3
Non-controlling interests	1.1	1.1	0.0

Cash Flows

	(Billions of yen)			Factors Affecting Circled Figures
	FY2021 1Q	FY2020 1Q	Difference	
	Results	Results		
	a	b	a-b	
Cash flows from operating activities	(18.8)	15.7	(34.5)	Outflows from increase in inventories
Cash flows from investing activities	(42.5)	2.9	(45.4)	Outflows due to aircraft-related businesses and investments
Free cash flow	(61.3)	18.6	(79.9)	
Cash flows from financing activities	56.1	9.5	46.6	Inflows from new borrowings and outflows due to dividends paid and acquisitions of treasury stock
Core operating cash flow*2	26.6	10.9	15.7	
Core cash flow*3	(11.1)	(3.5)	(7.6)	